

What's the Score?

July, as the midpoint of the year, is an excellent time to assess company performance and course correct if needed. You now have two quarters of results with your board approved plan. It's time to make an objective assessment of performance and update your initiatives.

5 Step Framework

How does your company's performance compare to the metrics you established at the start of the year to track performance? What actions can you take based on what you learn? There is a proven framework you can use to create sustained success.

1. Evaluate your performance vs. the key performance indicators you established at the start of the year.
2. Identify which key initiatives are working and which are not.
3. Determine the reasons for success or failure of each initiative.
4. Determine which initiatives should continue, which should be modified and which should be discontinued.
5. Re-allocate resources for key second half initiatives to improve the chance of success.

1. Evaluate performance

At the beginning of the year, you identified a series of key performance indicators that you would use to track performance and report progress to your board. These include the key financial indicators (revenue, gross margin, SGA, earnings and cash flow, etc.). You may also have included some metrics to determine levels of customer satisfaction such as market share, share of wallet, repeat purchase, and number of new customers. Finally, some measures to assess your key asset, people, including employee retention, progress in executive development plans etc. You're your leadership team, conduct an objective, fact-based assessment of performance vs. plan.

2. Identify what works

When you presented your annual operating plan to your board at the beginning of the year, you identified key strategies and the critical tactics for each that you would implement to achieve your operating objectives. Assess each of these key initiatives and determine which seem to be effective and which are not.

3. Determine the reason for success

Meet with the your leadership team and conduct a candid assessment of each of these tactics using the operating results as the determinant of success for each. Why are some things working while others are not. Are the results caused by execution issues, resourcing, competitive reaction or some other factor? Make sure you understand why things are successful so you can apply the

lessons to other initiatives. Critically challenge each other so you don't get trapped into making false assumptions.

4. Update your tactics

With your leadership team, update your operating game plan for the second half to focus more on what is working well and re-directing time and effort from less productive initiatives.

**Remember Einstein's Definition of Insanity:
Doing the same things over and over again and expecting different results!**

5. Re-allocate resources

Given a finite amount of resources like people, money and management time, focus your resources on initiatives that will produce the highest return. The decision here should be based on an evaluation of return on assets (ROA) using a much broader definition of asset beyond just financial measures. Be sure to include your sales and marketing teams, R&D, key managers and your own time and talent in your company's asset base.

Final reality check

As a final reality check on your expected future performance and your plans for the balance of the year, consider how key stakeholders will react. Will your second half anticipated results produce an acceptable level of creation of shareholder value?