

Increasing Business Profits

by

“Managing non-Financial Performance”

“Systemising Management in a way that makes business improvement an automatic part of the day-to-day running of the business”

"A CEO's nirvana"

(‘Nirvana’ - any place of complete bliss and delight and peace)

- ❖ To have better Operational Control and Business Profits
..... with less personal day-to-day involvement
- ❖ To have staff continually improve the business
..... without relying on CEO initiated changes
- ❖ To constantly increase the VALUE of the business
..... for future sale, capital raising, or franchising
- ❖ To structure the business for automatic day-to-day running
..... for confidence in being absent from the business
- ❖ To “insure” the business against failure
..... for total peace of mind

The “normal” environment

- ❖ Most SME businesses are not set up to run without the owner’s day-to-day hands-on involvement
 1. typically 40% - 50% of what staff actually do each day, does not “add real value” to the business, and
 2. there is not an “operational management system” in place to run the business without supervision

- ❖ The SME's largest cost (staff) is therefore not working effectively, so time-consuming closer people management has been the only option, that is UNTIL NOW !

So business needs :

- ❖ **An easy way for the CEO to “work ON the business not IN the business”** (the Michael Gerber E-myth approach).
- ❖ **A low cost “operational management” method** (that any small business can easily afford).
- ❖ **An integrated business improvement method** (that enables all staff to actively participate and constantly initiate improvements in the business).
- ❖ **A clear and consistent management view** (that gives all staff a clear understanding of the business).
- ❖ **The business systems tools and knowledge for everyone** (to improve their personal performance).

..... **A “SYSTEM” FOR MANAGING**



But why does the AMS approach work ?

***Put simply, it's about
“Getting people to Do the Right Things”***

..... in the most efficient way

***This normally means that we want people to
behave differently***

Behave: “to manage the **actions** of oneself in a particular way”

**We therefore focus on the root cause of behaviour
..... *actions***



Our structured solution is simply “action management”

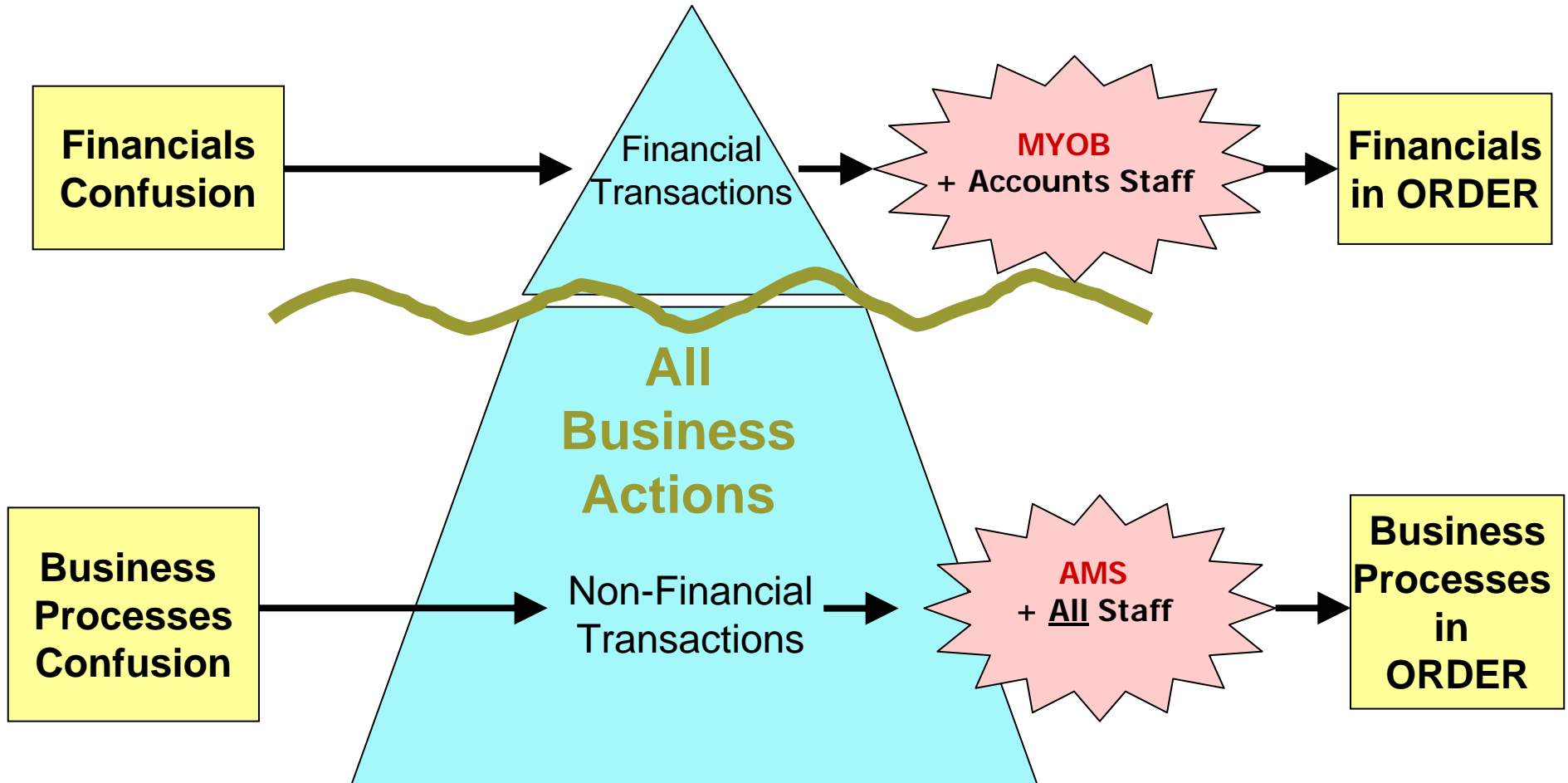
1. Firstly, **create a new and simple “view of the business”** based on the operational **Actions** of the business so that everyone understands how the business runs.
2. Secondly, link people directly to these operational **Actions** so that everything the people “do” contributes directly to the value of the business
3. Finally, give people accountability and give them the tools and knowledge to immediately engage in **Doing The Right Things**

