Module Goals

The goal is to provide tools for starting with a (1) clean slate and add missing business measures, or (2) a checklist of your current measurement system to identify areas of improvement.

You will learn or perform:
- The "soft" metrics that impact financial performance
- The *3 causes or drivers* of Sales and Customer Enthusiasm for your company
- The *3 causes or drivers* of becoming the Lowest Cost Producer in your area
- The *3 causes or drivers* for accessing the full potential of Employees
- Evaluating your current Measurement System for Gaps
- Creating an Action Plan for closing your Measurement Gaps

Business Metrics are "standards of measurement" by which marketing, sales, service, production, people, and financial performance will be assessed. The critical elements of any measurement system is to identify and separate cause from effect. Measuring "effect" is usually a macro view of the company based on a collection of "causes" or micro views.

What are Dashboards and Scorecards?

Scorecards and Dashboards are labels attached to the level of measurement being used. Dashboards represent micro measures (causes) such as *average sales price* while Scorecards (effects) bring Dashboards together to provide a picture of reality. An example of a Scorecard for Sales (based on *average sales price*) is *margin per sale*.

What is a Balanced Scorecard?

Publicly traded companies have been managed quarterly for centuries with the focus on share price. This measurement might keep shareholders happy but it did nothing for running the business. By the 1990's business executives and owners started looking for different methods of measuring financial performance. The reason - Financial Performance is the effect, not the cause of profit. You cannot fix profitability by focusing on profitability, you must treat the underlying causes which were not measured.

So let's start our journey at the beginning, what are the causes of great financial performance? Today most business measurement systems use some version of the following formula:

$$C + P + T = \$$$

Customers demanding Production built by Talent creates Financial Performance

Balanced Scorecard

We propose the following generic Scorecards and Dashboards to analyze how you are currently driving financial results. Use these suggestions to trigger more accurate measures for your business.

Owner / Executive / Manager Scorecard for Business Performance

$$C + P + T = \$$$

Customers (*Customer Enthusiasm*) +	Production (*Lowest Cost Producer*) +	Talent (*Discretionary Performance*)	= Financial Results
Marketing, Sales, Service	Scheduling, Efficiency, Waste	Leadership, Teamwork, Skill Masterly	Earnings, Revenue, Net Investment

Working with our generic Dashboard, let's begin where it should start - Customers. To help you make immediate application of the materials, take a few minutes and jot down the company's current measures for Marketing, Sales, and Service. If you don't have any or it is unknown – leave it blank.

What are your goals for customers and how are you measuring to determine where you are, where are you headed, and how do you get there?

Customer Value Objective:		
Customer Dashboard		
Marketing	Goal:	Measurements:
Sales	Goal:	Measurements:
Service	Goal:	Measurements:

Supervisor Dashboard for Customers (Enthusiasm)

It has been our experience most Customer Dashboard's have some version of these 3 critical functions or causes for generating higher levels of Enthusiasm: Marketing, Sales, and Service.

Marketing (Qualified Leads)	Sales (Margin)	Service (Upselling)
Frequency of Contact	Close Ratio	Delivery on Promise
Open Rate	Time to Close	Recovery from Failure
Balance of Communications	Sales Price	Front Line Authority

Marketing Dashboard has 2 prime objectives – *Create Brand Awareness* and *Produce Qualified Leads* for the sales funnel. *Creating Brand Awareness* is outside of the Balanced Scorecard approach and measured by conducting a yearly Market Study.

Once our Marketing efforts has *Created Brand Awareness*, the focus of measurement is on moving *Qualified Leads* through the sales funnel, the following represents common gauges on the dashboard:
- Frequency of Contact - how often do we reach out and touch perspective customers (qualified leads) with new information that provides value – this measurement is used to determine how many touches are required to initiate action by them;
- Open Rate - what percentage of our outreach efforts are opened (read) or reach perspective customers - it measures the power of an email subject line or the title and graphics of a social media post, new visits to a website, friending on Facebook, or connections on Linkedin;
- Balance of Communications - what is the balance of contacts initiated by us and initiated by our target customers; used to measure the quality of your leads list and the power of your ad copy.

Example

"We purchased a list of homeowners in the area and segmented our 'perfect' customer - large properties with the financial resources to afford us. Based on this decision we decided the best mix of media and surrounded them with information; our theme became don't sell - educate."

"We made sure everything was tracked so we could determine how successful various campaigns were at gaining attention. This allowed us to make adjustments or minor tweaks to our materials."

"What was critical is tracking the number of customers calling us and what prompted them to call."

Summary
The key is getting a large number of the right people – your targeted or perfect customers making a buying decision soon - to evaluate your offer. When that happens the sales process can begin.

You need a planned process with key metrics for marketing – how often are you touching targeted customers with new information that has value to them, given all of your efforts – which methods are more effective at gaining the customers attention and drive them contact you. They are giving you permission to sell.

Self-Evaluation
On page 2 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
1. How well do our goals for **Marketing** *Create Awareness of our Brand* with customers?				
2. How well do your goals for **Marketing** *Create Qualified Leads* with customers?				
3. How well do you *track contact* with customers?				
4. How well do you *track response to your marketing efforts* customers?				

