



Who's Winning?

*How knowing the score can keep your
team moving in the right direction.*

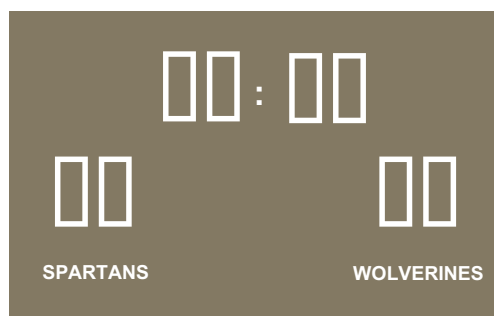


Cole Gavlas, PC
Tax and Business Advisory Services

Imagine sitting through an entire football game without knowing the score.

The big day has arrived. It's Michigan State versus the University of Michigan. The stadium is packed. There's just one problem. The scoreboard is broken and there are no announcers. Or the score is displayed—but it's written in ancient hieroglyphics. You can't leave your seat during the game, because you might miss your team making a touchdown. When the game is over, someone tells you who won.

Now imagine that same game without an end zone and minus the goalposts. Even the players can't be sure if they scored. And now let's take away the boundaries and the referee. What do you have left? 22 tired and thirsty players running around a field in all directions. Even the cheerleaders are tired and confused. And the coach? He resorts to all sorts of tactics to try to keep his team on track, but eventually realizes that even the biggest megaphone will not be loud enough to get their attention.



Who's winning?

This is exactly how many businesses operate. There are no scoreboards. No meaningful information is shared with the team. Sure the company produces financial statements, but those happen at the end of the year, once the game is essentially over. If

“If you see a defense team with dirt and mud on their backs they’ve had a bad day.”

John Madden

“Sure, luck means a lot in football. Not having a good quarterback is bad luck.”

Don Shula

financial information is shared, it might as well be in hieroglyphics because the majority of people who receive the information don't understand it. During the year, employees operate mostly without feedback and without a vision of where they are heading. But if they don't win the game, they are kicked off the team. And the business owner? He's running around like a blind sheep dog trying to constantly keep his employees in check.

The elements of a good game

In business, as in football, the components of a good game are:

- Goals
- Playing field
- Boundaries
- Defined rules
- Referees
- Time periods
- Teams
- Scoreboard

Goals

Each company should define corporate and employee goals. What do you expect to see from your employees during the next year? How do those efforts support the goals of the organization? Far too often, organizations measure and reward individual performance based on objectives that don't support the overall goal of the organization. Imagine the quarterback who is measured solely on the quality of his throws. What if he never gets them to a receiver? Define employee goals in terms of what can help the whole team win.

“Never quit. It is the easiest cop-out in the world. Set a goal and don't quit until you attain it. When you do attain it, set another goal, and don't quit until you reach it. Never quit.”

Bear Bryant

“The ones who want to achieve and win championships motivate themselves.”

Mike Ditka

Playing Field

Clearly define the market that you plan to go after. How will you get your message out? Will your sales reps hear you amongst all the chatter around them? Everyone on your team needs to understand where you are focused, so they can concentrate their energy within a defined space.

Boundaries

Once you know the market, define your boundaries within that market. Are you targeting a certain customer demographic? Decide which customers fit your target and which ones don't and make it clear to your team where they should focus their sales and marketing efforts.

Defined Rules

What are your company's rules of engagement? What is the culture that you hope to foster? Are there tactics that are allowed and others that are frowned upon? Are company procedures clearly documented so that everyone knows how to perform their jobs? What happens if a team member goes on vacation—is there someone on the bench who can fill in? The culture of your organization needs to be recorded. Putting your core principles into words and sharing your organization's story will help you make decisions as you move forward. Have members of your team share their ideas about your organization and what makes it unique and record those thoughts. It doesn't have to be a formal poster that you put up on a wall. Your cultural beliefs can be stated authentically, in the words of your employees.

“To win you have to score one more goal than your opponent.”

Johan Cruijff

“Most games are lost, not won.”

Casey Stengel

“The difference between a successful person and others is not a lack of strength, not a lack of knowledge, but rather a lack of will.”

Vince Lombardi

Referees

Every organization needs a referee—someone who can hold the team accountable and keep track of the rules. Often this is the CFO or Controller. Make sure your CFO or Controller is accessible to your team and ready with answers when questions come up during the course of business.

Defined Time Periods

Everyone needs to know the critical time periods for sales and expense management as well as year-end dates and employee reviews. Expectations should be clear for both the short term and long term.

Teams

Just like championship teams, a winning organization needs to have the right people in the right roles, with the authority to make the important decisions. And you need to have a strong bench. To the extent possible, teams need to have cross-training so that no single person is irreplaceable. Having a well-defined rule book will help, but it needs to be meaningful to people in their daily jobs.

A Visible Scoreboard

Now it's time to actually start playing the game. That means it's time to start working towards a goal. A scorecard helps you see where you stand and measure progress toward your goals. It tells you where you started out and whether you're winning or losing.

Everyone on the team needs to know where the company stands at all times. Is the owner the only one with good information? If so, you can expect to see wasted efforts as people aren't clear how to make decisions. If your employees are impacted by the outcomes, they need to be able to monitor their progress against stated objectives.

“Sometimes in football you have to score goals.”

Thierry Henry

“If it doesn't matter who wins or loses, then why do they keep score?”

Vince Lombardi

“Nobody in football should be called a genius. A genius is a guy like Norman Einstein.”