***It's that simple, if you
STOP ... systemise ... & survive***



Actions Iceberg

Converting Confusion to Order



To quote Michael Gerber from his book - ***The E-Myth Revisited*** (page 103)

“A business that looks orderly says to your customer that **your people know what they’re doing**.

A business that looks orderly says to your people that **you know what you’re doing**.

A business that looks orderly says that while the world may not work, **some things can**.

A business that looks orderly says to your customer that he can trust in the result delivered and **assures your people that they can trust in their future with you**.

A business that looks orderly says that **the structure is in place**.”

The Third Wave – *Alvin Toffler*

“ most people surveying the world around them today see only chaos. They suffer a sense of personal powerlessness and pointlessness.”

“Individuals need structure. A life lacking in comprehensive structure is an aimless wreck. The absence of structure breeds breakdown. Structure provides the relatively fixed points of reference we need.”

AMS therefore contains the THREE key components of “systemisation”:

- (1) A management PROCESS**
(the method).
- (2) A Business Management NAVIGATOR**
(the software).
- (3) An operational KNOWLEDGEBASE**
(the business information).

How do we do it ?

- ❖ Allocate accountability for all key work actions to appropriate staff
- ❖ Set measures and targets (both business & staff actions)
- ❖ Provide staff with access to knowledge and tools to perform their job actions

Start here

- ❖ Work with the client to create a structured “value-based” view of their business
- ❖ Focus only on what key DNA work actions add value to the business



to optimise Business Value

- ❖ Implement a process of performance management derived from all value-adding actions
- ❖ Coach all management and staff on AMS implementation
- ❖ Implement continuous improvement and minimize risk over a period of 12 months

- ❖ Assess business risks of all DNA Actions
- ❖ Assess staff activity risks to business
- ❖ Set-up a client's customized AMS Navigator
- ❖ Provide staff with links to knowledge and tools to implement their own value-adding job actions
- ❖ Facilitate “Audit Actions” on identified risk areas of the business
- ❖ Develop and implement improvement projects
- ❖ Build the knowledgebase of the business

