



## Assessing Performance and Planning for Improvement

The stimulus for projects to improve operational and financial performance may come from competitive pressures, increasing customer demands or shareholder expectations for growth. Having identified the need for change, you may then need to ask a number of questions. What is the size of the potential opportunity, and how well do we perform from a financial, market and customer perspective relative to our peers? We've identified the symptoms, how do we ensure we are tackling the root causes? How can we deploy technology and best practices to improve performance and develop advantage? How can we plan projects within budgetary constraints in a way that maximises returns and minimises risks?

If you are considering how to structure and plan improvements in your business, Intercai may be able to provide some added direction with two services that involve little cost or risk.

### **Performance Assessment**

<b>Objectives</b>	To compare operational and financial performance with peers, and identify areas of opportunity to improve performance and develop competitive advantage
<b>Scope</b>	The analysis may start with business level financial, market and customer metrics or focus on specific processes such as the supply chain or product management process.
<b>Approach</b>	Available financial and operational data and metrics are gathered. These are then used to derive measures and compared to benchmarks from similar businesses. Interpretation of the analysis accounts for differences in markets and business models.
<b>Deliverables</b>	A brief report indicates the positioning of the client against peers or key competitors, and a recommends a plan of action. Metrics can also be used to estimate benefits from achieving target improvements.
<b>Benefits</b>	This provides a structured approach to identifying and prioritising areas of focus as the start of the improvement process.

### **Business Diagnostic**

Understanding where a business can and should improve performance provides focus. However, to take action it is necessary to diagnose the causes of problems and determine where development effort should be targeted. To enable this requires a more detailed understanding of how the business operates. This will indicate where process bottlenecks and failures occur and where technologies and best practices can be deployed. It is also necessary to ensure alignment between the business objectives, the business, marketing and operating strategies, the processes and systems underpinning them, and the information they require and provide.

**When looking for causes of problems or opportunities questions may include:**

- Is the business strategy consistent with developments in the market?
- Are the business and its product and service offerings competitive?
- Is there a balanced product portfolio providing cash now and revenue potential into the future?
- Are there opportunities to develop new products or enter new markets?
- Is the operations strategy consistent with the competitive positioning and customer value proposition?

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- Is the supply chain configured to balance service and cost requirements in line with the operations strategy?
- Are the key value added processes identified and maximised?
- Are processes integrated and simplified to remove non value added activity?
- Can technology help automate manual processes and is so which ones is it appropriate to?
- Where can technology and information increase value added?
- Does the company measure and manage the correct performance attributes – time, cost and quality?
- Does the company measure and manage those processes that are critical to its competitive strategy?
- Do business information systems deliver the information required to effectively manage performance?

<b>Objectives</b>	To identify likely causes of performance issues and unearth development opportunities as the basis of formulating prioritised action plans and scope projects.
<b>Scope</b>	A performance assessment may focus the diagnostic workshop on specific functional areas. More commonly issues relate to cross-functional processes and the scope includes many of the core functions (planning, product design/development, sales, marketing, production, logistics, purchasing and customer service), finance and HR.
<b>Approach</b>	The diagnostic is undertaken over the course of a day with 1-2 hour structured interviews with senior managers responsible for functional areas. This builds a view across the business from the perspective of internal suppliers and customers. The questions cover objectives, KPI's, issues, organisation and plans for each function. A high level view of the process, systems and information requirements is also developed. This input is then interpreted in the context of available data and company objectives.
<b>Deliverables</b>	A report indicating likely causes of problems, key areas of opportunity, a cost-benefit estimate and recommendations for prioritised plan of action.
<b>Benefits</b>	This provides sufficient granularity to scope a plan of action, to focus resources on solution areas that maximise returns and balance short and longer term benefits.

Figure 1 outlines the relationships between the different dimensions of the business that are considered during the Business Diagnostic. It is necessary to ensure consistency across the business with the way the company competes and ultimately delivers value to customers.

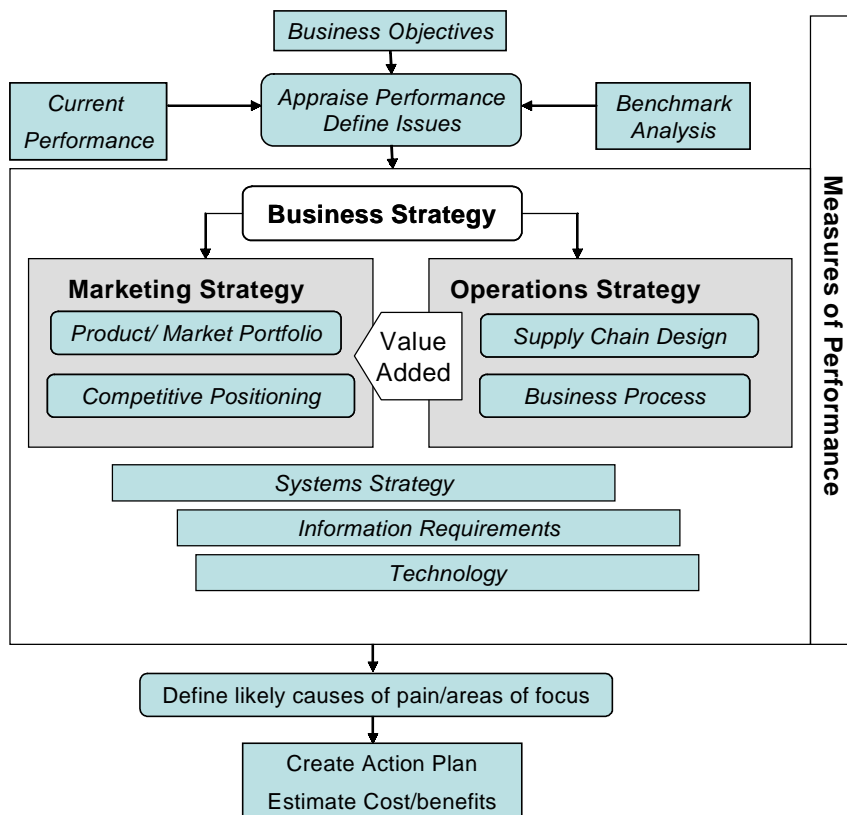


Figure 1: Diagnostic Framework – Focus areas and relationships

**For more information about our services or to arrange an Improvement Assessment or Business Diagnostic please contact Jeremy Povey ([jeremy.povey@intercai.co.uk](mailto:jeremy.povey@intercai.co.uk))**

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