

Five stages of growth.

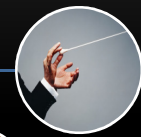
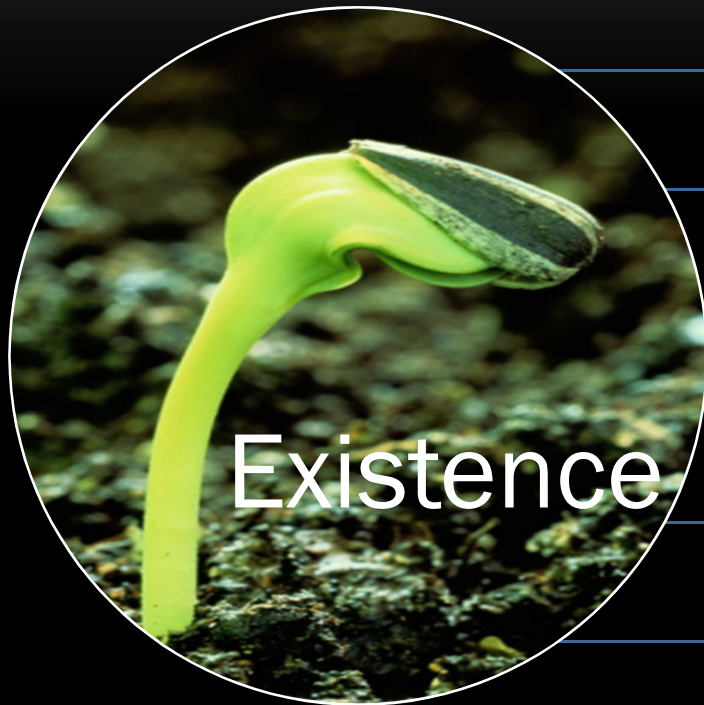
STAGES OF GROWTH OF A COMPANY

STAGE 1 : EXISTENCE

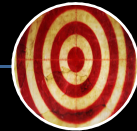


- Main focus : obtain customers and deliver its product service
 - **Experiment** with a number of **different** value propositions and business models until it **finds a combination** that works and gains acceptance by the market
-

STAGE 1 : KEEP AFLOAT



Management style
: Direct supervision



Strategic Focus : Survival



Process & System : Non
existent



People Self, family & friends



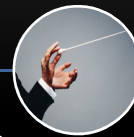
Measurement
- Subjective

STAGE 2 : SURVIVAL

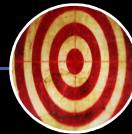


- Business is workable
- Tested value proposition
- Business model tested
- Satisfied customers
- Revenue & Expense problem – Cash flow

STAGE 2 : OPTIMISE CASHFLOW



Management style :
Supervised supervision



Strategic Focus : Cash flow



Process & System : Limited to cash
flow planning



People Owner=business



Measurement
– Subjective

STAGE 3 : SUCCESS

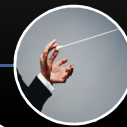


Two choices

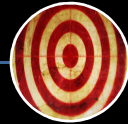
- **Grow** & risk what has been created
- **Remain afloat** and create something new

The company can stay at this stage indefinitely, providing environmental change does not destroy its market niche or ineffective management reduces its competitive abilities

STAGE 3 : OPTION A OR B



Management style :
Functional Supervision



Strategic Focus : Growth or
Afloat



Process & System : Strategic plan,
budget and basic process



People Functional manager in place



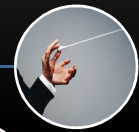
Measurement – Subjective
except for sales

STAGE 4 : TAKEOFF

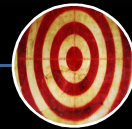


- Growth a combination of organic and inorganic, might require financing
 - If the owner is successful, the company can grow into a big business
 - If not, it is usually sold at a profit,
 - The management team often changes from the previous
-

STAGE 4 : BIG BOY



Management style
: Divisional



Strategic Focus : Growth



Process & System : Refined systems
and process



People Competency driven



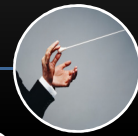
Measurement -
Objective, KPIs

STAGE 5 : RESOURCE MATURITY

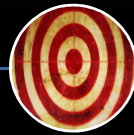


- Streamlining and integrating operations after the operational inefficiencies caused due to rapid growth
 - Well defined process, integration by using technology
 - Owner and company now completely separated—both financially and operation
-

