

Solitaire Consulting Ltd

Running an Efficient & Effective Business

Business Improvement Masterclass
for members of Genuine Jersey

3 June 2014

presented by: Paul Every



Agenda

- Introductions
- What we mean by Efficiency & Effectiveness
- How to become more effective
- How to become more efficient
- Questions & Discussion

Introduction

- You have 30 seconds to tell us:
 - Your name and business
 - What are you most proud of, in respect of your business or place of work
 - What you hope to get out of this Masterclass session

Efficiency & Effectiveness

*“Efficiency is doing better
what is already being done.*

*Effectiveness is deciding
what to do better.”*

Peter F Drucker

What do they mean?

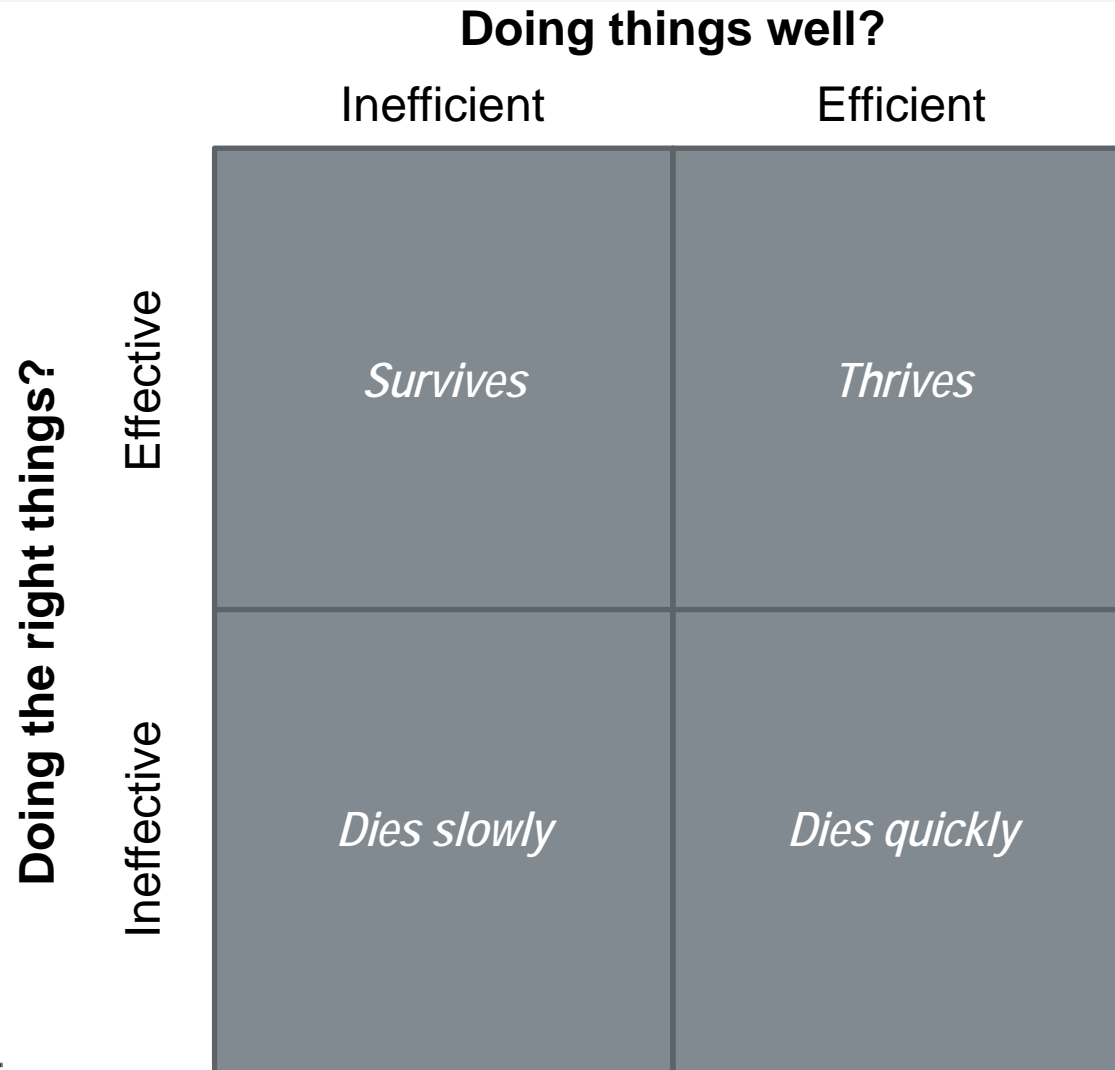
- Effectiveness
 - Is a measure of the degree to which a business achieves its goals
 - A strategy is effective if it achieves its objectives

