

# Driver's Logbook

Your online, on-demand, do-it-yourself,  
virtual business advisor.

**Avoid potholes  
and detours.  
Drive your  
business to top  
performance!**



**From the book, Five P's to a "WOW!"  
Business, by Bill Matthews**



## Driver's Logbook Exercises

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## Introduction and First Logbook Exercise

This Driver's Logbook is designed to assist business owners and their management teams in implementing the Five P System of professional management, as described in the book, *Five P's to a "WOW!" Business*, written by Bill Matthews.

The Five P System is depicted by the image on the next page, referred to as The WOW Racetrack. You'll find it helpful to repeatedly refer to the Racetrack diagram, since each lesson and exercise will mirror the sequence shown on the Racetrack.

The WOW Racetrack shows how the Five P's (Planning, People, Processes, Performetrics, and Passion) interact with one another, and are further broken down into 23 steps. Together, the Five P's and 23 steps outline a simple, sequential, and repeatable system for professionally managing an organization. If followed consistently and repetitiously, the Five P System propels an organization to stronger and stronger performance and, ultimately, "WOW!" status.

After viewing the Racetrack, the next page of this logbook will introduce you to your first exercise, which is to complete the WOW Business Assessment Survey, a proprietary diagnostic tool that allows business owners to evaluate how well their organizations are performing compared to the best-managed businesses, and to regularly monitor their progress by re-administering the assessment at least annually.



## **LOGBOOK EXERCISE: The WOW Business Assessment Survey**

The WOW Business Assessment Survey is used for three purposes:

- To establish a baseline score for organizations when they are about to begin their journey in implementing the Five P System with its 23 steps.
- To identify specifically where their organization is falling short, as indicated by each “no” answer on the survey.
- To periodically measure progress. That is, the score will steadily improve as the organization continues with implementation of the WOW Five P System.

The questions on this survey follow the same order as the sequence shown on the Racetrack.

If you have not already evaluated your organization using the WOW Business Assessment Survey, now is the time to do it. Just follow the instructions on the form.

Then, put a reminder on your calendar twelve months from now so that you can assess your organization again to measure your progress, and to identify the areas where you still need to focus. Continue this process at least annually, since you will find that some areas you had previously addressed might have regressed back to a prior state.

## The WOW Business Assessment Survey

**Company Name:** \_\_\_\_\_

**Date:** \_\_\_\_\_

### **INSTRUCTIONS:**

Here are 84 questions that can be used to determine the current status of your business. The questions are arranged into four categories that correspond to the first four “P’s” from the book, *Five P’s to a “WOW!” Business*. The fifth “P” (Passion) manifests itself in how quickly your company can advance, and how long it can remain in the “WOW!” category. The answer to each question can only be “yes,” or “no” --- that is, there can be no “maybe” answers. If the answer is not a clear “yes,” then it’s a “no.” You’ll note that 16 of the questions are worth two points, so that the total possible score is 100 points. At the end of the survey you’ll be instructed on how to calculate your score.

We recommend that you go through this same survey at least every twelve months to monitor your company’s progress.

## Survey Questions

<b>Circle # of Points</b>	<b>The First “P” – PLANNING as a Perpetual Process</b>
<b>YES / NO</b>	
<input type="radio"/> 1 <input type="radio"/> 0	1. Do you have an up-to-date Personal Vision?
<input type="radio"/> 1 <input type="radio"/> 0	2. Do you have a Vision for your organization that is regularly reviewed to determine if it still reflects what you want the organization to become someday?
<input type="radio"/> 1 <input type="radio"/> 0	3. Is your organizational Vision clearly understood by every employee?
<input type="radio"/> 1 <input type="radio"/> 0	4. Can every employee explain your organizational Vision without assistance?
<input type="radio"/> 1 <input type="radio"/> 0	5. Does every employee understand how the organizational Vision relates to his/her job?
<input type="radio"/> 1 <input type="radio"/> 0	6. Is your organizational Vision measureable so that you can tell if/when it is achieved?
<input type="radio"/> 1 <input type="radio"/> 0	7. Do you have a Mission for your organization?
<input type="radio"/> 1 <input type="radio"/> 0	8. Is your Mission clearly understood by every employee?
<input type="radio"/> 1 <input type="radio"/> 0	9. Can every employee explain your organization’s Mission without assistance?
<input type="radio"/> 1 <input type="radio"/> 0	10. Do you have Values and Beliefs that are accurate and up to date?
<input type="radio"/> 1 <input type="radio"/> 0	11. Are your Values and Beliefs in writing so that all employees are exposed to them regularly?
<input type="radio"/> 1 <input type="radio"/> 0	12. Are your Values and Beliefs consistently demonstrated by everyone in your organization?
<input type="radio"/> 1 <input type="radio"/> 0	13. Do you have a strategic plan that covers a three or five-year period and is updated at least once each year?
<input type="radio"/> 1 <input type="radio"/> 0	14. At least annually, do you analyze each market segment to determine key factors like competition, government regulations, changes in technology, demographics, industry trends, etc...?
<input type="radio"/> 1 <input type="radio"/> 0	15. At least annually, do you analyze your strengths, weaknesses, opportunities, and threats in each market segment?
<input type="radio"/> 1 <input type="radio"/> 0	16. Within each market segment, do you know the strengths and weaknesses of each major competitor, and how they compare to yours?
<input type="radio"/> 1 <input type="radio"/> 0	17. Do you feel comfortable that you know who your major competitors will be three years from now?

## Survey Questions

Circle # of Points  
YES / NO

### The First “P” – PLANNING as a Perpetual Process (cont.)

- |  |   |
|--|---|
| <input type="radio"/> 2 <input type="radio"/> 0  | 18. At least annually, do you evaluate your market segments based on attractiveness or ideal attributes, so that each segment can be “scored” and ranked? <b>2 PTS</b>  |
| <input type="radio"/> 1 <input type="radio"/> 0<br><input type="radio"/> 2 <input type="radio"/> 0 | 19. Are you gaining market share in each market segment?<br>20. At least annually, do you evaluate your customers based on attractiveness or ideal attributes, so that each customer can be “scored” and ranked? <b>2 PTS</b>   |
| <input type="radio"/> 1 <input type="radio"/> 0  | 21. At least annually, do you dig deeply enough to identify whether or not you have a true “core competency?”   |
| <input type="radio"/> 2 <input type="radio"/> 0  | 22. At least annually, do you take a fresh look at identifying no more than three key issues/priorities that need to be addressed, regardless of whether those issues are short-term/operational, or longer-term/strategic? <b>2 PTS</b>  |
| <input type="radio"/> 2 <input type="radio"/> 0  | 23. Do you set quantitative, time-phased expectations/outcomes for each key issue that will enable you to determine when that issue has been successfully addressed? <b>2 PTS</b>   |
| <input type="radio"/> 1 <input type="radio"/> 0  | 24. Do you create action items to address each key issue, assign specific people to each action item, and establish firm due dates for their completion?  |
| <input type="radio"/> 1 <input type="radio"/> 0<br><input type="radio"/> 2 <input type="radio"/> 0 | 25. Do you allocate the resources necessary to implement the plan?<br>26. Do you hold regularly scheduled meetings to review action items and due dates, and hold people responsible for attending all of those meetings and reporting progress on each item assigned to them? <b>2 PTS</b> |