STAGE 5 : OPERATIONAL & COST EFFICIENCIES



Management style :
Line & Staff,



Strategic Focus : Growth with
consolidation



Process & System :Efficiency by
reengineering & IT enabling



People Competency driven



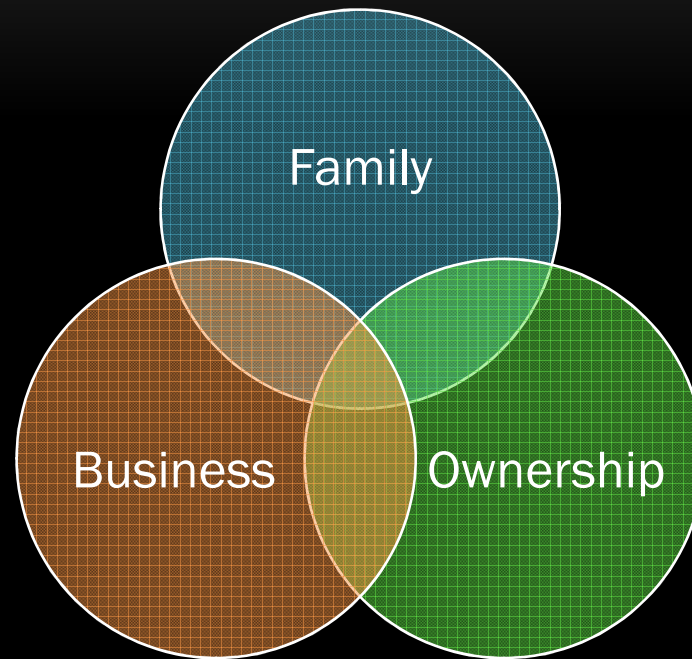
Measurement -
Scorecards & KPIs

Family, & People,

ADDED COMPLEXITY IN THE REAL WORLD

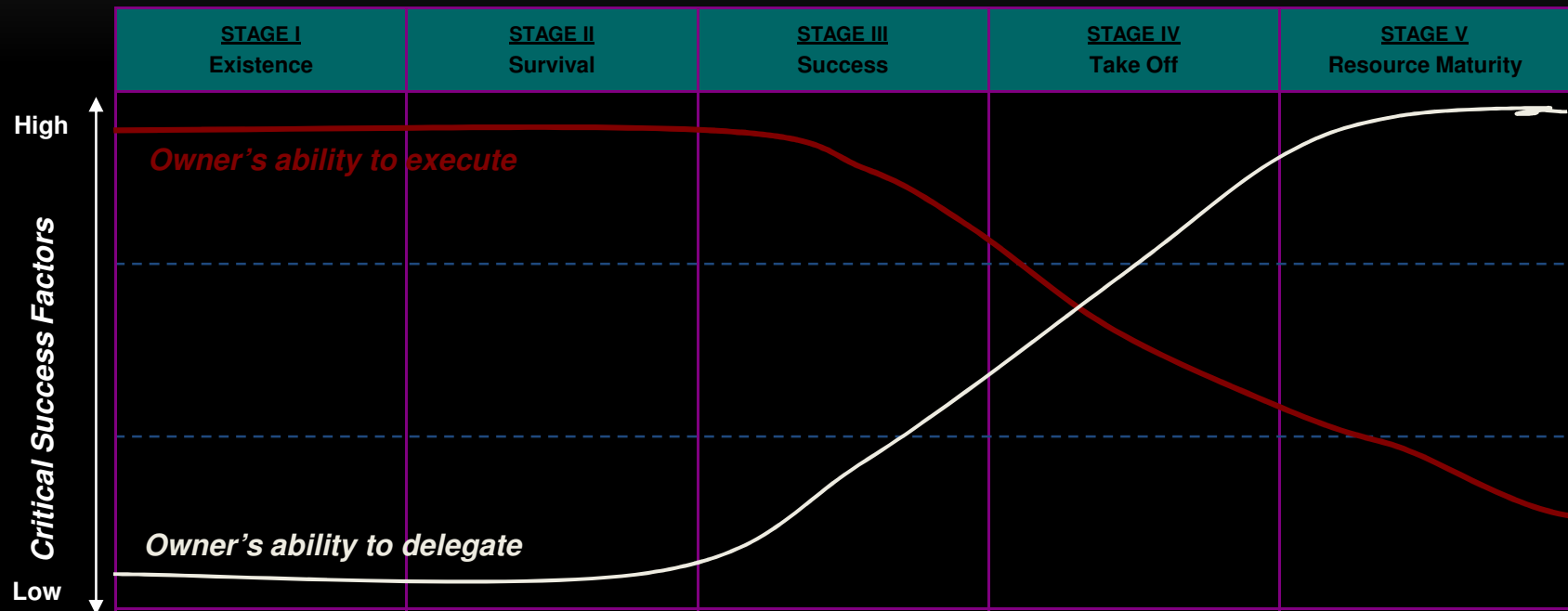
ROLE OF FAMILY

- All family members may not be owners
- All owners may not be working in the business
- Business may have non owners from the family.



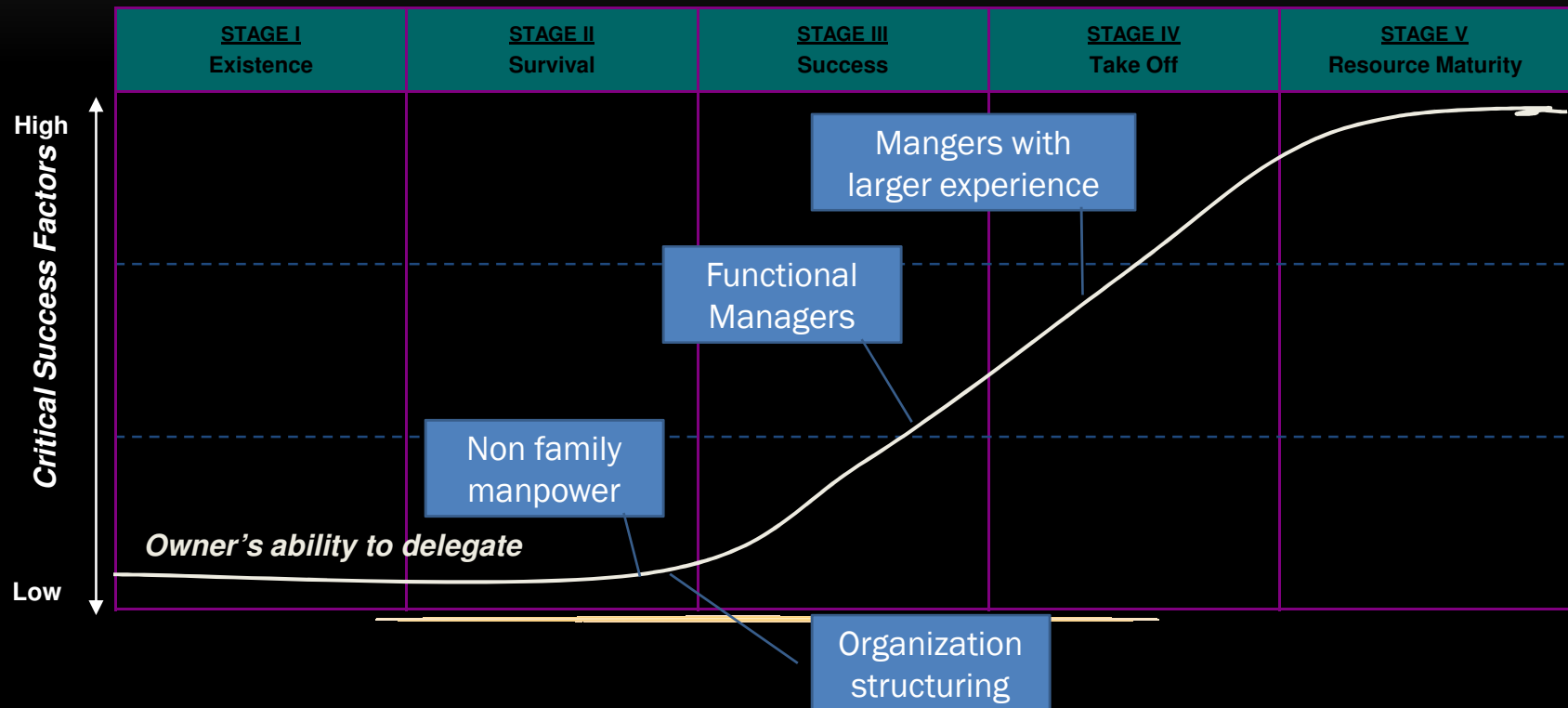
AS THE OWNER GROWS ITS BUSINESS, THERE IS A CLEAR TRADE-OFF BETWEEN THE OWNER'S ABILITY TO EXECUTE AND HIS ABILITY TO DELEGATE

