

Every Good Team Has a Strategy

A plan that connects everyone and enables them to work together toward a common goal. The overall strategy is simple - Win the Game! But in order for that strategy to work, it must be broken down into things like defense and offense, training objectives, and individual plays for certain situations. When everyone knows and understands the role they play, and performs 100% towards a common goal, the strategy works well and games can be won.

Salient Corporation is dedicated to helping companies win by providing performance management solutions that help get and keep companies winning.

We believe that a company's strategy is its organizing vision for profit and growth. This vision is outlined in the company's mission statement. Most executives are familiar with this mission statement. Key Productivity Indicators (KPI's) are formed to measure the success of this strategy. KPI's have been a corporate staple for management consultants for years. But Salient believes that merely identifying the KPI's of a company leaves out the detailed contributions of individuals. Every good coach knows a team will not work effectively if the players are not all working together toward the same goal.

Salient calls the measurements of individual contributions to a company's value Individual Value Indicators, or IVI's. IVI's are the link between management goals and individual performance. If the overall strategy is to win the game, IVI's are a measure of how well each individual executes a play. IVI's are the thread that binds every individual, activity, product or asset to the main objective of the company.

Salient has developed a method of identifying a company's IVI's which we call KPI/IVI Visioning. Developing and quantifying IVI's is a disciplined, bottom-up exercise designed to align everyday decision making with the overall strategy of the company. IVI's are measurable expectations of performance that are drawn from job descriptions and various inputs from customer / supplier retention and asset acquisition (such as ROI documents). They differ from KPI's in that they are specific and updated on operational - as opposed to financial - cycles. IVI's provide an information playbook, complete with gap analysis, to support the organization's performance improvement goals.

Owners and team managers have to inform the coaches of the overall goals. Coaches must create and share the game plan with the players. Players need to understand how their performance affects those plans. Their teammates need to be able to count on them to be at the right place at the right time.



This is the ultimate expression of making a big company function like a team: Give everyone the playbook.

The Players

- Senior Management
- Managers of the business area under review
- Individuals knowledgeable of the data resources
- A Project Manager

Strategy Topics

Some or all of the following topics will be covered:

Organization Review

- Organizational Structure
- Roles, Responsibilities, Issues, Constraints
- Measurements

Customer Review

- Organization/Segmentation
- Trends
- Issues
- Measurements

Product Review

- Organization/Segmentation
- Trends
- Issues
- Measurements

Imagine how much more profitable your company would be if it performed like a championship team. People will perform best when they have appropriate knowledge about the value (results) of their work. A KPI / IVI Visioning Session is designed to bring various elements and people of a company together to plan and conceptualize both corporate goals (KPI's) and more specific individual goals (IVI's). When leaders emerge from this exercise they will have developed a measurable and actionable blueprint that can be used as a guide for collecting and organizing information into an overall strategic plan. This plan will allow the company, and all its employees, to work together as a team and nimbly adjust to the ever changing marketplace.

KPI / IVI Visioning Methodology

1. Participants should include the XYZ Company Project Manager, your senior management (President, General Manager, Chief Financial Officer, Sales Officer, Manufacturing Officer, Operations / Logistics Officer, Chief Information Systems Officer, etc.), managers of the business areas to be reviewed and individuals knowledgeable of the data resources.

2. Materials utilized in the Visioning session include, where available,

- a. Organization Chart(s); Job Descriptions specifically for associates who are measured by metrics included in the scope of the project and/or associates that will use the solution in their job
- b. Mission Statements
- c. Company Objectives preferably in writing
- d. Copies of existing information reports

It is in the best interests of your project if Salient receives these items in advance of the visioning session. It is recommended clients send information as it is available and as soon as possible.

3. KPI / IVI Visioning Session Agenda

- a. Review organization charts, mission statements and strategies.

- b. Identify, review and/or define key goals and objectives of the organization (also known as Key Performance Indicators or KPIs). There may be many summary metrics for your business. In this session we discuss and focus on which are the key goals and objectives. These goals and objectives will generally be of a summary nature, will be periodic (monthly, quarterly, annually), and probably be financial. They should be specific, measurable, achievable, relevant, and time bound. Good performance information should provide the opportunity for managers at all levels to plan and take responsibility for improvements in performance throughout the organization.

