

# Sprocket<sup>®</sup>

*Driving Your Business Forward*

**Sprocket Business Optimization**

Prepared for ACC

## PURPOSE OF THE ASSESSMENT

Anyone who has the responsibility of making sure that a business survives and thrives over time will tell you just how difficult that job can be. Every year, that challenge only grows more difficult due to rapid and unrelenting change in our world. Unfortunately, that change and the need for a business to adapt accordingly grows exponentially, not linearly.

This phenomenon becomes crystal clear when we consider the enormous scale of change since 1900 that has forced businesses to adapt or fail.

The concept of a "white-collar worker" was introduced in 1910, when the overwhelming majority of the American workforce was comprised of "blue-collar" workers. By 1970, blue-collar jobs had decreased to a level where they accounted for just 31 percent of the American workforce. From 1970 to 2015, the number of American workers in white-collar jobs increased by a factor of 4, with the number of IT workers alone increasing by a factor of 10.

The term "big business" became popular in 1900 to describe those companies that used mergers and acquisitions to consolidate their power and effectively eliminate competition. Before that time, all business was "small business". By 2015, only 30 percent of the annual US payroll represented businesses with less than 20 employees.

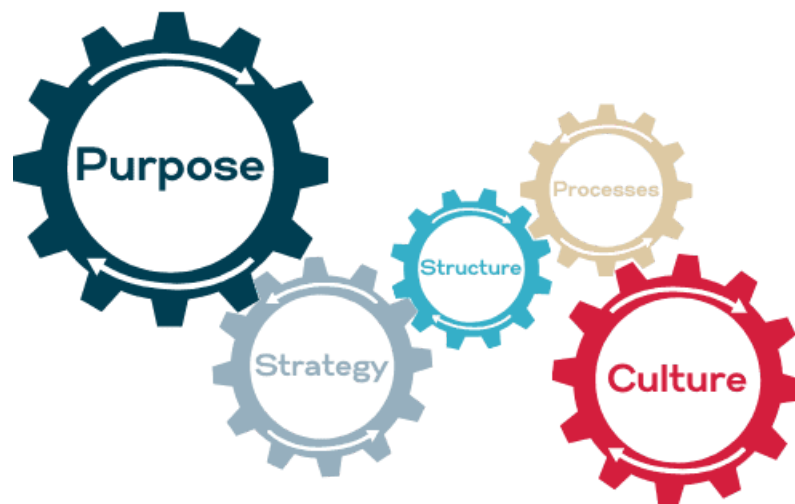
In 1900, the world was only just beginning to harness the power of electricity and the combustion engine. At that time in history, it took 100 years for the totality of human knowledge to double, according to R. Buckminster Fuller (Critical Path, 1982). By 2000, the world had experienced an explosion of technological innovations, including aviation, television, nuclear power, computers, and the internet, with human knowledge doubling every 12 hours!

Change in the world is so rapid, so widespread, and so constant that it can feel at times like it is impossible to keep up. The world is yelling "Speed it up!" just when businesses think they are finally keeping pace. Sadly, when a business cannot keep pace, it can quickly slip into irrelevancy, and ultimately death.

## PURPOSE OF THE ASSESSMENT

There are many internal and external forces demanding change in today's businesses. Many are small or act slowly, allowing businesses to respond effectively with little disruption in operations. But, three forces have grown to become a collective power so great that they can cripple businesses that are not designed to quickly adapt to the new realities they are creating. These forces are – **People, Technology, and Competition**.

This assessment is a measurement of how well your organization is positioned to survive and thrive through the myriad transformational changes these forces will require. It focuses on five critical components of a business – **Purpose, Strategy, Structure, Processes, and Culture**. While all of these components have a significant influence on how well your business can adapt to change, some have more influence than others. This report explains the relative importance of each of these components to your business, and how well each component is currently working in your business to help it survive and thrive in an environment of constant change.