## Survey Questions

**Circle # of Points**  
**YES / NO**

### The Second “P” – PEOPLE Who “Fit,” Today and Tomorrow

- |                         |                         |   |
|-------------------------|-------------------------|---|
| <input type="radio"/> 1 | <input type="radio"/> 0 | 27. Do you have an organizational chart that is up-to-date?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 28. Is your organizational chart aligned in a manner that will enable your strategy to be implemented?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 29. Are the reporting lines on your organizational chart absolutely clear to everyone?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 30. Do you have a succession plan for every position, including your own?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 31. Are there up-to-date job descriptions for every position in your organization?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 32. Do you know specifically what skill sets are needed in each position on your organizational chart?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 33. Do you objectively evaluate the degree to which each person meets the required skill sets in each position?   |
| <input type="radio"/> 2 | <input type="radio"/> 0 | 34. Are you willing to hire others who have greater skill sets than you in order to achieve your organization’s Vision? <b>2 PTS</b>  |
| <input type="radio"/> 2 | <input type="radio"/> 0 | 35. Do you have an independent outside board that does not include friends, family, your accountant, your attorney, your banker, or others whose advice you are already paying to get? <b>2 PTS</b> |
| <input type="radio"/> 2 | <input type="radio"/> 0 | 36. Do the skill sets of your board members match the skill sets you need to help you implement your strategic plan? <b>2 PTS</b>   |
| <input type="radio"/> 2 | <input type="radio"/> 0 | 37. Do you replace board members periodically so that your board possesses the skill sets you need as your strategic plan changes? <b>2 PTS</b>   |
| <input type="radio"/> 2 | <input type="radio"/> 0 | 38. Are you willing to listen to, and act on, suggestions from outside advisors who have expertise in areas you don’t? <b>2 PTS</b>   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 39. Do you have job classifications that show the relative rankings for every position in the organization?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 40. Do you have compensation ranges established for every job classification?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 41. Is at least 30 percent of your typical sales person’s compensation based on performance incentives?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 42. Do you have an incentive component for compensation in every position, not just sales?  |

## Survey Questions

Circle # of Points YES / NO	<b>The Second “P” – PLANNING as a Perpetual Process (cont.)</b>
<input type="radio"/> 2 <input type="radio"/> 0	43. Does the person in charge of the organization truly possess the skill sets necessary to effectively lead the organization for at least another year? <b>2 PTS</b>
<input type="radio"/> 2 <input type="radio"/> 0	44. Does every manager reporting to the leader have the skill sets necessary to take the organization where it needs to go for at least another year? <b>2 PTS</b>
<input type="radio"/> 1 <input type="radio"/> 0	45. Does every person at every level in your current organization have the skill sets required to perform his or her current job?
<input type="radio"/> 1 <input type="radio"/> 0	46. Do you have an established budget specifically designated for the development of your employees?
<input type="radio"/> 1 <input type="radio"/> 0	47. Do you and your organization proactively develop each employee to his or her full potential?
<input type="radio"/> 1 <input type="radio"/> 0	48. Do you have a documented and effective process for recruiting the talent that your organization needs in order to achieve your strategic plan?
<input type="radio"/> 1 <input type="radio"/> 0	49. Do you utilize some sort of pre-employment testing or assessment tool to help predict how well a prospective employee will “fit” your culture?
<input type="radio"/> 1 <input type="radio"/> 0	50. Do you generally hire slowly, rather than rushing to find people to fill vacant positions?
<input type="radio"/> 1 <input type="radio"/> 0	51. Has every one of your strong employees remained with your company over the past year?
<input type="radio"/> 1 <input type="radio"/> 0	52. Do you have a consistent process for handling employees whose skill sets are limited, and who need to be re-assigned or separated from your organization?
<input type="radio"/> 1 <input type="radio"/> 0	53. Do you develop a plan for personal development so that each employee knows exactly what they need to do in order to stay qualified for their current position?
<input type="radio"/> 1 <input type="radio"/> 0	54. Do you take a positive and proactive approach to managing your culture?
<input type="radio"/> 1 <input type="radio"/> 0	55. Do you have an up-to-date employee manual?
<input type="radio"/> 1 <input type="radio"/> 0	56. Is your employee manual written in a positive tone?
<input type="radio"/> 1 <input type="radio"/> 0	57. Do you consistently and quickly dismiss employees who are poor performers or don’t fit your culture, even if they are related to you?
<input type="radio"/> 1 <input type="radio"/> 0	58. Do you take a positive and respectful approach when weeding out employees who don’t fit?

## Survey Questions

Circle # of Points

YES / NO

The Third "P" - PROCESS

- |                         |                         |  |
|-------------------------|-------------------------|--|
| <input type="radio"/> 1 | <input type="radio"/> 0 | 59. Are all of your processes aligned with your strategic plan?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 60. Are all of your processes well-documented?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 61. Are all of your processes clear?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 62. Are all of your processes repeatable?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 63. Are all of your processes strictly followed?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 64. Are all of your processes linked to job descriptions?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 65. Do you have incentive compensation plans linked to your processes?   |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 66. Are training and development built around your processes?  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 67. Are your processes continuously re-evaluated for appropriateness?  |
| <input type="radio"/> 2 | <input type="radio"/> 0 | 68. Is there someone in your organization responsible for maintaining and improving processes? <b>2 PTS</b>  |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 69. Is the quality of your product or service at least on par with your strongest competitor, as measured by customer feedback (often a reflection on how well your processes are working)?    |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 70. Is the technology of your product or service at least on par with your strongest competitor, as measured by customer feedback (often a reflection on how well your processes are working)? |
| <input type="radio"/> 1 | <input type="radio"/> 0 | 71. Are you delivering your products or services at least as quickly as your strongest competitor (often a reflection on how well your processes are working)?                                 |

## Survey Questions

Circle # of Points YES / NO	<b>The Fourth “P” - “PERFORMETRICS”</b>
<input type="radio"/> 2 <input type="radio"/> 0	72. Do you set individual performance metrics for each employee at the beginning of each year or each quarter? <b>2 PTS</b>
<input type="radio"/> 1 <input type="radio"/> 0	73. Do you conduct performance appraisals with each employee at least annually?
<input type="radio"/> 1 <input type="radio"/> 0	74. Do you conduct a survey of employees at least every two years to monitor your culture and the level of satisfaction among your employees?
<input type="radio"/> 1 <input type="radio"/> 0	75. Do you report the results of your employee survey to those who participated?
<input type="radio"/> 1 <input type="radio"/> 0	76. Do you take actions stemming from information obtained through employee surveys?
<input type="radio"/> 1 <input type="radio"/> 0	77. Are all budgets and forecasts tied to, and in alignment with, your strategic plan?
<input type="radio"/> 2 <input type="radio"/> 0	78. Within 15 percent accuracy, can you forecast the amount of cash you will have on hand sixty days from now? <b>2 PTS</b>
<input type="radio"/> 1 <input type="radio"/> 0	79. Can you accurately assess your financial performance by product, service, market, and customer?
<input type="radio"/> 1 <input type="radio"/> 0	80. Do you manage the business by a few key metrics that you review at least weekly?
<input type="radio"/> 1 <input type="radio"/> 0	81. Do you have key metrics that provide you with an indication of what your business will look like at least ninety days from now, rather than being focused only on what happened in the past?
<input type="radio"/> 1 <input type="radio"/> 0	82. If you divide your total annual sales by the number of full-time equivalent employees you have, does that number exceed the average for your industry?
<input type="radio"/> 2 <input type="radio"/> 0	83. In reviewing the ratio from the question above, is that ratio improving each year, indicating that you are becoming more and more efficient? <b>2 PTS</b>
<input type="radio"/> 1 <input type="radio"/> 0	84. Can you say with certainty that all incentive compensation plans/ bonuses are based on formulas, not discretion?

## Survey Questions

### SCORING

Add all of the scores you have circled in the “yes” column to get your total score. As stated at the outset, there are 84 questions, but the maximum possible score is 100 points, since 16 of the questions are weighted two points and the other 68 are each weighted one point.

If your total score is 90 or higher for “yes” responses, you’re in the “WOW!” category. Do NOT get discouraged if your organization’s score is extremely low, since it’s not unusual to get a score below 50 before you begin your journey around the Racetrack. Rather than worry about your score, focus your attention on the reasons why you scored the way you did!

**Regardless of the score, the key is to continue moving up the scale by viewing this journey as a repetitive cycle.** Remember to never get complacent as you advance, since factors in the marketplace are regularly changing which can cause a reduction in any organization’s score.

Be sure to go through this assessment at least once every twelve months to track your progress and take corrective actions in areas where your organization is falling short.

## Step 1 on the Racetrack: Creating a Personal Vision – LOGBOOK EXERCISE

There is no right or wrong method for creating a Personal Vision. Nor are there any rules regarding what it should look like or how it should be formatted when completed. It's a very private process that begins with each business owner contemplating a variety of questions about the ideal future state of his or her personal life --- an opportunity to dream about what the perfect future would look like.

