

**GrowthForce**  
put your numbers to work



# How To Make Data Driven Decisions

# Who Am I?

- President & CEO GrowthForce
- Outsourced Bookkeeping & Accounting
- Insperity Strategic Alliance Partner
- CPA 35 years



GrowthForce Proprietary and Confidential



**Stephen King, CPA CGMA**

*President & CEO of GrowthForce, LLC*

# How Will We Spend Our Time?

## Decisions that Drive Profits

- What 5 Decisions Impact Profits?
- What are the Drivers of Those Decisions?
- What Data Do You Need?



## How to Get that Data at Your Fingertips

- Financial vs Management Reports
- TTM / Leading vs Lagging Indicators
- Company & People Scorecard

# The Five-Step Process

Use This 5 Step Process to Drive Performance, Profitability & Growth



# The Business Drivers



# The Difference

When two companies compete in the exact same target market, with the exact same product, why is one wildly successful?

While the other struggles to survive?

# Winners Keep Score

*“You can’t have strong  
**Business Performance**  
without strong  
**Financial Performance.**”*



Are you a tactical or strategic CEO?

# People Drive Profits

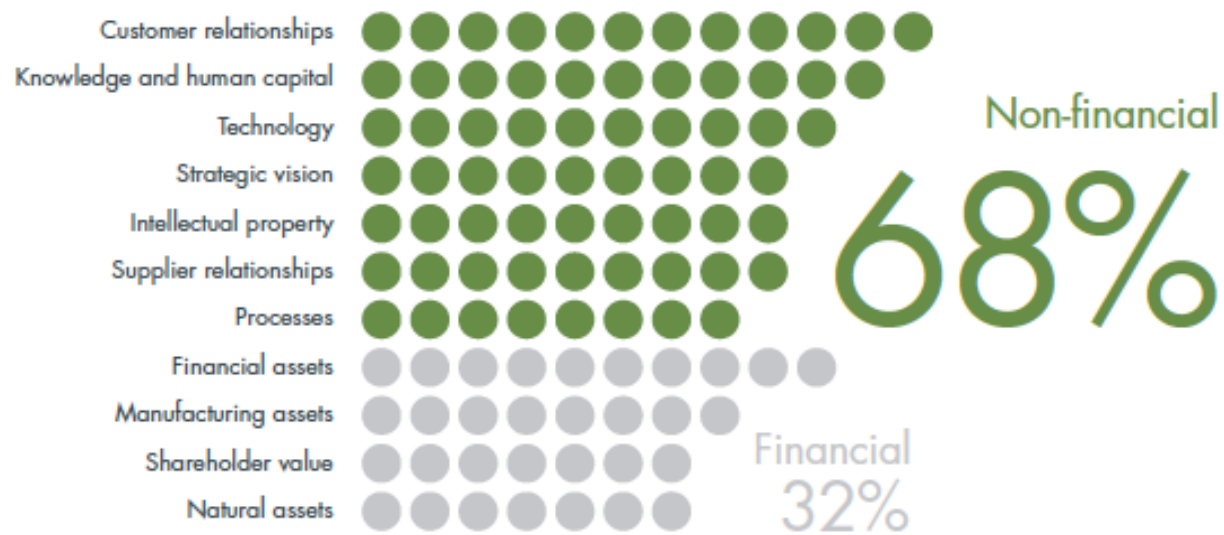
You Need Both a  
Financial Management  
Strategy *and* a Human  
Capital Strategy.

Like Diet & Exercise

**GrowthForce**<sup>TM</sup>  
put your numbers to work



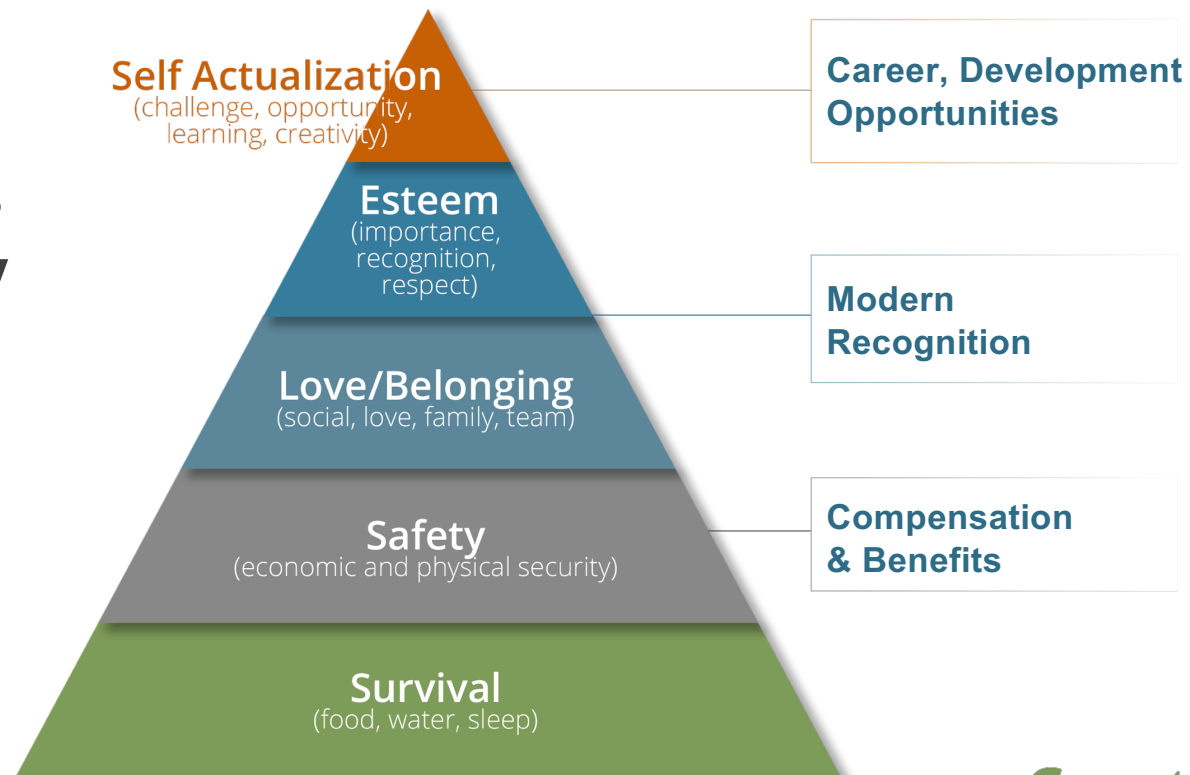
# Value Drivers



(Percentage of those who selected 8-10 on a scale of 1-10)

# How People Drive Profits

## Maslow's Hierarchy of Needs



# Why KPIs Matter

## *What Management Monitors Gets Done*

You can't **MANAGE** what you don't **MEASURE**

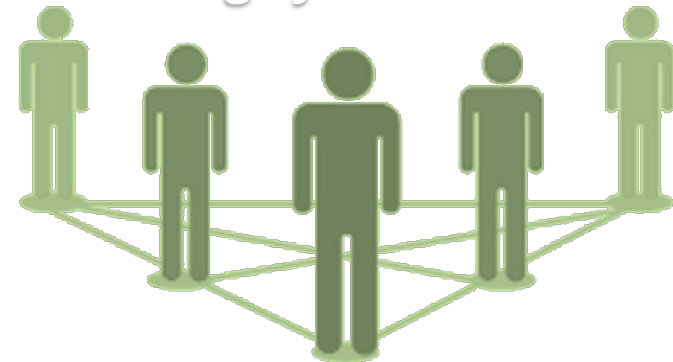
Best-in-class companies have:

1. **MORE TOOLS** to provide information, that allows...
2. **DATA-DRIVEN DECISION MAKING** across all lines of business.
3. **DECISION MAKERS** focus analytical minds on key drivers.

"Culture eats strategy for breakfast"

**Don't let KPI's**

change your culture



# Traditional View

## Traditional Financial Statements

10:22 AM  
01/30/15  
Accrual Basis

**Profit & Loss**  
January through December 2014

	TOTAL
Ordinary Income/Expense	140,632.55
Income	420,925.80
Services Revenue	561,558.35
Product Sales	
Total Income	411,902.82
Cost of Goods Sold	411,902.82
Purchased Materials	
Total COGS	149,655.53
Gross Profit	100,000.00
Expense	100,000.00
General & Administrative	66.22
Company Salary	6,025.48
Accrued Operating Exp	5,471.65
Office Supplies/Services	10,387.81
Rent	15,156.90
Small Equipment and Supplies	334,769.10
Vehicle Expense	12,542.10
Contract Labor/Prof. Charges	584,419.26
Equipment Rental	
Repairs and Maintenance	
Total Opex-Routine	6,027.94
Opex-Non Routine	6,027.94
Health & Safety	
Total Opex-Non Routine	500.00
990 - Organizational Cost Expense	69.14
910.0 - Payroll Expenses	1,184,772.16
910.6 - Other Employee Benefits	
910.1 - Employee Services	
Total 910.0 - Payroll Expenses	1,184,840.30

10:14 AM  
01/30/15  
Accrual Basis

**Your Company Balance Sheet**  
As of December 31, 2014

	Dec 31, 14
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Bank One	
Checking	
Friendly Bank	
Total Checking/Savings	\$ 36,437
Accounts Receivable	19,855
Accounts Receivable	11,155
Total Accounts Receivable	31,010
Other Current Assets	487,538
Undeposited Funds	487,538
Allowance for Doubtful Accounts	
Employee Advances	877
Est. Tax Deposit	(19,487)
Inventory Asset	111
Prepaid Expenses	-
Total Other Current Assets	1,453
<b>Total Current Assets</b>	548,617
<b>Fixed Assets</b>	
Accumulated Depreciation	
Computer Equipment	(475,833)
Constant Office Equipment	142,149
Furniture & Fixtures	108,862
Telephone System	14,533
Vehicles	83,909
Total Fixed Assets	18,477
<b>Other Assets</b>	153,952
Interco due from Other Company	30,539
Total Other Assets	
<b>TOTAL ASSETS</b>	61,858
<b>LIABILITIES &amp; EQUITY</b>	61,855
<b>Liabilities</b>	\$ 642,012
<b>Current Liabilities</b>	
Accounts Payable	
Accounts Payable	
Total Accounts Payable	\$ 97,228
	97,228

Designed for compliance  
Not actionable

<b>BALL</b>		<b>2</b>	<b>STRIKE</b>		<b>1</b>	<b>OUT</b>		<b>2</b>			
<b>FAIR-PLAY</b> <small>by TRANSLUX</small>		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>TOTAL</b>
<b>VISITOR</b>		<b>1</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>6</b>
<b>HOME</b>		<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>2</b>		<b>10</b>



presented by verizon

NEWS VIDEO SCORES TICKETS SCHEDULE STATS ROSTER COMMUNITY FANS CITIFIELD APPS SHOP MLB.TV FANTASY TEAMS

# STATISTICS

Active Play

Player Hitting Pitching Fielding Team Rookies Batter vs. Pitcher Milestones Offseason Leagues

2017 All-Time By Year All-Time Totals Regular Season All Time Active All Players Qualifiers

MLB AL NL New York Mets All Positions Select Split

Timeframe: YTD Yesterday Last 7 Last 30 Pre All-Star Post All-Star

Next Stats < >

RK	Player	Team	Pos	G	AB	R	H	2B	3B	HR	RBI	BB	SO	SB	CS	AVG	OBP	SLG	OPS
1	Syndergaard, N	NYM	P	2	5	0	2	0	0	0	0	0	2	0	0	.400	.400	.400	.800
2	Conforto, M	NYM	LF	5	6	2	2	0	0	1	2	1	0	0	0	.333	.500	.833	1.333
2	Rivera, R	NYM	C	3	9	0	3	1	0	0	0	0	2	0	0	.333	.333	.444	.778
4	Bruce, J	NYM	RF	7	23	8	7	1	0	4	6	6	3	0	0	.304	.448	.870	1.318
5	Cabrera, A	NYM	SS	7	28	4	8	1	0	0	2	2	4	1	0	.286	.333	.321	.655
6	Duda, L	NYM	1B	6	18	1	4	1	0	1	4	4	9	0	0	.222	.364	.444	.808
7	Granderson, C	NYM	RF	6	24	0	5	1	0	0	2	0	6	0	0	.208	.200	.250	.450
8	Cespedes, Y	NYM	LF	7	26	4	4	1	0	1	1	4	7	0	0	.154	.267	.308	.574