Creating the "Business DNA"

- ❖ We create a unique and simple view of all business operations so that they all employees UNDERSTAND the business and the "actions" that are of real value

OUTCOMES

- ❖ A "one page" view of the business (the Business DNA), clarifying the key Actions (value processes) and the strategy of the business for shareholders, customers, suppliers, and staff
- ❖ An overall risk assessment of the major Action areas of the business identified within the Business DNA.
- ❖ A common understanding of the complete business operation by all managers and staff.
- ❖ An understanding of where **priority attention** needs to be directed to quickly improve business operations



Business DNA	Business Group	Cover	CREATES MOVING IMAGES	←	Recommendations	27th Nov 2003
Contract Clients	Create Innovative Images & Concepts	Maintain Methodology Edge	Ensure Profitable Productions	Excite Stakeholders		
Develop products & services	Create knowledge C&I	Understand methodology trends	Review project plan	Train and motivate staff		
Activate prospect database	Conduct client research	Intercept client & market demands	Resource project	Engage managers		
Engage potential clients	Assess client acceptance	Enhance methodologies	Execute to plan	Motivate operational resources		
Contract the client & produce	Monitor staff performance	Equip staff in new tech. & methods	Deliver and collect payment	Motivate production suppliers		

(Sample: Excel AMS Navigator)

(Sample: Internet AMS Navigator)



Understanding the “characteristics” of each Action within the Business DNA

The screenshot shows the Internet AMS Navigator interface. The main content area displays details for a Business Level 3 Action with ID 1.11. The action is "Investigate new markets & products". The person accountable is Robert Best (RB). The measure is "Report to Partners" and the target is "2 per year". The performance is "50%". The overall risk is "High".

The "Next Level Actions" table is as follows:

ID	Action	Overall Risk	Who (1)	Who (2)	Who (3)
1.11	Investigate new markets & products	High	(RB) Robert Best		
1.12	Create, revise & implement marketing pla	High	(CL) Clair Long	(RHB) Rick Hamilton-Bell	
1.13	Expand existing markets & products	Low	(CL) Clair Long	(RB) Robert Best	(RHB) Rick Hamilto

(Internet AMS Navigator screen shot)



Assessing Risks to the Business

- ❖ You quickly gain an understanding of the “health” of the business



OUTCOMES

- ❖ A 5x5 Strategic Action view plus an extended Business DNA to the next logical 5x5 Action level view hence covering the 125 Business DNA Actions that constitute the business.
- ❖ Improved visibility and transparency of all business operations
- ❖ Installation of the AMS Navigator for operational management and access by all staff
- ❖ A detailed risk assessment of all Action areas of the business identified within the Business DNA.
- ❖ Creation of business Measures and Targets for all high risk operational actions

(Sample: Excel AMS Navigator)

(Sample: Internet AMS Navigator)



Assigning Accountability to people

- ❖ Get people “doing the right things”



OUTCOMES

- ❖ An individual’s Job 5x5 is created for each staff member as a direct result of “cascading down” from the business DNA actions and allocating all responsibilities and accountabilities to people
- ❖ The setting of realistic Measures and Targets for all job actions (a simple one-page summary of every person’s job)
- ❖ An assessment of the risk of each person’s Job Actions.
- ❖ Links to “how to” knowledge, documents and procedures within the Knowledgebase to enable each person to fulfil and track their specific job responsibilities
- ❖ The collection of staff “ideas” for improvement
- ❖ Better utilization of people and an assessment of their capability to match their job
- ❖ A simple performance review system

Business Actions

(Sample: Excel AMS Navigator)

Individual Actions

(Sample: Internet AMS Navigator)



Understanding people's jobs and how their "individual job actions" impact the business

AMS Pty Ltd - Richard - 04/07/2005 - [AMSTEST/1/EN] - Microsoft Internet Explorer