“Doing the right things”

- Efficiency
 - Is concerned with economy in the use of resources
 - It is efficient if objectives were achieved with minimal use of resources
 - Is a measure of the relationship between inputs and outputs
 - The fewer the inputs used to obtain a given output, the greater the efficiency

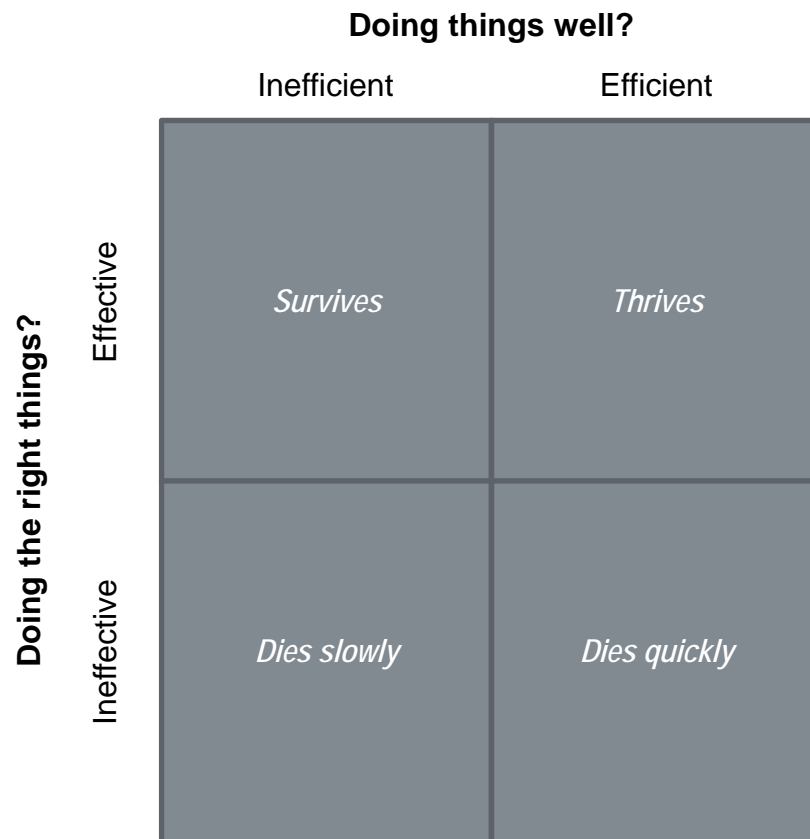
“Doing things right”

Efficiency & Effectiveness



"The best way to progress towards success, is to do the right things right!"

Where do your business activities fit?