# Management Accounting

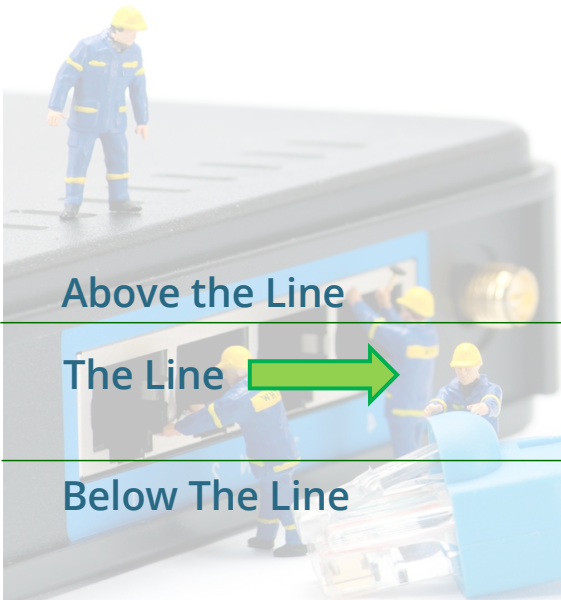


**Cost Accounting**  
**Unit Economics**  
**Trends**

# Gross Profit Margin - Service

Top Line

Income- what you earned



— Cost of Goods Sold (COGS)

Direct Labor = \$ to people who did the work  
(help desk, programmers, network)

Direct Materials = costs of the job  
(hardware, software, cabling, routers)

Above the Line

The Line →

== Gross Profit = Income – COGS

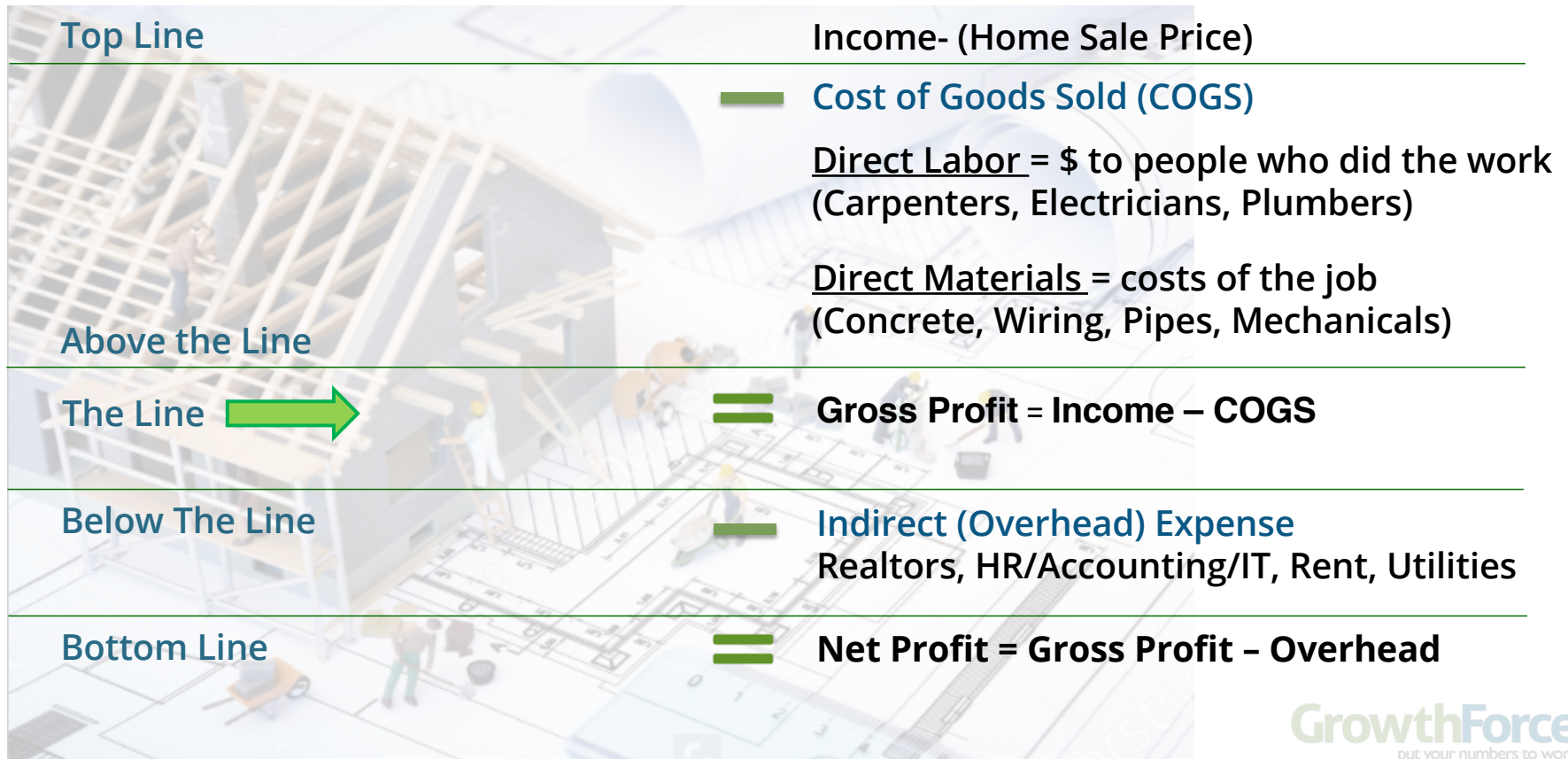
Below The Line

— Indirect (Overhead) Expense  
Sales, HR/Accounting/IT, Rent, Utilities, Supplies

Bottom Line

== Net Profit = Gross Profit – Overhead

# Gross Profit Margin - Manufacturing



# Analyze Profits

Measure profit based on how your company is organized and the decisions a CEO has to make:



- ✓ Org Chart (team/dept)
- ✓ Marketing Campaign
- ✓ Industry
- ✓ Sales Rep

# What is Activity Based Costing (ABC)?

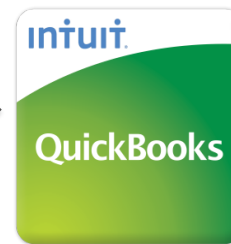
Labor Costs



Time & Materials



G/L



P&L Reporting





# THE DECISIONS

# Decisions That Drive Profits

## The Four Core Decisions



### 1. Pricing

Are you pricing your jobs right?



### 2. Pricing

Are you pricing your jobs right?



### 3. Firing Clients & Products

Which clients & products should you fire?



### 4. Productivity

How can you increase the productivity of your people?

### 5. Spend \$ to Make \$

How do you maximize Sales & Marketing?

## The Strategic CEO's Brain



# The Business Drivers





# Decision 1.

# Where do you spend your time?

## 5 Most Important Drivers

1. Gross Revenue \$

2. Gross Profit \$

3. Gross Profit %

4. Net Income \$

5. Net Income %

→ Do you have a **top line** problem?

→ Do you have **above the line** problem?

→ Do you have a **below the line** problem?

# Company Scorecard

## Company Scorecard Rows

**Gross Revenue (\$)**



**Gross Profit (\$ & %)**



**Net Income (\$ & %)**

# Company Scorecard Columns

## Actual

Gross Revenue

Gross Profit \$ & %

Net Income \$ & %

## TTM

Gross Revenue

Gross Profit \$ & %

Net Income \$ & %

# Trailing Twelve Months (TTM)

## TTM = The Best Way to Measure EVERYTHING



TTM is an **XY chart** where each dot on a chart represents the total for the **previous 12 months**.

TTM **eliminates seasonality** in a business and tells a true story.

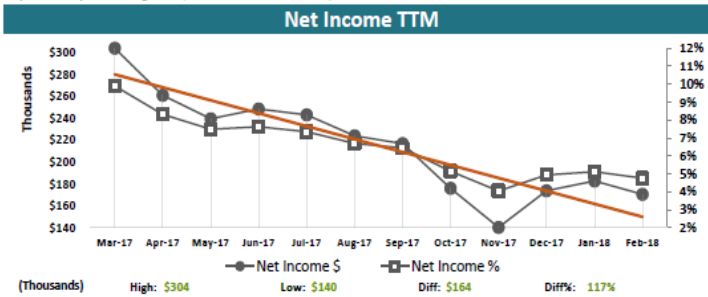
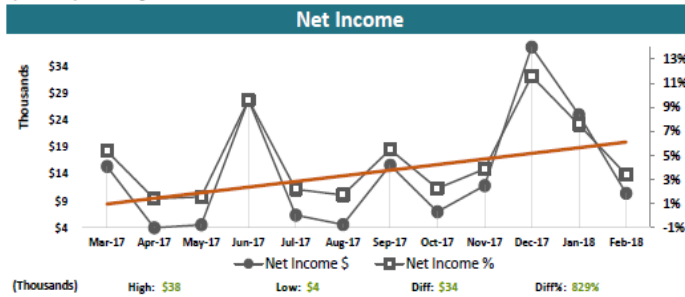
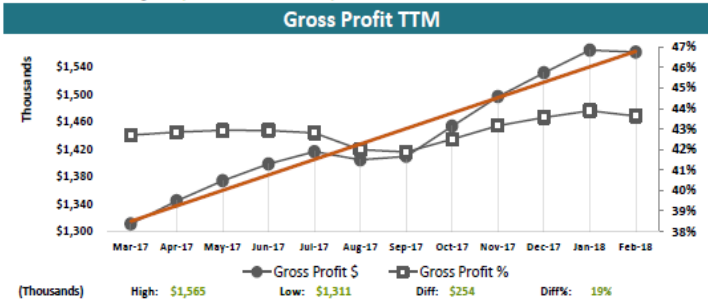
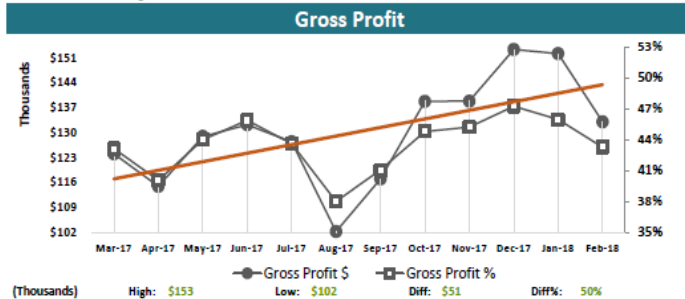
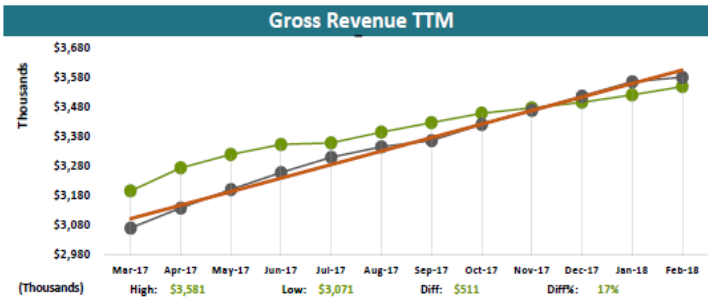
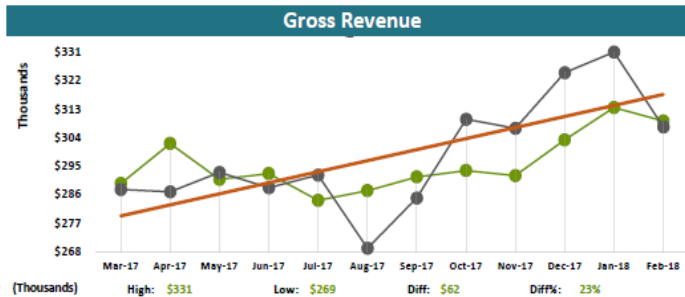
The change from month to month is the **increase or decrease of the month** you added vs. the month that dropped off.