Address: http://202.7.88.59/csp/AMSTEST/www.cls

Resource: RB

Name: Richard Burley

Role: Sales1 - National Sales Manager

Division: TMP

Contact Phones: 02-9958 4170

Email: rburley@themanagementpractice.com

Personnel Summary Job 5x5 Summary

1. Generate Qualified Business Opportunities	2. Prepare Proposals and Quotes	3. Follow-up & convert quotes to orders	4. Develop Long-term Client Relationships	5. Develop & Implement Marketing Projects
1. 1 Prepare Direct Mail campaigns	2. 1 Develop & maintain company Price List	3. 1 Qualify all quotes	4. 1 Foster "Key Account" culture	5. 1 Develop & publish all sales collateral
1. 2 Develop Reseller Alliances	2. 2 Ensure "solutions" focus within all sales	3. 2 Submit sales forecast to CEO	4. 2 Develop incremental business from client base	5. 2 Provide input data & website wording
1. 3 Target Industry Association alliances	2. 3 Prepare job quotations	3. 3 Analyse lost business & keep client history	4. 3 Resolve any client issues	5. 3 Recommend new marketing initiatives
1. 4 Develop Strategic Distributor Relationships	2. 4 Include "upsell" in all proposals	3. 4 Recommend product changes to lift sales	4. 4 Obtain client feedback & written references	5. 4 Develop strong bond with S/W developers
1. 5 Maintain continuous qualified prospect pipeline	2. 5 Set & monitor high quality service delivery	3. 5 Achieve sales target	4. 5 Resolve & collect O/S invoices	5. 5 Implement special marketing projects

Personnel Level 2 Actions

ID	Description	Review	Measurement	Target	Performance	Timing
1.1	Prepare Direct Mail campaigns	Medium	Letters mailed or emailed	100		Monthly
1.2	Develop Reseller Alliances	Medium				
1.3	Target Industry Association alliances	Medium				
1.4	Develop Strategic Distributor Relationsh	Low				
1.5	Maintain continuous qualified prospect p	High				

(Internet AMS Navigator screen shot)



Identifying Business Improvements

- ❖ You work together to determine the best course of action to eliminate business risks



OUTCOMES

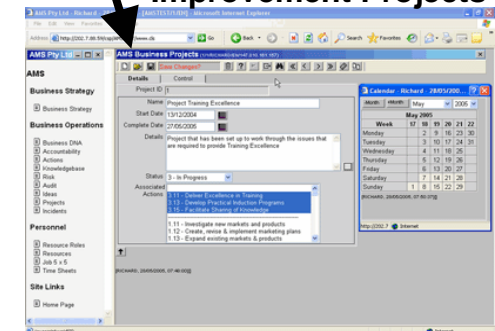
- ❖ **Action Improvement Audits** (conducted by the person accountable) to rapidly address risk areas
- ❖ **Launching of improvement projects**
- ❖ Identification of most appropriate financial and non-financial measures to track improvements
- ❖ **An Improvement focus** for both managers and staff
- ❖ **Improved teamwork and feedback** of both managers and staff
- ❖ **Increased staff morale** and pro-active participation
- ❖ **Expansion of the Knowledgebase** of the company "how to" information and links to all information required to implement improvements