Reflect on your recent history of performance

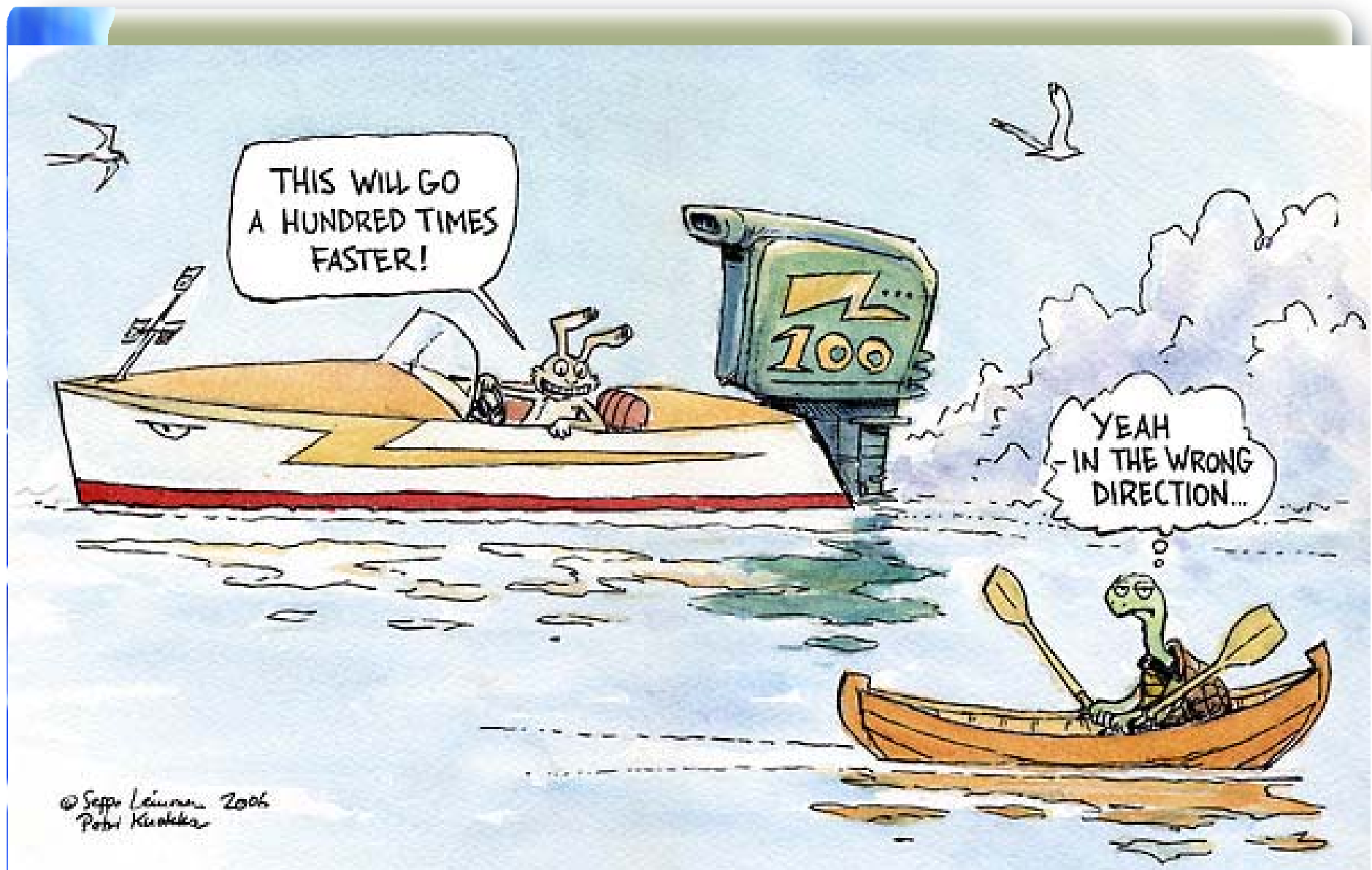
What are you doing right?

How well are you doing these things?

What are you doing that isn't right?