# My Profitable Business

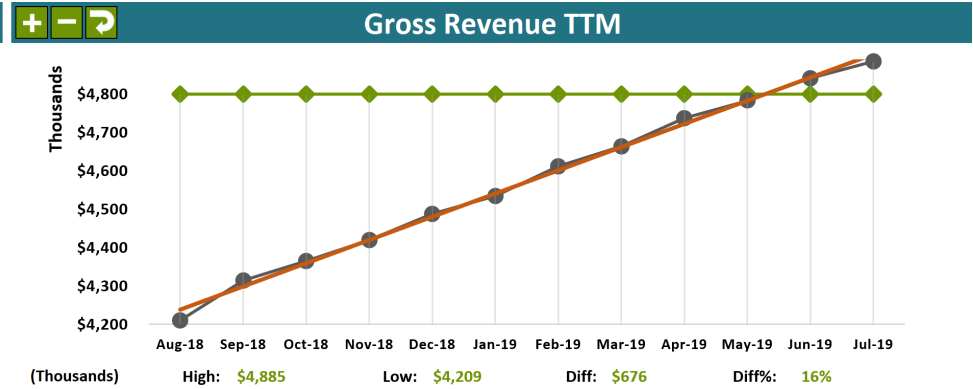
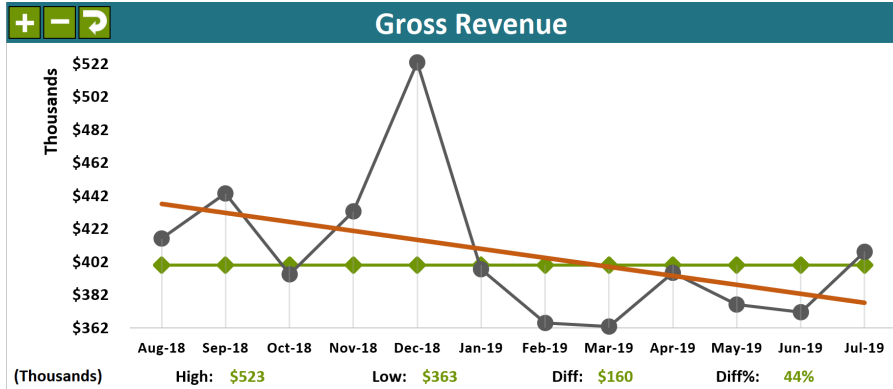
## Company Scorecard

● Actual ● Budget □ Percent ● Trendline

For the twelve month period ending February-2018

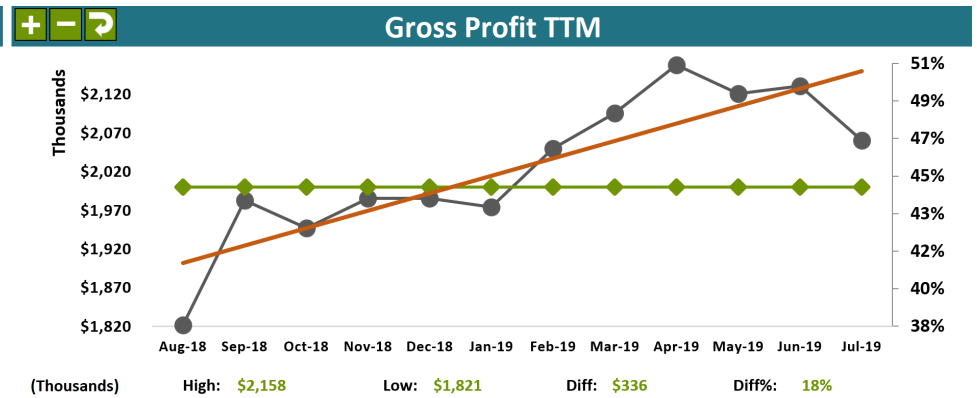
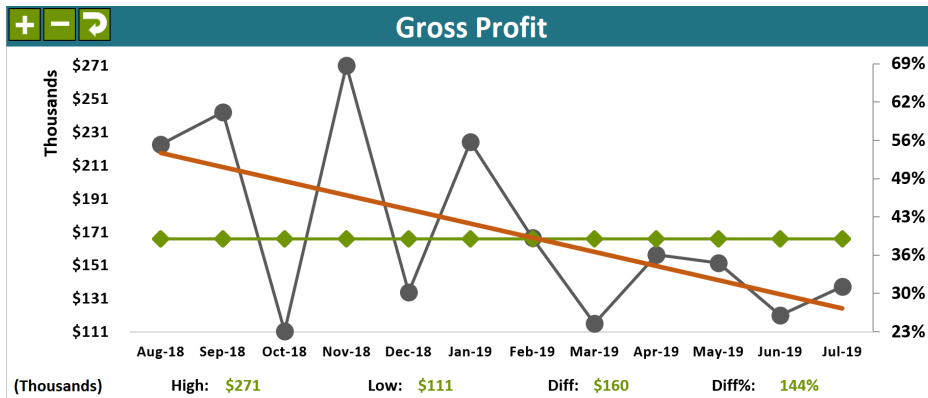


# Gross Revenue



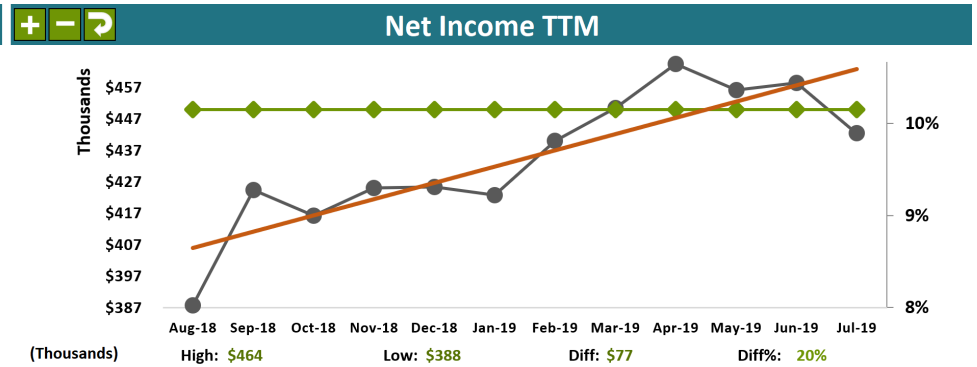
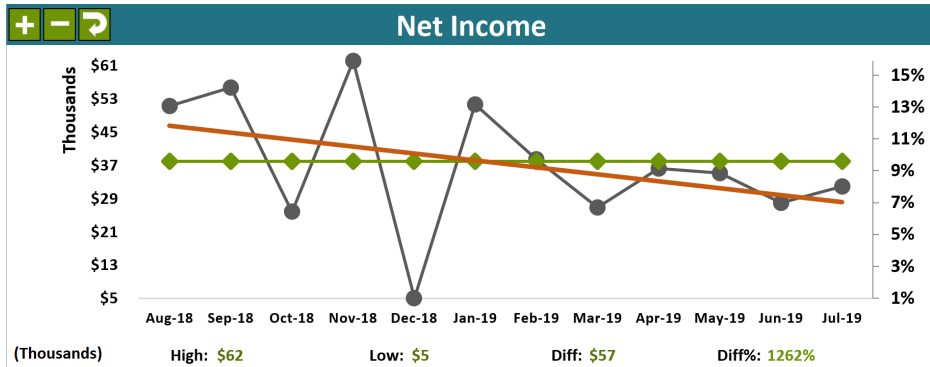
- How does revenue compare to plan?
- What direction are we going?
- Does turnover affect income?

# Gross Profit



- How do staff changes impact profits?
- What ROI did we get from training?
- Who are my best performers?

# Net Income



- How well do I manage the company?
- Do I need to reduce overhead costs?
- What does this do to my cash flow?

## 5 Most Important Drivers

1. Gross Revenue \$

2. Gross Profit \$

3. Gross Profit %

4. Net Income \$

5. Net Income %

→ Do you have a **top line** problem?

→ Do you have **above the line** problem?

→ Do you have a **below the line** problem?



# Decision 2. Pricing

# The Impact of Discounts

If you decrease your prices, how much must unit sales increase to maintain the same gross profit dollars?

Price Decrease				
Current margin, before a price decrease	-5%	-10%	-15%	-20%
30% gross margin	+20%	+50%	+100%	+200%
35% gross margin	+17%	+40%	+75%	+133%
40% gross margin	+14%	+33%	+60%	+100%
45% gross margin	+13%	+29%	+50%	+80%
50% gross margin	+11%	+25%	+43%	+67%

# The Impact of Discounts

## Impact of Discounts Calculator

<b>Total revenue</b>	\$ 100,000		
<b>Gross Profit %</b>	30%		
<b>Price Discount %</b>	10%		
	<b>\$ Without Discount</b>	<b>\$ With Discount</b>	<b>\$ Difference</b>
<b>Revenue</b>	\$ 100,000	\$ 90,000	\$ (10,000)
<b>Cost of Goods Sold</b>	70,000	70,000	
<b>Gross Profit \$</b>	\$ 30,000	\$ 20,000	\$ (10,000)
<b>Gross profit %</b>	30%	22%	

**50%**

**\$45,000**

At this price you need to sell this % more to make the same profit \$

You need this much in additional sales \$ to make the same profit \$

## PROOF

<b>Discounted Revenue</b>	\$ 90,000
<b>Increase % Needed</b>	50%
<b>Additional Sales</b>	\$ 45,000
<b>Discounted GP %</b>	22%
<b>Gross Profit \$</b>	\$ 10,000

# Increase of Price Increases

<b>Total revenue</b>	\$ 100,000		
<b>Gross Profit %</b>	30%		
<b>Price Increase %</b>	10%		
	<b>\$ Without Discount</b>	<b>\$ With Discount</b>	<b>\$ Difference</b>
<b>Revenue</b>	\$ 100,000	\$ 110,000	\$ 10,000
<b>Cost of Goods Sold</b>	70,000	70,000	
<b>Gross Profit \$</b>	\$ 30,000	\$ 40,000	\$ 10,000
<b>Gross profit %</b>	30%	36%	

**-25%**

**-\$27,500**

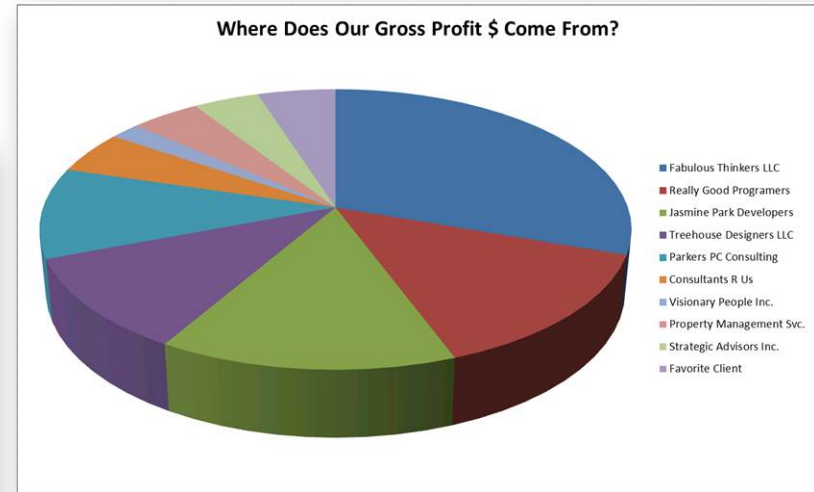
At this price you need to sell this % more to make the same profit \$

You need this much in additional sales \$ to make the same profit \$

# Are You Pricing Right?



View company profitability by customer, product and project





# Decision 3. Reprice, Rescope or Fire Clients

# Addition by Subtraction

**Replace** low margin clients with higher margin clients

- the difference goes right to bottom line!

## Offer Three Options:

**Increase your fee** to reflect new value & scope

**Reduce your scope** to original pricing

**Transition** by starting the process of converting them to another option

# Slice and Dice Profits

**Acme Consulting, Inc.**  
**Job Profitability Summary**  
 April- June, 2020

Clients	Income	Expenses	Gross Profit	% Gross Profit
Giant Technology Client	\$ 780,323	\$ (593,895)	\$ 186,428	24%
Marketing & Communications Company	180,075	(90,479)	89,596	50%
Non-Profit Technology Consortium	120,049	(82,826)	37,223	31%
Shops That Pop	60,025	(25,922)	34,103	57%
Ediscovery Software	36,015	(15,592)	20,423	57%
Homeopathic Pet Supplies & Remedies	6,782	(2,588)	4,194	62%
Gotham Conservancy	5,148	(2,162)	2,986	58%
Top Tech Support	4,580	(2,107)	2,473	54%
Outdoor Gear & Sports	4,000	(2,423)	1,577	39%
CrossPoint Engineering	3,500	(1,320)	2,180	62%
<b>TOTAL</b>	<b>\$ 1,200,497</b>	<b>\$ (819,314)</b>	<b>\$ 381,183</b>	<b>32%</b>



# Decision 4. How to Increase Productivity

# Mind Shift: From Expenses to Assets

## Traditional Business Model



*Employees are an Expense*

- Hiring/Firing
- Salary
- Benefits

## Strategic Business Model



*Employees are an Asset*

- Target Recruiting
- Talent Management
- Incentive Programs

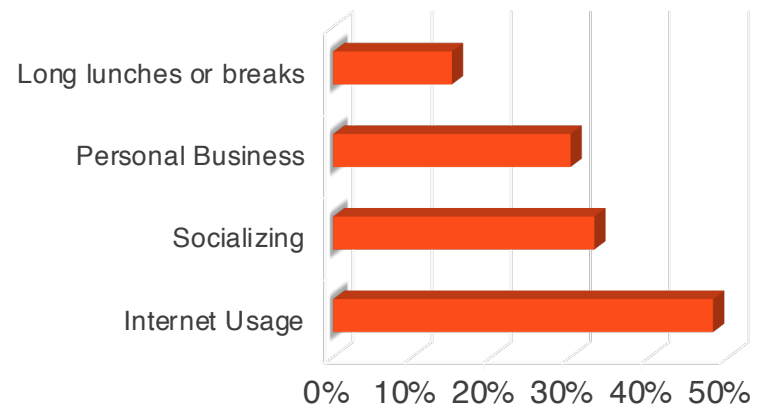
# “Under Achievers”