## THE SPROCKET COMPONENTS

Importance of Each Business Component



● Purpose (35.0%)  
● Processes (10.0%)

● Strategy (15.0%)  
● Culture (30.0%)

● Structure (10.0%)

## THE SPROCKET COMPONENTS

A business starts with its **Purpose**. Thus, all motion is initiated by the business purpose, making it the first gear in our system. Because an effective business **Strategy** should accurately reflect the business purpose, we can say it receives its motion from the purpose, making strategy the second gear. Because the strategy should suggest the design of the business **Structure**, we can say that the strategy transfers motion to the structure, making it the third gear. Because the **Processes** should be developed in response to the purpose, strategy, and structure of the business, it becomes the fourth gear. **Culture** is the final recipient of the motion initiated by the business purpose, and all motion transferred by the strategy, structure, and processes, so it is represented by the last gear.

Note that **Culture** is second only to **Purpose** in importance to the system, while **Structure** and **Processes** are comparatively less important.

To survive and thrive under incredibly stressful internal and external forces, your business must have these critically important components appropriately defined, designed, and aligned to help the business achieve its over-riding goal. Otherwise, you risk major disruptions that will weaken your business over time, perhaps irreparably.

This assessment evaluates how well these components are currently working in your business to ensure you survive and thrive, despite the constant stress of internal and external forces.



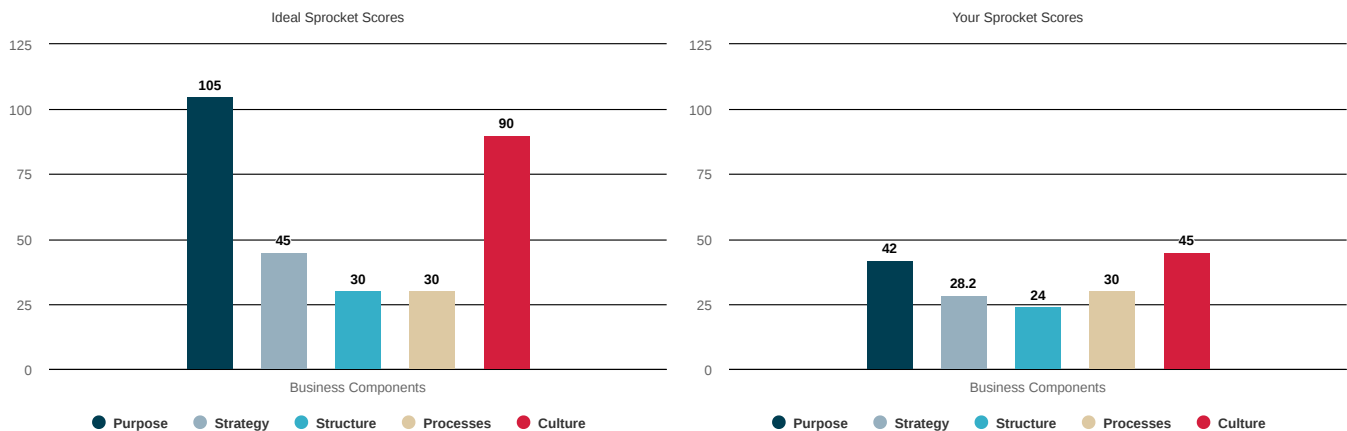
# YOUR OVERALL SPROCKET ADAPTIVE RESPONSE SCORE

The maximum score you can achieve in this assessment is: **300**

Based on the results of your team responses, your Sprocket Adaptive Response Score is: **169.2**

This assessment measured the current state of five critical components of your business, which are unequal in importance, but must work together as one system to achieve your over-riding goal.