Write these things on Post-Its and place it in the relevant quadrant

Effectiveness



How to Become More Effective

- Vision, Passion & Action
- The Value Pyramid
- Developing and evaluating options
- Critical Success Factors

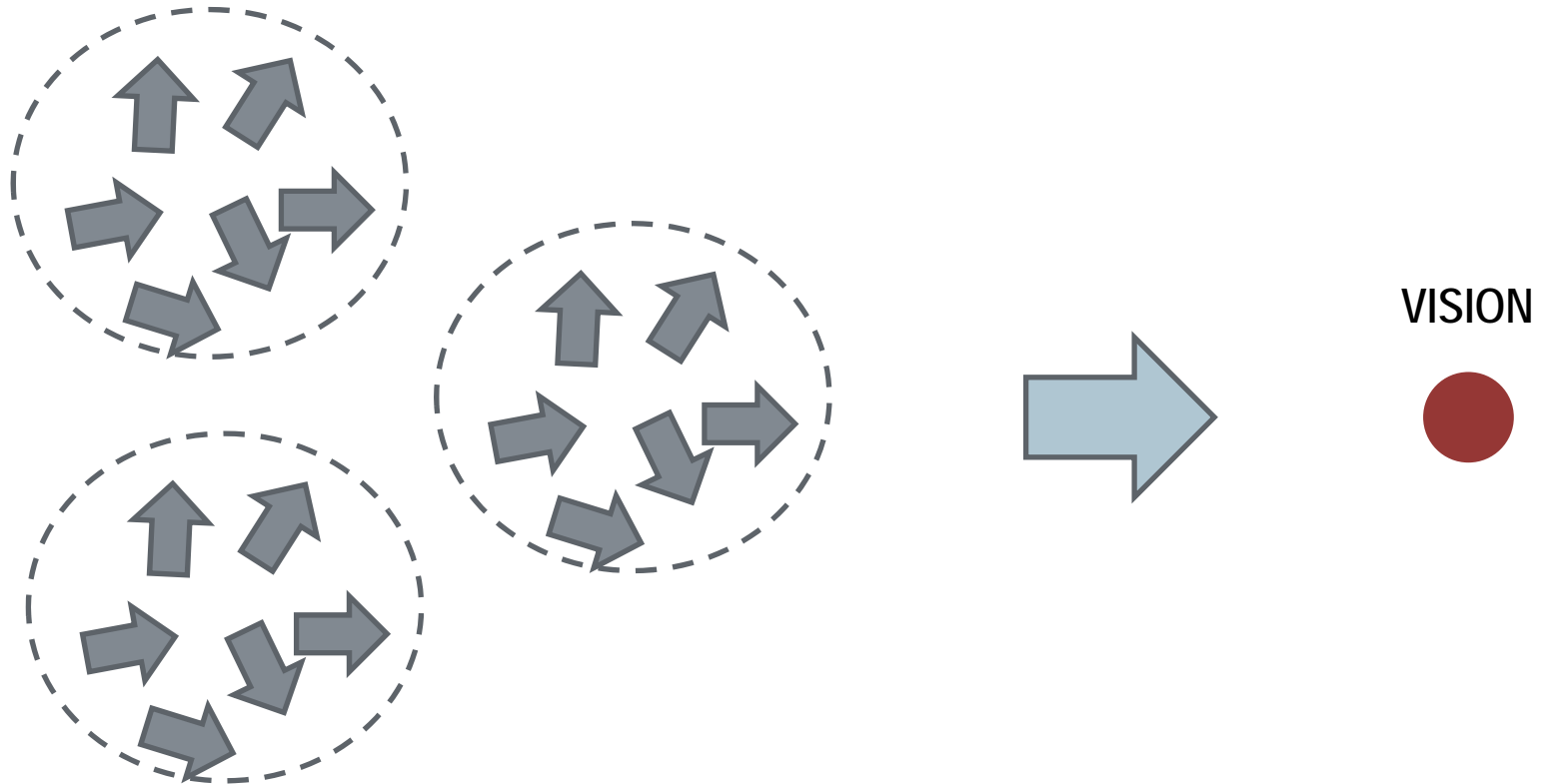
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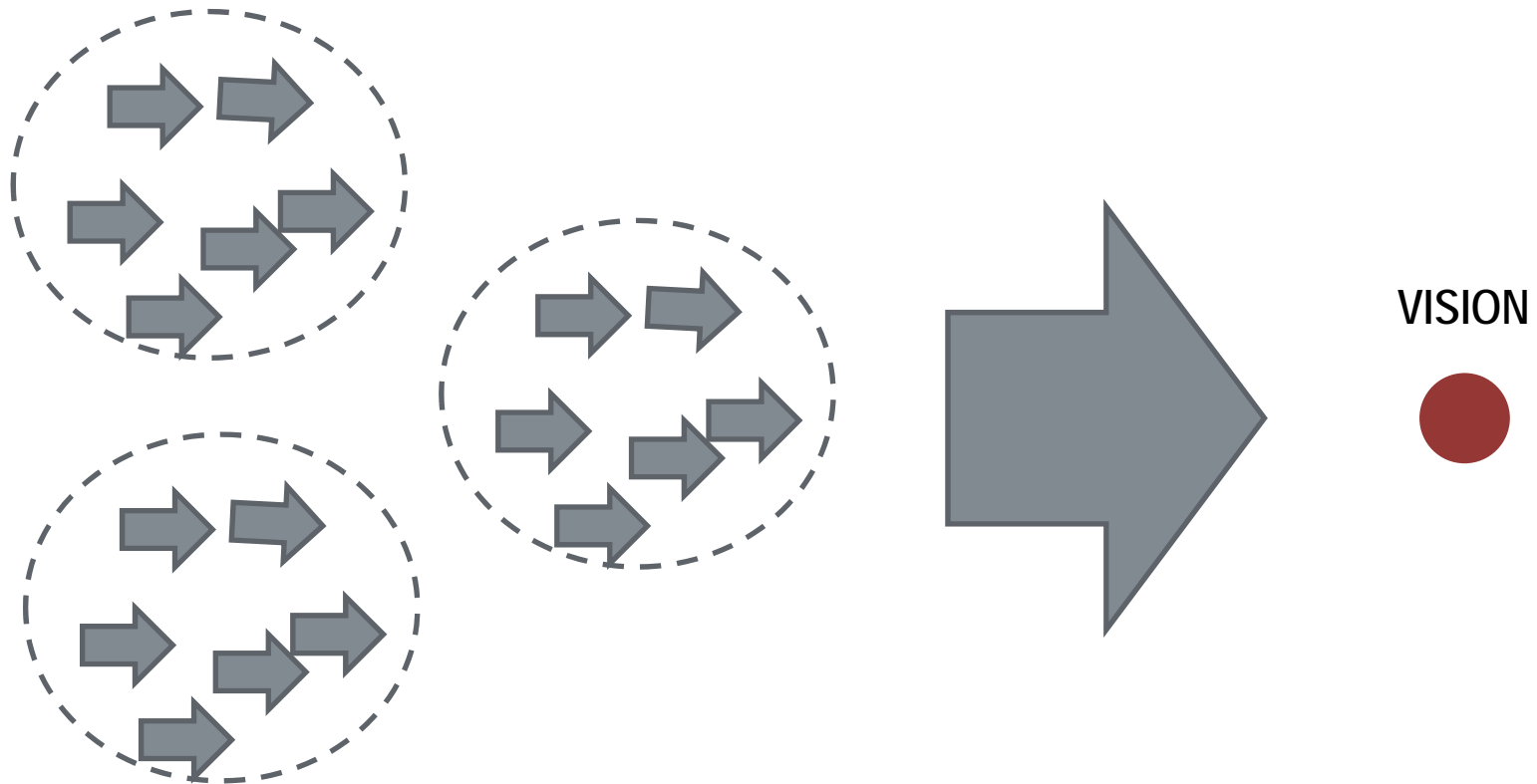
Vision, Passion & Action