Depending upon the business owner's age or stage of life, it might be appropriate for some owners to look five years out, and others to look as many as 20 years into the future. In fact, some do both.

Here are some typical questions that are used to help create a Personal Vision:

1. What will be my day-to-day activities at work, even if they're the same as today?
2. What percentage of the business will I own? If the percentage is more or less than my current share, from whom will I acquire those additional shares, or who will be the ideal buyer for the shares I relinquish?
3. Will any of my children or other family members be involved in the business? If so, will they be qualified? If not, what needs to be done to qualify them? Will they have ownership? If so, how much will they own, and how will they have acquired that ownership?
4. How will I handle it if one family member wants to be involved in the business, while others don't? What will I do to treat family members equitably, regardless of whether or not they own shares in the business?
5. How much money will I need to completely retire, recognizing that the amount will vary based upon when I decide to stop working?
6. Will there be a qualified successor in the business, either family or non-family? If so, who will that be?
7. Will I have completely sold the business? If so, when will that have occurred, and how will that impact the answers to #5 and #6, above?
8. What hobbies or interests outside of work will I begin, or continue to pursue?
9. Will I be involved with volunteer-type activities? If so, what will those be?
10. Will I be active in any philanthropic efforts? If so, which one(s)?
11. If I have a true passion in life, what is it, and how/when will I spend more time in that endeavor?
12. What will be a perfect day for me?

## Step 1 on the Racetrack: (cont.)

13. Where will I be living? Will I be living in different locations at certain times of the year?  
If so, where? What will my residence(s) look like, even if I still live where I do today?  
Will there be renovations?
14. How far away will I be living from those who are most important to me?

These are only a few of the many considerations in formulating a Personal Vision. After recording your thoughts, then get together with your spouse/significant other to discuss these things in detail, along with the hopes and dreams that they have. If appropriate, you may want to involve other family members after the two of you have first completed your discussion.

The outcome of these conversations will typically be a few paragraphs that describe the details of your future together outside the business. Ideally this exercise should be done each year, since changes may have occurred in the personal lives of the business owner, spouse/significant other, or other family members since the last discussion. That's why it's important that your Personal Vision be in writing.

Here are two samples of Personal Visions that may be of help to you.

*In Sample #1, the business owner chose to look five years out. He then met with his spouse and children to discuss his Personal Vision and revise it slightly based on their input:*

"In five years, I will have moved from the day-to-day leader of the company to Chairman, where my role will be the chief strategist for the organization, and architect of the culture. I will spend approximately two days per week on the job, and will have relinquished the leadership role to a non-family President whose job will be to mentor my son until he proves that he's ready to become President. We will have established a mechanism for my son to gradually purchase my shares as soon as he's named President, and will concurrently design a plan so that my two daughters are treated equitably, even though they're not involved in the business."

"My wife and I will spend more time visiting our three children and six grandchildren. We'll own a condominium in Austin, Texas, near our two daughters who are not involved in the business. We'll also retain ownership of our current residence in Pennsylvania, which will have been updated."

"During the summers, my wife and I will serve as volunteers at the summer youth program that's affiliated with our church. She will have relinquished her job as bookkeeper at our company and begin teaching English to adults in our community through an outreach program, while I will serve as a SCORE volunteer one day each week assisting start-up businesses."

## Step 1 on the Racetrack: (cont.)

“A perfect day would involve waking up to the warm sun, having breakfast with my wife overlooking the forest behind our house, or the lake behind our condominium. We would then ride our bikes for an hour, have lunch together, enjoy our pontoon boat, touch base with our children and grandchildren in person, by phone, or by videoconferencing, get a wonderful “thank you” note from someone who attended the youth camp or received help at SCORE, go out to dinner, and watch the sunset.”

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*In Sample #2, the business owner is a single mother with a two year-old daughter. She owns and runs a successful home health care business. Because of her age, and the age of her daughter, she looked twenty years out, and then met with her parents and brother to discuss and finalize her Personal Vision:*

“If I ever remarry, certain aspects of my Personal Vision could change significantly from what I am now envisioning, and I would talk candidly with my new husband to create a revised Personal Vision. However, some components of my Personal Vision will not change; specifically, I still want to be a good parent to my daughter, and give her an opportunity to pursue her own dreams. If those dreams include someday owning my business, I will honor them. In addition, any other children or step-children will be offered a similar opportunity.”

“Regardless of my marital status, between year ten and year fifteen I will evaluate whether or not I want to continue running the business myself, or hire a professional manager, so that I can spend more time with my daughter during her teenage years and beyond. If I continue to be active in the business, I prefer to be the leader of the sales effort and leave all of the operating details to a strong manager.”

“My top priority will be attending, and participating in, activities that interest my daughter as she grows up. If any other time is available, I will get more deeply involved serving meals at the local homeless shelter. I will never allow the business to interfere with my role as a parent. If a conflict between the two arises, I will take the necessary steps to keep my priorities in order.”

“By year twenty, I’ll try to objectively evaluate my daughter’s potential interest in the business since she will then be in her early 20’s. If she has an interest, I’ll give her an opportunity to work in the business, starting at the appropriate level so that she can learn the details in the same way that I learned them. If she doesn’t have an interest, I’ll evaluate whether or not I want to continue



## Step 1 on the Racetrack: (cont.)

owning the business, or would prefer to sell it to an outsider, all the more reason to have a strong professional manager in place to make it more attractive to a potential buyer, and to allow me to walk away within a reasonable time after the sale.”

“I have no plans to move to a larger home, since the size and location of our current dwelling will be sufficient long-term for the two of us, and very cost efficient as I continue to grow the business and potentially take on more bank debt to fund that growth.”

“During the Christmas holidays next year, I will review my Personal Vision in light of any new developments, and again meet with my parents and brother to discuss it and make any modifications that may be warranted based on new facts.”

### **Draft Your Personal Vision:**

In the space below, and on the next page, create a draft of your Personal Vision to be shared with your loved ones. After receiving their input, finalize the document and set a firm date in approximately twelve months when you will revisit this exercise and make any changes that might be appropriate. Then, repeat the process every twelve months thereafter.

NOTE: If you're not the leader of the organization, keep in mind that everyone should have a Personal Vision, and update it regularly. Therefore, be sure to complete this exercise for yourself and share it with those who are closest to you.

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## Step 1 on the Racetrack: (cont.)

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## Step 2 on the Racetrack: Organizational Vision, Mission, and Values – LOGBOOK EXERCISE

### **Organizational Vision:**

The Organizational Vision is what you want the enterprise to become, and is the primary focus/end point of planning. Without an Organizational Vision, there's no need to plan --- if you don't know where you're going, any road will get you there!

Vision generally must come from the leader(s)/owner(s) of the business. The Vision needs to be so specific and clearly articulated that everyone in the organization knows exactly what it is, and the desired timeframe, so they can align their efforts to make it happen. It's much like the address of the beach house where you plan to spend your vacation, and the specific date when you plan to arrive.

Your Vision is generally written in the future tense, since it describes where you want to be someday, or what you want to become.

In the space below, do your best to articulate your Vision for the organization, being as specific as you can. While this should be established by the leader/owner, it should be clearly articulated to everyone.

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## Step 2 on the Racetrack: (cont.)

### **Organizational Mission:**

The Mission statement is typically written in the present tense, describing what your organization does, and for whom --- for example, “We provide (insert product or service) for (insert customer group or groups).” If you’re doing this exercise alone as the leader or owner, write the Mission statement and then ask for input from your leadership team to get clarity and buy-in. If you prefer to have the leadership team help formulate the Mission Statement, feel free to involve them. Regardless of which method you use, after the leadership team agrees on the Mission, and fully understands it, introduce it to your entire organization to make certain that every employee understands it.

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## Step 2 on the Racetrack: (cont.)

**Organizational Values:**

Values are often conveyed with significant passion, and are a reflection of the business owner's personal drivers. It's essential that these things are actually demonstrated behaviors. If there's no evidence to support a specific value, resist the urge to list it.

In the space below, do your best to articulate the Values of your organization, being as specific as possible. Here again, there are two acceptable ways to do this. Either the leader/owner can list the Values and get input from the leadership team to refine them, or the entire leadership team can be involved in the process from the outset. Regardless of which method is used, all employees should ultimately be made aware of the Values, and be expected to honor them in their everyday behavior.