5. How well do you *track the reason for inbound calls or visits* by customers?				

Marketing (Qualified Leads)	**Sales** (Margin)	**Service** (Upselling)
Frequency of Contact	Close Ratio	Delivery on Promise
Open Rate	Time to Close	Recovery from Failure
Balance of Communications	Sales Price	Front Line Authority

<u>Sales</u> is a more complicated subject than it appears. Everybody knows it is about revenue – but is it? Starting with measurement, what is the ultimate result you seek? Given the demands of business operations, most owners focus on revenue in the door and not money at the end of the day - margin per sale. We understand the emphasis of making money now but its pursuit masks some serious problems. How many of these sales were obtained by special deals, discounts, etc., efforts to close something today that leaves nothing in the cash box after the bills are paid? Our experience is margin per sale drives the right long-term behavior from the sales force and management. Both need to hold the line on cost of sales and maintaining price integrity. It is only by measuring it can you get your arms around it; you can only manage what is measured.

There are three drivers or causes for achieving larger sales margins:
- Close Ratio - percentage of closed sales to qualified leads - used to determine how many leads are required to meet revenue objectives;
- Time to Close - the amount of time between starting the sales process and closing the deal - used for sales forecasting;
- Average Sales Price - the average sales price per product, service, project, etc. - used to identify the level of price integrity.

Example

"We started by creating a master board where sales could be visually managed. What was critical to me - how many of the potential customers we put into sales funnel who actually bought something. If it took 20 potentials into the funnel to produce a sale and the average sales was $5,000 – that made it easier for me to determine how many qualified leads were needed to break even this month."

"This also allowed me to focus on the time to close. I could help sales people solve why potential customers were getting hung-up and what was needed to speed up the process. Every day we took out of the process had a positive impact on our available cash."

"I had the sales team include pricing on the sales board. I was not going to allow anyone without my OK reduce price or give out discounts just close a deal. Last place I worked they incentivized the sales force to close deals quickly and we wound up out of business – none of the deals were profitable."

Summary

The key is getting a large number of qualified people through the sales funnel as quickly as possible without buying the business with discounts.

That happens where the (1) focus is on decreasing the ratio of qualified leads to closed sales, by (2) reducing the amount of time it takes to move from qualified lead to closed sale, and (3) finally analyzing average sale price to ensure you are not buying sales and damaging margins.

Self-Evaluation
On page 2 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
6. How well do your goals for **Sales** *Increase Margins* per sale?				
7. How well do you *track ratio of leads into the sales funnel with closed deals (close ratio)* out the funnel?				
8. How well do you *track the time it takes for a qualified lead to move though the sales funnel and close (time to close)*?				
9. How well do you *track the average sales price* by project or deliverable?				

Marketing (Qualified Leads)	**Sales** (Margin)	**Service** (Upselling)
Frequency of Contact	Close Ratio	Delivery on Promise
Open Rate	Time to Close	Recovery from Failure
Balance of Communications	Sales Price	Front Line Authority

Service is not a random act of kindness, it is a function of sales. This is not a common belief in business and that leads to a real competitive advantage for the few who can execute on service. The real objective is to transform satisfaction into enthusiasm for your company and offer, and grow the amount of their budget you own. Do you currently have 100% of the customer's budget for the products and services you sell? Your Service relationship with existing customers will determine how much of their business is kept in house.

There are three drivers or causes for achieving Top of Mind (their first choice) and creating customer loyalty:
- Deliver on Promise – on-time, right first time delivery - used for establishing a reliability score, it is the only thing that matters until you fail;
- Recover from Failure – consistently dealing with unhappy customers because of unreliable delivery - when you fail do you make it right and the customer feel like they have won;
- Front Line Authority – the existence of clear role descriptions that ensures authority equals responsibility - recovery must be handled on the spot by intelligent and caring people, not the owner or management.

Example

> "Looking at service as part of the sales process really changed how we approached the whole thing. First was the understanding we had to raise the level of play in project management. Our inability to schedule work and then get it done on-time and on-budget created service problems. It was killing our margins. Until project management was under control we had to change how sales created expectations with customers – we were creating the problems by promising what wasn't going to happen."

> "The number margin killer was all of the extra stuff we did to make up for failures and in the end nothing satisfied them. In fact all we did was throw money at it without getting any credit. I decided to give the project managers control of the customer on the spot. I capped the fix at 5% of the job – they had 5% of the job cost – not price to solve the problem. All I required was they told me what they did and most importantly why. It gave me an opportunity to help them make better decisions."

> "The Manager's control over recovery was working and we decided to push down control to crew leaders. First we trained them on customer service skills and then how to fix the problem without giving away the farm. Our scores went up without spending more money – in fact costs started going down."

Summary

The key is getting your processes aligned with sales so you can minimize the number of defects – failure to deliver on any promise we made.

What is critical for measuring the service process is (1) a focus on how to increase the percentage of projects delivered right the first time, (2) creating more than a recovery policy – helping your people understand how to fix the problem in a way that delights the customer while protecting the financial health of the company, and (3) making sure customer-facing people have the authority to solve it on the spot.

