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Winning the Game: Six Best Practices for Businesses

Following these six best practices in game terminology can improve your firm's ability to execute and increase your chances of success.

BY CHRIS STROUD

“Business is not an art or a science. It's a competitive undertaking with rules, winners and losers, ways of keeping score, and all the elements of luck and talent.” These are the words of Jack Stack, taken from his updated 2013 version of *The Great Game of Business*. Though running a business is far from a game, the object of any business is to succeed or “win,” which requires rigorous planning and execution along the way. This article will outline six best practices in “game terminology” to help you create a winning business framework.

BEST PRACTICE #1: CHECK OUT THE PLAYING FIELD AND THE COMPETITION

Before any game, it is important to scope out the field on which you will be playing. Winning teams also learn all they can about their opponent prior to the game. The same concepts hold true in business. At least once a year, you should do an “environmental scan” in order to learn all you can about the industry (your “playing field”) and

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its players (your “competition”). Consider how the industry has evolved, identify market trends, analyze market segments, and gather all the intelligence you can about your competitors. Are your markets growing, shrinking, or staying the same? What forces are driving the industry — customers, technology, large providers, etc.? What are the current effects of the economy and recent regulations on your markets? How could budget deficit issues and new legislation affect your business? What you don’t know *can* hurt you, so take the time to analyze your environment thoroughly.

BEST PRACTICE #2: GET TO KNOW YOUR TEAM

A good coach knows his team well and regularly assesses his team’s abilities in order to increase the chances of winning. In a business, you can accomplish the same thing by conducting an annual “Strengths, Weaknesses, Opportunities, Threats” (SWOT) analysis. A SWOT analysis is an effective tool for managing change, determining strategic direction and setting realistic goals and objectives. The analysis requires an honest look in the mirror (internal) to determine the company’s strengths and weaknesses. It also requires a look “out the door” (external), factoring in information gathered from the environmental scan, to identify potential opportunities and threats. The SWOT analysis helps a company evaluate where it is positioned

today, based on strengths and weaknesses, and to identify possible future directions to capitalize on opportunities and avert threats.

The key factors to be considered when performing a SWOT analysis can vary depending on the type of company and its primary focus. For most businesses in the retirement services industry, the following areas are worthy of review and evaluation:

- Corporate culture
- Management and leadership
- Experience/knowledge level and depth of staff
- Operational efficiencies
- Utilization of technology
- Ability to innovate
- Quality of work
- Customer service
- Cost/benefit of products and services
- Sales, marketing and distribution channels
- Reputation
- Client base
- Financial stability

The internal review to determine strengths and weaknesses consists of an honest assessment of the company’s structure, capabilities, resources and skills. Just as many of us don’t like to see ourselves in photographs, we don’t always like what we see when we do an in-depth look into our own company. However, when it comes to a company’s self-analysis, it is necessary to identify the good, the bad and the ugly.

Ideally, the internal review will be conducted with a 360-degree

concept — considering viewpoints from employees, outside consultants or advisors and customers, and factoring in how the company measures up against its competitors. The strengths should identify positive characteristics that give the business a competitive edge. Some weaknesses represent exposure that can put the firm at a disadvantage if not corrected. The goal is to maintain and leverage strengths in ways to benefit the company and to determine which weaknesses need to be remedied in order to improve the company’s position.

An external review should be conducted to identify opportunities and threats, which are typically created by external forces. They can be attributed to such things as political climate, economic shifts, laws and regulations, technology, industry trends, target markets, distribution channels, competition, etc. Opportunities typically represent areas in which the company could capitalize on new or existing markets or increase profitability or efficiency. Threats are typically comprised of external forces that could cause significant stress or economic downturn to a business. Since a company can only handle a finite number of initiatives at any one time, it is extremely important to prioritize opportunities and threats in order to determine the most critical strategies for success.

The analysis can often be as simple as “matchmaking” strengths

The Importance of a Business Plan

Kenneth G. Ingham, MSPA, MAAA, EA, KAIFA®, of Ingham Retirement Group in Miami, FL, had been in business more than 30 years without a documented business plan. He wanted to take his firm to the next level and felt he needed a business plan to do it. After going through the business planning process several years ago, Ken explains, “In most companies, people at the top know where they are going — but the employees who are struggling to get the work done are often in the dark about the company direction. If you don’t tell them where you want to go, you probably won’t get there. The business plan helped us communicate our direction to the employees and also helped us find new ways to thank the employees for the good jobs they were doing.”