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## Step 3 on the Racetrack: Analyzing the External Environment - LOGBOOK EXERCISE

This is the part of the planning process that is often overlooked, and the result is a plan that is typically a waste of time. The objective is to IDENTIFY THE REALITY that affects the organization every day --- things outside of your control, both positive and negative, that must be dealt with over the planning period. Examples are: general economic conditions, success or failure of competitors (both new and old), competitive pricing, demographic shifts that affect your customers/markets, changes in government regulations, availability of qualified employees, changes in technology, etc.

NOTE: This exercise must be completed separately for each market segment in which you compete. For example, if your company provides pest control services to both residential and commercial customers, you should analyze those two segments separately.

In the space below, list the environmental factors/trends which could have a positive or negative impact on your organization over the planning period. *Please list only those that you believe have at least a 50% probability of occurring.* Then move to the next page where you will analyze competition.

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## Step 3 on the Racetrack: (cont.)

Now it's time to take a close look at your competitors. In the space below, list your three strongest competitors, and the single greatest strength and weakness that each possesses. If you don't feel that you have enough information about each of these competitors, then take the necessary steps to find out.

**Name of Competitor #1:** \_\_\_\_\_

Greatest Strength of Competitor #1: \_\_\_\_\_

Greatest Weakness of Competitor #1: \_\_\_\_\_

Area(s) Where This Competitor is Vulnerable: \_\_\_\_\_

How This Competitor Could Hurt Us: \_\_\_\_\_

**Name of Competitor #2:** \_\_\_\_\_

Greatest Strength of Competitor #2: \_\_\_\_\_

Greatest Weakness of Competitor #2: \_\_\_\_\_

Area(s) Where This Competitor is Vulnerable: \_\_\_\_\_

How This Competitor Could Hurt Us: \_\_\_\_\_

**Name of Competitor #3:** \_\_\_\_\_

Greatest Strength of Competitor #3: \_\_\_\_\_

Greatest Weakness of Competitor #3: \_\_\_\_\_

Area(s) Where This Competitor is Vulnerable: \_\_\_\_\_

How This Competitor Could Hurt Us: \_\_\_\_\_

## Step 4 on the Racetrack: SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats) - LOGBOOK EXERCISE

In completing the form below, remember that this analysis must be done for each market segment. For example, if you're a pest control company that serves both residential and commercial customers, it's likely that your competitors will be different in each segment, and your strengths and weaknesses compared to your competitors will also differ between those two segments.

Take a look at your organization *as if you were a customer or prospective customer, and compare your organization to your best competitor*. Ask yourself what *your customers and prospective customers* would say are your three greatest strengths, or three greatest weaknesses (no more than three, please).

Note that nearly every organization lists "our people" as a strength. If you believe this is true of your organization, try to dig deeper and list the specific thing(s) your people do which make them so good, since that's where the real strength lies (for example, responsiveness, empathy, customer focus, etc...).

### Three Greatest Strengths:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

### Three Greatest Weaknesses:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_



## Step 4 on the Racetrack: (cont.)

Now give some thought to key opportunities that your organization can pursue in the next 1-3 years. Also, please list the threats (things outside of your control) that need to be considered in formulating your plan. For example, an opportunity for a distributor might be “to increase the number of customers in our current market,” but a threat might be “expansion by one of our manufacturer’s programs to circumvent us and sell directly to end users.”

### Three Greatest Opportunities:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

### Three Greatest Threats:

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

## Step 5 on the Racetrack: Revisit the Organizational Vision – LOGBOOK EXERCISE

While an Organizational Vision doesn't typically change very often, there are sometimes things which occur outside or inside the company that warrant a modification. That's why it's important to stop for a moment and determine if you still want to, and are able to, achieve your original future destination before you continue with the next steps on the Racetrack.

Therefore, review the Environmental Factors and SWOT's that you identified in the previous exercises, and also take another look at the Organizational Vision that you created earlier.

Then, ask yourself the following:

- Given the external environmental factors anticipated in the next three to five years, and the key SWOT's of my organization, is the Organizational Vision still realistic? That is, will it be too easy, or too difficult, for us to someday achieve the Organizational Vision we have established?

Based on your answer, either leave your Organizational Vision as it is, or in the space below create a revised version that's more appropriate.

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## Step 6 on the Racetrack: Identifying Key Issues and Priorities – LOGBOOK EXERCISE

By definition, Key Issues and Priorities are those things (generally weaknesses or opportunities) which are so important that they require the full attention of the organization. That's why they're often referred to as Make or Break Priorities. It's highly unlikely that any organization can effectively address more than three Key Issues/Make or Break Priorities over the typical planning horizon of three to five years. Regardless of whether the issues are short-term/operational, or longer-term/strategic in nature, attempting to focus on more than three generally results in none of them being successfully addressed.

Review your responses to the previous exercises. Pay particular attention to your Organizational Vision (where you want to go), the Environmental Factors and Competitive Forces you've identified, and your SWOT information. Given the picture you've painted during those exercises, in the space below list up to three Key Issues/Make or Break Priorities that you must address. Note that these will often emerge from the Weaknesses or Opportunities that you identified in the previous exercises.

**Key Issue/Make or Break Priority #1:**

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**Key Issue/Make or Break Priority #2:**

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**Key Issue/Make or Break Priority #3:**

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## Step 7 on the Racetrack: Establishing Quantitative Expectations for Each Issue or Priority - LOGBOOK EXERCISE

Unless you've determined a method of measuring your progress toward the achievement of each Key Issue/Priority, you'll never know exactly when they've been successfully addressed.

In the space below, list the Key Issues/Make or Break Priorities you identified in Step 6. Then, choose up to three ways that you can measure progress toward the achievement of each Issue/Priority, including a realistic timetable. Note that we've referred to these as "quantitative expectations." They're quantitative because they can be measured in numbers, and they're expectations (rather than goals or objectives) to stress that you truly expect to achieve these quantitative measures within a specific timeframe.

		QUANTITATIVE EXPECTATIONS			
		Base Year	Year 1	Year 2	Year 3
<b>Issue/Priority #1:</b>	_____	_____	_____	_____	_____
Measurement A -	_____	_____	_____	_____	_____
Measurement B -	_____	_____	_____	_____	_____
Measurement C -	_____	_____	_____	_____	_____
<b>Issue/Priority #2:</b>	_____	_____	_____	_____	_____
Measurement A -	_____	_____	_____	_____	_____
Measurement B -	_____	_____	_____	_____	_____
Measurement C -	_____	_____	_____	_____	_____
<b>Issue/Priority #3:</b>	_____	_____	_____	_____	_____
Measurement A -	_____	_____	_____	_____	_____
Measurement B -	_____	_____	_____	_____	_____
Measurement C -	_____	_____	_____	_____	_____

## Step 8 on the Racetrack: Create Action Plans, Due Dates, and Assign Responsibility - LOGBOOK EXERCISE

For each Key Issue/Priority, it's absolutely essential that you determine what must be done, who must do it, and by when it must be completed. If you do this well, you'll meet the quantitative expectations you've outlined for each of the planning years, and the Key Issue/Priority will have been successfully addressed.

Remember two things when establishing Action Items:

1. When assigning a task, set realistic due dates, since people tend to underestimate how long it will take to complete what's been assigned to them. That means asking the person assigned if they're truly going to be able to meet the established deadline before agreeing to it.
2. If more than one person will be working on an Action Item, list only the name of the single person who has the ultimate responsibility and authority to complete the item listed so that there's no question as to who is accountable for getting it done.

In the space below, using the quantitative expectations you've established for each Key Issue/Priority, prepare a list of Action Items, assign someone to each item, and list a date by which that item must be completed. Note that you should get buy-in from the person assigned before moving forward.