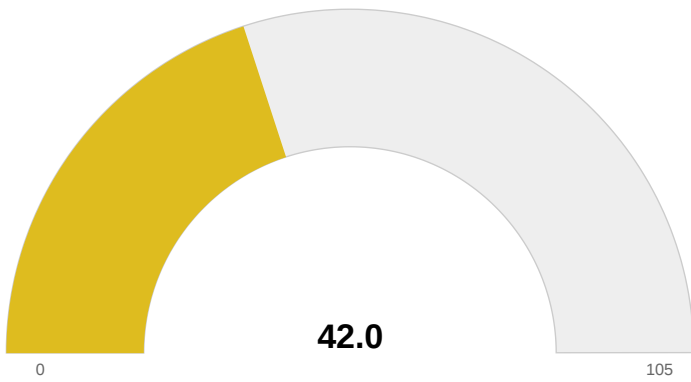
We can equate how well these components are currently working together with how balanced the scores of each component are when considered on a percentage basis. The more similar the percentage scores are, the more balanced (and effectively) the components are working together in your business. Balance indicates synergies among the components. Dissimilarities reveal an imbalance that is compromising your ability to survive and thrive, especially during times of change. Imbalance indicates interferences among the components.



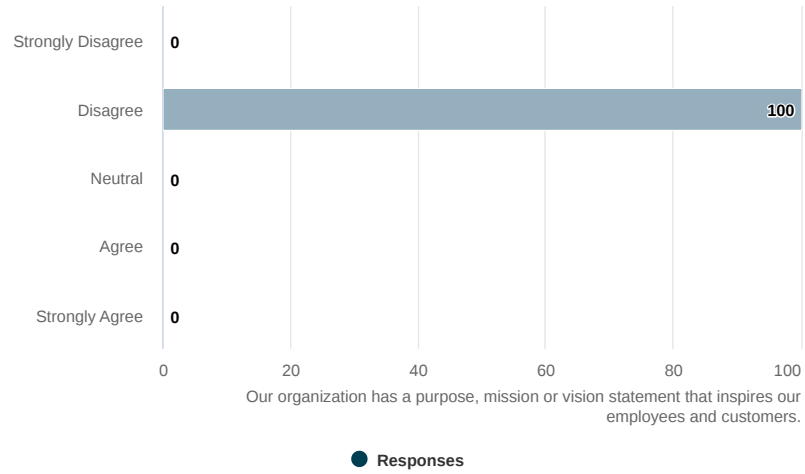


## GRAPHICS

Your Sprocket Purpose Score



How Our Team Feels About Purpose





## PUTTING IT ALL TOGETHER

No matter where you look, you cannot escape the collective rallying cry in the business world that every business absolutely needs **mission** and **vision** statements to be successful. However, if you do enough reading on this topic, you will discover that there are no universally accepted definitions for these terms. Some define missions as what the business does, and visions as what the business wants to be. Others define missions as the what of the business, and visions as the why. And still others define missions as the today of the business, and visions as its tomorrow.

A business **Purpose**, on the other hand, communicates how the business chooses to create and exchange value.

The most effective way to define the **Purpose** of a business is to think of it as a cause to which your business is committed. Missions and visions excite and motivate almost no one. Causes, on the other hand, excite and motivate all people who believe in the cause. To have the greatest impact, your defined business **Purpose** should convey your cause to give your employees a reason to be proud of where they choose to work, and your customers a reason to be proud of where they choose to spend their money.

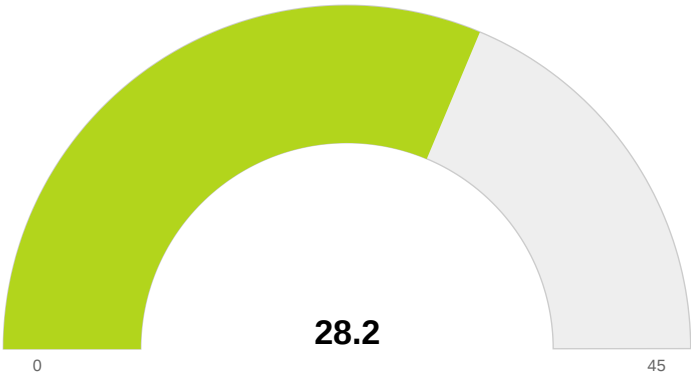
Your **Purpose** should be more than the products or services you provide, no matter how wonderful they are or how enthusiastically you provide them. People may love things, but they are only passionate about ideas. The **Purpose** should communicate what the business is passionate about. Once defined, it should drive all company decisions and actions. The better you define the **Purpose** of your business, the more your employees and customers will understand the value that your business is offering.