Critical Success Factors – Owner's Abilities



OWNERS ABILITY TO DELEGATE HAS A DIRECT CORRELATION WITH QUALITY OF MANPOWER

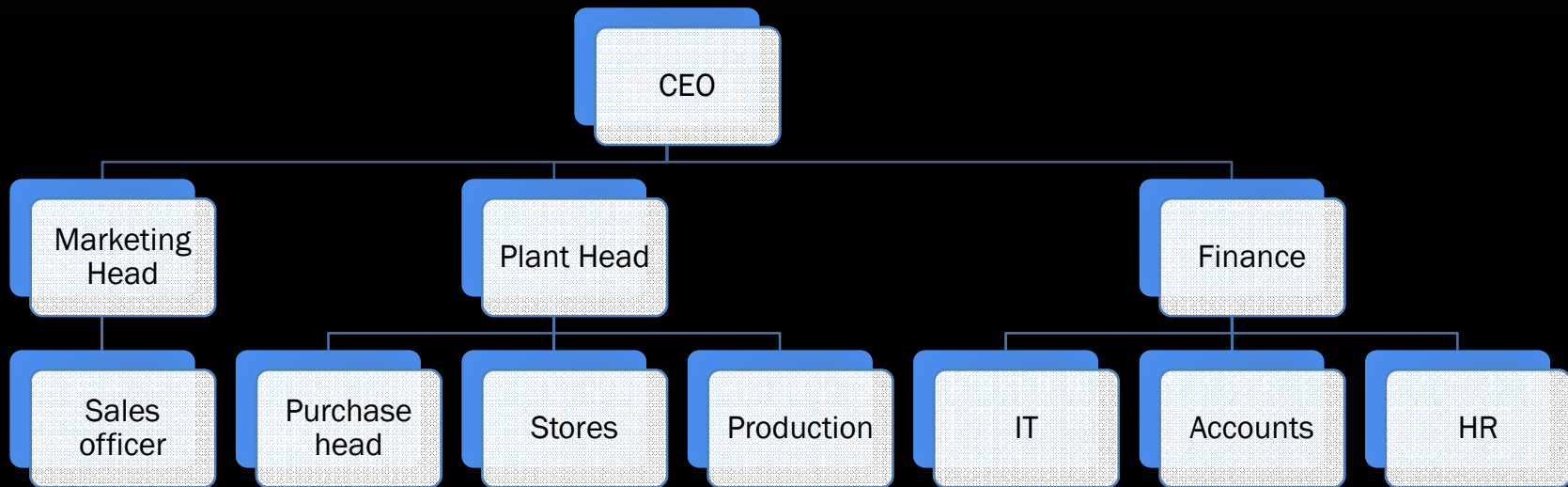
Critical Success Factors – Owner's Abilities



