



## Star Performer Checklist

*Have you ever wondered why some enterprises double their profits every year as they scale and grow and others seem to make marginal improvements at best?*

Scale and profitability depends on *a) constant improvement*, which requires benchmarking, and *b) constant innovation* (whether evolutionary or revolutionary innovation is required depends on the competitive environment).

The answer to determine how well a business is performing is benchmarking either against oneself, competitors/substitutes, and/or industry averages.

Research shows that 70% of revenue and management initiatives fail to achieve their targets because of poor process implementation including failure to achieve constituency alignment between the board, management committee, front-line employees, and managers.

Star Performer organization's have greater revenue and profits per employee, regularly achieve corporate targets, have higher employee retention and referral rates, brand equities that generate meaningful outcomes, and are generally recognized by their peers and community.

*"In 2009 and beyond, wealth will be created for 'perform businesses' that are the most productive, cost efficient, promote and exceed at change management, and focus on being REALLY good at a few things (i.e. customer satisfaction)." -Garry Meier*

solving the value equation





## Star Performer Checklist

### ***Not sure if your firm needs Management Science?***

Take this short questionnaire by checking each box if you can affirmatively answer "YES":

### **Management Capabilities Checklist**

- Does each member of the executive team as well as all function/department heads and key managers perform at an 'A' or 'B Player' level?
- Does your organization administer and regularly achieve corporate targets based on forecasting?
- Is operational performance in the top quartile? *(i.e. revenue and profits per employee, EBITDA, Gross Profits, etc.)*
- Are the business processes scalable for exponential growth? *(i.e. can revenue-per-employee be increased by 1.5 to 2X without adding additional employees)*
- Does each department and/or function utilize a dashboard of eight to twelve metrics?
- Do you have the functional support (in-house or outsourced relationships) that is needed? *i.e. Are all your business processes and functions outsourced or outperform the competition including:*
  - i. Workforce planning, recruiting, and retention*
  - ii. Information Technology including productivity and collaboration tools, CRM/ERP, and Business Intelligence*
  - iii. Finance and Accounting*
  - iv. Sales and Service*
  - v. Partners and Suppliers*
- Is the workforce aligned and engaged with the corporate objectives?
- Have onboarding, training, career development and succession planning, and leadership programs been implemented?
- Is the business model "branded" in your sector?
- Have exit opportunities and strategic alternatives been identified and created?

### **Tactical & Operational Checklist**

- Do you know to what effect customer satisfaction leads to referrals and cross sell opportunities?
- Does each team member from the executive team to front-line staff have a clear "definition of success"?
- Does the business have monthly, quarterly and annual corporate targets broken down to daily activity metrics for each location, department, and team member?
- Do you regularly identify classes of performers?
- Are IT/MIS and HR both contributing to the strategy and financial performance of the business?





- Are predictable customer acquisition results and costs known and modeled into the business and financial plan?
- Does Alternative Distribution (*i.e. Channels, Strategic Alliances, Joint Ventures*) represent approximately a third of new revenues?
- Have "Playbooks", operating manuals, and process documentation been documented for all major roles?
- Have efficient and effective communications rhythms been established? (*i.e. if management is unavailable does the business still perform?*)

### Financial Engine Checklist

- Does the capital structure motivate management and employees?
- Does the capital structure support the long-term strategy of the company? (*Versus settling for "good for now"*)

*For each checkbox checked "YES" above add 5 points.*

**Total Score:** \_\_\_\_\_

Anything below an 'A' highlights the room for improvement and thus the opportunity for additional wealth creation. When EBITDA performance is underperforming it is imperative that quick, decisive action towards a sound solution is implemented and adopted.

### Management Augmentation Standard Operating Procedure:

1. **Assess internal capabilities: business processes and functions, systems (software, technology, and tools) and performance;**
2. **Assess external opportunities and threats;**
3. **Assess people capabilities against performance goals;**
4. **Decide to change and the ability to change;**
5. **Collaboratively create a roadmap of action items with RRM (Roles, Responsibilities, and Measurements) and implement constituency alignment.**





### Labor Intensive Business Key Operating Indicators

➤ Process scalability is implemented when key results and activity measurements and indicators are benchmarked and outperform the competition.

Improvement Initiative	Goal	Measures	2009	2010 Goal
Revenue	Predictable, cost-effective revenue.	<ul style="list-style-type: none"> <li># of Raving Fans (<i>i.e. customers that provide testimonials and referrals</i>)</li> </ul>	<ul style="list-style-type: none"> <li>14</li> </ul>	<ul style="list-style-type: none"> <li>30+</li> </ul>
Operations	Efficiency and scale.	<ul style="list-style-type: none"> <li>Revenue per Operations Employee</li> <li>Profit Per Employee</li> <li>Quality Scores/Client satisfaction/At-risk clients</li> </ul>	<ul style="list-style-type: none"> <li>\$70k</li> <li>\$6k</li> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>\$150k+</li> <li>\$20k+</li> <li>3.8+</li> </ul>
Workforce	Motivated, Capable of Growth, and Productive.	<ul style="list-style-type: none"> <li>Revenue Under Management Per Account Manager Per Month</li> <li>Days from onboarding to references (marketing results realized)</li> </ul>	<ul style="list-style-type: none"> <li>\$15k</li> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>\$25k+</li> <li>90 days</li> </ul>
Management Science	Platform for growth.	<ul style="list-style-type: none"> <li>% of operations with process mapping and documented instruction</li> <li>Balanced portfolio of revenue streams</li> <li>% of 'A' and 'B Players'</li> </ul>	<ul style="list-style-type: none"> <li>NA</li> <li>NA</li> <li>NA</li> </ul>	<ul style="list-style-type: none"> <li>90%+</li> <li>YES</li> <li>90%+</li> </ul>

### Common Management Mistakes

- Only 1 in 5 firms measure their return on investment of marketing and sales dollars.
- 50% firms do not use budgets or forecasts to help manage their business.
- 32% do not have specific metrics in place to monitor performance on a daily or weekly basis. 11% regularly monitor nonfinancial indicators, such as customer retention or employee turnover to further evaluate business performance.
- 60% indicate employee productivity is critically important but less than 12 % have measurement and programs in place to manage.
- Less than 15% have an informal or formal board of advisors.