Self-Evaluation

On page 2 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
10. How well do your goals for **Service** *generate enthusiasm* and repeat sales?				
11. How well do you track *projects or jobs to determine whether it was delivered as promised* to customers?				
12. How well do you track the creation of *customer expectations in the sales process to make sure we don't overpromise and underdeliver*?				
13. How well do you track the cost of recovery to *protect the financial health of the company*?				
14. How well do you track *who approved the recovery* for failure to deliver to ensure it is at the lowest level possible?				

Supervisor Dashboard for Production (Lowest Cost Producer)

Within the Production Dashboard there are three critical drivers or causes for process quality that drive lowest cost producer: schedule projects or jobs that keeps equipment and people working at an optimal level, measure how well resources are managed during the project, and measure how well the people doing the work are eliminating waste.

Customers (*Customer Enthusiasm*) +	**Production** (*Lowest Cost Producer*) +	**Talent** (*Discretionary Performance*)	**= Financial Results**
Marketing, Sales, Service	Scheduling, Efficiency, Waste	Leadership, Teamwork, Skill Masterly	Earnings, Revenue, Net Investment

Working on our generic Dashboard, let's move to what the customers were promised and the value we provide - Production. To help you this part of the presentation, take a few minutes and jot down what are the company's current measures for scheduling projects, managing individual projects, and controlling waste. If you don't have any or it is unknown – leave it blank.

What are your goals for project or job management and how are you measuring to determine where you are, where are you headed, and how do you get there?

Products & Services Objectives:		
Production Dashboard		
Scheduling	Goal:	Measurements:
Efficiency	Goal:	Measurements:
Waste	Goal:	Measurements:

Scheduling (Build to Schedule)	**Efficiency** (Use of Resources)	**Waste** (First Time Thru)
Actual Production Volume / Scheduled Production Volume	Actual Processing Time (what is possible over planned period)	% of Scrapped Units (can't use)
Actual Scheduled Mix / Scheduled Mix	Shift Time (what is scheduled in project plan)	% of Returned Units (done wrong)
Actual Sequence as Schedule / Number of Sequences	Finished Units (what is actually completed within shift time minus defects)	% of Repaired Units (done over)

Scheduling is about creating balance, an evenly distributed and challenging production calendar. Given the unpredictable nature of many customer projects, this is an attempt to even out the production demands as much as possible. BTW – more is possible than you think. A good example of possibilities are two production schedules that will produce the same output at the end of the week.

You are the production manager, how would you schedule it?

Two Scheduling Choices – Example of a Balanced Schedule

Day of the Week	Option A	Option B
Monday	100	85
Tuesday	70	85
Wednesday	55	85
Thursday	90	85
Friday	110	85
Total	425	425

Both of these choices work, our experience is to reduce variation and look at scheduling impact on the entire operation. This makes material purchases, equipment usage, and the scheduling of people simpler – and ultimately easier to obtain consistent quality. We would pick 85 a day. The questions is – what does this look like in Landscaping?

The challenge for the Landscaping Industry, like any operation that is based on Projects and not a fixed process like manufacturing, is how to schedule and maximize resources. Very few businesses have enough enough equipment, inventory, people, and cash flow to fully staff and equip a number of simultaneous projects. The key is how to mix, blend, and share resources. Here are 3 metrics that will give you information necessary to make better scheduling decisions.

The three drivers or causes to consistently Build to Schedule:
- Overall Project Scheduling – how accurate are you at scheduling people, equipment, raw materials AND creating customer expectations - what you delivered divided by what you planned over a period of time (weekly, monthly, etc.) - used to determine accuracy of longer forecasts;
- Scheduling of Project Elements – because resources are finite, scheduling requires using the same people, equipment, materials at multiple locations within a confined time span, how well did you blend several project demands to maximize the use of resources - used to determine accuracy of shorter forecasts;
- Sequencing of Project Elements – once you have made the schedule for sharing resources, it is a comparison between your scheduled mix of resources against what actually occurred - used to determine efficient use of resources across projects.

Example

"Our service issues really drove me to focus on project scheduling. Our failure to deliver was costing us too much margin – hell on some of the jobs were paying customers to maintain their property!"

"Since we could only fully staff and equip 4 projects at once while selling an average of 6, how we mixed our resources became the game and an area that received my personal attention. Get this right and we could stop losing margin fixing problems and build long term profitability. One thing that I had learned long ago is you only make money if your resources are fully used."

"We started with a very simple system of color coding each resource of a project by index card. We used blue for people, red for machinery, and green for materials. Just like sales we

> built a master board where we knew where everybody was at any giving moment and where they were needed next."

Summary

The key is getting a balanced schedule that doesn't overburden the system and at the same time maximizes the use of resources. Never forget profit only comes from maximizing the use of resources. Remember 80% of your gross margin is made or lost in scheduling.

What is critical for measuring the production process is (1) to smooth out weekly, daily or even hourly production demands, and (2) taking into account all of the factors under and outside your control to mix your production schedule and ensure there is no work stoppages.