### QUANTITATIVE EXPECTATIONS

	Base Year	Year 1	Year 2	Year 3
<b>Issue/Priority #1:</b> _____	_____	_____	_____	_____
Measurement A - _____	_____	_____	_____	_____
Measurement B - _____	_____	_____	_____	_____
Measurement C - _____	_____	_____	_____	_____

ACTION ITEM:	ASSIGNED TO:	DUE DATE:
1: _____	_____	_____
2: _____	_____	_____
3: _____	_____	_____
4: _____	_____	_____
5: _____	_____	_____

## Step 8 on the Racetrack: (cont.)

### QUANTITATIVE EXPECTATIONS

	Base Year	Year 1	Year 2	Year 3
<b>Issue/Priority #2:</b> _____	_____	_____	_____	_____
Measurement A - _____	_____	_____	_____	_____
Measurement B - _____	_____	_____	_____	_____
Measurement C - _____	_____	_____	_____	_____

ACTION ITEM:	ASSIGNED TO:	DUE DATE:
1: _____	_____	_____
2: _____	_____	_____
3: _____	_____	_____
4: _____	_____	_____
5: _____	_____	_____

## Step 8 on the Racetrack: (cont.)

### QUANTITATIVE EXPECTATIONS

	Base Year	Year 1	Year 2	Year 3
<b>Issue/Priority #3:</b> _____	_____	_____	_____	_____
Measurement A - _____	_____	_____	_____	_____
Measurement B - _____	_____	_____	_____	_____
Measurement C - _____	_____	_____	_____	_____

### ACTION ITEM:

### ASSIGNED TO:

### DUE DATE:

1: _____	_____	_____
2: _____	_____	_____
3: _____	_____	_____
4: _____	_____	_____
5: _____	_____	_____

## Step 9 on the Racetrack: Allocate Resources to Accomplish Action Plans - LOGBOOK EXERCISE

Strategic planning requires varying degrees of change, depending upon how dramatically different the plan is from the current business model. Change normally involves the investment of funds to implement the things that are called for in the Action Items.

If the necessary funds aren't set aside, it's unrealistic to expect Action Items to be achieved, and it's unfair to those who have accepted the responsibility to complete the items assigned to them.

Therefore, in the spaces below, list the approximate cost of implementing each Action Item in Step 8, and the approximate date(s) when those funds will be needed. Complete this form for each Key Issue. This will then serve as the basis for preparing a detailed budget for the planning period.

**Issue/Priority #1:** \_\_\_\_\_

<b>ACTION ITEM:</b>	<b>COST:</b>	<b>TIMEFRAME:</b>
1: _____	_____	_____
2: _____	_____	_____
3: _____	_____	_____
4: _____	_____	_____
5: _____	_____	_____



## Step 9 on the Racetrack: (cont.)

Issue/Priority #2: \_\_\_\_\_

**ACTION ITEM:**

**COST:**

**TIMEFRAME:**

1: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Issue/Priority #3: \_\_\_\_\_

**ACTION ITEM:**

**COST:**

**TIMEFRAME:**

1: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

2: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

3: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

5: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## Step 10 on the Racetrack: Establish and Adhere to a Regular Review Process - LOGBOOK EXERCISE

The Review Process is critically important to the successful implementation of a strategic plan. Businesses spend a great deal of time and energy to create a plan, including the establishment of expected outcomes, action items, due dates, and assignment of people who are responsible. Yet there is often no accountability in the review process.

If you want to have a perpetual planning process, regular review is the key, since this is precisely what makes it *perpetual*. If the leader of the organization doesn't relentlessly drive the process, it won't happen!

In the space below, create a schedule of review meetings for the next twelve months. We recommend at least one meeting per month. Remember that attendance is mandatory, and everyone must come prepared to report on their progress in accordance with the action items and due dates that have been established and agreed upon. Also keep in mind that it's your job as the organization's leader to keep the meetings brief, focused, and a good use of everyone's time. Ideally, each meeting should last no longer than an hour, although there are exceptions based on the complexity of the business.

### **TWELVE-MONTH SCHEDULE FOR PLANNING REVIEW MEETINGS:**

Month/Date/Year	Start Time	End Time	Meeting Location

## Step 11 on the Racetrack: Determining Organizational Structure – LOGBOOK EXERCISE

Begin by assuming that you have no current organizational chart or employees, since you'll be creating the new organizational chart necessary to implement your strategy. That is, you're starting with a clean slate.

If you're completing this exercise in your office or conference room where you have plenty of space to work, then we recommend that you use large "post-it" notes since they'll stick to the wall and can easily be moved around. If you're in a more confined environment where you're working on a tabletop, we suggest using 3 x 5 cards.

1. Write each major function, without names or titles, on a post-it note or card – for example, sales, manufacturing, or human resources. Remember that your goal is to design the organizational structure that will best enable you to successfully implement the current strategic plan.
  2. Start with the executive level positions, defined as those that report directly to the leader. Only after you've completed the higher level positions should you look at the next level down.
  3. On each post-it note or card, write:
    - The function performed
    - The major roles and responsibilities
    - The profile of the ideal candidate (experience, education, etc...)
  4. Try not to cram too much information on the post-it note or card, since more details will be added at a later date when you develop comprehensive job descriptions for those positions.
  5. Arrange the post-it notes on the wall (or the cards on a tabletop) to create the optimal executive level structure/organizational chart.
  6. Try to preserve total objectivity, ignoring the fact that some employees may or may not fit, or the fact that the new chart might require significant investment in new people. The goal of this exercise is to be brutally honest about the structure and positions needed to succeed.
  7. Also keep in mind that not every function reporting to the leader must be positioned at the same horizontal level. As you consider the relative importance of each major function, you're likely to find that the vertical space between the leader and each function will vary.
  8. After you're satisfied with the executive level structure, take a photograph of what you've created, and repeat the exercise for the next level of the organization. Begin by taking one of those executive level positions and then identifying the functions that will report to that position, major roles and responsibilities, and the profile of the ideal candidate.
  9. Repeat the procedure until the entire structure/organizational chart is completed.
- NOTE: This is one of the more time-consuming steps on the Racetrack, since you must eventually repeat the process for all the positions in your organization.

## Step 12 on the Racetrack: Identify Skill Sets Needed – LOGBOOK EXERCISE

Before completing this exercise, remember its purpose. That is, your strategic plan has likely required you to make some modifications in your organizational structure (chart). It's now time to look at the boxes on your organizational chart and make a list of the skill sets that the "ideal candidate" must possess in order to achieve your plan. This goes beyond the experience and education that you listed in Step 11, since the focus here is on the specific skills needed.

Resist the urge to think about any of your existing employees as you complete this exercise, since you need to be as objective as possible as you record your thoughts. After you've completed the list of skill sets for each position, you'll later create job descriptions, and then determine which current employees fit, which ones can be developed, and which ones are not likely to fit.

Complete this form for each box on your organizational chart, beginning with those at the highest levels. This is another step on the Racetrack that will likely take a lot of time to complete correctly, and generally requires help from your management team.

**Title of Position:** \_\_\_\_\_

Skill Sets Required for Position (can also include education and years of experience if necessary):

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_

## Step 13 on the Racetrack: Create/Update Job Descriptions (Including Board) - LOGBOOK EXERCISE

It's very important to keep job descriptions up to date so that employees know exactly what's expected of them. If you have a Board, the members should also know the expectations that have been established. The key for both groups is that expectations are crystal clear.

Below is blank job description form. The next page provides a completed version. Review the forms, and prepare job descriptions for all employees. You may want to follow the procedure described in the Step 13 video, where the supervisor and employee independently list Essential Duties before meeting to discuss. Step 13 takes time, and will require the involvement of all managers and supervisors.

**Job Title:** \_\_\_\_\_ **Date Job Description Created/Updated:** \_\_\_\_\_

**Reports to (Title):** \_\_\_\_\_ **Department:** \_\_\_\_\_

**Job Purpose/General Description:** \_\_\_\_\_

**Essential Duties and Responsibilities:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_

**Work Experience Requirements:**

**Educational Requirements:**

**Number of Employees Supervised:**

**Salary Range:**

## Step 13 on the Racetrack: (cont.)

**Job Title:** Billing Clerk

**Date Job Description Created/Updated:** Enter Date

**Reports to (Title):** Billing Manager

**Department:** Billing Department

**Job Purpose/General Description:** Accountable for creating invoices and issuing them to customers by all necessary means.

