



Route to Profits

April 2007

Sometimes all you need is a little direction...

It's already April of 2007 and before you know it, 2007 will be half over. How do you think this year is going to stack up in your business relative to the past? By now you should have a firm grasp on 2006, by reviewing the results and analyzing the details to see what did and did not work. So what about 2007? You've heard all the clichés like "if you keep doing what you are doing you will keep getting what you are getting" or that "one definition of 'crazy' is to keep doing the same thing and expect a different result."

What can you do now to make a difference in your business for 2007? Here is a case-study about what a recent client decided to do.

Case Study

I recently had the opportunity to work with a large public relations firm in Houston, Texas. The company is doing great; they are profitable and have a wonderful management team who are very competent and committed to the success of the business. Why would a company like this want to change anything? Because the owner knows that to stand still in business is to die slowly. This owner rallied the staff and hired us to perform an assessment of the business to see what issues would take the business to the next level or keep it from moving forward.

After performing our financial analysis, doing an industry comparison, and surveying and interviewing the company's employees we focused on three areas of the business that if not addressed may keep the company from reaching greater levels of success and profitability. We then met with the management team in an offsite workshop to develop an action plan for addressing these three issues. With the workshop we not only got buy-in and consensus from the management team, but also tied responsibility and accountability to the issues.

The company now has a clear agenda to improve the business. Additionally, the management team of the company has a clear understanding of what is a priority for 2007. What do you think this company's probability for improvement is for the remainder of the year?

The question becomes, how can you apply this type of model to your business?

Applying the Model

We all know that time is the enemy. With everything you have to do on a daily basis, how can you make time to do this type of analysis? Let me suggest that with nothing to guide us except what is happening in the moment, we surrender the future to events we do not control. Here are a few things to consider:

Take an afternoon to work "on" your business and not "in" your business.

Get out of the office if you have to. Identify one or two things that if improved or changed you know would have an impact on the profitability of your company immediately. These are not hard to identify, they are the things keeping you up at night.

Gather your management team together for a few hours and try a technique called "Force Field Analysis".

The Force Field Analysis is a brain storming method for developing improvement ideas and initiatives for the issues you have in your business (see diagram). The theory behind the Force Field Analysis is this:

For each issue the company faces, there are already positive forces in place that if enhanced, will help the company improve in the issue. Accordingly, for every issue the company faces there are negative influences that keep the company from improving in this area. With the Force Field Analysis, the management team together can identify those influences as a group and then try to remove or reduce the negative

| FORCE FIELD ANALYSIS PANNELL KERR FORSTER OF TEXAS, P.C. <i>The fit that's right!</i> | | |
|---|-------|-----------------|
| POSITIVE FORCES | ISSUE | NEGATIVE FORCES |
| 1 | | 1 |
| a | | a |
| b | | b |
| c | | c |
| d | | d |
| 2 | | 2 |
| a | | a |
| b | | b |
| c | | c |
| d | | d |
| 3 | | 3 |
| a | | a |
| b | | b |
| c | | c |
| d | | d |
| 4 | | 4 |
| a | | a |
| b | | b |
| c | | c |
| d | | d |
| 5 | | 5 |
| a | | a |
| b | | b |
| c | | c |
| d | | d |
| TOTALS | ISSUE | TOTALS |

Force Field Analysis Diagram

impact of those influences and enhance or double the positive impacts already in place. If you are able to increase the positive influences and reduce the negative influences, the company will inevitably improve with regard to that issue.

Start by identifying the positive influences. Keep the number of influences to five or six. There may be more but for now, we are only trying to get a consensus of what the main influences are per issue. Encourage everyone to contribute and listen to all the ideas that are presented. Once everyone agrees to the top positive influences, identify three or four tasks that will enhance or improve each of the existing positive influences with regard to the issue. Again, you may have more than four tasks but get the group to agree to the best three or four tasks per item. At this point you should have 15 to 24 ideas that, if implemented, would enhance the positive influences of that issue.

Do the same procedure for the negative influences. The goal should be reducing the negative impact of those influences. Be ready to hear the soft issues around the item at this phase of the analysis. Soft issues may include lack of time, lack of support from management, not enough training, etc. These soft issues generally do not surface in day to day conversation, but can be critical to an issue. After identifying five or six negative influences and three or four tasks to reduce the negative

influences, you should again have 15 to 24 ideas for improvement.

Have the group identify three tasks to implement over the next three to six months. These tasks should come from your total list of positive and negative tasks. It does not matter if all three tasks increase the positive influences or if all three tasks reduce negative influences. The tasks can be a combination of both. The point is to get an agreement on the three ideas that will yield the quickest and greatest results.

Successful Implementation

To ensure success of the implementation, spend some time identifying the “champion” of each task. Identify the one person who is most qualified to supervise the improvement initiative and therefore will be held accountable for the results. Consider the tasks necessary to complete the project and develop a plan to achieve those tasks. Clear any obvious obstacles such as lack of time to get the task implemented, resources needed to perform the task, etc. Establish milestones, deadlines and times to meet to discuss progress on the project over the next month. In short, make this project a priority for the manager in charge. Consider incentives for successful completion of this task by the required deadline. Finally, establish a time to meet in three to six months to gauge the company’s success on the implementation of your improvement initiatives.

Oh yes, don’t hesitate to celebrate the group’s success when you achieve your objective! After all, we all went into business to have some fun, right?

Byron Hebert, CPA, CTP, is a director at PKF Texas and practice leader for the Entrepreneurial Advisory Services group. Contact him at (713) 860-1455 or bhebert@pkftexas.com