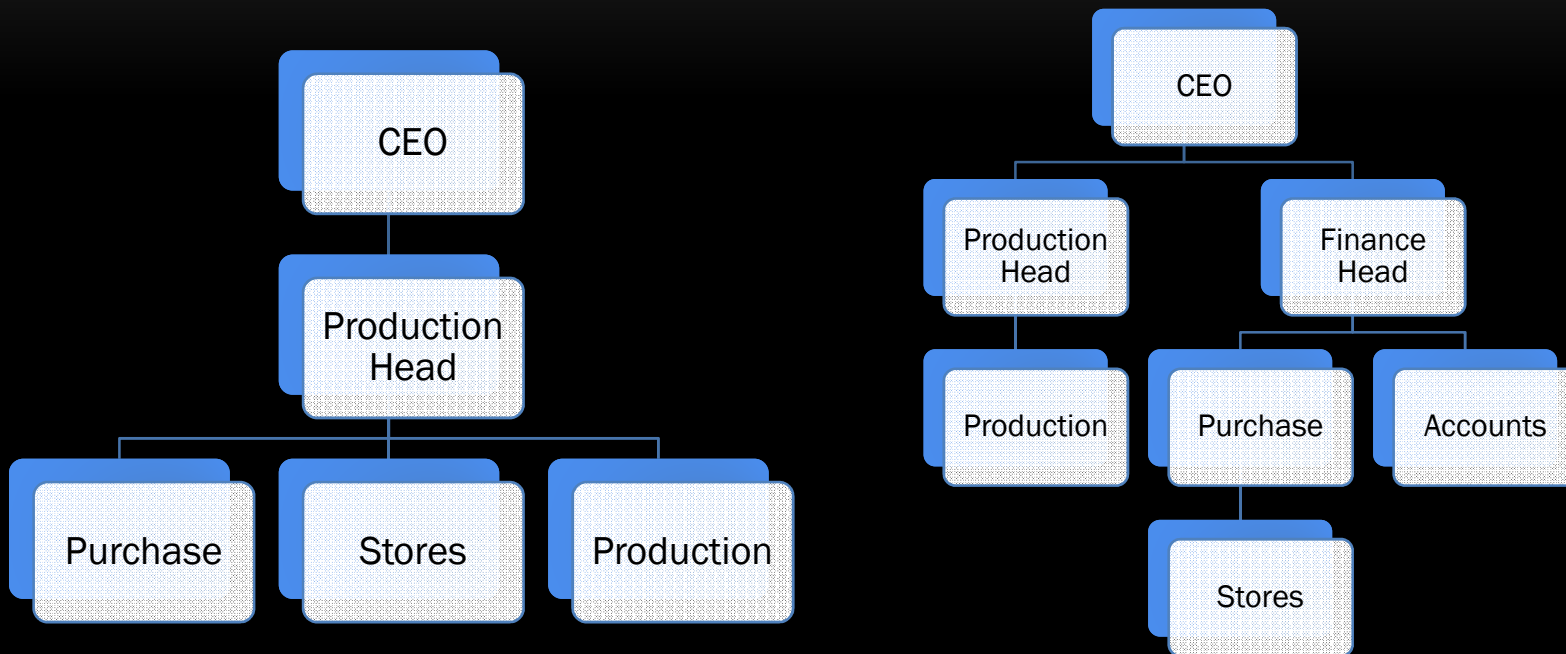
NEED FOR RIGHT ORGANIZATION STRUCTURING & THE ROLE OF HR.