### **Essential Duties and Responsibilities:**

1. Prepares customer invoices daily.
2. Prepares monthly customer statements.
3. Maintains up-to-date files of issued customer invoices.
4. Prepares credit memos as needed.
5. Maintains up-to-date customer master file with most current contact information.
6. Monitors discrepancies between shipments and invoices.
7. Enters invoices into computer system.
8. Submits invoices utilizing electronic data interchange (EDI).

**Work Experience Requirements:** Two or more years in accounts payable or accounts receivable.

**Educational Requirements:** High School diploma or GED

**Number of Employees Supervised:** None

**Salary Range:** \$ xx/hour to \$ yy/hour

## Step 14 on the Racetrack: Assess Current Employees to Determine Who Fits - LOGBOOK EXERCISE

It's now time to put your current employees back into the equation to determine which ones will immediately fit one or more of the jobs that you've created, which ones you think can be developed to the point where they'll become qualified for one or more positions, and which ones simply don't have a viable future with your organization.

For each position, prepare a list of possible candidates and then evaluate each of those candidates using the form below. Next to each skill set, score the candidate based on how well he or she meets that specific skill set or requirement using the following scale:

Score of 2 indicates that this candidate has the necessary skill sets to immediately occupy the position

Score of 1 indicates that this candidate can be developed to eventually occupy the position

Score of 0 indicates that this candidate will likely never be qualified to occupy the position

If an employee is not likely to be qualified for ANY position, prepare a plan to assist the employee in finding a position elsewhere.

**Title of Position:** \_\_\_\_\_

**Name of Candidate:** \_\_\_\_\_

**Skill Sets Required for Position:**

**Degree of Fit (0 to 2):**

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

The completion of this exercise will not only enable you to determine who fits, but will outline exactly which of the above skill sets must be developed for that employee to become qualified.

## Step 15 on the Racetrack: Establish a Budget for Training and Development - LOGBOOK EXERCISE

WOW companies set aside funds each year that are earmarked specifically for the development of employees. In fact, the leaders of WOW companies are so committed to employee development that, if funds are left unspent at year-end, it's considered a failure.

The four questions below are designed to measure how committed the owner/leader is to the training and development of employees. However, every manager/supervisor in the organization should personally and candidly answer question #1.

1. On a scale of 1 to 5, with 5 being "extremely committed," how committed are you to providing training and development for your employees?

Answer: \_\_\_\_\_

2. On average, how much are you planning to budget (per employee) for training and development over the next fiscal year?

Answer: \$ \_\_\_\_\_ per employee

3. What will be your total training and development budget for the next fiscal year?

Answer: \$ \_\_\_\_\_

4. What steps, if any, must you take in order to implement the training and development budget?

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## Step 16 on the Racetrack: Create Individual Development Plans for Each Employee - LOGBOOK EXERCISE

If you're committed to the development of your employees, then you've set aside funds to pay for that development at part of Step 15.

With the training and development budget in place, you can now take a proactive approach by creating individual development plans for each employee. Not only is it essential for the continued success of the enterprise, it lets employees know how much you value them.

Use the form below to create a development plan for each employee. For the leader/owner, it means creating development plans for the members of your leadership team who report directly to you. For managers and supervisors, it involves establishing development plans for employees under your supervision.

When you get to Step 20 on the Racetrack, you'll see that many organizations actually integrate the individual development plans with the performance appraisal process for each employee, rather than doing these steps separately. It can be handled either way, as long as it gets done.

**Employee's Name:** \_\_\_\_\_ **Employee's Title:** \_\_\_\_\_

**Area(s) in Need of Development:** \_\_\_\_\_

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<b>Steps Required to Address the Need(s):</b>	<b>Completion Date:</b>	<b>\$ Budget:</b>
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_____	_____	_____
_____	_____	_____
_____	_____	_____

## Step 17 on the Racetrack: Determine New Employees Needed and Recruit – LOGBOOK EXERCISE

Complete the form below to establish guidelines and requirements for recruiting any new employee.

**Title of Position:** \_\_\_\_\_

**Skill Sets Required:**

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.

**Work Experience Required:**

- 1.
- 2.
- 3.

**Education Required:**

- 1.
- 2.
- 3.

## Step 18 on the Racetrack: Evaluate/Revise Processes – LOGBOOK EXERCISE

Good processes are clear, well documented, repeatable, and as simple as possible. Well-managed companies ensure that processes are followed consistently, and continuously re-evaluated to make sure that they're still effective. If each process meets these criteria, an average employee can follow it without unique knowledge or skill.

For this exercise, please consider the most significant processes in use by your organization today. Some of those processes include the way you handle orders, prepare invoices, hire people, produce products, manage quality, purchase raw materials, replenish inventory, identify prospective buyers and develop them into customers, deliver your products/services, track cash flow, etc.

As you consider the key processes in your company, identify the ones that you think are causing issues and deserve attention. List them in their order of importance, with #1 being the process that needs to be addressed immediately.

#1: \_\_\_\_\_

#2: \_\_\_\_\_

#3: \_\_\_\_\_

#4: \_\_\_\_\_

#5: \_\_\_\_\_

Then, starting with the process that is #1 on your list, use the space below to describe what you plan to do so that this process is improved. Then prepare plans to address the other processes that need attention.

Action Items:

Due Dates:

_____	_____
_____	_____
_____	_____
_____	_____

## Step 19 on the Racetrack: Establish Individual Metrics for Each Employee - LOGBOOK EXERCISE

Creating a business environment where employees are accountable requires that expectations be very clear. However, in a large percentage of businesses the performance expectations are only loosely stated, resulting in confusion between managers and those reporting to them. An employee might think he or she has done what was expected, only to find out that the supervisor had a different expectation.

When individual performance metrics have been established correctly, the employee feels empowered rather than restricted, since **both the boundaries and expectations are clear.**

For this exercise, managers and supervisors should take the following steps for each position that reports to them:

- Begin with an up-to-date job description (Step 13 on the Racetrack). Only then can you accurately and fairly establish expectations for the employee. This is done through a two-way conversation with the employee, and results in the “Performetrics Agreement” shown on the next page.
- Select one or more duties/responsibilities where you would like to establish a metric. Keep in mind that some jobs might have only one metric, since they are lower level positions with limited scope, while higher level positions might have three or four. Your goal is to identify only those duties and responsibilities where the employee’s performance can’t be positively or negatively impacted by what someone else in the organization does, or fails to do --- that is, the employee must have **total control over the outcome.** That’s why there might only be one or two which can be quantified.
- Then agree on the method of measurement (for example, units produced per hour), and the expected outcome (again, agreed to by both the supervisor and employee --- for example, 10 units per hour). This is likely to be a give-and-take conversation between the supervisor and employee. Both parties then sign the agreement and it is revisited at the end of each performance period (perhaps monthly or quarterly, depending upon the position).

You will note on the form that there is space to record the actual outcome and the percentage by which performance exceeded, or fell short, of the mutually-agreed upon expectation.

## Performance Agreement Form

**Job Title:** \_\_\_\_\_ **Name of Job-Holder:** \_\_\_\_\_

**Time Period Covered:** \_\_\_\_\_ **Name of Supervisor:** \_\_\_\_\_

**Date:** \_\_\_\_\_

<b>Performance Being Measured:</b>	<b>Measurement Used:</b>	<b>Expected Outcome:</b>	<b>Actual Outcome:</b>	<b>% Over (+) % Under (-)</b>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

We agree on the performance items being measured, the method of measurement, and the expected outcomes for the time period covered at the top of this form.

**Job-Holder Signature:** \_\_\_\_\_

**Supervisor Signature:** \_\_\_\_\_

## **Step 20 on the Racetrack: Conduct Regular Performance Appraisals - LOGBOOK EXERCISE**

The next four pages show samples of performance appraisals that are tied directly to job descriptions (which were covered in Step 13).

The first two pages show a sample of the blank performance appraisal form before it was completed, while the second two pages represent the completed form after the supervisor and employee met to discuss and evaluate the employee's performance.

Note that the employee's performance was evaluated against the same specific (and up-to-date) expectations defined in that employee's job description.

Also, please note that different weights have been assigned to each of the evaluation criteria on the second page of the appraisal form. The weights were established by the supervisor, ranging from .05 to .20, but any weights could have been assigned as long as they total 1.00.