When the **Purpose** of a business is poorly defined, there will be confusion because there is no clear identity driving the organization forward. Neither the employees nor the customers of the business are clear on what the business is really all about. Things are vague and muddled.

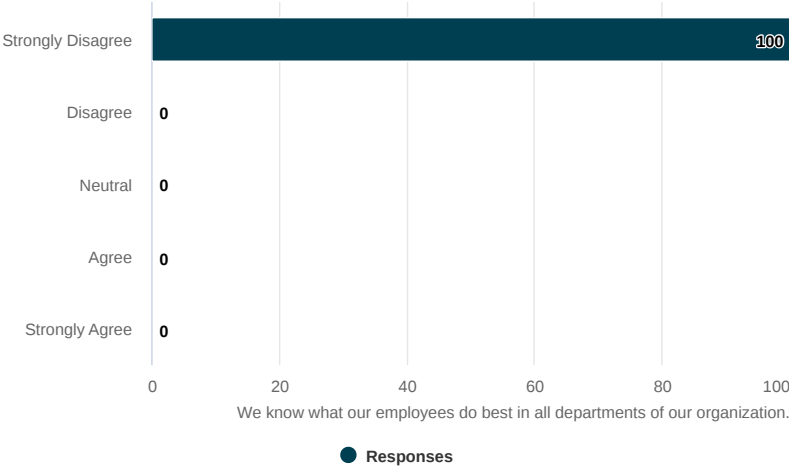


# GRAPHICS

Your Sprocket Strategy Score



How Our Team Feels About Strategy





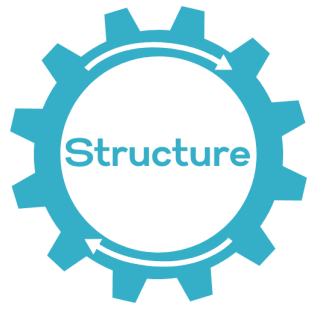
## PUTTING IT ALL TOGETHER

Another component that the collective business world emphatically agrees a business must have is a value proposition. The intention of this component is to tell customers exactly why they should do business with you, and not do business with your competitors. Typically ignored is the notion that the value proposition also needs to tell customers why they should take any action at all to solve their problem or meet their need, rather than just ignoring it. The value proposition is supposed to be written in such a way as to make the benefits of your products or services abundantly clear.

Sounds great, but how does one business distinguish itself from another when they are both providing similar goods or services in similar ways? Most will try desperately to use language that they think sufficiently differentiates it from the competition. The problem is that the competition is using similar terms and expressions, solidifying in the minds of customers that there is no substantive difference among businesses offering these goods or services. This has the complete opposite effect that a value proposition is supposed to have! There simply are not enough words in the English language to allow organizations providing similar good or services in a similar manner to sound unique.