Materials

- Organization Charts
- Job Descriptions
- Mission Statements
- Written Objectives
- Copies of existing information reports

Playbook

The deliverable from the KPI/ IVI Visioning Session is a written report documenting the findings. A typical report will include the following:

- Client History and Current Situation
- Client's Business and Project Objectives
- Individual Value Indicator (IVI) Identification
- Logical/Conceptual Design
- Gap Analysis and Future Requirements
- Summary
- Glossary

c. Identify, review and/or define *Individual* value indicators. Individual Value Indicators, IVIs, apply to individual persons, places, things and events and must be aligned with the overall organizational goals and objectives. Organizations generally maintain lists of these persons, places, things, etc. that play an important role in their business; IT refers to these lists as “masters” – Customer Master, Employee Master, Asset Master, etc.

During the Visioning session you will discuss the job responsibilities of each class of employee and consider the standards by which the performance of an individual employee will be measured and how they will be rewarded. The discussion will focus on the standards expected to be achieved in terms of quality, quantity and time. You will discuss the constraints that may keep the employee from reaching stated goals and objectives. The metrics that will ultimately be designed into the Margin Minder solution will most likely be stated or implied in the individual’s job description. You will identify the outputs required to meet expectations.

You will discuss how expectations of one performer aligns with those of other individual performers in the same chain and if they are in keeping with corporate objectives. (e.g. If an objective for the company is to increase portfolio customers, a salesman who is adding small, independent customers is not aligned with his company.)

Things make value contributions to the corporate strategy and may also be assigned IVIs. You will consider both the revenue generation capabilities and the cost requirements associated with assets such as plant equipment, vending machines, delivery trucks, or office copy machines. You will discuss reasons for the purchase of new or replacement assets. An individual asset placed at a customer site may not generate enough revenue to justify replacement, but may qualify for a significant level of repair. Identifying significant asset IVIs assists you in making critical decisions regarding those assets.

Places also contribute to the corporate strategy. Places may be defined as suppliers – places where I make purchases, or customers – places where I sell and/or place assets. IVIs defined for places can provide continuous feedback on the worth of a customer or supplier by answering questions such as “Is this customer worth having” and “Is this supplier providing [poor, adequate, superior] service.”

Promotions, participation in shows/conventions and periodical advertisements may all be considered as Events. You will discuss how the value of event items is measured and how they are aligned with the stated corporate strategy.

IVIs must be specific, measurable, achievable, relevant, and time bound. In addition, IVIs must be consistent as you move up the organization, avoiding the situation where IVIs at one level create bottlenecks for the next – situations for sub-optimization.

Examples of person IVIs are the following:

- # of telephone rings before answering
- \$ value of contributions obtained per quarter
- # of job performance reviews per month.
- # of new customers per month.



- d. Examine the demographic, environmental, competitive, and technological factors that may affect the organization. You will discuss the opportunities and threats presented by each factor.
- e. Identify the constraints that hinder the organization from reaching its goals. Constraints may include time, space, funding, the government, weather and people resources.
- f. Identify targets and thresholds, or minimum / maximum acceptable values for each metric.
- g. Identify the targeted users of the Salient solution, their specific roles in the organization, and the numbers of each.
- h. During the KPI/IVI session, a glossary of the noetics – the meaning attached to words and phrases that you use will be maintained. The glossary of terms will be an appendix in the KPI/IVI Visioning Report that is delivered.

The deliverable from the KPI/IVI Visioning session is a written report documenting the findings of the session. A typical KPI/IVI Visioning report consists of the following:

Deliverables

- Client History & Current Situation
- Client’s Objectives
- Overview of Client’s Strategy
- IVI Definition Table
- Logical / Conceptual Design (if a Data Mapping Session is Conducted at the Same Time)
- List of Attendees / Participants
- Gaps & Future Requirements
- Summary

Addendum

- Organization Chart
- Data Definitions
- Glossary (Noetics)

Role	Responsibility	IVI	Constraints

IVI Definition Table

Data Field	Definition	Issues

Data Definitions

About Salient

Salient Corporation offers business and government a new solution for efficient management. Drawing on diverse data from multiple sources, our technology measures how business activity creates value, quality, financial efficiency, productivity, while its user interface eliminates barriers to the use of this knowledge for continuous process improvement.

Salient’s technology platform is a super scalable in-memory OLAP system for activity based value scoring. Its user interface is a graphical toolbox for interactive, stream-of-thought data mining, visualization and root cause analysis. Overall, the technology enables non technical knowledge workers to evaluate process behaviors rapidly, eliminate waste and optimize outcomes continuously.

Founded in 1986, Salient today serves more than 35,000 users in 53 countries. For more information, visit www.salient.com.