Self-Evaluation

On page 7 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
15. How well do your goals for **Scheduling** *maximize efficiency* while reducing service problems?				
16. How well do you track *build to schedule as promised* to customers?				
17. How well do you track how we *mix resources to ensure projects are delivered on time and maximize our margins*?				
18. How well do you track the *accuracy of our project schedules* when compared to the reality of what is delivered?				

Scheduling (Build to Schedule)	**Efficiency** (Use of Resources)	**Waste** (First Time Thru)
Actual Production Volume / Scheduled Production Volume	Actual Processing Time (what is possible over planned period)	% of Scrapped Units (can't use)
Actual Scheduled Mix / Scheduled Mix	Shift Time (what is scheduled in project plan)	% of Returned Units (done wrong)
Actual Sequence as Schedule / Number of Sequences	Finished Units or Tasks (what is actually completed within shift time minus defects)	% of Repaired Units (done over)

Efficiency is about maximizing the use of resources within a single project, job, or production run – materials, equipment, and people without over or under-burdening. Unlike the previous Dashboard on scheduling across projects, this measurement is about how individual projects steps are executed – how efficient are you by project.

The three drivers or causes of efficiently using resources:
- ==Actual Processing Time== – given this step in the project, how much time is available - used to determine the percentage of available time;
- ==Shift Time== – given this step in the project, how much time is scheduled - used to determine how the available time is used;
- ==Finished Tasks== – given this step in the project, what was produced or achieved during that period - used to determine what is actually completed or accomplished in the given time.

Example

"Changing my focus from overall management of projects to how individual jobs were run was a place I didn't want to go. As the owner, I liked the big picture challenge of scheduling – this level of attention had me doing the project managers job. And yet I had no choice, maintaining the overall schedule is at the mercy of each project. This is where creating SOP's (Standard Operating Procedures) for each step was critical. I got all of my project managers together and built a book of best practices to be used on every job without fail."

"Out of that we created pocket cards for each position that answered every major question about a task. After a while the card wasn't necessary because it became a habit. The impact was we could put the same team on three different projects a day because they were in and out on schedule."

"We set a goal of 90% for using the time available, in other words if we had 4 hours for a specific task on the job, the Supervisor had to get involved if 3 hours and 36 minutes were not spent working directly on it. This made everybody conscious of using every minute available or close it out and move on to the next task in the project schedule."

Summary

The key is providing clarity to people on expectations – both worker and supervisor. The best method is the creation of a SOP for each step or task in the project. Use the push for greater efficiency to drive how the jobs are designed. If scheduling is right, project or job efficiency is responsible for 15% of your gross margin.

What is critical for measuring efficiency (1) a focus on how every minute of every day is spent by workers and supervisors, (2) which happens when you streamline a process to make doing it right easy and then measuring how well they complied with the standard, and (3) visually tracking performance and sharing it with everybody inside the company.

Self-Evaluation
On page 7 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
19. How well do your goals for Project **Efficiency** lead to better results for the customer and the company?				
20. How well do you track the *accuracy of our time estimates for completion* of each task in the project plan?				
21. How well do you track the *use the time available to ensure the task is completed* on time?				
22. How well do you track the *frequently of task completion on time*?				

Scheduling (Build to Schedule)	**Efficiency** (Use of Resources)	**Waste** (First Time Thru)
Actual Production Volume / Scheduled Production Volume	Actual Processing Time (what is possible over planned period)	% of Scrapped Units (can't use)
Actual Scheduled Mix / Scheduled Mix	Shift Time (what is scheduled in project plan)	% of Returned Units (done wrong)
Actual Sequence as Schedule / Number of Sequences	Finished Units (what is actually completed within shift time minus defects)	% of Repaired Units (done over)

Waste is controlling defects, do-overs, work-arounds, injuries, etc., at the doer level. This is where the remaining 5% of the remaining productivity improvements are found. If you have the Scheduling right and the work flow for each project is managed to place employees in a position to win, it is up to them to make sure the job is done right the first time. BTW – this 5% goes right to the bottom line – all margin.

There are three drivers or causes for being able to consistently eliminate Waste:
- Scrapped Materials – materials thrown away because it couldn't be used or broken tools – used to measure effectiveness of material ordering, inventory storage, and preventive maintenance;
- Returned Tasks – returned to the person who did the job because it was done wrong and not usable as is – used to measure first time quality;
- Tasks Redone – tasks that must be immediately done over because it doesn't work – used to measure first time quality.

Example

> "The last part of work we attacked was individual performance and specifically waste. It was the one aspect of the job we could not put into a SOP, it required the people doing the work to self-manage. We needed every person to make it their job to build quality in and eliminating waste."
>
> "I had all project managers and group leaders emphasize 'do it right the first time every time'. By measuring how well we met this standard gave us the ability to identify who wasn't doing the job or what was preventing them from doing it right the first time."

Summary

The key is taking away the distractions that create quality problems upstream. Once the front line workers were freed from that burden, we could focus them on doing the job right eliminating waste.

What is critical for eliminating waste (1) is training people how to identify and fix it immediately, and (2) measuring it visually.

Self-Evaluation

On page 7 you were asked to record your company's goals in 4 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
23 How well do your goals for Project **Waste** lead to better results for the company?				
24. How well do you track the *accuracy of time estimates for completion* of each task in the project plan?				
25. How well do you track the *use of time available* to get the task completed on time?				
26. How well do you track the *frequently of a task being completed correctly on time*?				