Action Audits

Cover	What	How/When	Who	When
Action Audit #1.33				
Action Description: <i>Build an targeted approach</i> Improve the effectiveness of the Auditors sales process with a focus on best selling to delivery <i>improving margins and control 2005</i>				
1	Does the action add value?	The improvement and better qualification of market leads will produce more profitable audits that results in selling together and more		
2	What value does it add?	The report is audit includes making more effective use of resources, reducing the costs of sales (more increasing margins), and prioritising the projects of auditors sales		
3	What could go wrong?	How much that current resources and expertise on deliver projects projects. Lack of planning in meeting all leads agreed each other. Doing a project for the sake of doing a project. Lack of information sharing (especially about the present situation leads to inappropriate sales actions.		
4	How likely is that?	It is unlikely that any of the projects, currently completed are "not good" in a number of aspects. Improvements and improvements to knowledge are not done as well as possible.		
5	What could be done to reduce that risk?	That regarding to better track and plan for managing the leads. (Control) 1 meeting per week. 1 target (more information in the client salesperson's response to all staff. More effective analysis of opportunities. Early engagement of buyers and their sales (including opportunities in competing lead products)		
6	Are there procedures to follow that?	None provided. Not all documented. No control process for all "audit" projects		
7	Are there times to be filled out that?	None and Strategic meeting. Periodic. Health Protection Report (Date: Periodic)		
8	Is there information the supervisor should know?	Operations and staff can have access to the Weekly Production Report		
9	How is the performance to be measured?	Measuring the number of leads on 100 leads. How % of leads converted to quotes. How % of quotes converted to projects. Cost of sales as % of total sales project		
10	What is the target measure?	Project completion for each day. 50% for the leads converted to quotes and 50% of quotes converted to projects in turn 7, will also need to be track of 10% of project overall.		
11	What is the overall performance like?	Not good. Close to target 70%		
12	How could it be improved?	Under consideration (performance measure projects. Selling higher quality leads, getting higher profile leads. Implementing better qualification process. Team engagement in individual solutions.		
13	What does the action cost?	Not known as information not had		
14	How long does it take to do?	Effectiveness and efficiency of qualification and sales process to be		
15	What are recommendations?	Identify "lead" responsibility of selling or "engaging" the client across from projects. Include the operations staff in sales process. Evaluate all staff on the completion of the development process. Engage the other "lead" team across weekly projects audit and staff engaging the coordination of		

(Sample: Excel AMS Navigator)

