

Do You Have Everyone Pulling on the Same End of the Rope?

Successful companies have one thing in common. The key decision-makers, and often every employee, understand certain fundamental truths about the company. These truths include who its customers are, how it serves their needs, what it's good at, where it is going and how it will get there. Successful companies have a clear mission and a clear vision of the future. Something else, however, ties the mission and vision together and makes success attainable on a day-to-day basis - core success measures.

Core success measures are the quantified goals that the company understands must be met for it to be successful. They are the company's "balanced scorecard." They define the company. These measures tell everyone if the company is actually accomplishing what it must do to be successful.

If you aren't sure if your company has core success measures, you probably don't. When present . . . they are the focus of everyone's attention.

An example of a success measure might be "To attain a combined loss ratio below 100%" or "To maintain expense levels within pricing assumptions for core products." These measures are made up of three elements; 1) the success factor -- the item to be measured, 2) the formula -- that is used to calculate the result and 3) the standard -- that must be attained to be successful.

Having these measures in place and understood by key decision-makers however is not enough. Real benefits only come when these core success measures are driven down through the organization and each team, unit, department and division translates the company's measures into their own. Employees then understand how they connect to the measures and what their role is in attaining them. This aligns everyone's efforts and focuses them on what they can control and contribute to the company's success.

Most companies believe their employees understand the company's core success measures and how they can attain them. And they are wrong. Unless you create core success measures for each unit in the company, it will not work. Just communicating the company's measures is not enough.

Having core success measures also makes annual planning easier. They help explain why certain actions need to be taken, especially the difficult ones. They also help all employees maintain the consistent focus the company needs each year as you try or emphasize different strategies and approaches. They ensure your fundamentals are always working properly.

If you don't have core success measures for your company or if you do and you'd like someone to review them, please call me. We can help you put this important and fundamental management tool in place.