Supervisor Dashboard for Talent (Discretionary Performance)

Within the Talent or People Dashboard there are three critical drivers or causes for people choosing to work harder than they have to: how they are led and managed, the level of teamwork experienced within work groups, and the amount of ongoing training to master job demands.

Customers (*Customer Enthusiasm*) +	Production (*Lowest Cost Producer*) +	Talent (*Discretionary Performance*)	= Financial Results
Marketing, Sales, Service	Scheduling, Efficiency, Waste	Leadership, Teamwork, Skill Masterly	Earnings, Revenue, Net Investment

What are your goals for people and how are you measuring to determine where you are, where are you headed, and how do you get there?	**People Objective:**		
	Talent Dashboard		
	Leadership	Goal:	Measurements:
	Teamwork	Goal:	Measurements:
	Skill Masterly	Goal:	Measurements:

We titled the Talent Dashboard as 'Discretionary Performance' because of the problem that goal setting and performance standards set low expectations. Most people can work at 30-40% of their capability and stay employed – just mailing it in because of low standards – got any? The secret of the most successful companies is their ability to tap into the remaining 60%. The challenge – it is up to employees to choose, you cannot beat it out of them and you don't have enough money to bribe it.

The three drivers or causes for people being willing to perform beyond what is required, how to stimulate Discretionary Performance:
- Leadership – we use this to encompass management as well – the supervisor's / manager's daily involvement, their focus on contribution – not activity, and being a billboard for the company's values - it is a metric of the relationship between the individual in charge and the people reporting to them;
- Teamwork – how important is membership in the work group, what are the work groups informal rules that controls the behavior of members, and how do people informally lead each other – it is a measure of the company's culture and its operating values;
- Mastery – how well does the individual fit the position, what mix of knowledge and skills has the individual achieved, and how well is technology amplifying the performance of the individual.

Leadership (Focus)	**Teamwork** (Relationships)	**Mastery** (Performance)
Participation	Signification of Membership	Job Fit
Contribution	Group Norms	Skills Development
Character	Informal Leadership	Autonomation

Leadership is about presence and the day-to-day focus of the owner's and their representatives on the job. What really matters is what the direct supervisor wants, what expectations do they set, and how do they represent the company.

There are three drivers or causes for providing a continuous focus on the right things:
- Participation – how present is the leader and in-touch with what is happening in their work group, it is not about a specific leadership style or approach to leading and managing – it is a measure of connection;
- Contribution – when the leader is present – what is their focus? Are they focused on completing a series of work assignments or the work groups contribution to the company, are they listening to employees to eliminate barriers – it is a measure of focus;
- Character – how well do they model the company's values, do they reinforce those values in others – it is a measure of the company's culture and its operating values.
-

Example
> "The easiest way to predict what was accomplished on a job is leader involvement. What I observed was the most work was coming from the groups where the leader was present and focused on making sure obstacles were removed. Why – people never had to leave the job site to get something or ask a question."

> "Work focus was harder to get my arms around. I started to really understand it when talking to our supervisors and project managers. The ones who were always linking job performance to impact on the project ran better projects. The others treated it as a checklist – check it off without any regard to 'did it matter?'"

> "Like the focus of our leaders, character was hard to observe. There were supervisors I was not comfortable with but couldn't put my finger on why. Now I knew – they had their own agendas and it wasn't mine. Anybody in a leadership position must be a billboard for our values. I found out by starting a suggestion process where people could provide comments to me. It was neither subtle or hard to see, the bad actors stood out like sore thumbs."

Summary
The key - leadership sets the tone. Just like process problems driving poor quality, you cannot get the company right without getting it's leadership right.

What is critical for continuous focus on the right things is to (1) ensure everybody understands the company's values and the requirement to live it, (2) be present on the job so you can perform leaderships #1 job – remove obstacles, and (3) focus everybody on contribution – their impact on the company's future.

Self-Evaluation
On page 13 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
27. How well do your goals for **Leadership** lead to better results on the job and the company?				
28. How well do your *supervisors and leaders stay involved* with their work teams to remove obstacles?				
29. How well do your *supervisors and leaders focus people on their contribution* to business goals?				
30. How well do your *people in positions of responsibility positively represent the company's values?*				

Leadership (Focus)	**Teamwork** (Relationships)	**Masterly** (Performance)
Participation	Significance of Membership	Job Fit
Contribution	Group Norms	Skills Development
Character	Informal Leadership	Autonomation

Teamwork is about how well people in the same group work together. Some positions require solo performance, most require teamwork. Creating teamwork is a little more difficult than one-on-one leadership because of the dynamics of groups.

The three drivers or causes of teamwork:
- Significance of Membership – how important is membership in the work group to the individual - used to measure the level of commitment;
- Group Norms – what are the informal rules you must follow to be an accepted member, an informal leader or outsider – used to measure formal leaders representation of company's values;
- Informal Leadership – do group members exercise peer leadership to achieve work objectives, what values do they represent and are those compatible with the company's values - used to measure alignment with company's values.