Start Up & SME

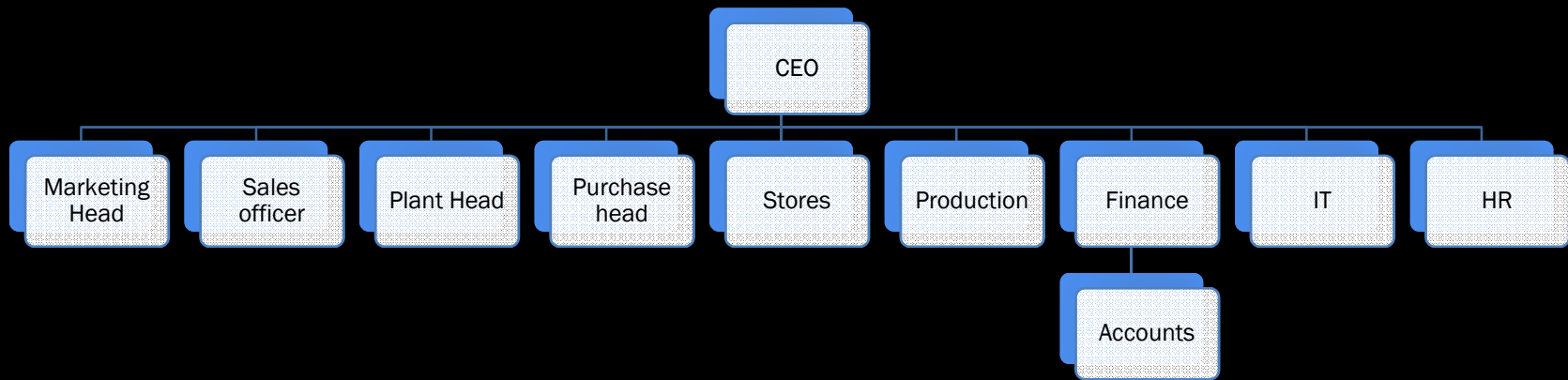
ORGANIZATION STRUCTURE IS MORE THAN HANGING BOXES



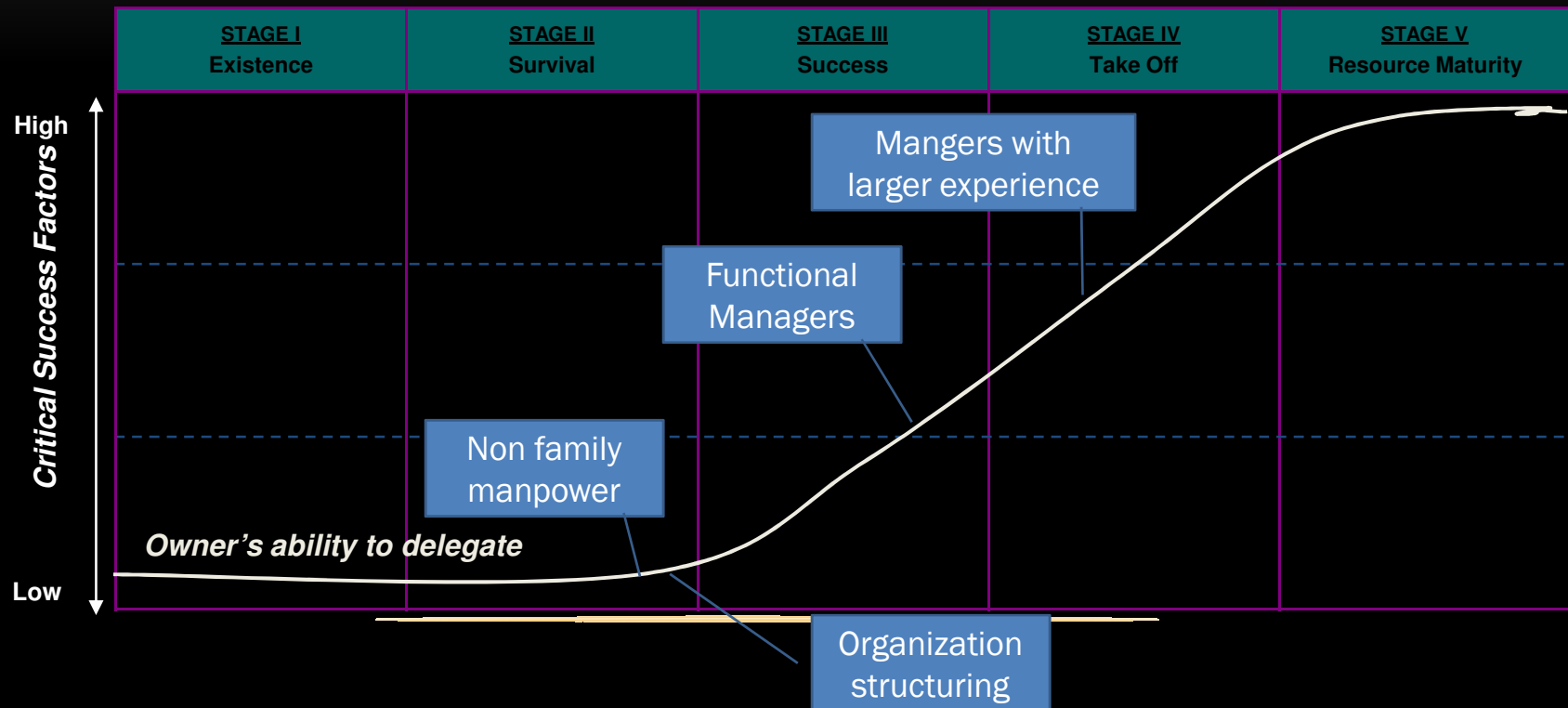
IT DEFINES THE WAY AN ORGANIZATION WORKS



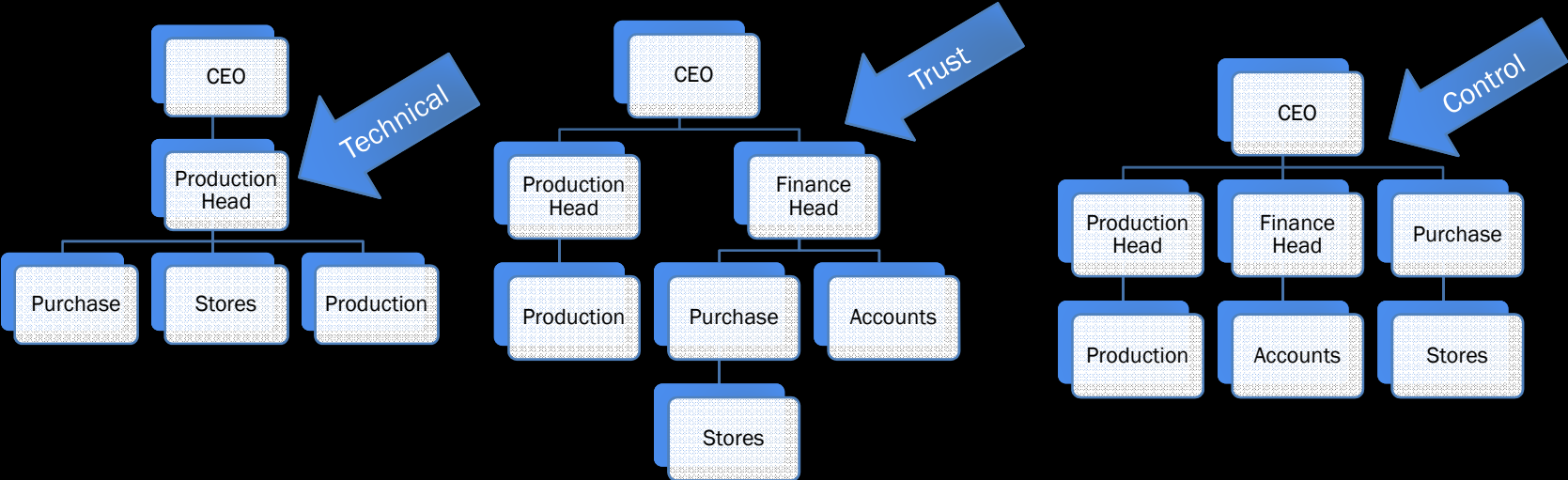
MOST OF STARTUP AND SMES FUNCTIONAL OC IS



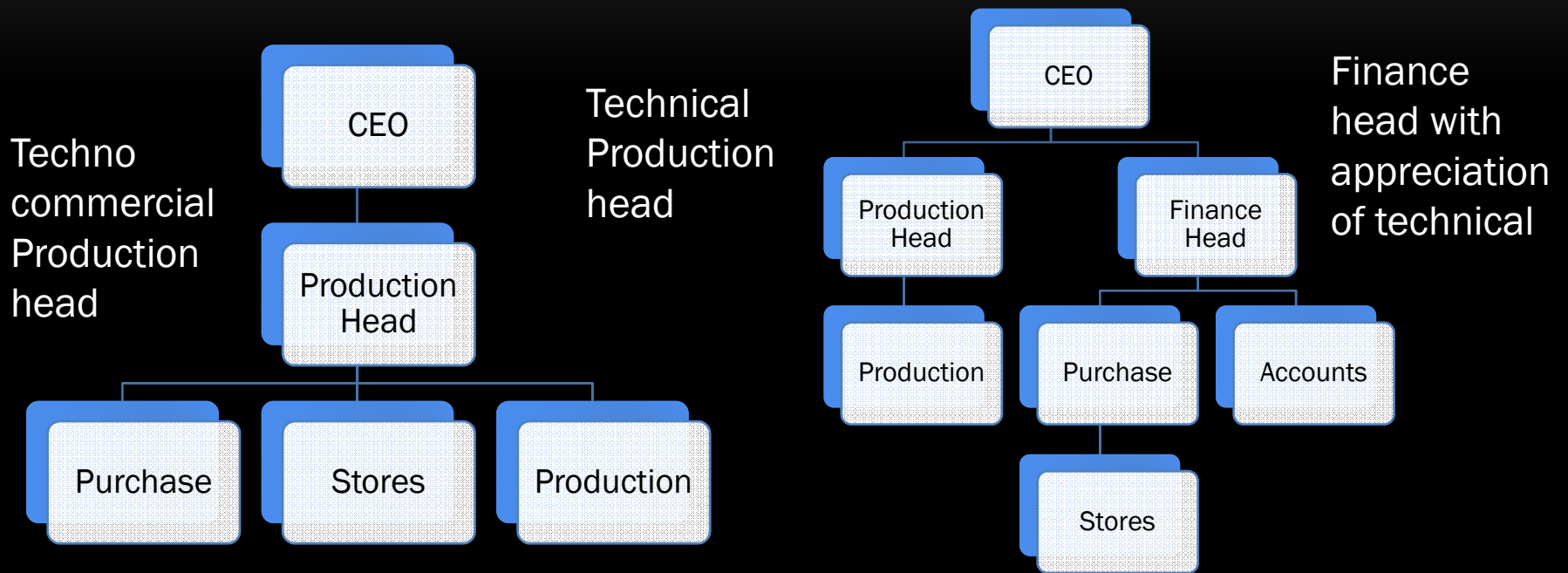
THIS IS BEING DRIVEN BY THE LACK OF
A. DELEGATION
B. APPRECIATION OF OC



CONSIDERATION OF DEFINING THE ORGANIZATION CHART

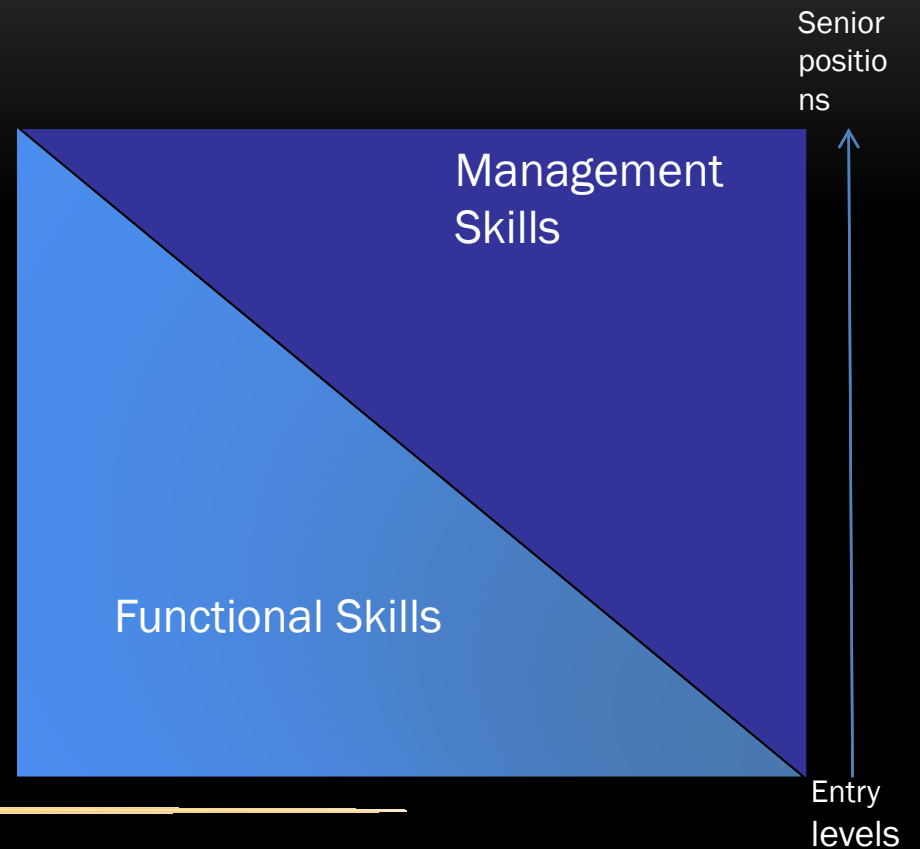


AN ORGANIZATION CHART DEFINES THE SKILLS REQUIRED



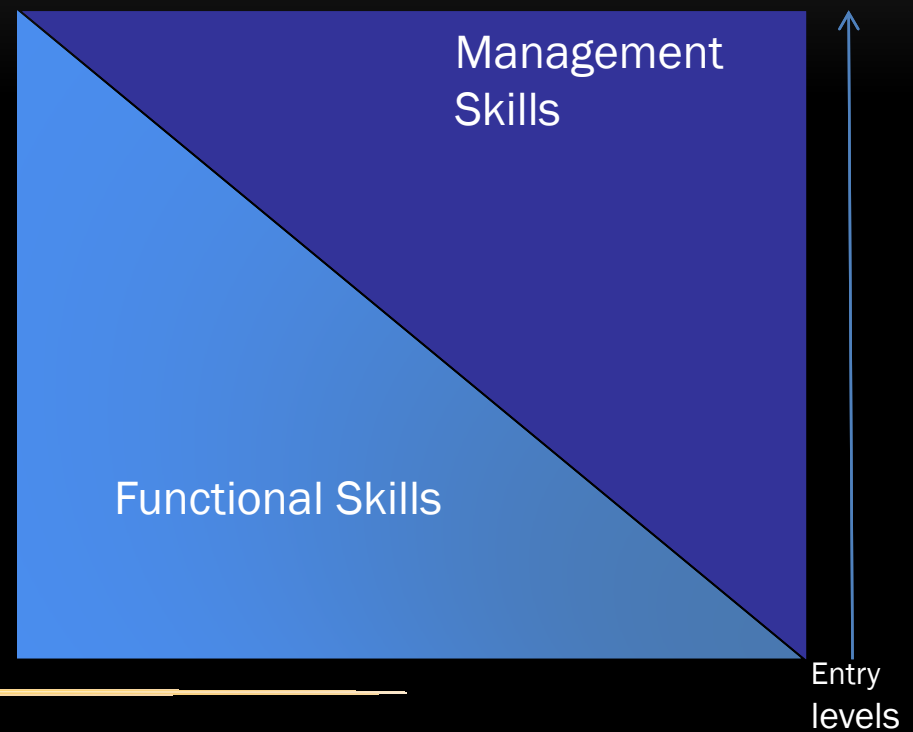
TYPE OF SKILLS

- Managerial skills
 - Skill required to manage a set of people