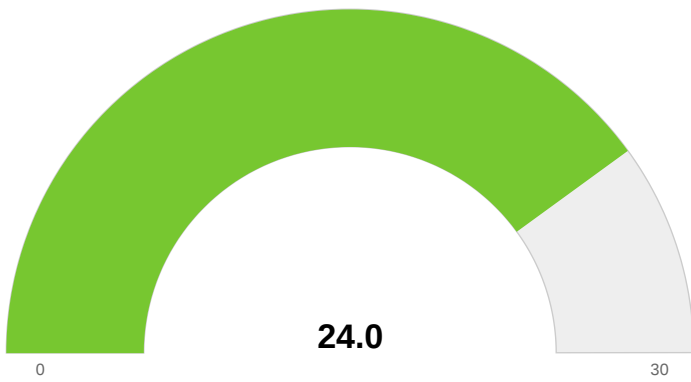
A business **Strategy**, on the other hand, is defined as identifying and pursuing opportunities that are aligned with the strengths of the business. The strengths of a business are those products or services that your teams know how to deliver with positive results, and have demonstrated they can deliver consistently. When you only pursue opportunities that allow your business to leverage its strengths, your business grows its expertise in the areas of its strengths, giving you a true competitive advantage. It is simply not a good business strategy to try to be all things to all people, although many businesses try! It dilutes the strengths of your company, and makes you less competitive in your market. Just because a competitor offers a product or service does not mean that you should too, especially if you cannot provide it with consistently, positive results.

When the **Strategy** of a business is opportunistic, there will be anxiety because the business is trying to succeed in areas where it knows that it is weak. Efforts are expended in areas where the chance for success is unknown. Nothing feels familiar or secure, and confidence is lacking.

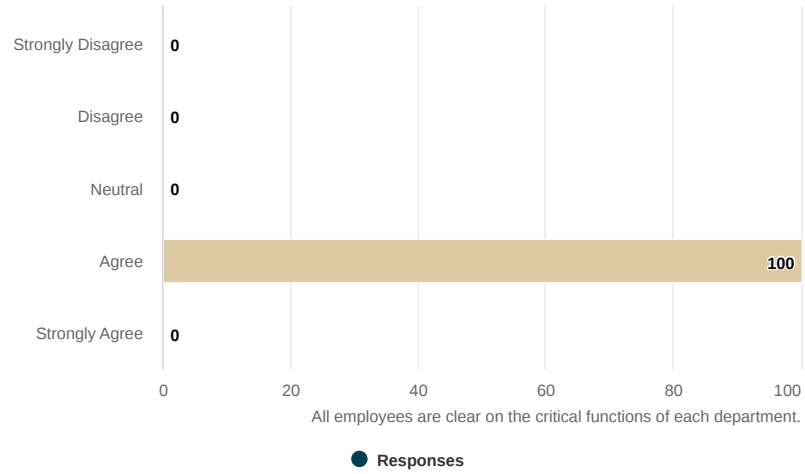


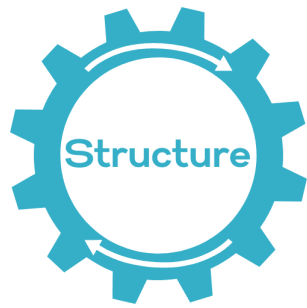
## GRAPHICS

Your Sprocket Structure Score



How Our Team Feels About Structure





## PUTTING IT ALL TOGETHER

The organizational framework of a business is most commonly represented by the musty old organizational chart that graphically depicts the titles of important positions, and the names of employees who hold them. Developed in 1917 for the Tabulating Machine Company, this relic is used to show the relationships between people in the organization by depicting who reports to whom. It typically does very little to explain to the rank and file how the business functions by showing who is responsible for what. Since organizational charts by their design are person-dependent, these charts quickly become obsolete if not updated every time employees are added, deleted or move to new positions. They become downright useless if old responsibilities follow employees to new roles.

A business **Structure**, on the other hand, identifies the critical functions of the business, and the individuals or groups that are accountable to perform them.

**ACCOUNTABLE : I account** for my activities, **I accept responsibility** for them, and **I disclose the results** in a **transparent manner**.

Imagine for a moment that you are not building a business, but are building your dream home.