Example
"The issue of Teamwork was hard for me to observe. That meant I had to use indirect information like rumors or quick glimpses to understand what was going on. This prompted me to start making scheduled tours of the building and work sites. Now it was different. My 'wandering around' was a disciplined approach to understand how groups were performing. Another difference was I didn't announce my visits or show up at predictable times. As soon as the novelty wore off, people didn't treat me any different."

> "Since I had planned to start a formal recognition program that was not some dumb employee of the month dog and pony show, I had each work group nominate a representative to sit on a rewards committee. This gave me the chance to get to know each person and more importantly understand their rules. I would like to think I had a positive influence on them and they took our message back to the group. It was a great method for killing stupid rumors."

Summary
The key to teamwork is how individual members respond to working together under the leadership of their supervisor.

What is critical for creating effective teams (1) being accepted as a member, (2) a set of rules for how they work, how they make decisions, and how they deal with conflict, and (3) there is an abundance of peer leaders – the group is not dominated by a single person or clique – leadership is a shared role.

Self-Evaluation
On page 13 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
31. How well do your goals for **Teamwork** *lead to better performance* from groups?				
32. How well do your people *identify with their work groups*?				
33. How well do the *norms of your work groups represent the values* of the company?				
34. In general, all *members of our work groups will exercise positive leadership* when it is appropriate?				

Leadership (Focus)	**Teamwork** (Relationships)	**Mastery** (Performance)
Participation	Signification of Membership	Job Fit
Contribution	Group Norms	Skills Development
Character	Informal Leadership	Autonomation

<u>Mastery</u> is about how the organization hires, promotes, and uses technology to multiply performance. Job fit is critical because putting people into positions who do not have the knowledge or personality to be successful is a waste of time and money – no matter how hard they try. Once you have the right person in the job, what is the nature of the psychological contract – are they motivated to improve and is the company investing in developing their skills.

The three drivers or causes for creating skill masterly:
- <mark>Job Fit</mark> – there are two factors when selecting an individual for a job, are they eligible (do they have the education, work experience, etc.) and are they suitable (their character and personality a fit for the position or group) – it is a measure of the job descriptions and the recruiting / selection process;
- <mark>Skills Development</mark> – there are two things to consider, first is the psychological contract (a set of expectations) between the individual and the organization where the person will take advantage of any opportunity to improve their skills, and a commitment by the organization to provide as much formal training as possible – it is a measure of training;
- <mark>Autonomation</mark> – this is nothing more than the effective use of technology, does the organization look for ways to use technology to not only remove mundane or dangerous tasks, but to find ways to enhance performance – it is a measure of technology.

Example

"We needed to backtrack before measuring mastery or competence. Based on our SOP's for each position, we built 2 lists – eligibility and suitability. On the eligible side we compiled education, prior experience, and certifications needed for each position and reviewed all of our employees. We used the suitability list for each position to determine potential training. Our supervisors evaluated their people and determined what training was need to raise their skill levels."

"We also looked at every position to see if there was any technology available that would remove repetitive tasks or enhance performance. Our initial decision was to buy subscriptions to a Customer Relationship Manager platform that handled all marking, sales, service, and project management, and a subscription to an online accounting platform that integrated with the CRM. We then purchased refurbished tablets for the supervisors to update their projects in the field."

Summary
The key to skill mastery is the understanding that most people draw meaning from their work. When they are challenged to raise their level of play in an environment that supports growth and development, people flourish. When people flourish the best stay.

What is critical for skill mastery (1) is putting the right person in the job, (2) invest in developing skills – start with their present job then cross train for all the jobs on a project or job, and (3) use technology to eliminate all of the tasks that can be automated to multiply what can be accomplished in a work day.

Self-Evaluation

On page 13 you were asked to record your company's goals in 3 areas and how it was currently measured. Given the material we just covered, what is your evaluation of the company's current state?

Your Company's Metrics	1 Not Close	2 Not Quite	3 Close Enough	4 Perfect Match
35. How well do your goals for **Mastery (competence)** motivate employees to *work harder and longer than required*?				
36. How well has the company put the *right people in the right jobs*?				
37. How well has the company *trained people to ensure they are fully competent* for their positions?				
38. How well has the company used technology to remove *repeatable tasks and multiply their ability to produce results?*				

We will address Financial Performance in another Module and guarantee you will understand the financials better than any other Landscape Business Owner.

Customers (*Customer Enthusiasm*) +	Production (*Lowest Cost Producer*) +	Talent (*Discretionary Performance*)	= Financial Results
Marketing, Sales, Service	Scheduling, Efficiency, Waste	Leadership, Teamwork, Skill Masterly	Earnings, Revenue, Net Investment

Module Review

The goal is to provide tools for starting with a (1) clean slate and add missing business measures, or (2) a checklist of your current measurement system to identify areas of improvement.

Your Measurement Evaluation

At the beginning of this Module we asked you to capture the status of the company for Measurement. Let's see where you stand and potential problem areas for improvement or creation.