Alignment



Alignment

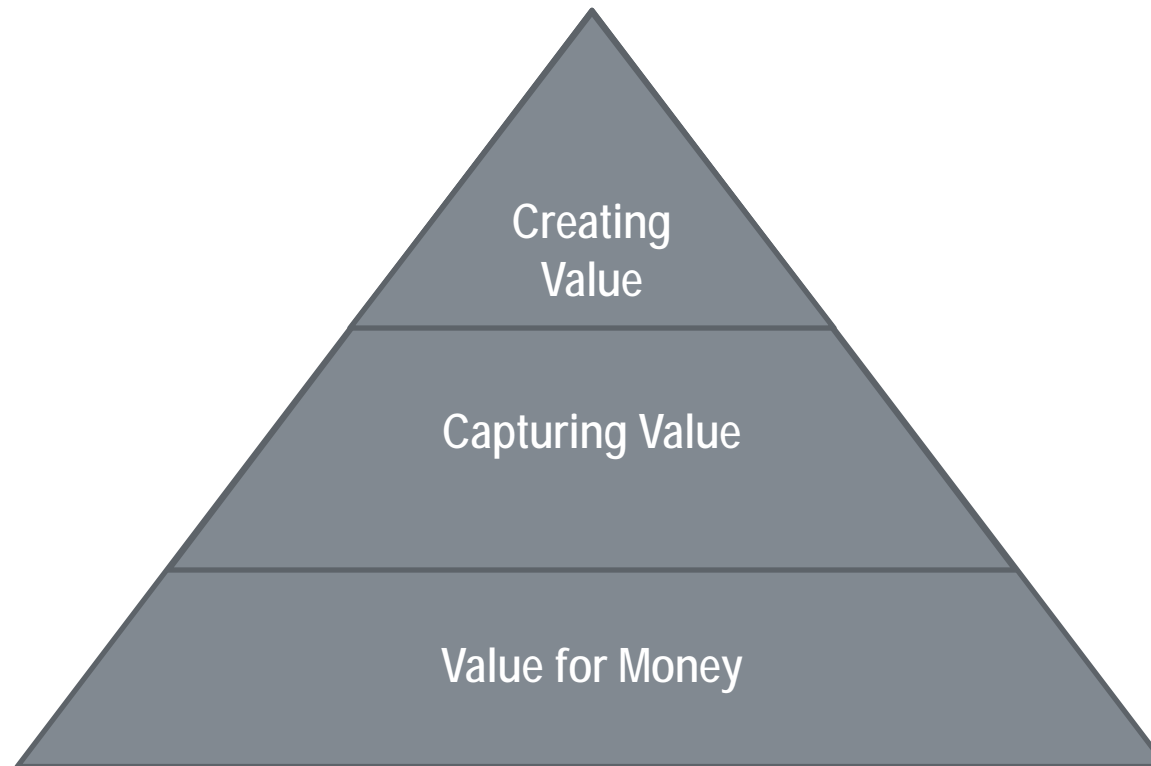


Mission → **Values** → **Strategy**
(why) (how) (what)

How to Become More Effective

- Vision, Passion & Action
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The Value Pyramid

