THE DONALD COOPER CORPORATION

Speaking and coaching internationally on management, marketing and profitability

Management tool #A-22:©

Possible reasons for our lack of growth & profitability:

Company Name: ____________________ **My Name:** ________________ **Position:** ________________

Lack of growth or low profitability are symptoms of 'a lack of Product or Service differentiation', ineffective Marketing, an out-of-date Business Model, or Operational and Management problems. We'll use the extensive checklist, below, to identify the factors that might be causing a lack of growth and low profitability in our business.

First off, do we know what pre-tax profitability, as a % of sales, a well-run business in our industry should be achieving? That percentage is __% of net sales. Our current annual profitability is __% of sales.

This Biz Tool is to be completed, individually, by each member of our management and supervisory Team. It should take about 10 minutes.

Using the 'List Of Possibilities' below, click on the box next to each item that might be affecting our growth or profitability. To remove a check mark, click on the box again.

Note: For each possible cause of 'low growth or profitability' that we check off below, we'll ask and honestly answer the question, "Which is caused by_______________." Don't settle for listing surface problems. We'll dig deeper until we've identified the real underlying and basic problems that need to be addressed.

☐ 1. Our market or industry is not growing, or is in decline.
   - ☐ a) The lack of growth or decline is cyclical and will likely improve in __ years.
   - ☐ b) The lack of growth or decline is permanent.

☐ 2. Our market or industry is seasonal and we haven't yet figured out how to operate profitably in that reality. We need to figure out possibilities to deal with that.

☐ 3. We don't really understand our target customers....what they really want and don't want.

☐ 4. We have too many competitors and we mostly all look and sound alike. We've not differentiated ourselves with best-in-class products & services, compelling value, extraordinary customer experiences...and by effective marketing.

☐ 5. Our Brand Values and Brand Personality are unclear, or don't make a strong emotional connection with our target customers.

☐ 6. We fail to make strong, helpful and joyful connections with customers at every touch-point.

☐ 7. We're difficult and frustrating to do business with. Some of our policies or attitudes drive good customers away.

☐ 8. We often disappoint or frustrate customers and let them down. They can't depend on us.

☐ 9. Our salespeople have not been trained to sell helpfully, ethically and effectively.

☐ 10. Our mindset or lack of confidence prevents us from charging as much as we could...and as much as we need to. Nobody will ever think we're worth more than we do.

- [ ] 11. We charge too much and thereby drive many potential customers away.
- [ ] 12. Industry disruptors and changing customer preferences or buying patterns have hurt our business and our profitability.
- [ ] 13. We're in a location that's inconvenient for, or hidden from, our target customers…or in a 'sketchy' location that makes our target customers uncomfortable and limits our growth.
- [ ] 14. We don't effectively communicate with existing and target customers in an ongoing helpful and value-added way to build relationships and increase sales.
- [ ] 15. We're not 'straight shooters, we try to manipulate customers…and they've caught on to us. They don't trust us.
- [ ] 16. Our Business Model is out-of-date for the current realities of our industry or market. We need to rethink how and / or where we do business.

Poor execution, caused by one, or a combination of, the following:

(click on the boxes of all that apply).

- [ ] 17. Lack of clarity and consistency from the top. Management focuses on the wrong things (mostly working 'in' the business…not 'on' the business.
- [ ] 18. We don't have a clear and effectively communicated Vision for the future of the business in 3 to 5 years…and how we'll get there.
- [ ] **19.** We don't work together as a Team to create and communicate a clear and complete Annual Business Plan (completed at least 2 months before each fiscal year) that states specifically what we commit to do and achieve in the upcoming year. This Plan would include specifically what will be done, by whom, by when, at what cost, with what outcomes, measured how and rewarded how, in every part of the business…and a Financial Plan and a Cash Flow Plan to go with it.
- [ ] 20. Decisions don't get made, or aren't implemented effectively, so the biz grinds to a halt.
- [ ] 21. Lack of commitment, urgency, follow-up and accountability.
- [ ] 22. Some of our managers and supervisors are 'tired' and have lost their 'hustle' and drive to succeed.
- [ ] 23. We lack internal information (performance metrics) to make profit-appropriate decisions.
- [ ] 24. We don't know our real costs accurately enough, so our pricing is not based of facts.
- [ ] 25. Failure to deal with non-performance, or toxic employees.
- [ ] 26. Indecisive management, or management incompetence.
- [ ] 27. Managers and Supervisors lack effective management education and training.
- [ ] 28. We have some toxic managers and supervisors who drive good Team members away.

- ☐ 29. Lack of effective onboarding for new Team members and effective initial and ongoing training, at some or all levels of the business.
- ☐ 30. A poor Culture resulting in poor performance and negativity. We struggle to attract, screen, energize, engage, challenge, reward and retain top performers.
- ☐ 31. Lack of mentoring and career opportunities causes many top performers to leave for better opportunities.
- ☐ 32. We don't empower and delegate, so things grind to a halt.
- ☐ 33. Ineffective Information Systems and Operating Systems and inefficient Processes. We have not achieved world-class operating efficiency.
- ☐ 34. We don't measure operational performance regularly and accurately in every part of the business, so we don't know where we are, where we need to be...and what needs fixing.
- ☐ 35. Out-of-date equipment and technology.
- ☐ 36. Lack of adequate working capital or cash flow.
- ☐ 37. Too much inventory (not enough inventory turns).
- ☐ 38. Too much overhead.
- ☐ 39. Too much debt.
- ☐ 40. Failure to collect Accounts Receivable on a timely basis.
- ☐ 41. Family Business or Partnership issues are making effective management difficult and hurt our growth, efficiency, profitability and morale.
- ☐ 42. Other reason for lack of growth or profitability #1: ___________________________.
- ☐ 43. Other reason for lack of growth or profitability #2: ___________________________.

_______ **Total number of boxes checked:**

Note: When answering the important question, **"Which is caused by what?"**, for each item we checked off above, we won't settle for listing surface problems. We'll dig deeper until we've identified the real underlying and basic problems that need to be addressed. That process can be uncomfortable, but it's essential to fixing what needs fixing. "The beginning of wisdom is the recognition of reality!"

So, by identifying the possible 'growth and profitability preventors' and answering the "Which is caused by what?", question, what have we learned about what might be causing our lack of 'industry-best' growth and profitability?

On which items did our management and supervisory Team generally agree and on which items was there not general agreement? What can we learn from those who saw things differently?

Finally, what decisions must be made and what actions must be taken to fix what needs fixing? For each action that we've agreed to take to improve growth and profitability, specifically what will be done, by whom, by when, at what cost, with what results, measured how and rewarded how? And who will follow up...and when? This is the process by which 'stuff' actually gets done.