Scoring Instructions:
1. There are two types of questions – goals and tracking.
2. Goals are represented in questions 1, 2, 6, 10, 15, 19, 23, 27, 31, 35.
3, Tracking is the remaining questions.
4. Staring with Marketing, transfer your goal scores to the appropriate box.
5. When you have completed transferring the scores, move on to Step 6.
6. Now do the same for the Tracking questions – transfer those scores to the Metrics column.

CUSTOMERS	Goals	Metrics
1. How well do our goals for **Marketing** *Create Awareness of our Brand* with customers?		
2. How well do your goals for **Marketing** *Create Qualified Leads* with customers?		
3. How well do you *track contact* with customers?		
4. How well do you *track response to your marketing efforts* customers?		
5. How well do you *track the reason for inbound calls or visits* by customers?		
6. How well do your goals for **Sales** *Increase our Margins* per sale?		
7. How well do you *track ratio of leads into the sales funnel with closed deals (close ratio)* out the funnel?		
8. How well do you *track the time it takes for a qualified lead to move though the sales funnel and close (time to close)*?		
9. How well do you *track the average sales price* by project or deliverable?		
10. How well do your goals for **Service** *generate enthusiasm* and repeat sales?		
11. How well do you track *projects to determine whether it was delivered as promised* to customers?		
12. How well do you track the creation of *customer expectations in the sales process to make sure we don't overpromise and underdeliver*?		
13. How well do you track the cost of recovery to *protect the financial health of the company*?		
14. How well do you track *who approved the recovery* for failure to deliver to ensure it is at the lowest level possible?		
Sub-Total		
Average		

Scoring Instructions:
7. Add up all of the goal scores and place the sum in the Sub-Total Box.
8. Average the Goal sum by dividing by 4.
9. Now do the same for the Metrics Column, add up all of the scores and place the sum in the Sub-Total Box.
10. Average the Metrics sum by dividing by 10.

PRODUCTION	Goals	Metrics
15. How well do your goals for **Scheduling** *maximize efficiency* while reducing service problems?		
16. How well do you track *build to schedule as promised* to customers?		
17. How well do you track how we *mix resources to ensure projects are delivered on time and maximize our margins*?		
18. How well do you track the *accuracy of our project schedules* when compared to the reality of what is delivered?		
19. How well do your goals for Project **Efficiency** lead to better results for the customer and the company?		
20. How well do you track the *accuracy of our time estimates for completion* of each task in the project plan?		
21. How well do you track the *use the time available to ensure the task is*		

completed on time?		
22. How well do you track the *frequently of task completion on time*?		
23 How well do your goals for Project **Waste** lead to better results for the company?		
24. How well do you track the *accuracy of time estimates for completion* of each task in the project plan?		
25. How well do you track the *use of time available* to get the task completed on time?		
26. How well do you track the *frequently of a task being completed correctly on time*?		
Sub-Total		
Average		
TALENT		
27. How well do your goals for **Leadership** lead to better results on the job and the company?		
28. How well do your *supervisors and leaders stay involved* with their work teams to remove obstacles?		
29. How well do your *supervisors and leaders focus people on contribution* to business goals?		
30. How well do your *people in positions of responsibility positively represent the company's values?*		
31. How well do your goals for **Teamwork** *lead to better performance* from groups?		
32. How well do your people *identify with their work groups*?		
33. How well do the *norms of your work groups represent the values* of the company?		
34. In general, all *members of our work groups will exercise positive leadership* when it is appropriate?		
35. How well do your goals for **Mastery (competence)** motivate employees to *work harder and longer than required*?		
36. How well has the company put the *right people in the right jobs*?		
37. How well has the company *trained people to ensure they are fully competent* for their positions?		
38. How well has the company used technology to remove *repeatable tasks and multiply their ability to produce results?*		
Sub-Total		
Average		

Scoring Instructions:
11. Add up all of the goal scores and place the sum in the Sub-Total Box.
12. Average the Goal sum by dividing by 3.
13. Now do the same for the Metrics Column, add up all of the scores and place the sum in the Sub-Total Box.
14. Average the Metrics sum by dividing by 9.

Scoring Instructions:
15. Add up all of the goal scores and place the sum in the Sub-Total Box.
16 Average the Goal sum by dividing by 3.
17. Now do the same for the Metrics Column, add up all of the scores and place the sum in the Sub-Total Box.
18. Average the Metrics sum by dividing by 9.

Where to Start?

Last step in the process is to transfer your Averages from pages 19 & 20. Since all business owners are limited in resources (focus, energy, time, money), the goal of this process is to select where to start to improving your Measurement Function.

Scoring Instructions:
19. Transfer your Average Score from Questions 1 & 2 to the Goals Score Column.
20. Transfer your Average Score from Questions 3 – 14 to the Metrics Score Column.
21. If your Goals Average Score is 4 – check the 4. Build on It in the Improve Column.
22. If your Goals Average Score is 3 – check the 3 OK for Now in the Improve Column.
23. If your Goals Average Score is 2 – check the 2 Needs Action in the Improve Column.
24. If your Goals Average Score is 1 – check the 1 Start Here in the Improve Column.
25. Repeat this process for Average Scores for Customer Scorecard.
26. Repeat this process for all of the remaining Goals and Metrics.