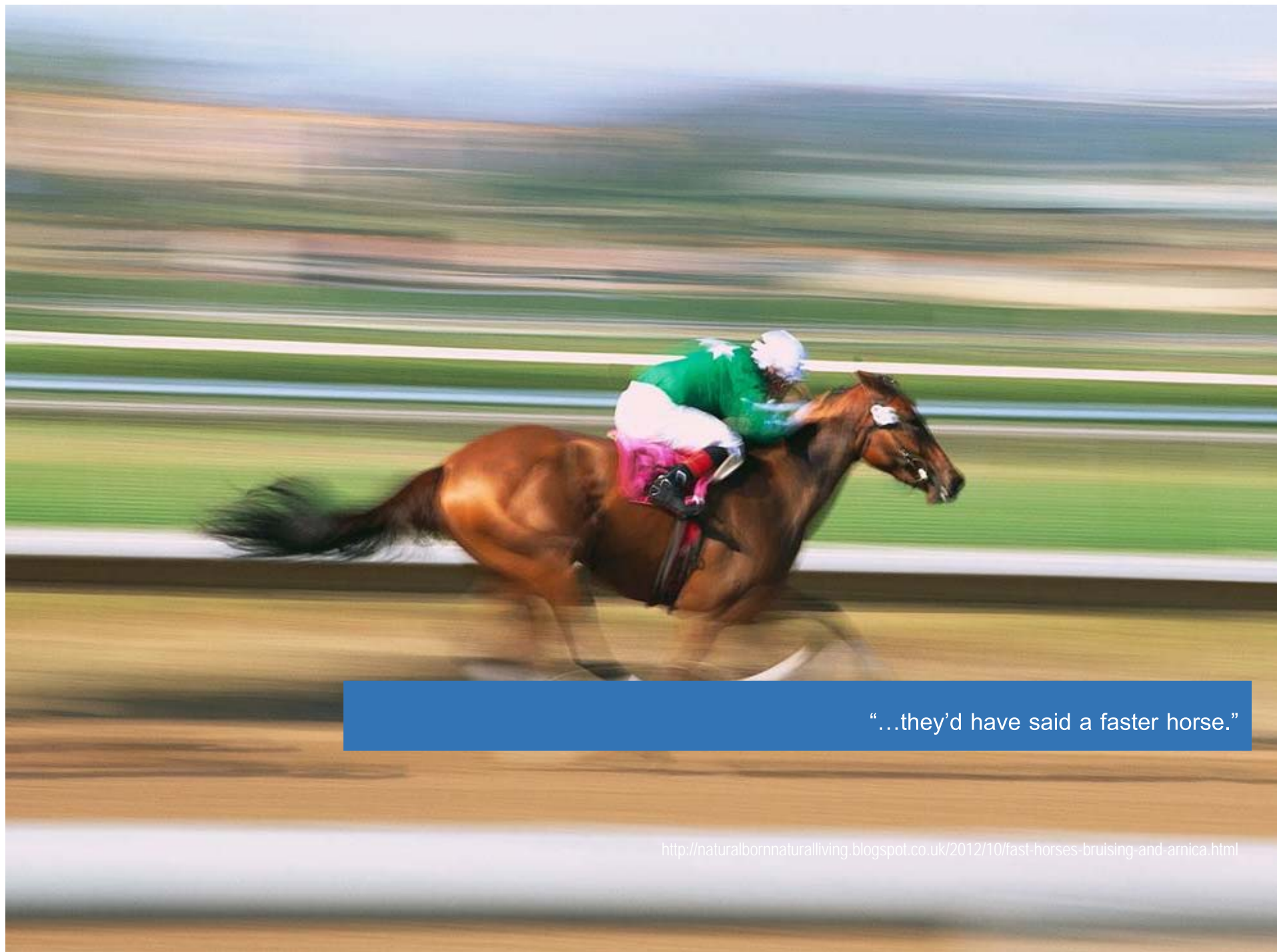


Capture value



“If I asked people what they wanted...”