The completed performance appraisal also shows how performance metrics can be introduced into the process, with various weights assigned.

For this exercise, those who manage people in the organization should conduct performance appraisals with every employee reporting to them. Note that this activity will take time to complete, depending upon the number of employees in the organization, and the degree of commitment demonstrated by the leadership team. While it requires some effort, it's a huge step toward building a performance-based culture where employees feel empowered, and business owners believe their people are accountable.

## Performance Appraisal Blank Form

**Employee Name:** \_\_\_\_\_ **Title:** \_\_\_\_\_

**Department:** \_\_\_\_\_ **Date of Review:** \_\_\_\_\_

**Date of Last Review:** \_\_\_\_\_

**Name of Current Supervisor:** \_\_\_\_\_

**Name of Person Conducting Appraisal:** \_\_\_\_\_

### Essential Duties and Responsibilities Taken From Current Job Description:

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.

NOTE TO APPRAISER: Unless the Job Description is up-to-date, conducting a performance appraisal can be difficult for both parties due to lack of clarity on expected achievements. Before proceeding, make absolutely certain that the employee is fully aware of exactly what the current expectations are for this job as listed above.

In assessing performance in the 14 areas listed on the next page, please use the following rating system:

- 0 = performance is significantly below expectations
- 1 = performance is below expectations
- 2 = performance meets expectations
- 3 = performance is above expectations
- 4 = performance is significantly above expectations

## Performance Appraisal Blank Form

	<b>Rating</b>	<b>x Weight</b>	<b>= SCORE</b>
Productivity vs. agreed-upon expectations	_____	.20	_____
Agreed-upon expectations _____			
Work quality/accuracy vs. agreed-upon expectations	_____	.20	_____
Agreed-upon expectations _____			
Knowledge of the job	_____	.05	_____
Technical skills demonstrated on the job	_____	.05	_____
Enthusiasm	_____	.05	_____
Cooperation and teamwork	_____	.05	_____
Attitude	_____	.05	_____
Initiative	_____	.05	_____
Creativity	_____	.05	_____
Punctuality	_____	.05	_____
Attendance	_____	.05	_____
Dependability	_____	.05	_____
Communications skills	_____	.05	_____
Respect for co-workers, customers, and vendors	_____	.05	_____

**OVERALL PERFORMANCE RATING OUT OF POSSIBLE 4.0 POINTS** \_\_\_\_\_

Area(s) for Development: \_\_\_\_\_

\_\_\_\_\_

Specific Plan(s) to Address Developmental Needs: \_\_\_\_\_

\_\_\_\_\_

**Employee Signature:** \_\_\_\_\_

Date: \_\_\_\_\_

**Appraiser Signature:** \_\_\_\_\_

Date: \_\_\_\_\_



## Performance Appraisal Completed

**Employee Name:** Maria Stone

**Title:** Billing Clerk

**Department:** Billing

**Date of Review:** Today's Date

**Date of Last Review:** Enter Date

**Name of Current Supervisor:** Alicia Stevens

**Name of Person Conducting Appraisal:** Alicia Stevens

### Essential Duties and Responsibilities Taken From Current Job Description:

1. Prepares customer invoices daily.
2. Prepares monthly customer statements.
3. Maintains up-to-date files of issued customer invoices.
4. Prepares credit memos as needed.
5. Maintains up-to-date customer master file with the most current contact information.
6. Monitors discrepancies between shipments and invoices.
7. Enters invoices into computer system.
8. Submits invoices utilizing electronic data interchange (EDI).

NOTE TO APPRAISER: Unless the Job Description is up-to-date, conducting a performance appraisal can be difficult for both parties due to lack of clarity on expected achievements. Before proceeding, make absolutely certain that the employee is fully aware of exactly what the current expectations are for this job as listed above.

In assessing performance in the 14 areas listed on the next page, please use the following rating system:

- 0 = performance is significantly below expectations
- 1 = performance is below expectations
- 2 = performance meets expectations
- 3 = performance is above expectations
- 4 = performance is significantly above expectations

## Performance Appraisal Completed

	<b>Rating x Weight = SCORE</b>		
Productivity vs. agreed-upon expectations Agreed-upon expectations: 6 minutes/invoice	3	.20	.60
Work quality/accuracy vs. agreed-upon expectations Agreed-upon expectations: 98% accuracy	2	.20	.40
Knowledge of the job	3	.05	.15
Technical skills demonstrated on the job	3	.05	.15
Enthusiasm	4	.05	.20
Cooperation and teamwork	3	.05	.15
Attitude	4	.05	.20
Initiative	3	.05	.15
Creativity	2	.05	.10
Punctuality	4	.05	.20
Attendance	3	.05	.15
Dependability	3	.05	.15
Communications skills	2	.05	.10
Respect for co-workers, customers, and vendors	4	.05	.20
<b>OVERALL PERFORMANCE RATING OUT OF POSSIBLE 4.0 POINTS</b>			<b>2.90</b>

Area(s) for Development: Keyboard accuracy, verbal communications with customers on the phone.

Specific Plan(s) to Address Developmental Needs: Complete six-week keyboard training class at Smith College before next appraisal, and complete company's in-house training program on telephone skills. The company will pay for this training, and it can be done on company time.

**Employee Signature:** \_\_\_\_\_

Date: \_\_\_\_\_

**Appraiser Signature:** \_\_\_\_\_

Date: \_\_\_\_\_

## **Step 21 on the Racetrack: Conduct Employee Survey – LOGBOOK EXERCISE**

Employee satisfactions surveys should be conducted at least every two years.

Remember that employee expectations are raised when they're asked to provide input on an employee survey. You can expect people to ask you what's being done about the information and opinions they've provided, so be prepared to act on the results.

You're also likely to find that employees are apprehensive about expressing their true feelings, no matter what steps you take to protect the confidentiality of their responses. Using an independent third party to conduct the survey and summarize the results will help, but keep in mind that there could still be some reluctance for people to express their true feelings.

The survey form you use should be consistent from one year to the next so that the scores can be compared. This will allow you to specifically track the areas where your scores have increased or declined.

For this exercise, conduct a baseline employee survey. Feel free to use the sample survey that begins on the next page. Whatever survey you decide to use, be sure to use the same one in subsequent years so that you can compare scores and monitor changes between survey periods.

## Step 21 on the Racetrack: (cont.)

### ***“Under-Current” Employee Satisfaction Survey***

Using the rating system below, please rate the degree to which you agree with each statement by entering your rating on the line next to that statement. Feel free to add any comments in the space below each statement.

Rating System:

NA = Does not apply/don't know

0 = Strongly disagree/No evidence to support this statement

1 = Somewhat disagree

2 = Undecided

3 = Somewhat agree

4 = Strongly agree

#### **Your Rating**

##### Vision and Mission

\_\_\_ I have a clear understanding of where the organization is going

Comments: \_\_\_\_\_

\_\_\_ I understand how my work directly affects where the organization is going

Comments: \_\_\_\_\_

##### Values and Beliefs

\_\_\_ The organization's values and beliefs are clearly stated and communicated to all employees

Comments: \_\_\_\_\_

\_\_\_ The values and beliefs are consistently demonstrated throughout the organization

Comments: \_\_\_\_\_

## Step 21 on the Racetrack: (cont.)

### Strategy

\_\_\_ The organization has a strategic plan

Comments: \_\_\_\_\_

\_\_\_ The strategic plan is communicated to the entire organization

Comments: \_\_\_\_\_

### Customer Focus

\_\_\_ The organization has clearly defined the types of customers they want to serve

Comments: \_\_\_\_\_

\_\_\_ The organization is extremely focused on the needs of customers

Comments: \_\_\_\_\_

### Expectations

\_\_\_ The organization has clearly identified how my success is measured

Comments: \_\_\_\_\_

\_\_\_ The organization provides me with regular feedback regarding how well I am meeting expectations

Comments: \_\_\_\_\_

### Time

\_\_\_ Timeliness of serving customers is a top priority of our organization

Comments: \_\_\_\_\_

\_\_\_ I have specific and measurable standards I must meet that are related to timeliness of response