Americans waste more than **2 hours a day** at work, costing companies **\$759 billion a year.**



GrowthForce Proprietary and Confidential

## Where Time Goes



Source: Salary.com and America Online survey

**GrowthForce**<sup>™</sup>  
put your numbers to work

# ROI on Human Capital

$$\frac{8 \times 5}{40} \text{ HOURS WORKED PER WEEK}$$

Hours worked per day: 8  
# of days per week: 5  
40 HOURS WORKED PER WEEK

$$\frac{\text{INCREASED PRODUCTIVITY PER DAY (IN HOURS)} \times \text{\# of days per week}}{\text{INCREASED PRODUCTIVITY PER WEEK (IN HOURS)}} > \text{INCREASE IN PRODUCTIVITY}$$

$0.25 \times 5 > 3.1\%$

INCREASED PRODUCTIVITY PER DAY (IN HOURS): 0.25  
# of days per week: 5  
INCREASED PRODUCTIVITY PER WEEK (IN HOURS): 1.25

15 min/day = 3%

THE IMPACT TO A \$3MM REVENUE BUSINESS:

\$93,750

15 MINUTES PER DAY

# “Clock Watchers”

*What is the #1 Reason Employees Gave for Slacking at Work?*

***“I don’t feel challenged enough in my job.”***

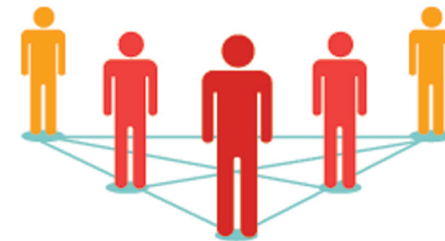


Salary.com survey of 3200 people, 2012

# Written Goals

## *Harvard Study*

Writing down Goals helps create success:



1. **INCREASED MOTIVATION** and discretionary effort.
2. **ALIGNMENT** which combine to increase the success rate.
3. **LINE OF SIGHT** so everyone to know how they help create success.

Harvard University Turkey, S. (2014). **Setting Goals: Who, Why, How?**  
<http://vpal.harvard.edu/publications/setting-goals-who-why-how>

# Cascade Goals to Department

## Company Goals – Sales

- Sales Target

## Department Objectives

- \$ per Region, District, BPA

## Measurement

- # of Leads
- # of Proposals
- # of Closed Sales

## Recognition

- Commission
- Bonus if Actual exceeds Goals

# Slice and Dice Profits

Acme Consulting, LLC Profit & Loss by Consultant April- June, 2020				
	Deborah Wood	Jonathan Graham	Natalie Chapman	TOTAL
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
Business Consulting	\$ 100,650	\$ 54,133	\$ 31,294	\$ 186,077
Robotics Process Consulting	-	110,269	39,793	150,062
IT Security Consulting	42,439	49,080	40,536	132,055
IT Strategy & Planning	14,939	47,166	21,930	84,035
Data & Analytics Consulting	13,404	-	34,616	48,020
<b>Total Income</b>	<b>171,431</b>	<b>260,648</b>	<b>168,170</b>	<b>600,248</b>
<b>Total Revenue %</b>	<b>29%</b>	<b>43%</b>	<b>28%</b>	<b>100%</b>
<b>Cost of Goods Sold</b>				
Direct Labor	65,089	53,919	19,341	138,350
Outside Consultants (1099)	85,099	90,099	85,775	260,973
Other Direct Project Expenses	2,964	4,313	3,056	10,334
<b>Total COGS</b>	<b>153,152</b>	<b>148,332</b>	<b>108,173</b>	<b>409,657</b>
<b>Gross Profit</b>	<b>18,278</b>	<b>112,316</b>	<b>59,997</b>	<b>190,591</b>
<b>Gross Profit %</b>	<b>11%</b>	<b>43%</b>	<b>36%</b>	<b>32%</b>
<b>Expense</b>				
<b>Sales Expenses</b>				
Commissions	17,143	26,065	16,817	60,025
General & Admin Expenses	-	-	-	-
Car/Truck Expense	795	915	1,376	3,086
Conferences and Seminars	163	1,088	588	1,838
Dues and Subscriptions	125	300	245	670
Meals	658	674	716	2,047
Supplies	266	1,626	2,494	4,388
Travel	3,108	5,219	3,166	11,492
<b>Total Expense</b>	<b>22,257</b>	<b>35,887</b>	<b>25,401</b>	<b>83,545</b>
<b>Net Ordinary Income</b>	<b>(3,979)</b>	<b>76,429</b>	<b>34,595</b>	<b>107,046</b>
<b>Net Income</b>	<b>\$ (3,979)</b>	<b>\$ 76,429</b>	<b>\$ 34,595</b>	<b>\$ 107,046</b>
<b>Net Income %</b>	<b>-2%</b>	<b>29%</b>	<b>21%</b>	<b>18%</b>



# Decision 5. How to Spend \$ to Make \$

# LTV / Customer Acquisition

**LTV = Gross Margin x Number of years**

**What does it cost to acquire a new client**  
Client/Customer Acquisition Cost (CAC)

**Total Sales & Marketing Expense**

-----

**Total New Clients**

**= CAC**

**CAC**

**Contribution Margin / month**

**= BEP months**

# Slice & Dice

## Acme Consulting, LLC Profit & Loss by Lead Source

April- June, 2020

	Direct Sales	Channel Partner	Website	Trade Shows	Total
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
Robotics Consulting	\$ 177,305	\$ 106,743	\$ 62,685	\$ 25,422	\$ 372,154
IT Security Consulting	203,000	44,724	17,400	35,000	300,124
Management Consulting	92,500	58,266	73,865	39,479	264,109
Data Analytics Consulting	42,738	5,532	42,650	26,150	168,070
IT Strategy & Planning	24,680	30,860	40,500	-	96,040
<b>Total Income</b>	<b>540,223</b>	<b>297,124</b>	<b>237,099</b>	<b>126,050</b>	<b>1,200,496</b>
<i>Total Revenue %</i>	<b>45%</b>	<b>25%</b>	<b>20%</b>	<b>10%</b>	<b>100%</b>
<b>Cost of Goods Sold</b>					
Direct Labor	149,325	71,515	71,956	28,226	321,021
Outside Consultants (1099)	196,000	112,500	92,500	60,824	461,824
Other Direct Project Expenses	16,160	9,116	6,256	5,488	37,020
<b>Total COGS</b>	<b>361,485</b>	<b>193,131</b>	<b>170,712</b>	<b>94,538</b>	<b>819,865</b>
<b>Gross Profit</b>	<b>178,738</b>	<b>103,993</b>	<b>66,388</b>	<b>31,513</b>	<b>380,631</b>
<i>Gross Profit %</i>	<b>33%</b>	<b>35%</b>	<b>28%</b>	<b>25%</b>	<b>32%</b>
<b>Expense</b>					
<b>Sales Expenses</b>					
Commissions	54,022	29,712	23,710	12,605	120,050
<b>General &amp; Admin Expenses</b>					
Car/Truck Expense	618	2,307	4,267	4,317	11,509
Meals	1,794	1,926	1,519	1,800	7,040
Travel	5,331	14,053	8,431	7,949	35,765
<b>Total Expense</b>	<b>61,765</b>	<b>47,999</b>	<b>37,927</b>	<b>26,671</b>	<b>174,362</b>
<b>Net Ordinary Income</b>	<b>116,973</b>	<b>55,995</b>	<b>28,460</b>	<b>4,842</b>	<b>206,269</b>
<b>Net Income</b>	<b>\$ 116,973</b>	<b>\$ 55,995</b>	<b>\$ 28,460</b>	<b>\$ 4,842</b>	<b>\$ 206,269</b>
<i>Net Income %</i>	<b>22%</b>	<b>19%</b>	<b>12%</b>	<b>4%</b>	<b>17%</b>

# Measure Sales ROI by Gross Profit \$

**Code each client** based on Sales & Marketing \$ decisions:

1. Should I sponsor a trade show?
2. When do I hire a sales rep?
3. Where should marketing spend its budget?



**Review past gross profits:**

**Add custom fields to see Gross Profit \$ by:**

- Lead source
- Sale rep
- Industry

# SUMMARY



[www.GrowthForce.com](http://www.GrowthForce.com)

01 **Decision 1: Where do you spend your time?**




02 **Decision 2: Pricing**

03 **Decision 3: Repricing and firing clients**

04 **Decision 4: Increasing Productivity**

05 **Decision 5: Spending \$ to make \$**

ToolKit To Help You Take Action

 <a href="#">Company Scorecard</a> Here's how to get the KPI Excel template. Enter and customize your own data, or let us fill it in for you!	 <a href="#">Impact of Discount Calculator</a> Input your own data in this excel calculator to see the impact that a discount has on your pricing.	 <a href="#">Management Report Matrix Guide</a> Get the guide to see a sample set of Management Reports and KPI scorecards to help you make data-driven decisions.
 <a href="#">CEO's Guide to Keeping Score</a> A step-by-step ebook that explains the key data to influence decision-making.	 <a href="#">Break Even Calculator</a> A break-even analysis is a critical part of the financial projections in the business plan for a new business.	 <a href="#">Presentation Slide Deck</a> A step-by-step ebook that explains the key data to influence decision-making.

# What is GrowthForce?

## Bookkeeping, Accounting & Controller Services

Improve Your Cash Flow and Increase Your Profits



QuickBooks  
Consulting



Bookkeeping  
Services



Controller  
Services



Customized  
Management Reporting

# Stay Connected!



**GrowthForce**<sup>™</sup>  
put your numbers to work

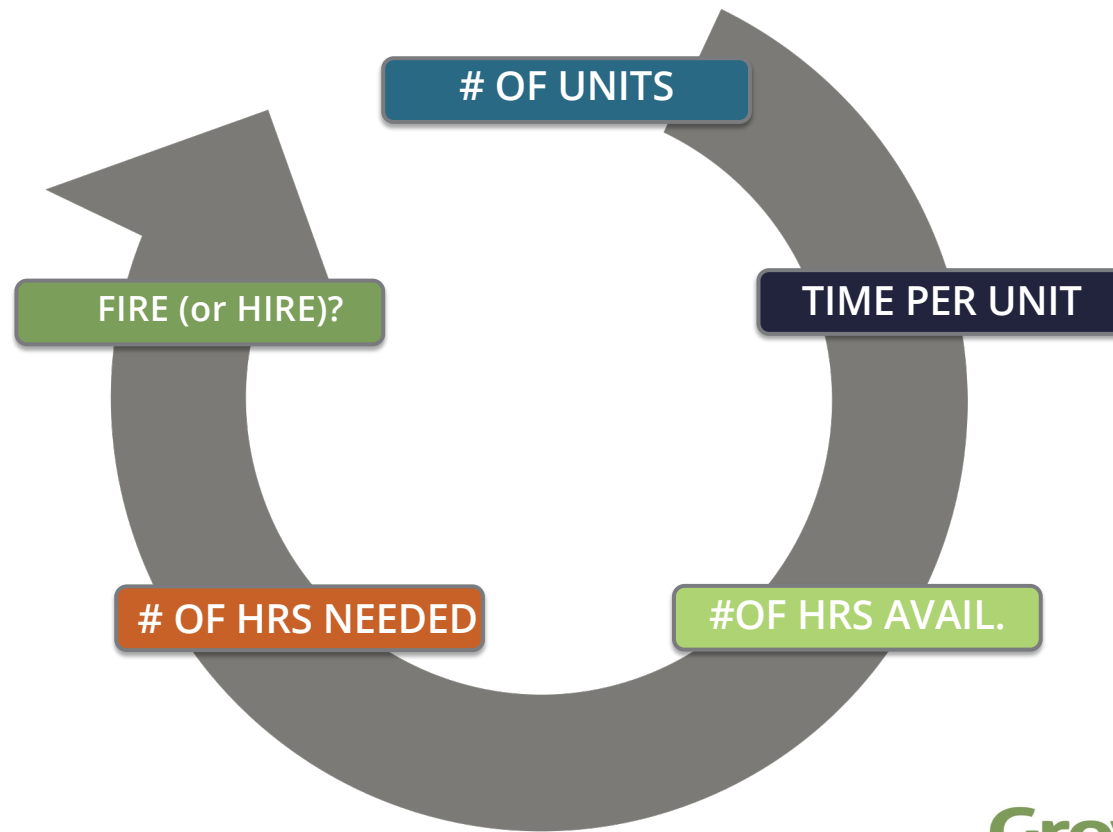
**Stephen King, CPA CGMA**  
*President & CEO*

