

A simple approach to measuring your success

To keep your business on track to success, you need to keep a close eye on specific Critical Success Factors (or CSFs) in your business. The best way to monitor these factors, is by measuring them against Key Performance Indicators (or KPIs).

There are just three kinds of KPIs to be aware of.

1. Generic KPIs

You can identify these by asking yourself:

- How do you get business?
- How many enquiries do you convert into sales?
- What's the average value of a sale?

For example, a radiologist may

get 'sales' from doctors' referrals. Their first CSF then, might be in developing effective relationships with doctors. A good KPI to measure this may be the number of referrals they get from doctors.

Be in a position to control and better manage your results.

Others could be the average transaction value, number of transactions per doctor, and so on.

2. Industry-specific KPIs

These are indicators that are specific to your industry.

Using our earlier example, let's say the success of the business depends on getting the X-rays done quickly, reputation for safety and patient care.

The KPIs here may be the number of x-rays performed in a day, the number of incidents, and the level customer satisfaction.

3. Initiative-specific KPIs

These are specific to an activity or initiative. For instance, if your business comes chiefly from incoming calls, by training your team to better manage and convert these calls, you can compare conversion rates from before and after the training.

Once you know how things are working, you're in a position to control and better manage your results.

Key frustrations

Seeking your customer's key frustrations is a major key to developing a great business. Once you understand this concept and implement what it means, you'll reap significant rewards.

What are key frustrations?

To explain, let's use an example.

Time is a major frustration when people deal with many businesses today. For instance, when you arrive at the hairdressers in time for your appointment,

are they ready on time? Most of the time, they're not. Imagine if they said, "If we keep you waiting, the next haircut is on us."

Would that increase their business? It would certainly be worth testing.

What about visiting your lawyer or dentist? Again, waiting time may be a key frustration. So any business that had systems to make sure their customers never experienced that frustration would surely see an in-

crease in business.

What do your customers say?

There's no real secret to finding out what your customers' key frustrations are. All you need to do is ask them!

And by defining your customers' key frustrations, and building systems in your business to reduce or eliminate them, you're giving your business an external and a powerful focus.

Inside this issue...

Creating personal business plans	2
Simulation: growing in popularity	2
Checklist for success	3
Getting your people involved	3
Providing service a la carte	4
About our consulting services	4

Creating personal business plans

There are so many elements within a business that are critical to growth of the company, and to the growth of the people within it. Creating personal business plans can be an effective way to manage these different elements.

Steps

1. Explain what the Personal Business Plan involves to help your team members realize the full benefits of preparing one.
2. Meet with each team member and create a plan.

3. Monitor the plan every 1–3 months.

The 4 key areas of a personal business plan

1. What contribution the team member will make to the business's success, eg. sales targets; creating value for clients.
2. What they plan to learn during the year, what skill sets they plan to acquire, and how they plan to achieve that.

They'll also need to define what metrics they'll use to demonstrate they've accomplished their objectives.

3. If applicable, who they plan to mentor and coach during the year. That is, what do they want to put back into the business in terms of developing other team members?

4. Any other function or objective they might have that contributes to the growth and development of your business. This might include product and systems development, sales and marketing as well as other functional responsibilities.

“To accomplish great things, we must not only act, but also dream; not only plan, but also believe.”

Anatole France

Simulation: growing in popularity

According to a recent study more than 40% of companies have used a management tool called “simulation.” The same survey also identifies this tool as one of the “Top 5 Tools of Successful Companies.”

What simulation does

Simulation helps you learn the dynamics of your business in a short space of time, by providing a hands-on way of testing business and competitive decisions.

In a successful simulation, you can pre-test how a proposed business strategy will stand up under the moves and counter-moves that competitors might make in the marketplace.

Can simulation help you?

Simulation may be a tool worth considering if you answer yes to

any of the following questions:

- Have new competitors appeared, old competitors withdrawn, or current competitors changed their behaviors?
- Have cost factors or the market environment changed significantly, or do they appear about to do so?
- Has your industry's product or process technology changed significantly in a way that could affect your cost or investment structure, perceptions of your product or service quality or competitive behavior?

Holding a simulation session

Simulation can vary from simple paper and pencil “role play” exercises to modeling complex scenarios using business simulation software.

To conduct your own business simulation, you'll need develop a full understanding of your current situation by gathering all the relevant information you can about your business, including your market, your industry and your competitors.

Using this information, you can then hold a simulation session with your team to test 4–6 different strategies under a variety of scenarios.

Simulation can give you the chance to test possible short and long-range consequences of your decisions, without the ‘real-world’ risks.



Checklist for success

In business as in life, success comes from hard work and flexibility. Compare this ten point checklist to your business.

1. Build self-esteem.

- Always believe your business is capable of doing better. Build on your strengths to find a role or niche.

2. Establish demanding goals.

- A vision of a better future nourishes the spirit and helps us work.

- Make short-term goals achievable.

- Use discipline to link short-term goals to the vision.

3. Always be positive.

- Keeping a positive mood needs discipline.

- Always look at the glass as half full.