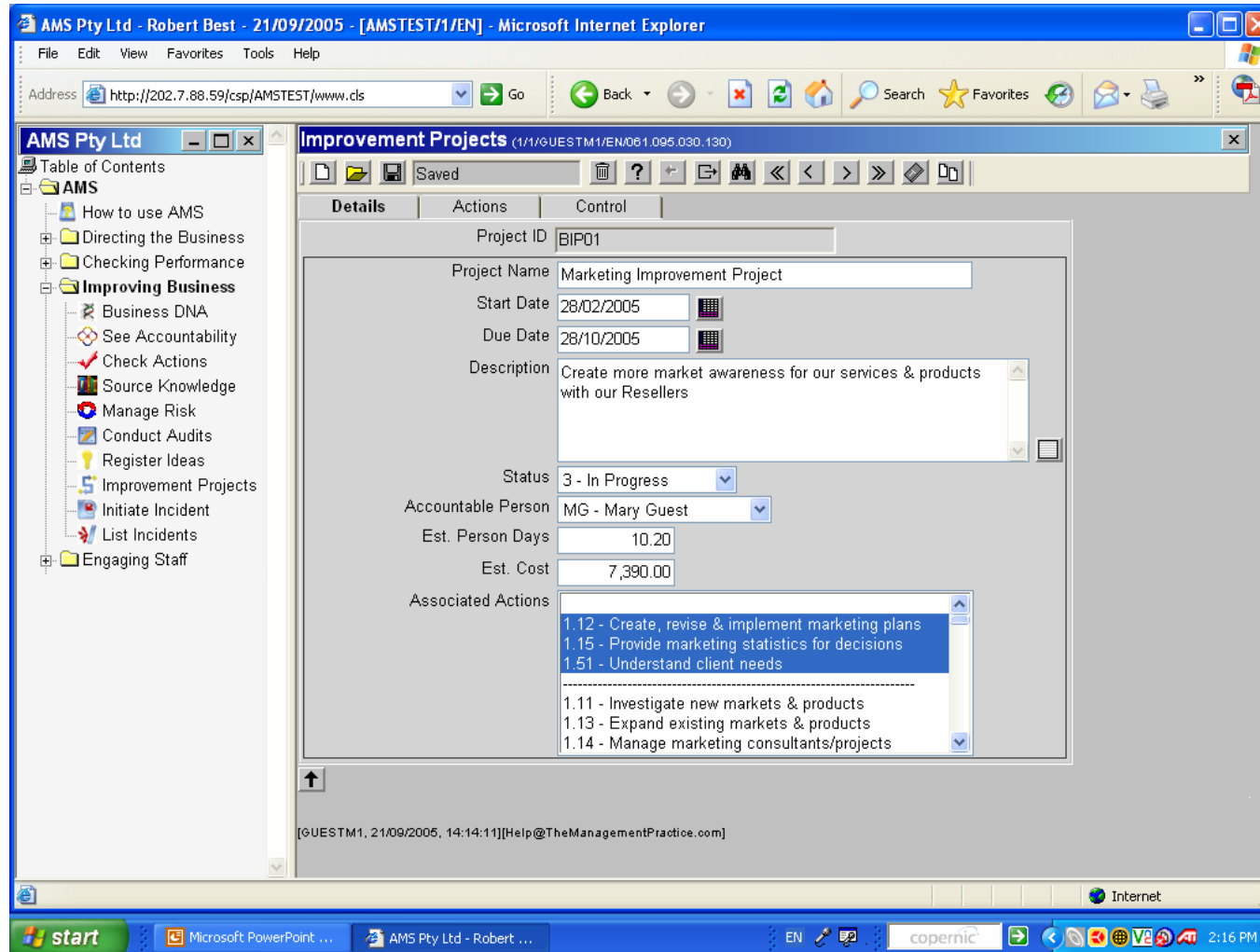
Improvement Projects



(Sample: Internet AMS Navigator)



Implementing "Improvement Projects" as a result of Action Audits



(Internet AMS Navigator screen shot)



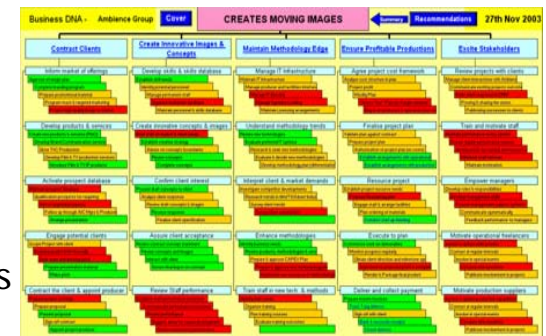
Measuring Business Performance



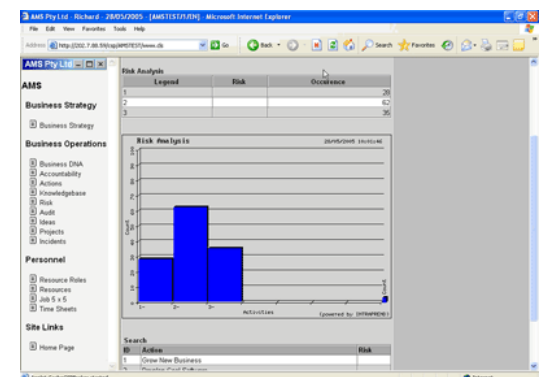
- ❖ “People do what you INSPECT not what you EXPECT”.

OUTCOMES

- ❖ The **AMS Navigator** is a “dashboard” for monitoring the business
- ❖ **Identification of best growth strategies** for the business based on real measurement of non-financial improvements obtained
- ❖ **Improved staff learning and understanding** of the business
- ❖ **Creation of an environment of initiative** for new ideas and recommendations
- ❖ **Improved consistency of staff performance reviews** and promotion decisions
- ❖ **Continued Action Audits** expanding to all areas of the business



(Sample from Excel version)



(Sample from Internet version)

FAR PAVILIONS

“We have now implemented AMS in our Retail, Wholesaling and Warehousing business areas.

As a result of the AMS approach, we have been able to gain significant improvements in all of these business areas. The increased efficiency that has been created as a byproduct of the AMS implementation has of course, resulted in increased profits (240%) in my company.

My people now know what their job is and how they can add to the value of the company.

Our commitment to AMS is long term and as we implement more of its elements we realise the benefits of the important operational management disciplines that it introduces into our business.”

