



2009 High Performance Enterprise Preliminary Survey Report Findings

Profitability comes down to performance. For labor intensive businesses people performance drives success.

Ephor Survey Methodology

This twice-yearly survey is conducted every spring and fall. The preliminary results detailed in the following brief are based on one hundred (100) surveys completed during August 2009 by small business owners. Respondents were C-level executives from small and mid-market, for-profit, private employers with greater than \$1M in annual revenues.

The respondents ranged in size: with approximately 3.5% having more than 1,000 employees, 7% between 100 and 999 employees and the remainder from enterprises with less than 100 employees. 59 percent of respondents are under \$5M in annual revenues, 4 percent more than \$100M in annual revenues.

Industries represented include: Insurance, Benefits, Human Resources, Financial, Hospitality, Healthcare, Healthcare Business Services, Distribution, Logistics, ENC, IT Service Providers, Consulting, Professional Services, Accounting, FAO (Financial and Accounting Outsourcing), BPO (Business Process Outsourcing), HRO (Human Resources Outsourcing), Software and Technology (including SaaS providers, Advertising and Marketing Services Providers,

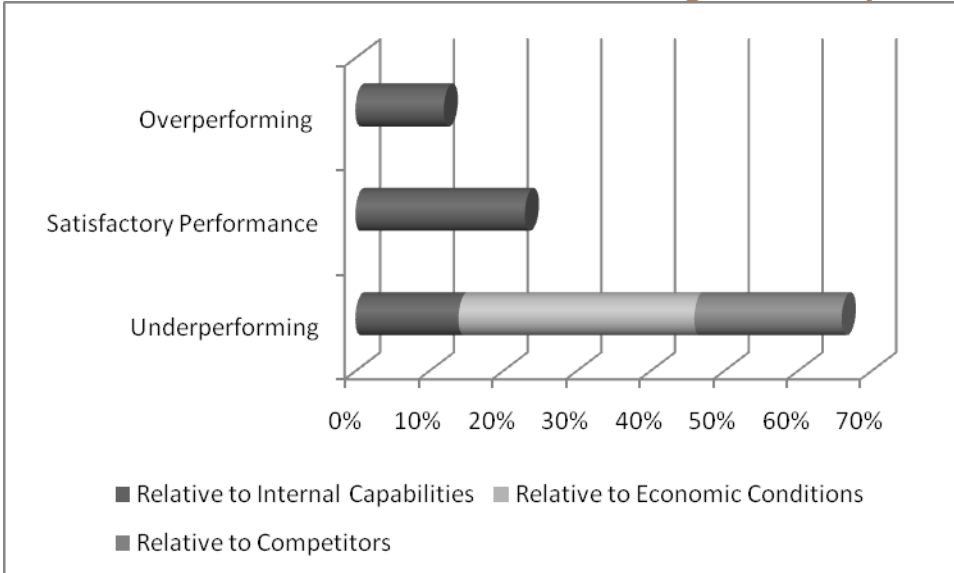
The respondents were from the United States, with twelve states represented (TX, CA, MA, CO, IL, NC, FL, AR, NV, LA, GA, NY).

solving the value equation





Business Performance Year-to-Date Against Corporate Goals



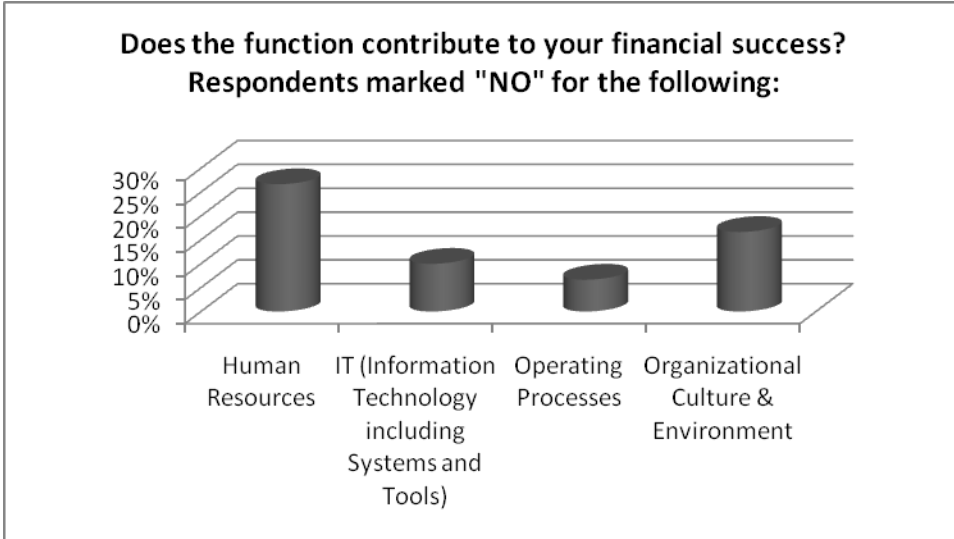
- > More than 2/3rds of respondents reported that their business performance was underperforming. Primary reasons cited for underperformance were “Economic & Competitive Pressures”.