- Functional skills
 - Skills required to do the functional requirements well.
- Behaviors skills
 - Skills required to work well in teams and groups



EXAMPLE – ACCOUNTS VS FINANCE

- Entry level skills are for accounts / tally professional.
- Finance, credit control etc are functions which need high people skills and hence are done by the senior management.



HOWEVER, MORE OFTEN THAN NOT, THE SUPERVISOR DOES NOT HAVE CLARITY OF ROLES

- Finance control vs accounts manager
 - Designation calls for finance controllers, however the work provided is that of accountants head or chief accountant.
 - Sales vs marketing
 - Production manager vs plant manager
-

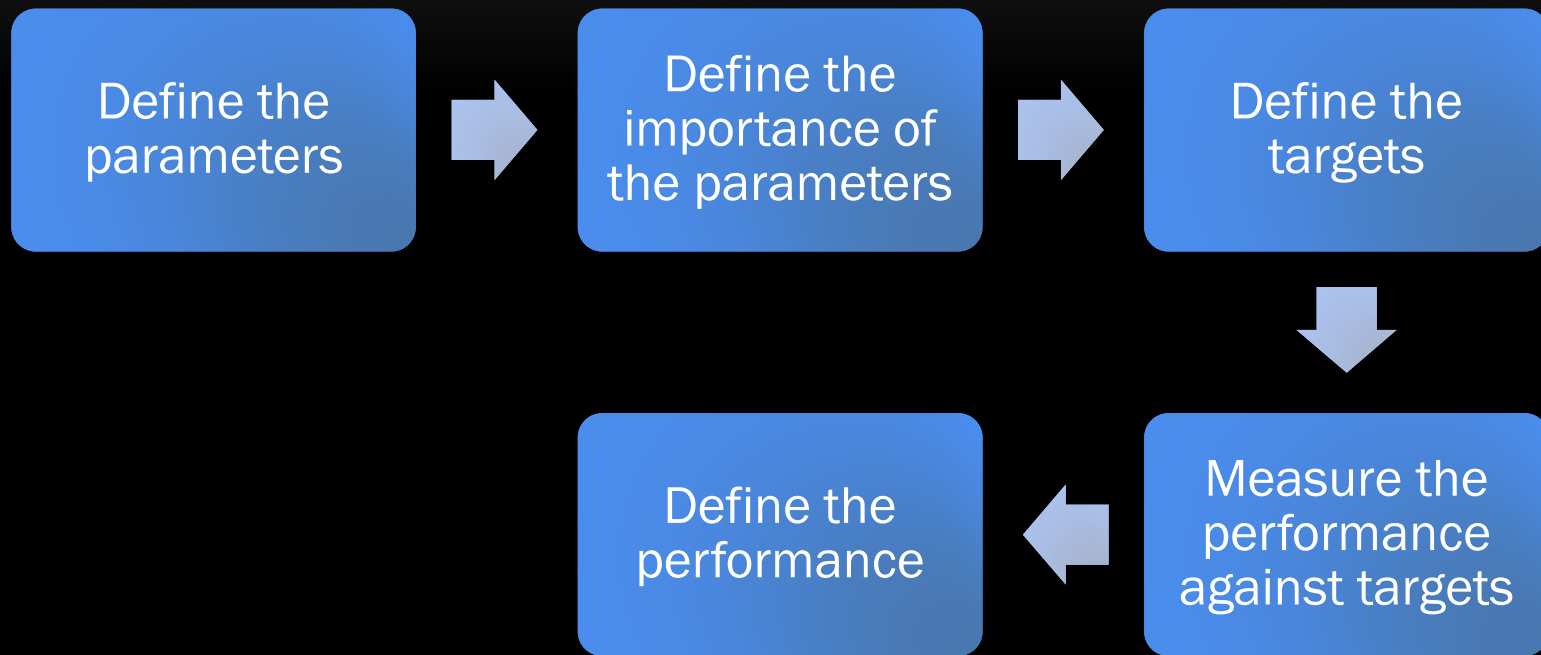
THIS COMES DUE TO LACK OF ROLE AND RESPONSIBILITY DOCUMENT

- A R&R document defines
 - Roles of the person
 - What are his responsible areas
 - Who is he reporting to
 - What are they reporting about
 - Example
 - “manage the cash flow vs plan the cash flow” both these roles have different outcome.
-

MEASURING THE PERFORMANCE OF THE INDIVIDUAL

- Why should the performance be measured
 - Incentives
 - Future growth
 - Ensuring deliveries and organizational goals are on track
-

KEY PERFORMANCE INDICATORS AS A TOOL FOR PERFORMANCE MANAGEMENT



Milestones or the final destination.