Michael Edwards (Managing Director)



Summary of AMS Client benefits

Business

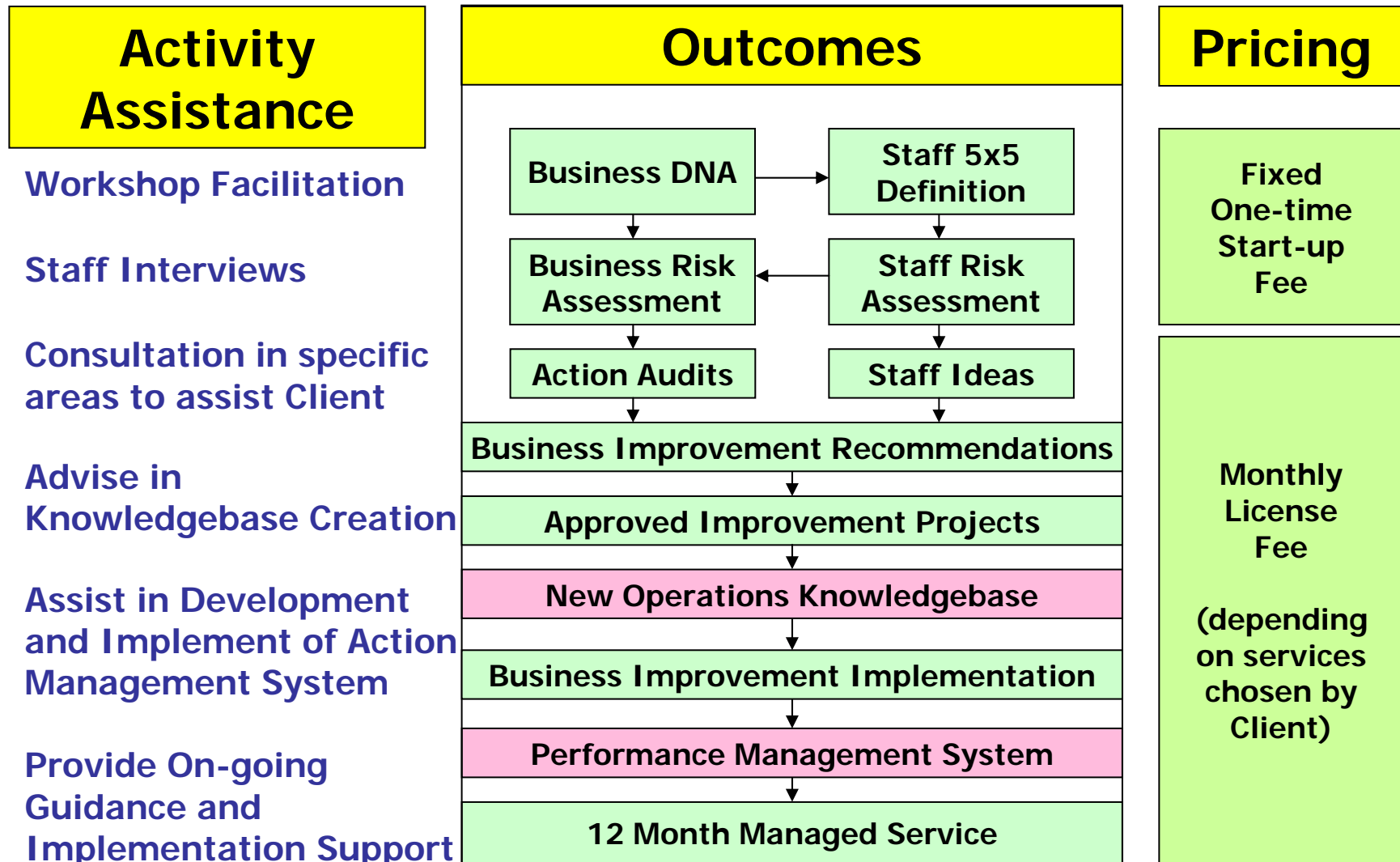
- ❖ **Simple and Quick** 5-step process
- ❖ **Fixed price** implementation stages
 - ❖ Low cost and time-effective
 - ❖ Ideal for all types and sizes of business
- ❖ **Rapid Implementation**
 - ❖ Immediate Value for the Business
- ❖ **Reduces Management Complexity**
 - ❖ Results are measured and visible
 - ❖ Develops value-based performance indicators
 - ❖ Provides non-financial audit of the business
 - ❖ Optimises resources and adds to Profits
- ❖ **Pragmatic Application of Technology**
 - ❖ Internet Browser based for wide adoption
 - ❖ Internet storage of Knowledge for easy and simple access
- ❖ **On-going Managed Service**
 - ❖ Knowledge Directory and Tools
 - ❖ Online Coaching and email support
- ❖ **Continuous Improvement**
 - ❖ Through "do-it-yourself" implementation.
 - ❖ Management of both Risk and Quality