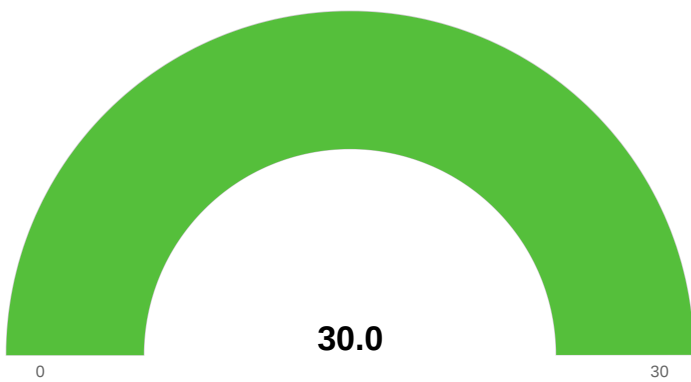
Your first task is to decide who will live in your dream home, and the environment in which you want them to live. Your second task is to decide what rooms you will need, how they will be used, and where they will be located. This is best accomplished by preparing detailed floor plans to ensure that you achieve the desired flow and function in your home. Just as with your dream home, the function of the business should define its structure. And, the primary function of any business is to successfully exchange value. Your structure should reflect how you choose to create and exchange that value.

When the **Structure** of a business does not address function and accountability, there will be redundancy and gaps in operations because it is not clear who or which department is accountable for fulfilling a given critical function. When multiple people are responsible to complete a given task, it rarely gets done consistently. And, when it is not clear that only one person is responsible for a given task, several will assume the task is theirs to complete.

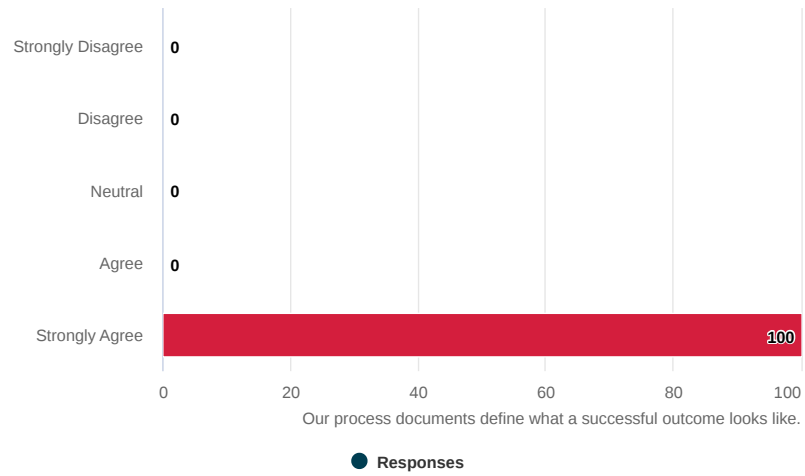


## GRAPHICS

Your Sprocket Processes Score



How Our Team Feels About Processes





## PUTTING IT ALL TOGETHER

There is no agreed-upon definition for processes used by most businesses. The terms process, procedure and policy are used interchangeably even though they actually describe very different types of documents that meet very different needs of the business.

A **Process** defines a high-level view of tasks that need to be performed to achieve an objective, who performs them, and who is accountable for their successful completion. There is a start and end to the process, with steps in between that can be mapped graphically in a diagram such as a flow chart. A **Procedure** defines the detailed steps required to successfully and consistently perform any task. In a process, there can be many procedures. Procedures are effectively prepared as manuals, guides or checklists. A **Policy** defines the rules governing processes and procedures.