Email: [stephen@growthforce.com](mailto:stephen@growthforce.com)  
LinkedIn: [in/stephenkingcpa](https://www.linkedin.com/in/stephenkingcpa)  
Twitter: [@growthforce](https://twitter.com/growthforce)

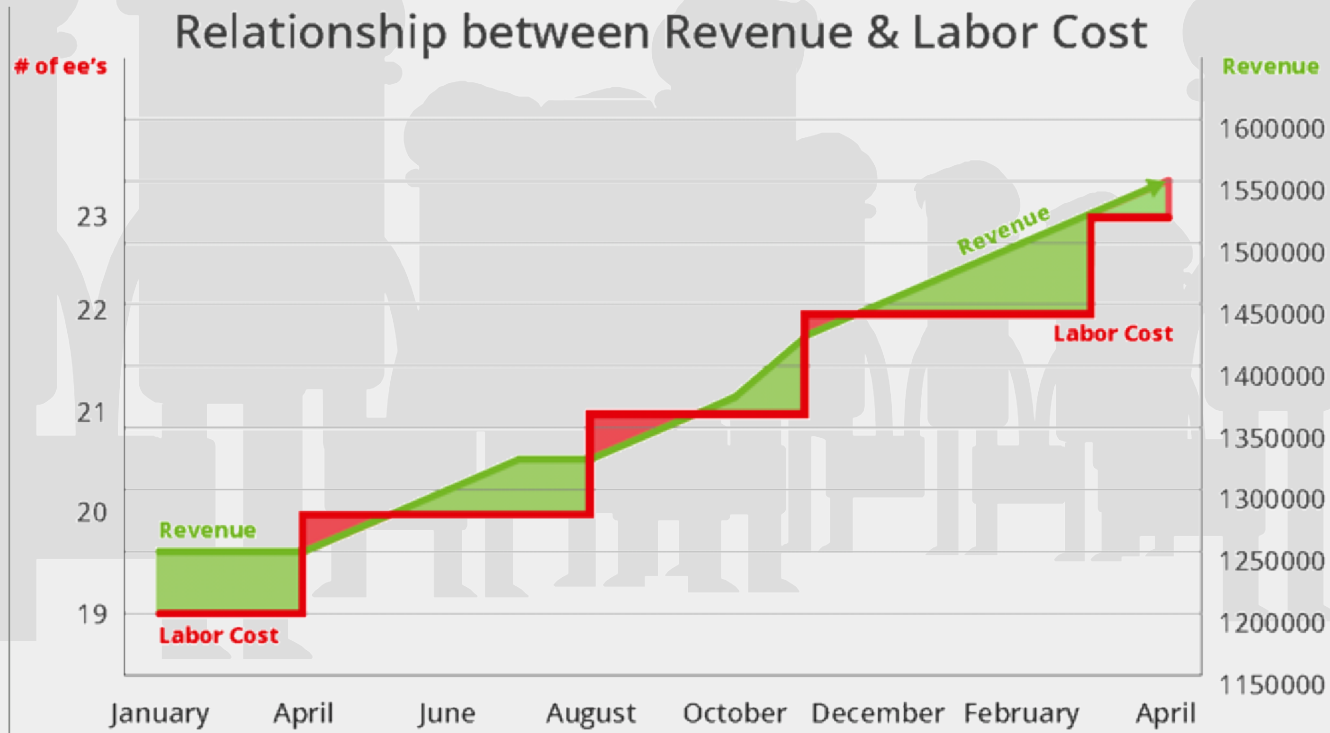


# PEOPLE SCORECARD

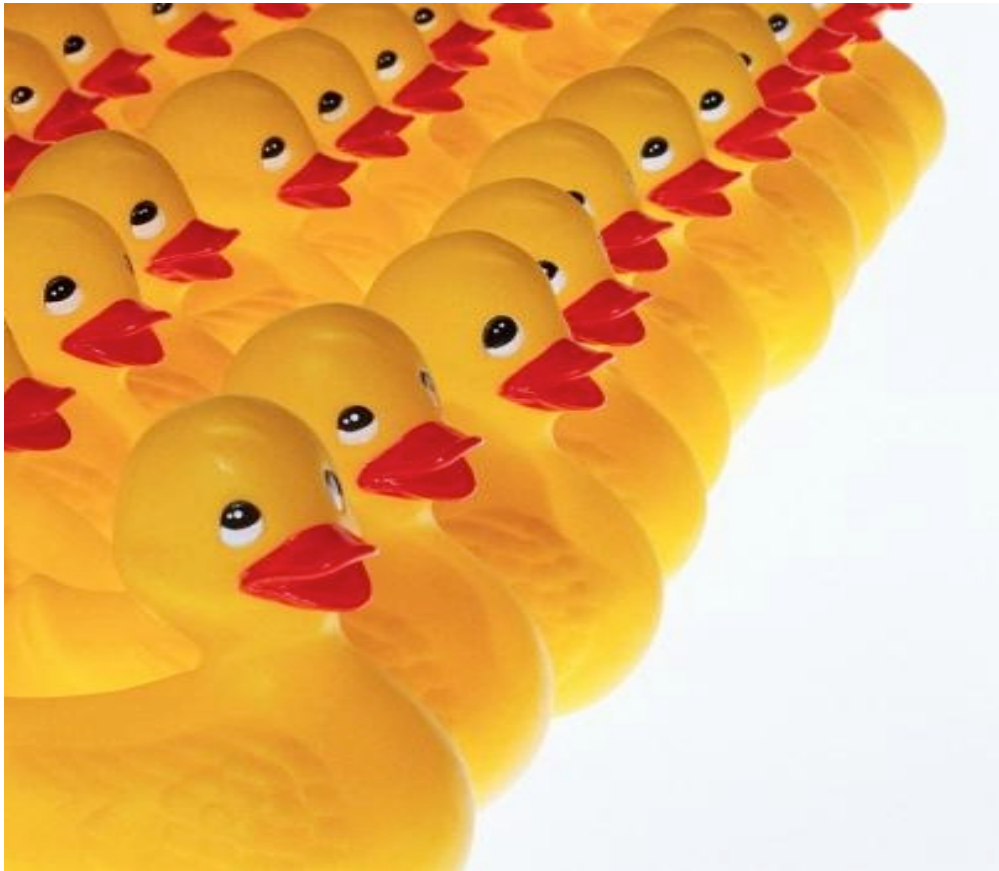
# Making Firing/Hiring Decisions



# Managing the Step Function



# “Duck Duck Goose?”



## Employer Costs of a Bad Hire

**69%** Lowered company productivity, affected worker morale, and even resulted in legal issues

**200%** SHRM cost 90%-200%

**1 in 4** Cost more than \$50,000

Source Career Builder 2011 Survey of 2,696 hiring managers

# Employee Turnover- Financial Impact



**PTO Balances**



**Training**



**Recruiting**



**Administrative**



**Interviewing**



**Client losses**



**External hires**



# Employee Turnover - Human Impact



Reduced Productivity



Lower Morale



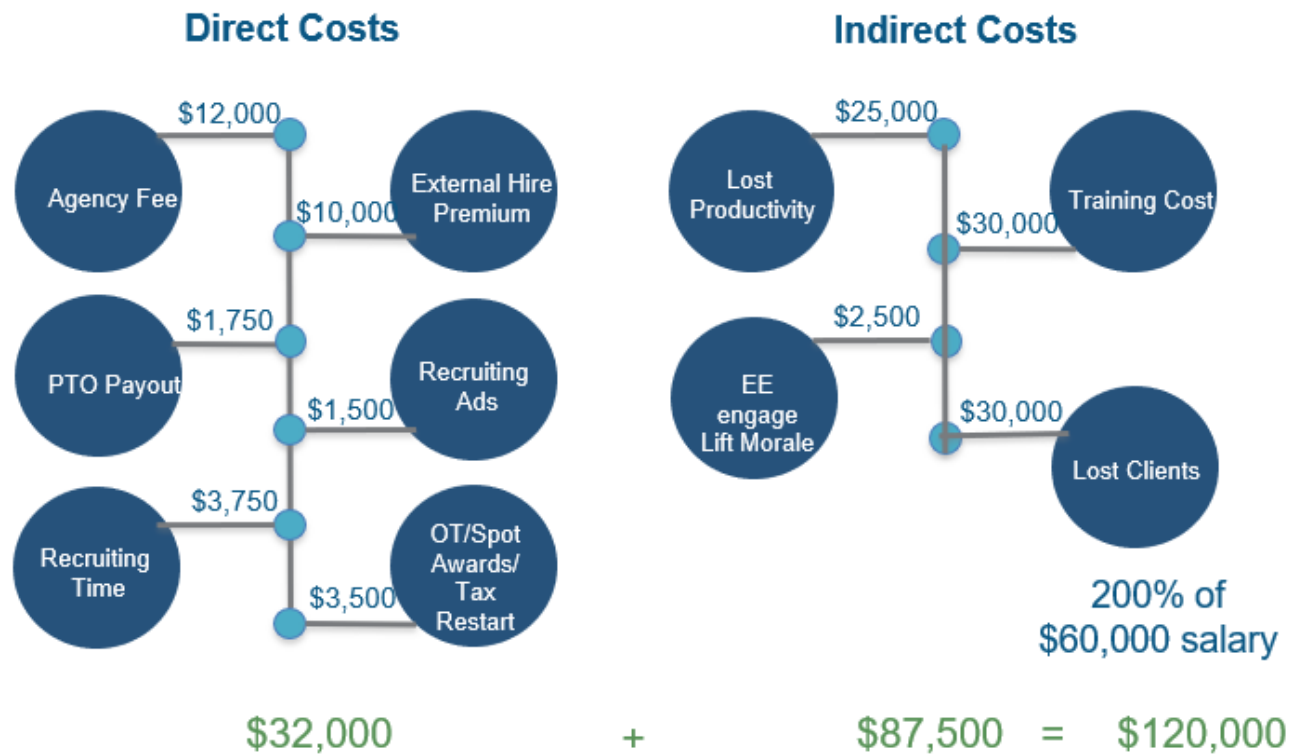
Loss of Information



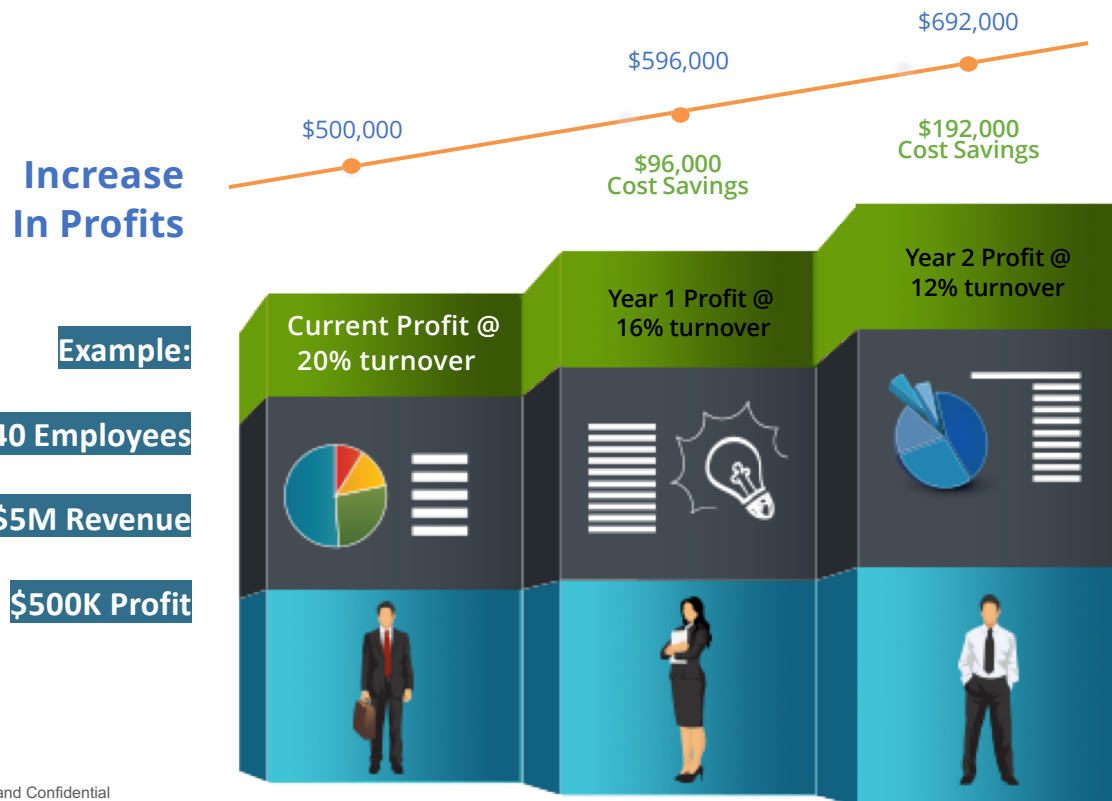
Stress on Co-workers



# What is the cost of turnover?



# Increase profits by lowering turnover



# Money is not enough



Create a positive work environment

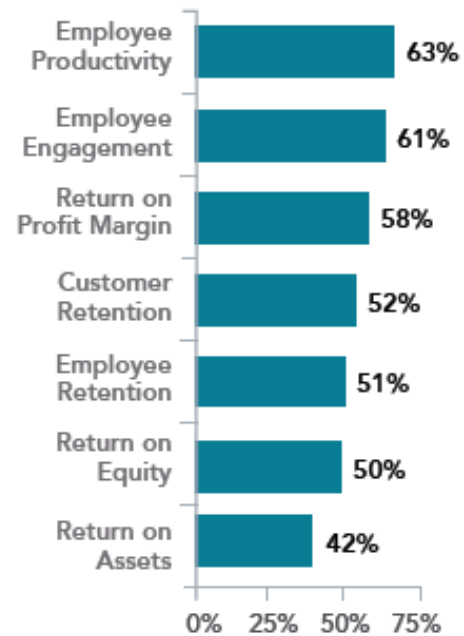


Identify key motivators



Define core values

# ROI - Recognition & Engagement



Achieve Positive,  
Measurable Results  
With Employee  
Recognition  
Programs

Source: SHRM Winter 2012 Report,  
The Impact of Recognition on Employee Engagement and ROI