People

- ❖ **Clarifies and Aligns both Staff and Management Expectation**
 - ❖ Applies to all employees
 - ❖ Clarifies any job ambiguities
 - ❖ Removes uncertainty of responsibilities
 - ❖ Provides criteria for staff to be accountable
- ❖ **Focuses all employees on the Business**
- ❖ **Records capability & performance**
 - ❖ Develops staff performance indicators
 - ❖ Tracks progress for each individual
- ❖ **Encourages staff business interaction**
 - ❖ Between management and staff
 - ❖ Improves inter-staff communication and teamwork
- ❖ **Creates pro-active contribution**
 - ❖ Provides a common platform and framework for all employees to participate and contribute to Company success
- ❖ **Improves Productivity & accountability** of both individuals and teams
- ❖ **Encourages reward assessment** for actions and staff that add value to the business



AMS Implementation Model



www.actionmanagement.com.au

The Path to Success - Microsoft Internet Explorer

File Edit View Favorites Tools Help

Address <http://www.actionmanagement.com.au/>



The Management Practice

The Action Management System (AMS)
"Systemise the Management of your Business and create one focused team".

Endorsements

STOP !
....Systemise
....Survive

*Start **NOW**, and make constant performance improvement a normal part of the day-to-day running of your business.*

[Helpful Hints](#) [MORE INFO](#) [FREE eBook](#)

[Demo](#) [User Login](#)

Calculate estimated ROI on your AMS Implementation

Endorsements


FAR PAVILIONS
THE LEADER IN LIFESTYLE FURNISHINGS
Improving Business Productivity & Profit with the AMS System


● **AMBIENCE**
Using AMS to establish Operations Control into a creative Business


P F
Premier Fire Protection using AMS to improve Business Profits


TEC
Helping CEO's in AMS Management Practice & Systems


The CEO
Introducing Australian CEO's to the AMS Method in Management


partners
An Australia/NZ network of Business Advisors for Small & Medium Business
(Download Generic AMS)
(Contact CAD)

Internet

Excel AMS Navigator



The Management Practice

"Business Management Navigator"

Copy Company Logo here

Run the most efficient business in our Industry

AMS Version 6.2.6

SUMMARY OF OPERATIONS

1st Business Assessment

Implementation Assistant

11 Personnel
12 Action Allocation
13 Organisation Chart
14 Audits
15 Improvement Recommendations
16 Improvement Ideas from staff members
17 Knowledgebase Directory

5 Create Products & Services
6 Run Operations at Best Practice
7 Meet Customer's Expectations
8 Provide Business Infrastructure
9 Manage High Quality People


1 **HELP**
2 **Initial Setup**
3 **DNA Worksheet Input**
10 **Business DNA Summary**
18 **Project Index**
Contact The Management Practice

Proudly installed and supported by The Management Practice
Phone 61-(0)2-9431 5305

Internet AMS Navigator

- Table of Contents
- AMS
 - How to use AMS
 - Directing the Business
 - Checking Performance
 - Improving Business
 - Business DNA
 - See Accountability
 - Check Actions
 - Source Knowledge
 - Manage Risk
 - Conduct Audits
 - Register Ideas
 - Improvement Projects
 - Initiate Incident
 - List Incidents
 - Engaging Staff

The Management Practice




Implementation Guide

[\(Click here to download a 10-page Getting Started Guide\)](#)

BUSINESS Step Sequence

Business Introduction

1. [Business Strategy](#)
2. [Business DNA](#)
3. [Actions](#)
4. [Risks](#)
5. [Audits](#)
6. [Ideas](#)
7. [Projects](#)



PEOPLE Step Sequence

People Introduction

8. [Resource Roles](#)
9. [Resources](#)
10. [Accountability](#)
11. [Job 5x5](#)
12. [Knowledgebase](#)
13. [Time Recording](#)
14. [Incidents](#)

AMS Navigator