Balanced Scorecard & Dashboards	Goals Score	Improve?	Metrics Score	Improve?
Average Scores for Customer Dashboard Goals		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here
Average Scores for Customer Scorecard Metrics		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here
Average Scores for Production Dashboard Goals		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here
Average Scores for Production Scorecard Metrics		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here
Average Scores for Talent Dashboard Goals		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here
Average Scores for Talent Scorecard Metrics		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here		○ 4. Build on It ○ 3. OK for Now ○ 2. Needs Action ○ 1. Start Here

Creating an Action Plan

If you scored below 3 in any item, please download the following Job Apps to start the improvement process:

- Building / Improving Marketing, Sales, and Service Scorecards: JMC10401
- Building / Improving Scheduling, Efficiency, and Waste Scorecards: JMC10402
- Building / Improving Leadership, Teamwork, and Mastery Scorecards: JMC10403

Appendix - Measurement Options

We offer the following matrix as a method for reviewing your measurement options. We reviewed our previous consulting projects and build a list based on the most common scorecards. When completing the Self-Evaluation on Dashboards and Scorecards, if you scored a 1 or 2, use this list as a guide for options.

Dashboard & Scorecards	Definitions	Measurement Options
Customers	Businesses (B2B) or Consumers (B2C) who purchase your products and services PLUS their experience of working with you.	
Marketing	Finding potential customers and converting them into qualified leads.	☐ Yearly or bi-yearly Market Study (research on brand perception & market penetration) ☐ Advisory Panel (quarterly meeting with targeted industries) ☐ Focus Groups (targeted industries/demographics)
Sales	Converting qualified leads into the sales funnel into closed sales.	☐ Close Ratio (percentage of marketing driven leads converted to sales) ☐ Time to Close (time in sales funnel from first touch to closed deal) ☐ Average Sales Price (by unit or project)
Service	Experience of working with your company: the marketing, sales, and production process – do you deliver on promise.	☐ Customer Enthusiasm Survey (measuring customer satisfaction post installation) ☐ Field Reports (information collected by front-line employees) ☐ Point of Purchase (information collected at time of sale)
Production	How your offer is produced, whether it is building a tangible product or the execution of intangible service.	
Scheduling	Scheduling work over a period time that ensures an even burden on company resources.	☐ Build to Schedule (percentage of time the work forecast is accurate over an establish period – 1 month, 2 months, etc.) ☐ Dock to Dock (time from materials in the door to a completed project)
Efficiency	Organizing work per job or project that maximizes the efficient use of resources (equipment, materials, people).	☐ Inventory Turns (how many times a year is all of the inventory replaced) ☐ WIPI (work in progress inventory – amount of materials tied up in a project) ☐ Operational Equipment Efficiency (utilization of equipment – use/availability) ☐ Accident Reports (lost man days due to work injuries) ☐ TakT Time (time from start to finish on a specific job or task) ☐ SOP Revisions (scheduled updates to work procedures)
Waste	Eliminating defects at its source by the people doing the work.	☐ Scrapped Work (work that had to be abandoned because the materials could not be reuse) ☐ Returned Work (work performed by

		another employee / location that was returned to its owner) ☐ <u>Repaired Work</u> (work that had to be redone on the spot) ☐ <u>Quality Control Inspection</u> (final inspection of a job, task, product, service, or project) ☐ <u>SOP Revisions</u> (scheduled updates to work procedures)
Talent	Employees that work directly on your offer (what the customer buys) and work in support roles.	
Leadership	Leaders staying connected to the work and model the behaviors that that are in the best interest of the company.	☐ <u>Employee Engagement Survey</u> (periodic sampling of employees) ☐ <u>Reward & Recognition Program</u> (who is winning and why are they winning)
Teamwork	People in groups work together to produce more than individuals working separately.	☐ <u>Employee Engagement Survey</u> (periodic sampling of employees) ☐ <u>Reward & Recognition Program</u> (who is winning and why are they winning) ☐ <u>Suggestion Programs</u> (departmental / work group suggestions for continuous improvement)
Mastery	Individuals fully competent for the responsibilities of their job.	☐ <u>Employee Engagement Survey</u> (periodic sampling of employees) ☐ <u>Skill Audit</u> (comparing current employee skill levels against SOP) ☐ <u>Succession Plan</u> (skill mastery of current job, skill mastery of all jobs in the department, skill mastery for next level) ☐ <u>SOP Revisions</u> (scheduled updates to work procedures)
Financial	The overall financial performance of the company as specified in the yearly Operational Plan.	
Earnings	The amount of money the company keeps after all expenses, taxes, etc., have been paid.	☐ <u>Production Costs</u> (materials, labor, overhead) ☐ <u>Selling Costs</u> (cost of sales) ☐ <u>Taxes</u> (federal, state, local)
Revenue	The amount of money the company collects based on selling its offer.	☐ <u>Revenue from Sales</u> ☐ <u>Revenue from Invested Capital</u> (revenue from investments made by the company in production areas - CD's)
Net Investment	The amount of the money the company retains for reinvestment in improvements and growth.	☐ <u>Working Capital</u> (inventory, accounts receivable, cash, liabilities) ☐ <u>Permanent Investment</u> (investors) ☐ <u>Funded Debt</u> (current debt)