

Champions Emerge in a Stressed Economy

The difference between champions and contenders becomes clear when the pressure is on. In a defining moment, when the stakes are high, critics watch closely, and teams expect leadership. In sports, this is the moment when most players succumb to the pressure. Champions don't work that way. The champion recounts a suppression in surrounding noise as the path to victory became clear. The business playing field is no different. The down economy produces an unprecedented level of pressure, and champions will again emerge by executing on a vision. Businesses are counting on leadership, and there is much to gain. All a leader needs to win is a scorecard and a lens.

Placing a Bet on a Business Strategy

After careful analysis of potential customers, likely competitors, and the company's internal abilities, a management team defines a business strategy. This strategy is essentially a market bet: "Our business will sell X to customer segments Y and Z. They will buy our product because they value our key differentiators of A, B, and C." There is certainly no guarantee of success or pay out. Given further definition of details like pricing and channels, the company proceeds to build an entire organization of processes, systems, and people. This fabric of operational support and management is designed to help make the bet a winner. Who pays for the build-out? Shareholders, and they rightfully expect handsome returns if the bet pays off.

A Leader's Dilemma

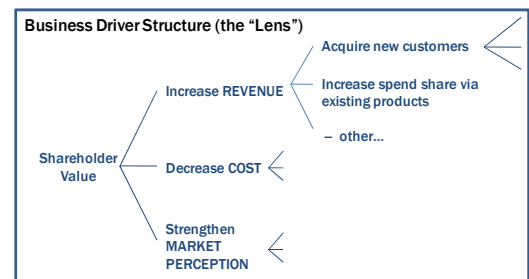
The management team of leaders is charged with carrying out this strategy to specifically create maximum shareholder returns. Management can adjust the operation to increase results. As usual, operational issues are in abundance and apparent, particularly as layoffs and budget cuts place unprecedented stress on the company. Customers want more functionality, employees want more automation, and shareholders still demand results. The budget has been slashed, and remaining dollars are precious. How should management spend this limited budget? Leaders that cannot see through the murky waters fold under the pressure, while a select few champions emerge and thrive.

Scorecard is an Excellent Start

The company's operating fabric strives to make the strategy a winner, and a "Scorecard" provides a powerful tool for evaluating such results. The Scorecard carefully measures what's working, what's not, and to how much extent in each case. For example, it answers the questions "where is EBITDA falling short and why? In which segments are revenues not meeting plan and why?, and How high are our costs relative to competitors?". Most importantly, a Scorecard can reveal whether the strategy itself is flawed or the operating fabric has failed the strategy and must be fixed. This clarity is vitally important to a business leader when stakes are so high.

A Good Lens will Find Value

An effective leadership "Lens" will find the improvements that return greatest value. A Business Driver Structure provides this Lens from the most important vantage point: that of the shareholder. The structure breaks down shareholder value into layers of decomposed levers, each of which can be targeted with improvements that drive returns. For example, the first layer breakdown is 'Increase Revenue', 'Decrease Cost', and 'Strengthen



Market Perception'. The next layer breaks down each of these levers into more specific drivers, and so on. Improvements can be designed to hit any of these levers. This driver decomposition process should occur down to a level of detail that appropriately serves the strategic decision-making process. All in all, the Business Driver Structure provides a comprehensive array of available levers for returning better results to the shareholder.

Combined Power Leads to Clarity

So, the Lens provides a clear map of levers, but which of the many are actually most important? The Scorecard provides this critical link to priority. At this point, the business leader knows which operating results must improve (Scorecard) and how to pursue those improvements (Lens) with laser focus on value to the shareholder. Equally powerful in reverse, this leader can look at improvement efforts currently in flight or identified and use these tools to evaluate whether the projects should be pursued at this time.

A Champion Emerges

The business leader with a Scorecard and Lens shuts out the noise and visualizes the path to great returns. Most contenders will waiver with confusion and pressure, armed with recession-related excuses, meanwhile precious time and dollars burn and progress stalls. In contrast, the true champion advances his company, captures gains in market share, and delivers impressive returns to the shareholder. There is no better time than now to perform like a champion.