Which of the following strategies is your firm actively pursuing in the near-term?	Response Percent
Product/Service Expansion	66%
Strategic Partnerships and/or Technology Partnerships	63%
Profitability &/or Operational Improvements	50%
Optimize New Market Expansion including customer acquisition and service model	44%
Improve your Culture (for example adopt "Service Excellence")	40%
Joint Ventures and Alliances	37%
Implement Company-wide Reporting and Dashboards	37%
Alternative Distribution of Products/Services	22%
Financial Capital Raise / Strategic Investor	14%





Business Performance Drivers



- > 96 percent of respondents reported that sales and customer service directly linked to their success; while a third remarked that HR (Human Resources) did not contribute to success and nearly 1 in 5 further reported that their "Organizational Culture and Environment" did not contribute to their financial success.

Top Workforce Challenges

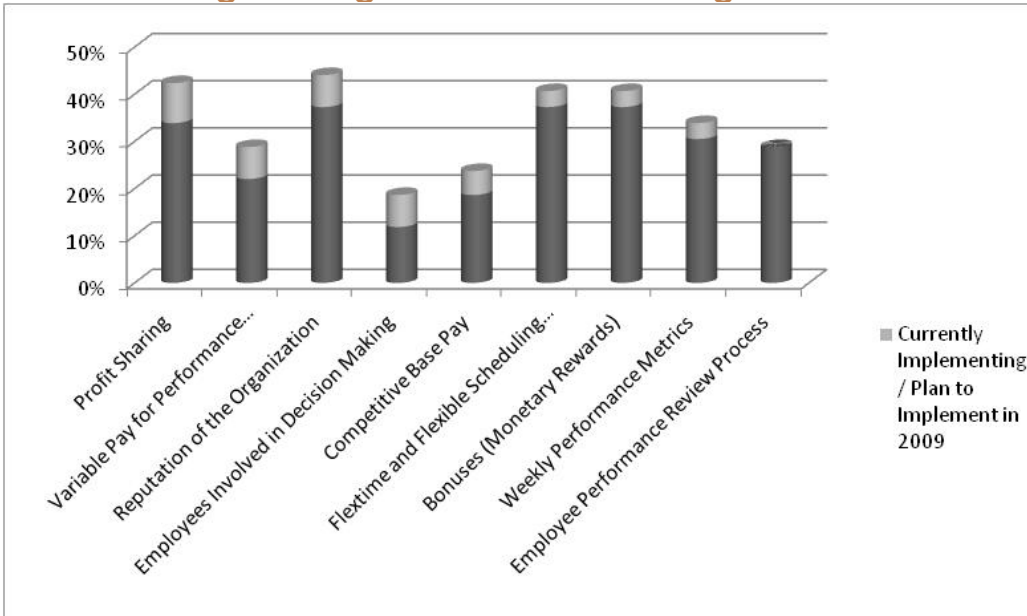


- > People challenges play critical role according to the responding executives as each item in the table above is deemed a "TOP PRIORITY" by the owner for driving their business.
- > The top two challenges from last year, were 1) finding and attracting talent (41%), and 2) maximizing employee performance (38%). The shift in priorities from fall 2008 to fall 2009 highlights the diverse and complex challenges small businesses face.
- > Training, Coaching and Development was reported a "TOP PRIORITY" by 28% in 2008 versus 44% in 2009.