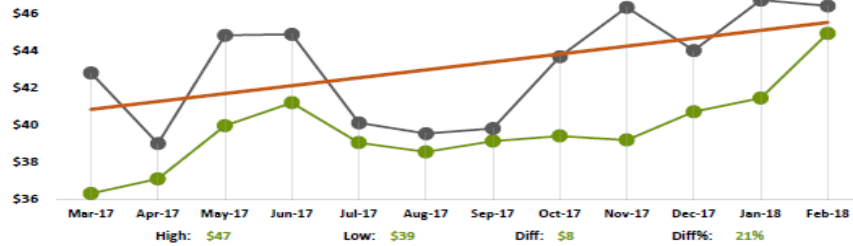
# My Profitable Business

## People Scorecard

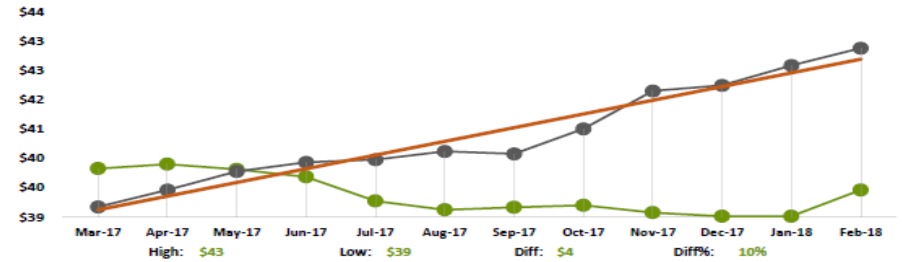
● Actual ● Budget ● Trendline

For the twelve month period ending February-2018

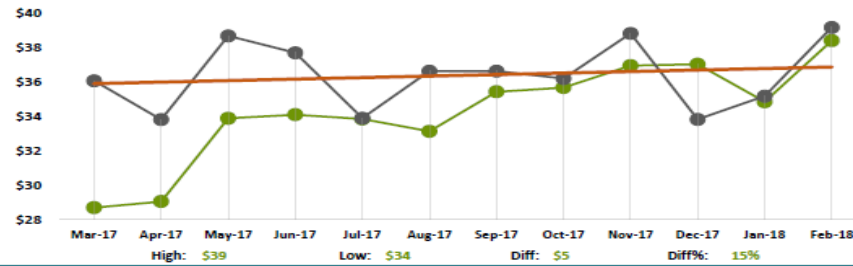
**Revenue per hour paid**



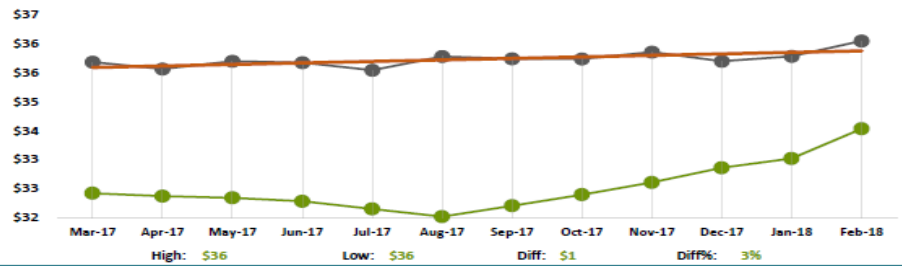
**Revenue per hour paid TTM**



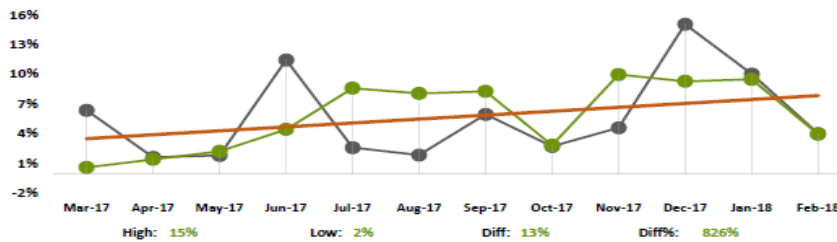
**Labor Cost per hour paid**



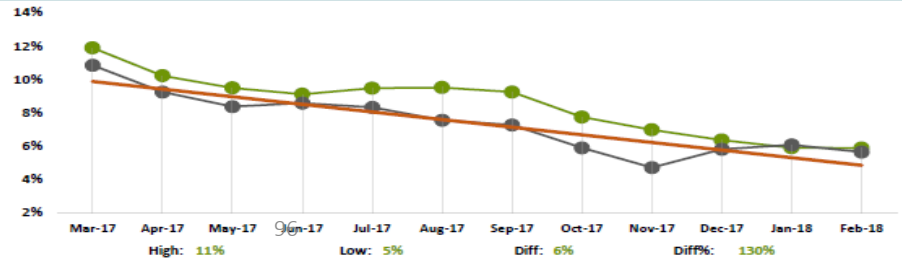
**Labor Cost per hour paid TTM**



**ROI on Total Labor Cost**

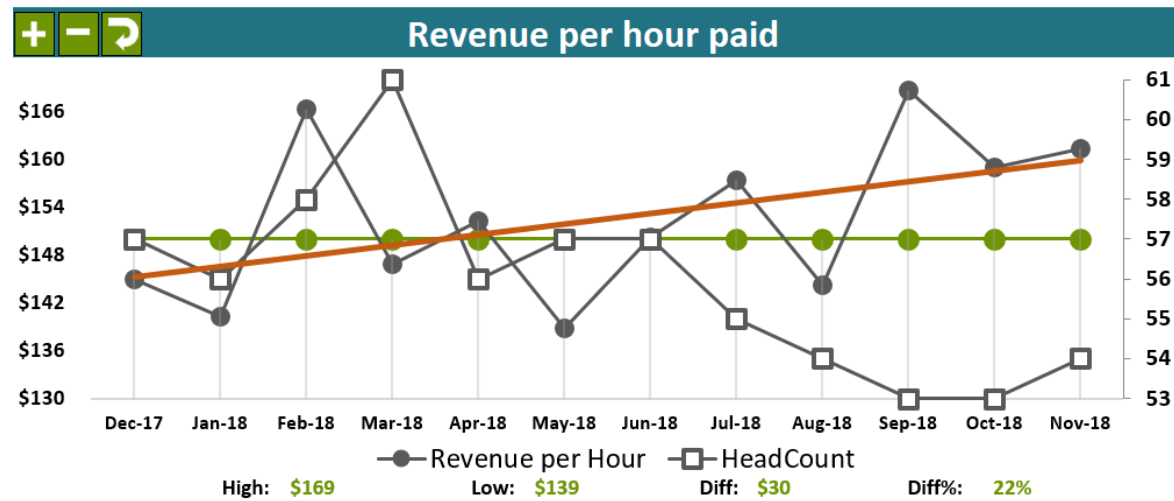


**ROI on Total Labor Cost TTM**



# Revenue Per Hour Paid / FTE

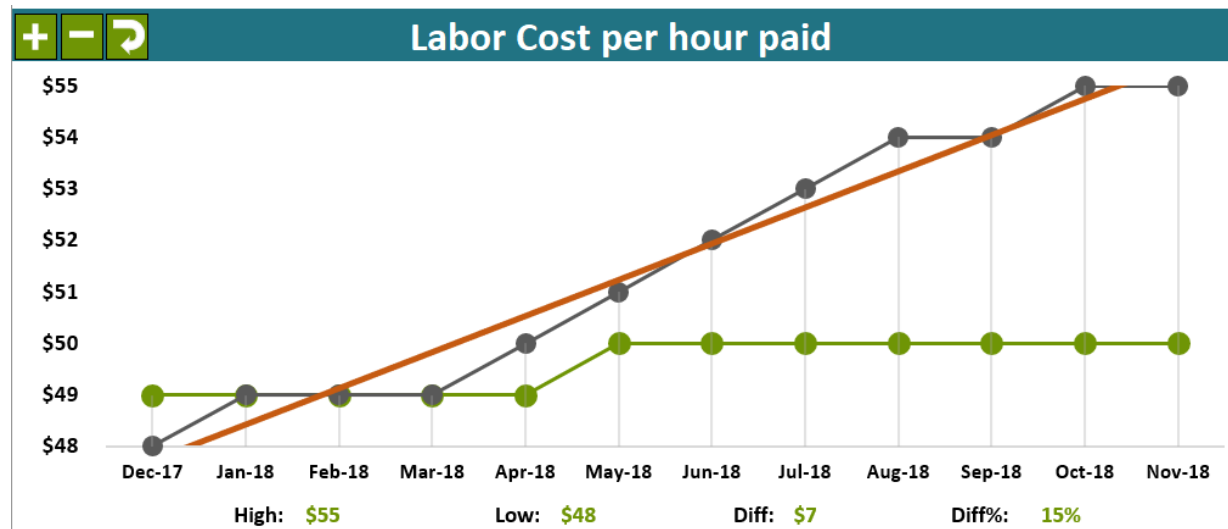
## Total Revenue / Total Hours Paid / FTE



- What's the impact of turnover?
- What's the impact of staff training?
- How well do you onboard new staff?

# Labor Cost Per Hour Paid / FTE

## Total Labor Cost / Total # Hours Paid / FTE



- Are costs growing faster than income?
- Do I need to adjust pricing?
- Who generates the highest ROI?

# Fully Loaded Labor Costs



Salaries



401K & Other  
Benefits



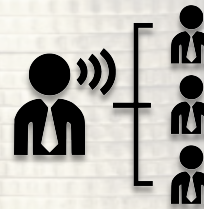
Payroll  
Taxes



Recruiting  
& Training



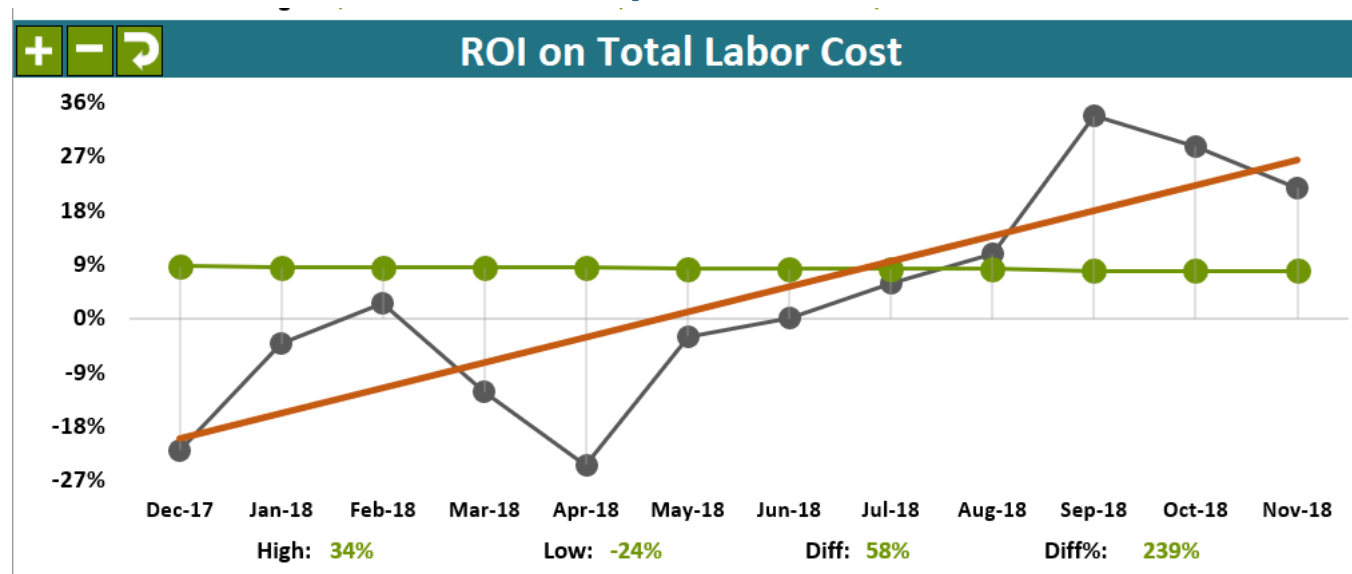
Health  
Insurance



Employee  
Engagement

# ROI On Total Labor Cost

## Net Income / Total Labor Cost



- How well do I manage my people?
- What do my people really cost?
- Do I get the needed ROI?