Ingham’s experience underscores the momentum that a business plan can generate. He notes, “As a result of establishing the written business plan, we were one of the first firms to achieve the ASPPA Service Provider Certification, which strengthened our competitive edge in the marketplace. In addition, our business continues to improve in other ways. After finishing our initial business plan, we held a company meeting to share the plan with our employees and to reinforce the culture we wanted to cultivate. We set up a marketing team to work on a detailed marketing plan, we strengthened our brand and updated our collateral materials, we created a new employee reward system, we refined our budgeting process, and we increased responsibilities to our mid-managers for carrying out the plan’s action items. We feel we now have an even better chance at success and growth than we’ve enjoyed in the past. We understand that our plan is a living, breathing document that we will change and update as we grow.”

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and weaknesses with opportunities and threats. Separate the strengths into two groups — those that can help the firm capitalize on opportunities and those that can help counter potential threats. Similarly, you can divide the weaknesses into two groups — those that require improvements to allow you to strengthen your market positioning or to take advantage of opportunities and those that should be addressed quickly in order to avoid immediate negative impacts or potential threats.

As strategies are solidified, goals and objectives to carry out each strategy should be developed. A successful SWOT analysis will help you recognize areas where your capabilities and resources are strong and your potential to capitalize on opportunities is the greatest.

BEST PRACTICE #3: DEVELOP A GAME PLAN

Once a team has done its homework, the next step is to develop a game plan with strategies that give the team the best chance of winning. Similarly, a business is ready to develop or update its business plan after going through the above two steps. The primary purpose of a business plan is to identify goals and measurable objectives, articulate strategies and create a financially sustainable business. It is a means to keep you on track and help you make the right decisions for your firm. Although many TPAs operate without a formal business plan, it is important to document the most significant aspects of your goals and strategies and use that document as a means to communicate to everyone in

the firm.

As you develop your plan, carefully consider these core questions:

- What business are you really in?
- What is the overall mission of your company and what are your corporate values?
- What products and services do you offer?
- Who are your potential customers and what are your target markets?
- What distinguishes you from your competitors?
- What motivates your customers to buy from you?
- How will you reach potential customers and retain the existing ones?
- How will you structure your operation for success today and in the future?
- How will you ensure conformity to industry best practices?
- How will you hire and retain quality employees?
- How will you utilize technology to enhance your products and services?
- How will you sustain and grow your business?

A business plan is never “done.” It is a living, breathing document that should be updated at least once a year. Refer to your business plan and goals often — in business strategy meetings, sales and marketing meetings, company meetings, employee reviews, etc. Tie company goals to employees’ goals. Develop a sales and marketing plan to support your business plan. Include your mission and corporate values in company newsletters, employee handbooks and your website. Keep your business plan and your sales and marketing plan current and relevant.



BEST PRACTICE #4: PROMOTE FREQUENT GROUP HUDDLES

Just as football teams huddle before each play, group “huddles” are also needed in a business environment. Open, honest communication is required for any organization to achieve success, so keeping the “top-down” and “bottom-up” lines of communication open and keeping people informed is critical. Company huddles frequently come in the form of meetings — company-wide meetings, department meetings, project management team meetings, sales meetings, ad hoc meetings, etc.

Brainstorming is another powerful huddle technique. Retirement plan specialists spend much of their time dealing with facts, details and numbers — all of which are “left brain” functions. It is important to step out of the daily routine and engage the right side of the brain by encouraging creativity and “out of the box” thinking. Brainstorming sessions are a great way to identify new opportunities,

improve business processes or solve existing problems while stimulating creativity and developing strong team players. As a result, employees become more engaged in the business, making it easier for leadership to achieve buy-in and solicit action when ideas generated in brainstorming sessions are ready for implementation.

Brainstorming sessions can be effective for firm owners and managers, but they are especially effective for rank and file staff. A “safe” environment can be created for employees by having the session facilitated by an objective third party or consultant, with no managers or owners in the room, so that employees feel free to speak more openly than they would in a normal work environment. “Rules of participation” are often established in advanced and distributed to employees.

Brainstorming can be very effective right after compliance-testing season while memories are fresh. It can function as a debrief, with the group considering which processes went well and which

Keeping Score

Alliance Benefit Group North Central States (ABGNCS) in Albert Lea, MN, uses a “scorecard” that is updated and reviewed by the leadership team at their weekly meetings. It covers new sales and lost business by revenue and participant counts. It also covers system and web uptime, along with financial information by week, rolling 90 days, and year to date. According to Steven Pulley, CPC, QPA, QKA, president of the firm, “It provides our team the critical information to know how we are doing in real time. Most information tells you what happened — we want to know what is going to happen!”