4. Establish good habits

- Be organized; don't put things off.

- Set a good example—show discipline.

- Keeping a good appearance inspires trust and reputation.

5. Master communication.

- Sharing the vision and the desired results is critical. Measurements help focus communication.

6. Learn from role models

- Many excellent businesses share best practices internally.

7. Thrive on pressure

- Successful organizations "push" themselves to higher levels.

8. Be persistent—ferociously so!

- No one said change was easy.

9. Learn from adversity—be flexible.

- Every organization has roadblocks, you need to try a lot of stuff to overcome them.

10. Survive success

The most successful organizations get into trouble because of arrogance.

“The roots of true achievement lie in the will to become the best that you can become.”

Harold Taylor

Getting your people involved

This is a story of a business that started a short time ago, with very little capital, and that's now turning over \$3 million a year and exports internationally. The business designs, makes and sells special equipment for handling sheep.

One factor that played a big part in their success was in how they involved their people in the company's development and growth. Here's an example of the kind of thing they did:

Let's say you're a woolgrower and you've just bought one of their machines. Within a week you get a 'thank you' letter. Naturally, you're impressed that someone cares enough to do

that.

But then two weeks later, you get another letter, this time from the person on the production floor who actually welded up the machine!

The letter talks about how "it's good to know you've bought one of our machines" and how "I really hope it's working out well for you".

The letter even suggests that "...if anything at all looks like it's not exactly right, please give me a call because I helped make it and I'd hate for the machine not to be performing exactly right for you".

The effect was amazing. The owner reported, "I've had farm-

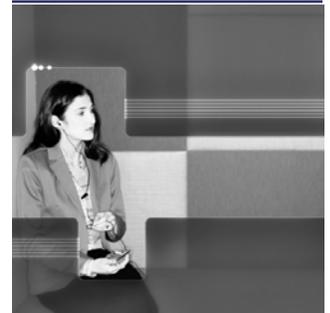
ers on the phone almost crying with emotion they can't believe that anyone could be so human".

"The guys on the factory floor say it's terrific, too. The effect on their motivation has been incredible".

What a way to build a team.

What a way to get everyone involved with the customer.

Why not try a letter from your "factory" floor, a letter from the administrative support team or a letter from the front desk. You might be amazed what happens.



Providing service a la carte

Imagine going to a brand new restaurant and trying to place your order without having been given a menu. Do they serve French cuisine? Or Italian? Is it gourmet or simple fare? How much should you expect to pay? You may just decide it's all too hard and simply leave.

Now consider your own business from your customers' and your prospects' points of view. Have you made it as easy as you possibly can for them to decide to do business with you?

You don't have to be in the restaurant business to be able to offer a menu to your customers. Creating a 'menu' or schedule of the products or services you offer gives your customers a clear picture of how your business can meet their needs.

Creating your product or service menu

Start by looking at what your customers need. You may have already held a *Customer Advisory Board* with some of your better customers, to get a better understanding of their needs and expectations.

With your team, review the range of products and services you

offer and identify if there are any that are complimentary to one another. Now look at how you might package those various offerings into a 'menu' or schedule of offerings for your customers.

Remember, the essence of really delivering extra value is in the fact that clients will value a ser-

"You don't have to be in the restaurant business to offer a menu.

vice range more if it really delivers some tangible benefits to them.

Here's one way to structure a customer menu, using a motor shop as an example:

Choice 1. Bronze Care

Six-monthly full vehicle service that includes—

oil filter change, check brake and transmission fluids, battery, tire pressure, exhaust, electrics.

Choice 2. Silver Care

Bronze Care plus—

Full car detailing, inside and out

Choice 3. Gold Care

You get all from Bronze and Silver Care plus—

Full pick up and delivery service from home or office.

By bundling your products or services into a 'menu', you give your customers a clear understanding of what they can expect to get and how much they can expect to invest. They're in a better position to make a decision to do business with you based on what they need, and you're in a better position to charge according to the value you're delivering for them.

About our consulting services

We're not your average advisory firm. Far from it.

Our membership in the Principal Alliance means you have access to the collective knowledge and expertise of an international network made up of hundreds of professionals who specialize in consulting to small and medium-sized businesses, just like yours.

When you add to that our experience, support and guidance, you can be confident you'll have all the help you need to make your business truly extraordinary.

We can and will do so much more for you than just 'keep the score'.

Our goal is to help you build a

stronger, more profitable business, so you can enjoy greater financial freedom and a higher quality of life as a result.

Contact us today to discuss how we can help you build a business that delivers on its promise—to you, your team, and your customers.



5001 California Avenue
Suite 212
Bakersfield, CA 93309

For Questions or Comments:
Phone: (661) 716.1160
Fax: (661) 716.1166

Email:
rblanton@odellcrosscpa.com

DISCLAIMER: Information provided in this publication is intended as general information only and should be considered carefully for your own business situation before use. This firm and any associated companies accept no responsibility or any form of liability from reliance upon or use of its contents.

For additional information about O'Dell Cross, and for back issues of Profit Builder, please visit:
www.odellcrosscpa.com