Joe Theismann

You can begin keeping score for your business today.

Once you have created a strategic plan and have articulated a vision for your organization, the next step is to come up with critical measurements for your business. Take your short-term goals and work with your team to determine which items are directly related to achieving those goals. Figure out where you currently stand and then set a target. Monitor progress and share results with everyone involved.

Step one is to determine the baseline. If your goal involves a relative increase in a given measurement, you need to delineate your starting point.

Step two is to articulate the goal. Define what success will look like and how it will be measured. Get the team involved in setting their own targets and you will have a better chance of success.

How many scoreboards should you have?

As many as you need. You might start with a single basic measurement to get team members used to seeing information and being held accountable. Once your team gets used to accountability they will be hungry for more. Let them take over the task of defining what to measure.

You can create one scoreboard for the whole company. While organizations are normally pretty good about monitoring revenue results, you need to keep an eye on profitability and cash flow at the same time. The ideal company-wide scoreboard should have components of all three.

Questions to consider before building your scoreboard:

- What does it take to succeed in our organization?
- What are we measuring now?
- Are we driving the right behaviors?
- What can we stop measuring?
- What are we missing?
- What does success look like?
- How can we measure our impact on the community? The environment?
- How can we measure customer satisfaction?
- How should we measure employee loyalty?
- How can we track awareness of our brand?

In addition to an overall corporate scoreboard, you might want to have scoreboards for each department. These departmental scoreboards, like departmental compensation plans, should be closely related to the achievement of overall corporate goals and objectives.

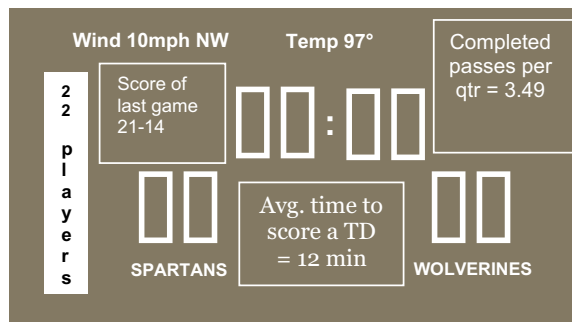
Elements of a Good Scoreboard

Your scoreboard will become a key element of your overall communication strategy. To be effective, it should be:

- Concise
- Accessible
- Timely

Concise

Don't be tempted to put too much information on your scoreboard. Having too many measures can be almost as bad as having none. Work with your team to indentify a few critical measures and then focus on them. Set your goal and begin to work towards it. Once that goal has been achieved, you can move on to another measurement.



A cluttered scoreboard is hard to read.

“When I played pro football, I never set out to hurt anyone deliberately—unless it was, you know, important, like a league game or something.”

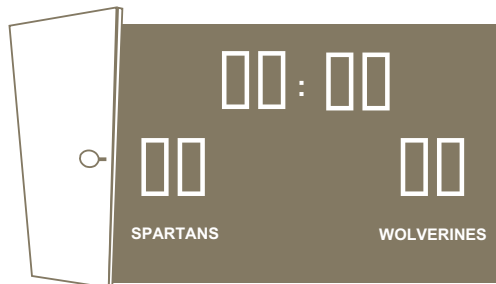
Dick Butkus

“Coaches have to watch for what they don't want to see and listen to what they don't want to hear.”

John Madden

Accessible

Many companies have a flash report that is provided only to key management. But everyone in the organization needs information so they can move in the right direction. If there are measurements that are needed by management only, provide them. But also decide what information you can make available to everyone on your team. The Container Store and Best Buy begin every morning by telling store employees the sales target for the day and then share updated results twice a day. Everyone knows where they stand. It helps them keep focused and make adjustments as needed throughout their shift. Plus, everyone gets to celebrate when they exceed the targets.



The scoreboard needs to be accessible.

Top 10 signs you might need a new scoreboard:

1. You start every team meeting by passing out a 500-page printed Excel spreadsheet.
2. Your employees are battling over individual customers so they can make more commission.
3. Your revenues are slipping while commission expense is growing.
4. People ask you how you did at the end of each month.
5. It takes you more than an hour to answer the question in #4
6. People know better than to ask how you did at the end of each month.
7. Your sales for the current month have varied drastically from the prior month and no one has an explanation.
8. Unit activity has increased but gross profit has decreased. (You are selling more lower margin items.)
9. Profit is up but cash is down. (Salespeople are getting paid for sales, whether they are collectible or not.)
10. Your management team spends days planning a team celebration for lackluster results.

Timely

Sometimes we have the urge to wait until we have perfect information before we share it. Resist that urge. Figure out what information you can get quickly that relates to your objectives and provide it. As soon as you can. Use e-mails to tell everyone about that killer customer you just got, the big shipment you just sent, the special accolade you just received. Share retail results with the warehouse people and warehouse successes with the retail staff.



The scoreboard needs to be timely.

The importance of just getting started.

Your scoreboard doesn't have to be perfect and it doesn't need to be static. What you measure today might not be what you measure next year. But by having a scoreboard and letting people know what you are measuring, you will begin the process of enabling everyone on your team to be more effective as they contribute to the success of your organization. It's time you had a winning season.

“No matter how great you are, the next great one is already sitting there waiting to take your place.”

Joe Theismann

“To be a leader, you have to make people want to follow you, and nobody wants to follow someone who doesn't know where he is going.”

Joe Namath