‘Open Book Management’ in Practice

Swerdlin & Company, a retirement services firm in Atlanta, GA, has been following Stack’s open book management philosophy for approximately 10 years. The firm went through several iterations of the concept before settling into their current routine. Lee Swerdlin, president, said that they have determined their critical number to be a target based on revenue per employee. Annual budgets are prepared, and then the leadership team has a weekly “huddle” with the managers of each department, who each report a forecast for the current month plus three months out. The managers discuss the department’s numbers with their teams, and team members help construct the department’s forecast. Top leadership discusses overall company figures with all employees at quarterly meetings. Over the years, Swerdlin has offered various bonus formulas based on raising their “critical number.” Bonuses have also been given based on accuracy of forecasting.

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ones need improvement. Firms also frequently conduct brainstorming sessions in the summer or early fall to focus on issues that might come up in the next busy season. Brainstorming sessions can be focused on a specific topic or they can encourage thought in a variety of areas. Topics frequently considered include:

- What does the firm do really well?
- Opportunities for new products or services
- How to increase revenues or profitability
- How to improve business processes
- How to increase customer satisfaction
- How to increase employee job satisfaction
- How to improve internal and/or external communications

Brainstorming is a win-win proposition. Management is presented with positive outcomes, employees feel their input is valued and respected, and everyone wins because of the positive impact on the firm's future.

BEST PRACTICE #5: KEEP SCORE

The goal of any game is to win; to determine who wins, you must keep score. Similarly, to succeed in business, you must keep score. All goals established in the business plan should be accompanied by measurable objectives, with accountability assigned and metrics established to evaluate each initiative. Financial goals should also be outlined in the business plan, taking into account the financial impact of other identified goals and objectives. Firms should create an annual budget in advance for each year and then reconcile frequently during the year with actual income/expenses and current projections.

Many successful businesses believe in sharing much of the financial information with their

employees, subscribing at least in part to the "open book management" practices touted by author Jack Stack in *The Great Game of Business*. One of the concepts in the book is to determine your "critical" and watch it carefully. For Stack's manufacturing company, for example, the critical number was the amount needed to make rent.

Author Micheal LeBouef once wrote, "The things that get measured are the things that get done." Successful businesses have learned that they must closely monitor the financials and establish and monitor metrics for all strategic initiatives.

BEST PRACTICE #6: CELEBRATE EACH WIN

Post-game parties are a lot of fun because everyone enjoys celebrating a win. In business, you can show employee appreciation by remembering to celebrate the small achievements as well as the big wins. One of the most common employee complaints heard is, "We never know how we are doing or how the company is doing. We only get feedback when we make mistakes or when something goes wrong." Successful businesses learn that it is important to celebrate even the small wins in order to keep morale and motivation high. Many companies host luncheons, special events or corporate retreats to reward employees for their hard work. In a down economy when extra money is scarce, companies can look for inexpensive ways to show employee appreciation. When times are good, it is wonderful to celebrate successes in a big way.

CONCLUSION

In any game, there are direct links between planning, execution and results. In their book *Execution*, authors Larry Bossidy and Ram Charan explain, "Execution is a systematic process of rigorously discussing hows and whats, questioning, tenaciously following

Celebrating in a Big Way

SI Group in Honolulu, HI, had a record year in 2011 and they wanted to do something very special to recognize the hard work of their staff. To express their thanks to all employees, they coordinated and funded a company outing to Aulani, a Disney property on Oahu, in January 2012. The entire staff of 22 was invited for the day, and their families were able to join mid-afternoon. The staff had the option of participating in a number of activities during the day. Lunch was provided, and the group met back at the hotel in mid-afternoon as their families began to arrive. Recounts Craig Suemori, a partner at SI Group, "We arranged for dinner that evening in a private room at Roy's with all of the employees and their families. Approximately 70 people dined with us and stayed the night." The staff and their families were able to spend one night, all expenses paid. Not only was this event a great way to thank employees, it also helped to increase camaraderie among the SI Group employees.

through, and ensuring accountability. It includes assessing the organization's capabilities, linking strategy to operations and the people who are going to implement the strategy, synchronizing those people and their various disciplines, and linking rewards to outcomes." Businesses that follow the best practices outlined in this article will improve their ability to execute and increase their chances of success. **PC**



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