# People/Operation Formulas

## Utilization:

- $\text{Chargeable Hours} / \text{Total Hours}$

## Realization:

- $\text{Total Revenue \$} / \text{Total Chargeable Hours}$

**If you make money on people's time you  
need to look at BOTH!**

# ROI on Performance Review



## **Cost**

Salaries account for 70% of expenses paid out in most service organizations.

## **Benefit**

Study showed 35% productivity benefit related to effective performance management.

# ROI on Performance Review



“The median return for companies that invested in coaching was **700%\***, or **7x’s** the initial investment at the global level.



**Employee Retention**  
**Company Profitability**

# Performance Coaching



GrowthForce Proprietary and Confidential

## Employee Disengagement is Tied to Management Behavior

When a Manager:

Ignores You  
Focuses on Weaknesses  
Focuses on Strengths

Likelihood of  
Employee  
Disengagement:

40%  
22%  
1%

Source: Gallup Business Journal, 2009

# Employee Engagement ROI



Companies in the **top decile** for employee engagement boosted earnings per share at nearly **FOUR times** the rate of companies with lower scores.



# Strategic – Measure + Motivate



Employee performance measurement is the **single most important** measurement area that separates **successful firms** from less successful firms.



# SALES & MARKETING SCORECARD

# Sales & Marketing Scorecard

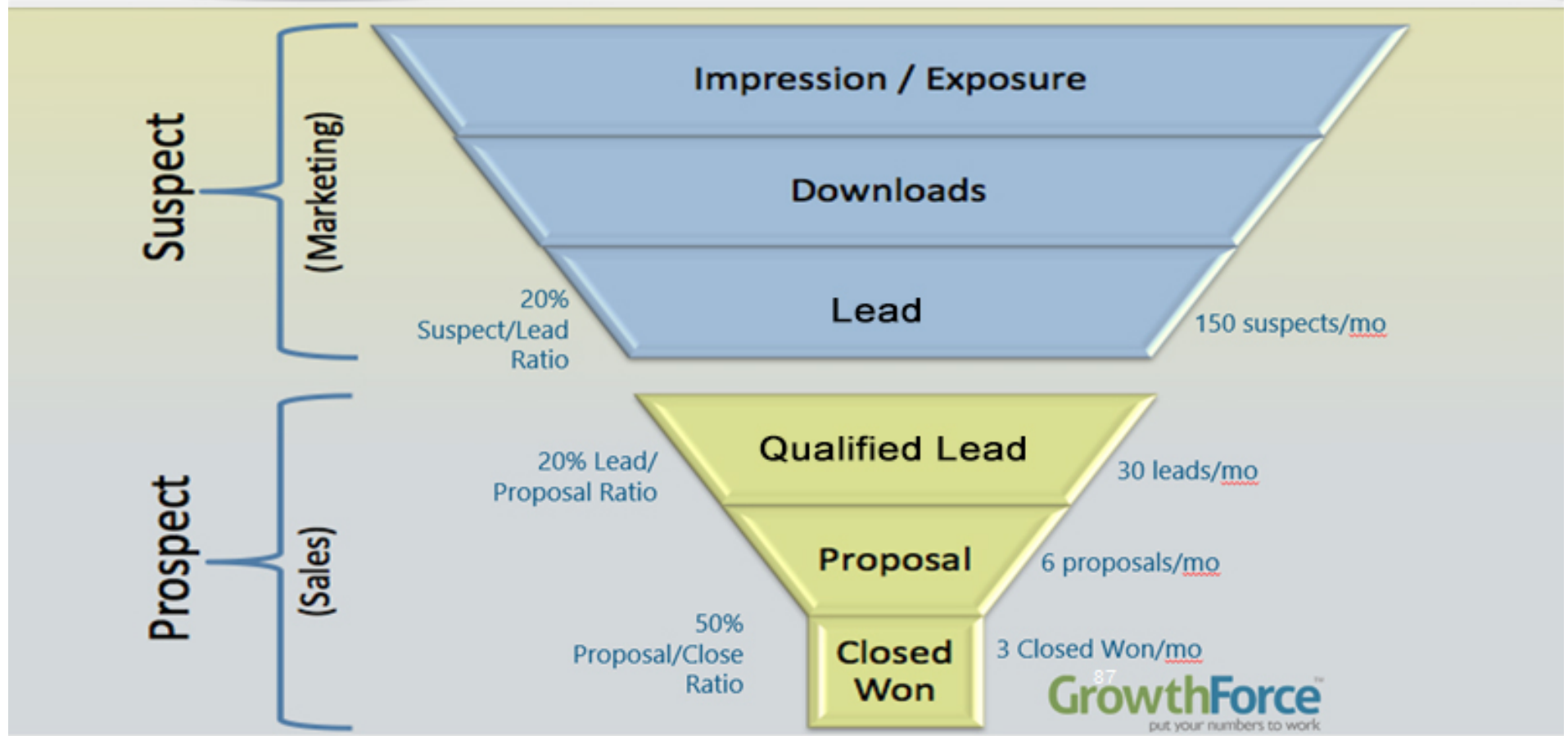
## What Causes Sales? (WCS)

### Steps of the Sale:

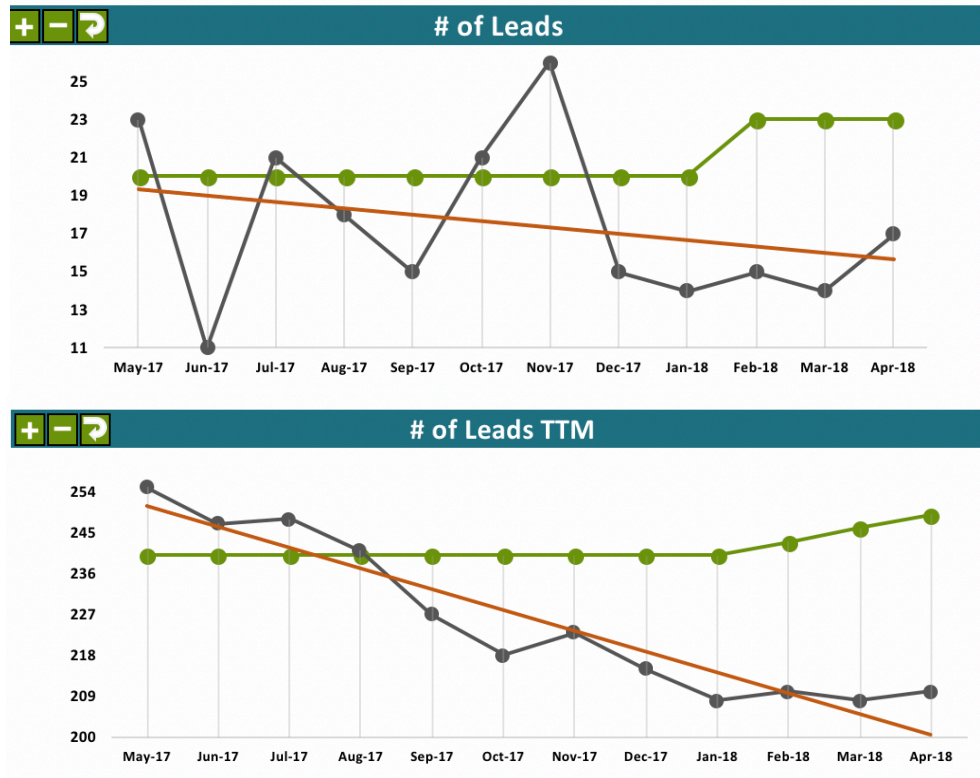
1. Leads
2. Qualified Leads
3. Proposal
4. Sales
5. Backlog



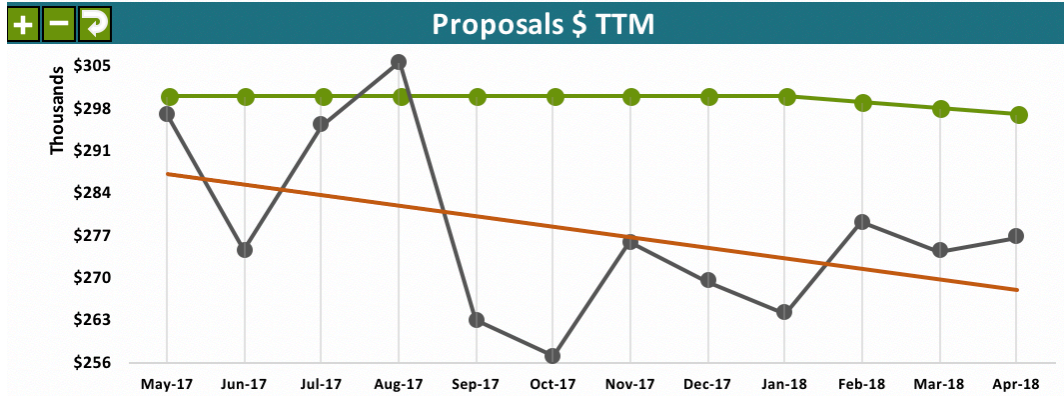
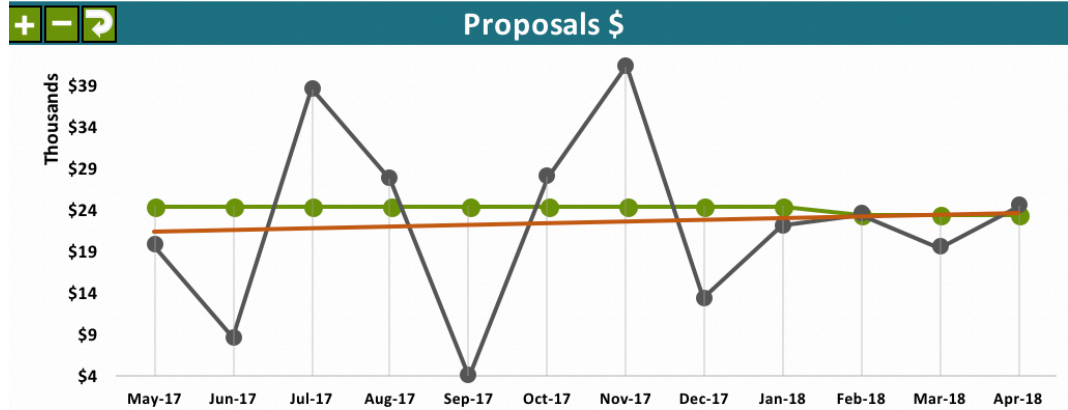
# Marketing/ Sales Funnel