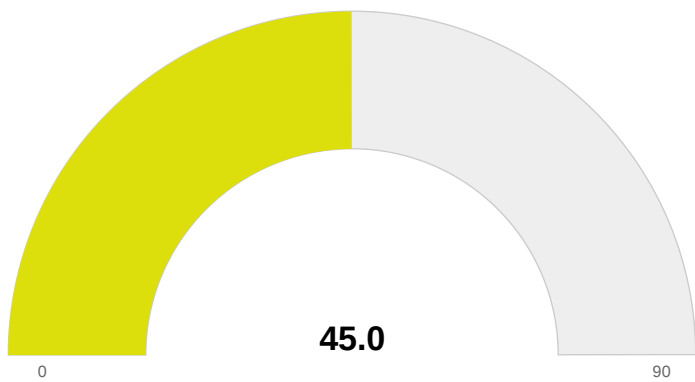
In general, **policies** are decision-oriented, while **processes** and **procedures** are behavior-oriented. Businesses typically require all three types of documents. Processes, procedures and policies should be focused on ensuring that the critical business functions defined in the business structure are fulfilled successfully, with the overriding goal of minimizing mistakes, maximizing delegation, improving productivity, and professionally developing employees.

When the **Processes** supporting structure are missing, there will be frustration because no one is sure how critical tasks are supposed to be performed, to what standard, or by whom. The old Abbott and Costello comedy routine of "Who's on First?" is funny because we can all relate to feeling frustration when trying to understand something simple enveloped in ambiguity.

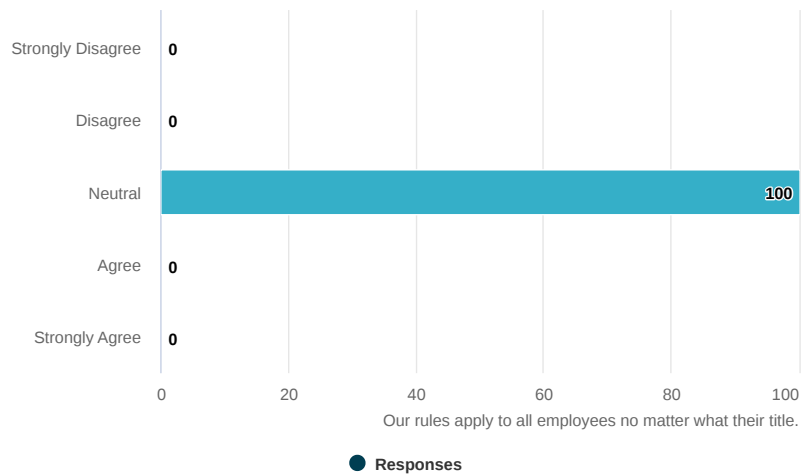


## GRAPHICS

Your Sprocket Culture Score



How Our Team Feels About Culture





## PUTTING IT ALL TOGETHER

Culture is commonly defined as the combined beliefs, behaviors, values and attitudes of the people in the organization. Some even refer to this as the personality of the business. These definitions imply that the people in the organization define the culture. But in reality, culture is the outcome of incentive structures created by the business **Purpose, Strategy, and Structure, and Processes**, together referred to as its architecture. People in the organization merely act in accordance with these incentive structures, and their actions collectively define the culture of the business. The business architecture determines how people will act, and the peoples' actions determine the culture. The people in an organization do not determine the culture independently of its architecture, but in direct response to it.

Therefore, it is critical to not only have a well-designed architecture for the business, but to also ensure that it operates efficiently, effectively, and holistically. A business system will operate more holistically if **Core Values** are defined and incorporated into the life of the business. **Core Values** serve as the guiding principles for your business, establishing expectations for all behavior and decision-making.

Businesses often see an undesirable culture as being the result of the people in the organization, rather than the result of a poorly-designed architecture, or vaguely defined **Core Values**. These businesses will focus on the people of the organization in an attempt to "fix" a broken culture, rather than on the system that created the culture. This is tantamount to entering the highway from the exit ramp.

You can have a clear **Purpose**, a focused **Strategy**, and a solid **Structure** supported by effective and efficient **Processes**, but if these components are not working together in a holistic and integrated manner with your **Core Values** to drive the right behaviors and decision-making processes, there will be lackluster results.

# Sprocket<sup>®</sup>

*Driving Your Business Forward*

Thank You

It's Time To Get Into Gear And Start Moving Forward