Current Usage of High Performance Programs



High Performance Improvement Needed





Outsourcing Adoption

Outsourcing	Response Percent
Bookkeeping	25%
CFO Activities	25%
Executive Placement	17%
Financial Reporting	17%
Human Resources	21%
IT (Information Technology)	33%
Marketing	29%
Operational Reporting & Analytics	21%
Payroll	38%
Public Relations	21%
Risk Management	4%
Safety	4%
Staffing	17%
Telemarketing / Telesales	25%
Training / Coaching	8%
Website Development & Maintenance	50%
Workforce Compliance	8%

Findings:

- > The majority of companies outsource at least one function of their business.

Takeaway: Executives do not feel comfortable or proficient in outsourcing the following areas:

1. Human Resources Management (Strategic aspect only)
2. Training, Development, & Coaching
3. Operational Process Development (Measurement and Metrics)
4. Strategy Development and Management

This new economy for small businesses demands effective strategy, efficient and scalable processes, increased management science, and enhanced workforce management to maintain and create wealth.





Operating Best Practices

Current Best Practice Usage	Do Not Use or Needs Improvement
Reporting & Dashboards that guide employees' daily activities	80%
Outside Board of Advisors (Company Board or Customer/Partner Advisory Panel)	70%
Strategic Workforce Planning (Staffing & Organizational Development Plan)	63%
Company-wide Corporate Monthly or Quarterly Meetings	53%
Consultants	47%
Weekly Department/Function Review Meetings	40%
Strategic Initiatives	33%

Current Usage of Measurement Metrics

Revenue:	Response Percent
Cost-Per-Lead or Cost-Per-Appointment	33%
Total Cost of New Customer Acquisition	33%
Conversation Rates from lead/appointment to becoming a new client	54%
New Clients by Lead Source (for example: Direct vs. Channel vs. Web vs. Partner)	71%
Operations & Finance:	Response Percent
Benchmarking Against Industry Averages or Competitors	41%
Revenue or Profits Per Employee	72%
Daily activity for individuals (Productivity Measurement and Metrics)	38%
Human Capital	Response Percent
Turnover or tenure rates	50%
Healthcare & benefits costs per employee (Total costs divided by number of employees)	92%

Did you enjoy this article? Drop us a line and let us know your thoughts on solving the value equation at ephor@ephorgroup.com.





About Ephor Group

Ephor Group increases equity valuations for technology and service based businesses. Our approach is proven, pragmatic, and performance oriented. Our proven methodology, Perform Business Process™ fills in the gaps where functional expertise and capital are constraining the business.

About the Founder: Garry Meier

Garry Meier founded the Ephor Group to apply the performance improvement methodologies and shareholder value enhancement processes he and his associates developed over his thirty-four year career.



Mr. Meier is highly recognized as a business services thought leader. He is a noted speaker on strategic effectiveness, value creation, industry trends, capital appreciation, performance improvement, outsourcing, and customer satisfaction. Recently he advised the US Senate, Business Council, on the “economic stimulus legislation” on the many issues affecting small businesses.

Additionally, Garry is an advisor to private equity and venture firms on their investment strategies, portfolio companies, marketplace trends and industry forecasting.

Currently he focuses on providing board, institutional investment, and C-level guidance to maximize strategic, marketing and operational effectiveness.

Garry Meier Background

Thirty-four plus years of strategic management, P&L management, investment banking, institutional investments, and operating company experience with broad depth of knowledge, and expertise in technology & service companies including:

Operational & Executive Assignments

- Achilles Group, Interim CEO
- SmartTime Inc., CEO
- Outsource International Inc, CEO
- Medaphis Physician Services, COO
- Global Integrity Outsourcing, President/CEO
- Automated Information, President/CEO
- FFMC, EVP Corporate Development
- Edward Jones & Company, Partner
- IBM Corporate Development Associate

Board of Director & Advisory Assignments

- Achilles Group, Chairman
- Certus Corporation, Director
- CentriconHRA, Chairman/Director
- Latin American Card Services, Chairman
- Global Integrity Outsourcing, Director
- Outsource International, Chairman
- Personalogy, Chairman
- Workplace Solutions, Chairman
- TalentTree, Chairman
- SmartTime Inc., Chairman
- The Capstreet Group, Advisor
- Economic Development Authority Board, State of Missouri, Director
- Baird Capital Partners, Advisory Board