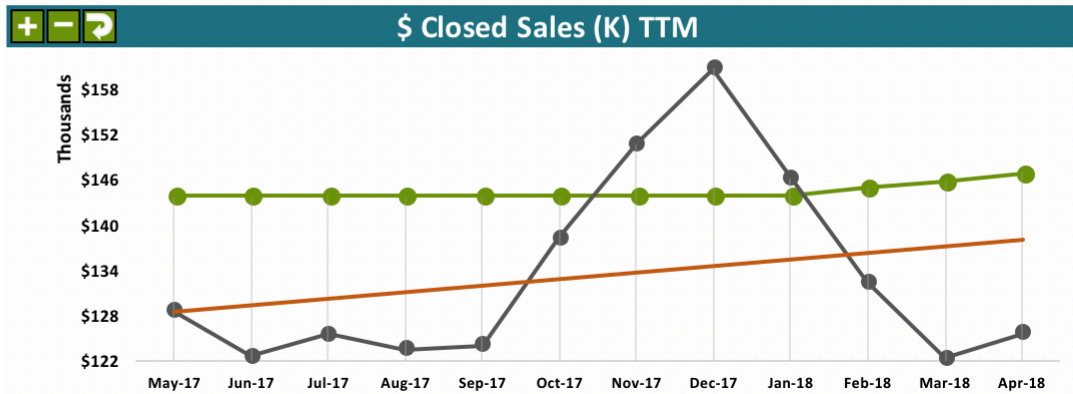
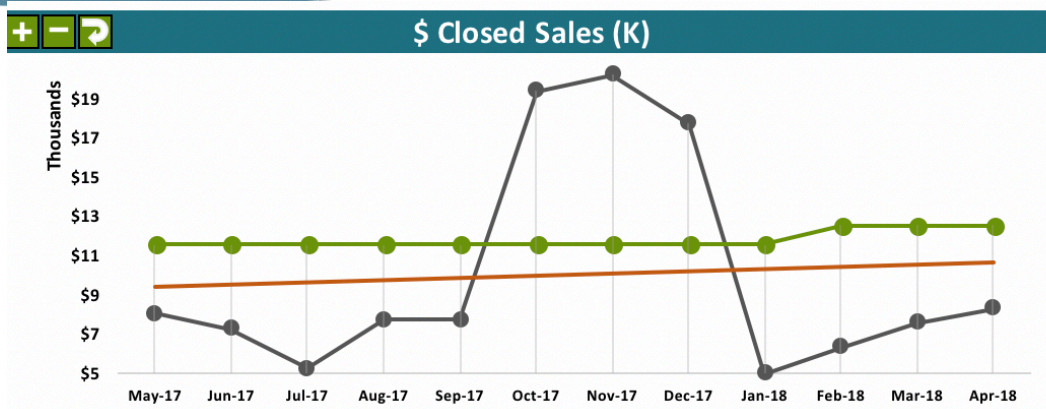
# What's Your Earliest Indicator?



# What the Most Predictable?



# \$ CLOSED SALES (K)



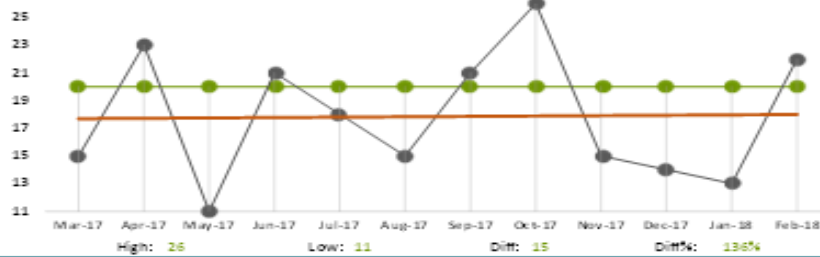
# My Profitable Business

## Sales & Marketing

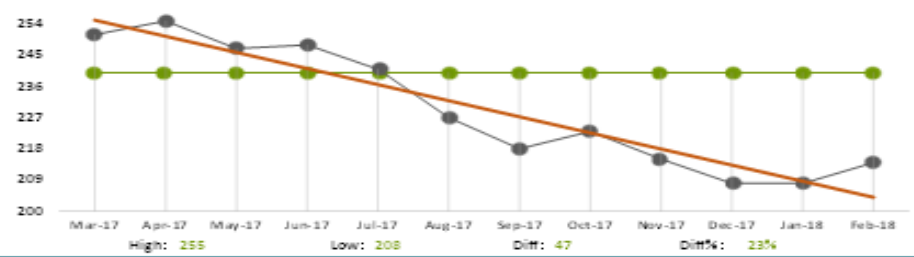
● Actual ● Budget ● Trendline

For the twelve month period ending February-2018

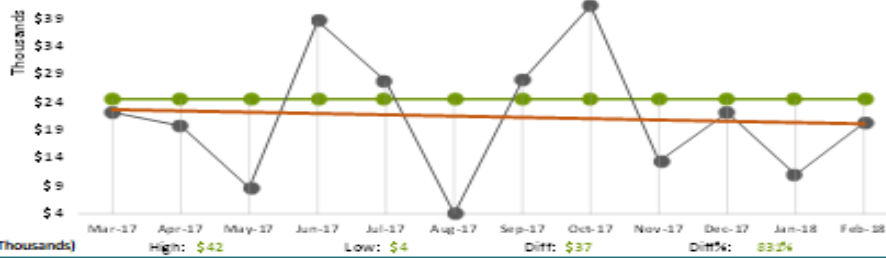
# of Leads



# of Leads TTM



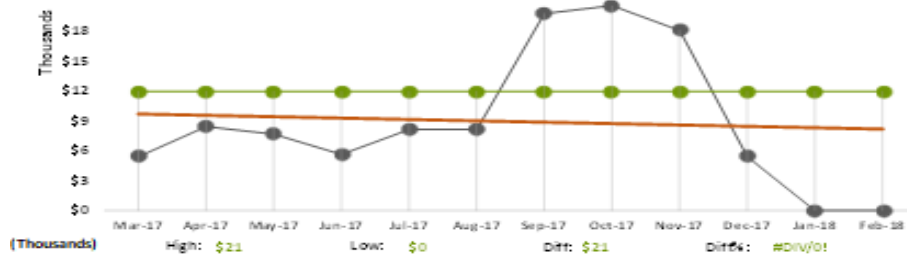
Proposals \$



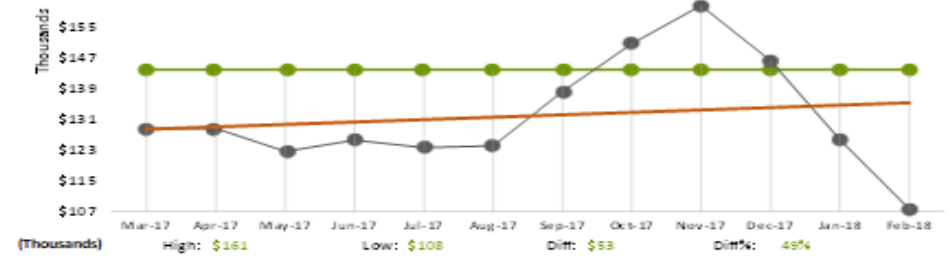
Proposals \$ TTM



\$ Closed Sales (K)



\$ Closed Sales (K) TTM



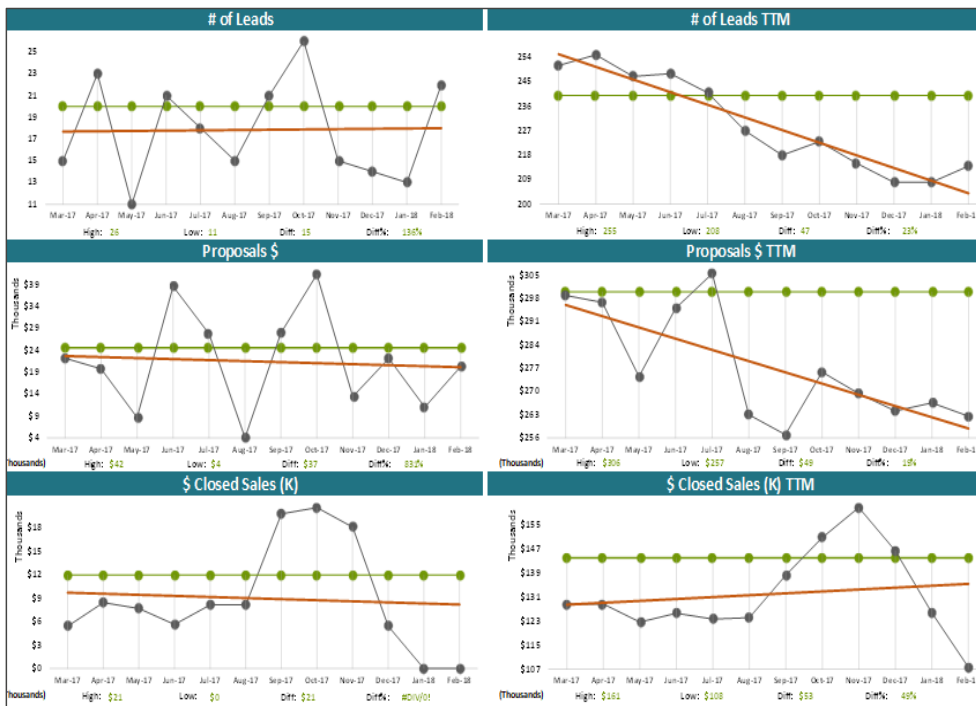
# Sales & Marketing KPIs

## Steps of the Sale = Leading Indicators

- Leads
- Qualified Leads
- Proposals
- Close Sales

## CEOs Should Focus On:

- Total Sales
- Sales Efficiency
- CAC – Customer Acquisition Costs



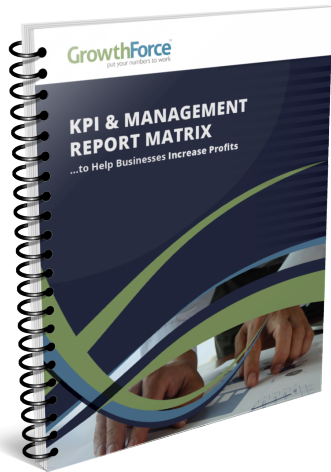


# Summary

# Sign Up Sheet

## Don't make decisions with Bad Data!

- What **DECISIONS** do you have to make?
- Which **KPIs** give you actionable insights?
- Which **REPORTS** help you make better, data-driven decisions?



**GET THIS VISUAL GUIDE!**

MANAGEMENT REPORTS		TIME	CLIENTS	PRICING	PEOPLE	SALES
1	GF Company Scorecard	X				
2	P&L Budget Performance	X				
3	Job Profitability Summary		X	X		
4	P&L By Job		X	X	X	
5	Job Estimates vs. Actuals		X	X	X	
6	GF Sales Scorecard	X				X
7	P&L By Lead Source					X
8	P&L By Industry					X
9	Item Profitability	X		X		X
10	GF People Scorecard	X			X	
11	P&L By Consultant			X	X	
12	P&L By Sales Rep.				X	

## The KPI & Management Report Matrix

[www.growthforce.com/growthforce-report-matrix-download](http://www.growthforce.com/growthforce-report-matrix-download)

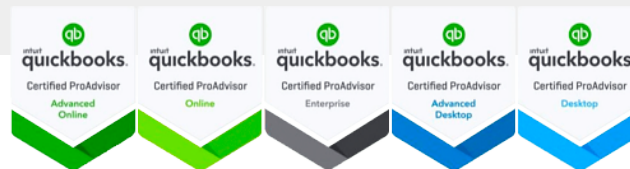
# GrowthForce Now Offering!

## → Free QuickBooks Consultation ←

- *Yes, really a consultation – not a sales call*
- *20 minutes with a ProAdvisor*
- *Take your QuickBooks Further*
- *Increase Your Profits & Improve Your Cash Flow*

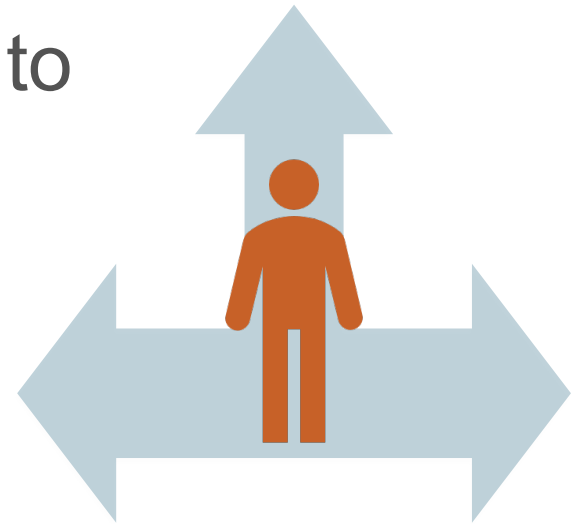
Visit this link, fill out the form:

[www.growthforce.com/quickbooks-consulting](http://www.growthforce.com/quickbooks-consulting)



# New Way of Thinking

1. What time horizon are you facing?
2. What decisions do you have to make?
3. What data can inform those decisions?



# Decisions That Drive Profits

## The Four Core Decisions



1. **Pricing**  
Are you pricing your jobs right?



2. **Firing Clients & Products**  
Which clients & products should you fire?



3. **Spend \$ to Make \$**  
How do you maximize Sales & Marketing?



4. **Productivity**  
How can you Increase the Productivity of your people?

## How You Put Power in Your Numbers

- Management vs. Financial Acctg.
- TTM & Leading/Lagging Indicators
- Build a Company Scorecard