Comments: \_\_\_\_\_

## Step 21 on the Racetrack: (cont.)

### Quality

\_\_\_ Quality of the product/service we provide is a top priority of our organization

Comments: \_\_\_\_\_

\_\_\_ I have specific and measurable standards I must meet that are related to the quality of my work

Comments: \_\_\_\_\_

### Cost

\_\_\_ Our organization is constantly focused on reducing the cost to make or provide our product/service

Comments: \_\_\_\_\_

\_\_\_ I have specific and measurable standards I must meet that are related to the cost of what I do

Comments: \_\_\_\_\_

### Customer Satisfaction

\_\_\_ Our organization is focused on measuring customer satisfaction on a regular basis

Comments: \_\_\_\_\_

\_\_\_ I have specific and measurable standards I must meet that are related to customer satisfaction

Comments: \_\_\_\_\_

### The Workplace Facilities

\_\_\_ The physical environment where I work is safe

Comments: \_\_\_\_\_

\_\_\_ The physical environment where I work is healthy for me

Comments: \_\_\_\_\_

## Step 21 on the Racetrack: (cont.)

### Culture

\_\_\_ Honesty is a highly-valued and non-negotiable trait of every employee in our organization

Comments: \_\_\_\_\_

\_\_\_ I am treated fairly

Comments: \_\_\_\_\_

### Communications

\_\_\_ The organization does a good job of sharing information with employees

Comments: \_\_\_\_\_

\_\_\_ I am comfortable sharing my ideas and opinions with my manager or supervisor

Comments: \_\_\_\_\_

### Tools and Information

\_\_\_ I have the information that I need to do my job well

Comments: \_\_\_\_\_

\_\_\_ I have the tools and equipment I need to do my job well

Comments: \_\_\_\_\_

### Respect

\_\_\_ Employees throughout the organization treat one another with dignity and respect at all times

Comments: \_\_\_\_\_

\_\_\_ The organization recognizes the need for balance between work life and personal life

Comments: \_\_\_\_\_

## Step 21 on the Racetrack: (cont.)

### Opportunity for Growth

\_\_\_ There are opportunities for me to advance within this organization when I'm ready

Comments: \_\_\_\_\_

\_\_\_ The company provides me with the necessary training and development to grow professionally

Comments: \_\_\_\_\_

### Compensation and Benefits

\_\_\_ I am fairly compensated for the work I do

Comments: \_\_\_\_\_

\_\_\_ My employee benefits are comparable to those offered by other organizations

Comments: \_\_\_\_\_

### Company Leadership

\_\_\_ The leader of our organization has strong leadership skills

Comments: \_\_\_\_\_

\_\_\_ The leader of our organization treats everyone fairly and equally

Comments: \_\_\_\_\_

\_\_\_ The leader of our organization is a strong communicator

Comments: \_\_\_\_\_

\_\_\_ The leader of our organization acts with integrity and honesty in all dealings

Comments: \_\_\_\_\_

\_\_\_ The leader of our organization has great energy and passion for what we do

Comments: \_\_\_\_\_



## Step 21 on the Racetrack: (cont.)

\_\_\_ The leader of our organization is flexible

Comments: \_\_\_\_\_

\_\_\_ The leader of our organization has strong listening skills

Comments: \_\_\_\_\_

\_\_\_ The leader of our organization is willing to delegate

Comments: \_\_\_\_\_

### Overall Satisfaction

\_\_\_ I am not only happy, but also proud, to be an employee of this organization

Comments: \_\_\_\_\_

\_\_\_ If one of my friends was looking for a job, I would definitely recommend working for our company

Comments: \_\_\_\_\_

## Step 22 on the Racetrack: Creating Tracking Reports to Maintain Control - LOGBOOK EXERCISE

To maintain proper control over your business, it's essential that....

- You have meaningful information upon which to make decisions.
- Information is up-to-date.
- Information includes the traditional financial statements, plus key indicators that will help predict future performance.
- You choose a reasonable number of key measurements that you continuously monitor, in much the same way that a physician monitors “vital signs” of patients, or a driver checks speed, engine temperature, fuel levels and other key indicators. For this reason, these key indicators are often referred to as the “dashboard” for a business.

In the space below, select up to five key measurements that you would like to see every day in your business:

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_

Then, meet with the appropriate people in your organization to set-up the desired performance monitoring reports.

## Step 23 on the Racetrack: Monitor Board Performance – LOGBOOK EXERCISE

Assembling an Outside Board is one of the most beneficial things a business owner can do to propel the organization to stellar performance. If you don't have an Outside Board during your first lap around the Racetrack, you can skip this exercise. However, we strongly urge you to create an Outside Board before you complete your next lap!

Since board meetings include both the board members AND the leader of the organization, it's a good practice to have the leader evaluate the board members, and to also ask the board members to assess how well the meetings are being conducted by the leader.

This exercise involves two questionnaires. The one below is to be completed by the leader of the organization, while the one on the next page is designed for each board member. We recommend completing both questionnaires at least every two years.

### **For the business leader (your responses do not need to be shared with the Board):**

1. Do your board members possess the required skill sets to effectively advise you on strategic issues?
2. Are you getting what you want from the meetings?
3. Is each member contributing?
4. Is each member fulfilling the expectations that you established when you issued the invitation to join the board?
5. Is it time to replace any of the board members?
6. Is it time to review the term limits of each member to determine if/when a replacement should be made?
7. Overall, on a scale of 0 to 10, how satisfied are you with the current board as a group?

Action Items: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## Step 23 on the Racetrack: (cont.)

**For the board members (completed using the form below, and submitted to the organization's leader):**

Using the standards below, please rate the degree to which you agree with statements that follow.

- 0 = Strongly Disagree
- 1 = Moderately Disagree
- 2 = Neither Agree, nor Disagree
- 3 = Moderately Agree
- 4 = Strongly Agree

### Rating

- \_\_\_ Business owner is well prepared for each meeting.
- \_\_\_ I receive the appropriate information prior to each meeting.
- \_\_\_ Information I receive before each meeting is sent well in advance.
- \_\_\_ Meetings are well-run.
- \_\_\_ Business owner maintains control of the meeting so that no member dominates discussions.
- \_\_\_ Dates of future meetings are established far in advance to accommodate my schedule.
- \_\_\_ Notes and action items are summarized and sent to me within one week after the meeting.
- \_\_\_ Business owner takes communicates with board members between meetings.
- \_\_\_ Board members are compensated adequately for their time.
- \_\_\_ Business owner is willing to listen and act on the recommendations of the board members.
- \_\_\_ Overall, I am pleased with how things are going.

In the space below, please provide any suggestions or recommendations that you believe would make the board, and the board meetings, more effective:

---

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Name (Optional): \_\_\_\_\_

## Passion: The Great Accelerator – LOGBOOK EXERCISE

The 23 steps on the Racetrack cover four of the five P’s. The fifth P, “Passion,” manifests itself in two key ways:

1. Passionate leaders typically take their companies to “WOW!” status faster.
2. Passionate leaders tend to keep their organizations in the “WOW!” category rather than allow them to regress.

Their passion for excellence drives them to follow the Racetrack continuously. That is, when they complete each lap, they begin again.

Each lap takes less time because they are relentlessly re-evaluating their performance and making the necessary modifications to consistently achieve scores above 90 on the WOW Business Assessment Survey.

On a scale of 1 to 10, with 10 meaning “very passionate” and 1 meaning “not passionate at all,” how passionate are you about leading the organization to its maximum performance level?

Your rating from 1 to 10: \_\_\_\_\_

Based on the rating you gave yourself above, what specific actions (if any) will you take to improve your score, and by when will you complete those actions?

<b>Action(s) You Plan to Take</b>	<b>Completion Date(s)</b>
1. _____	_____
2. _____	_____
3. _____	_____
4. _____	_____

It’s sometimes helpful to ask someone close to you if they’ll help you stay focused on the action items and completion dates you’ve established. If that’s something you plan to do, who will you ask to assist you?

---

***Congratulations!*** If you've completed all the Logbook exercises, and have followed the model diligently, you've just finished a full lap around the Racetrack.

***Now it's time to repeat the process by completing the Business Assessment Survey to check your latest score, and then begin again with Step 1.***