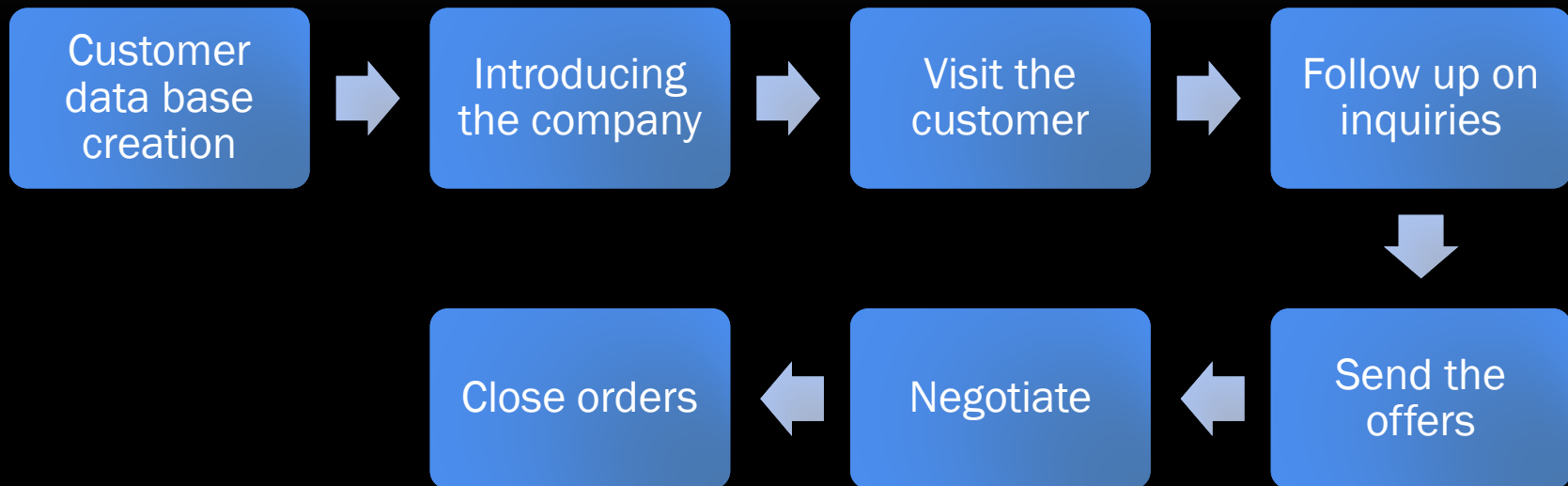
WHAT TO MEASURE ?

MEASUREMENT OF SALES PERSONAL PERFORMANCE

Typical measurement

- Quantity of sales ?
-

A TYPICAL SALES PROCESS INCLUDES FOR



MEASUREMENT OF SALES PERSONAL PERFORMANCE

Typical measurement

- Quantity of sales ?

KPIs

- Number of visits
 - Number of new customers
 - Number of inquiries
 - Number of offers
 - Value of orders
 - Average GPs
-

A KPI SHEET LOOKS LIKE?

Weightage

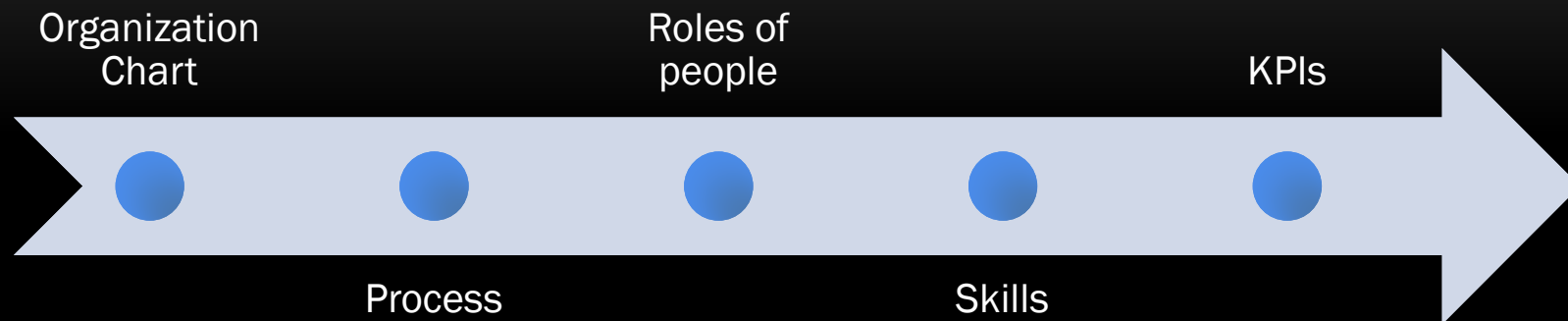
Individual score

					Target and Actual				
					Jan			Score	WS
Sr. No	KPI's	W	Units	F	T	S	A		
1	Total Sales (Overall)	30	Cr Rs	M	1.76	1.22	1.22	0.6931818	20.8
2	Total Gross profit margin (Overall)	20	Lk Rs	M	66.57	34.77	34.77	0.5223073	10.4
3	Overall Collections -20th of the month	10	%	M	100	70.2	70.2	0.702	7.02
4	Net profit	15	Lk Rs	M	34.67	0.22	0.22	0.0063455	0.1
5	Budget Variance	10	%	M	10%	0.00%	0.00%	1	10
6	Inventory to Sales Ratio	5	%	M	30-35	27%	27%	0	0
7	Authorised Dealers to be met	5	Nos	M	5	5	5	1	5
8	Process implementation- Audits and Reports	5	Ratio	M	100	100	100	1	5
		100							58.4

Monthly performance

USE THE REVIEW FOR

- Monthly
 - Data driven review
 - Modifications of targets or importance of the kpis in line with the requirements.
 - Allows to align the company strategy in line with performance.
 - Incentives / bonus
 - Annual (score of the year)
 - Promotion
 - Salary increase
-



AN ORGANIZATION CHART HAS A FAR REACHING IMPACT TO ANY ORGANIZATION AND HENCE IT NEEDS THOUGHTS BEFORE IT IS DESIGNED.

Questions & Answers

THANK YOU