<http://hardscrabbletimes.com/2008/10/23/saddling-donkeys-for-riding/>

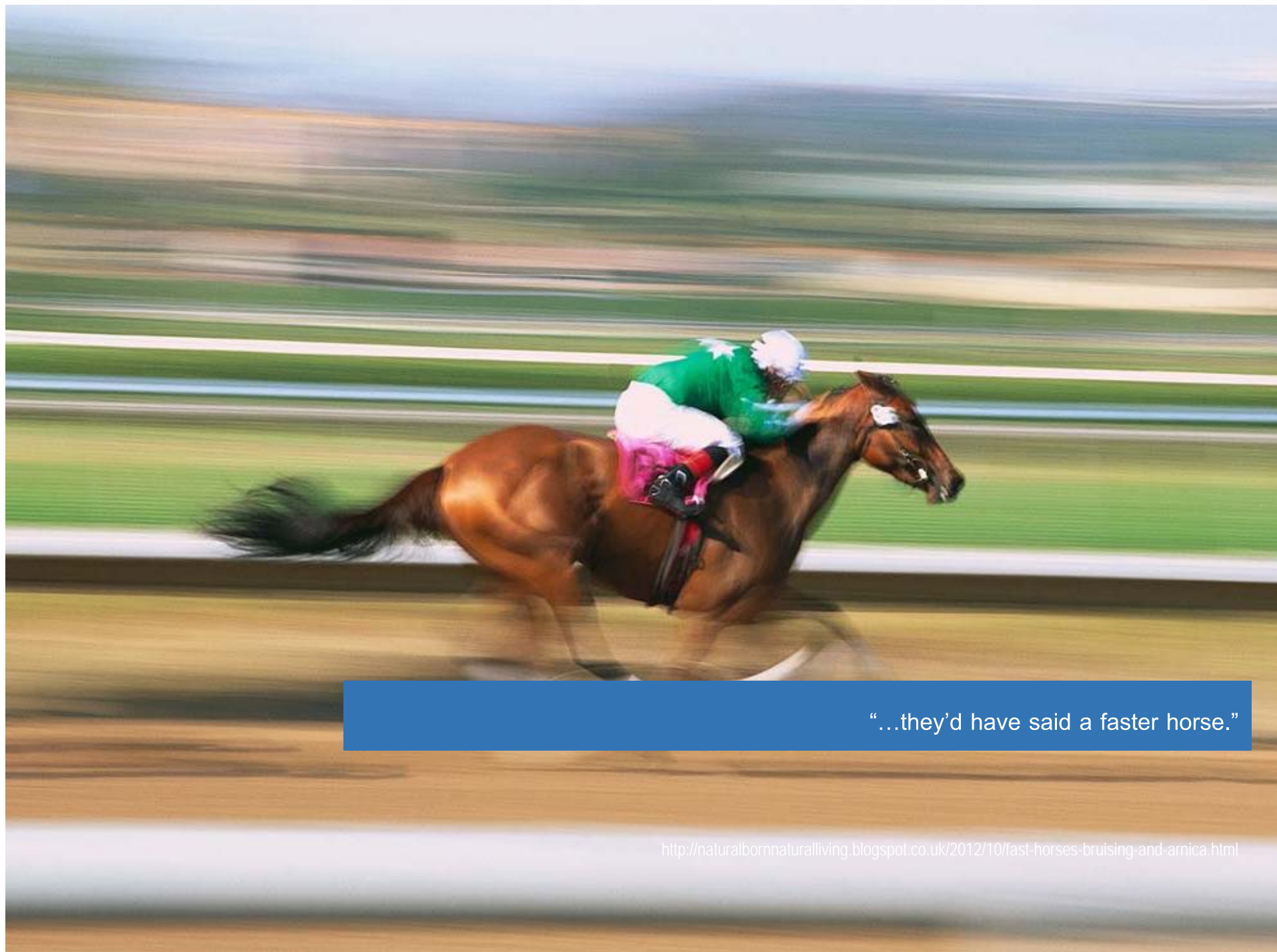


“...they’d have said a faster horse.”

<http://naturalbornnaturaliving.blogspot.co.uk/2012/10/fast-horses-bruising-and-arnica.html>

Capture value

Capture value | Create value



“...they’d have said a faster horse.”

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<http://www.mtfca.com/discus/messages/331880/366906.html?1370908021>

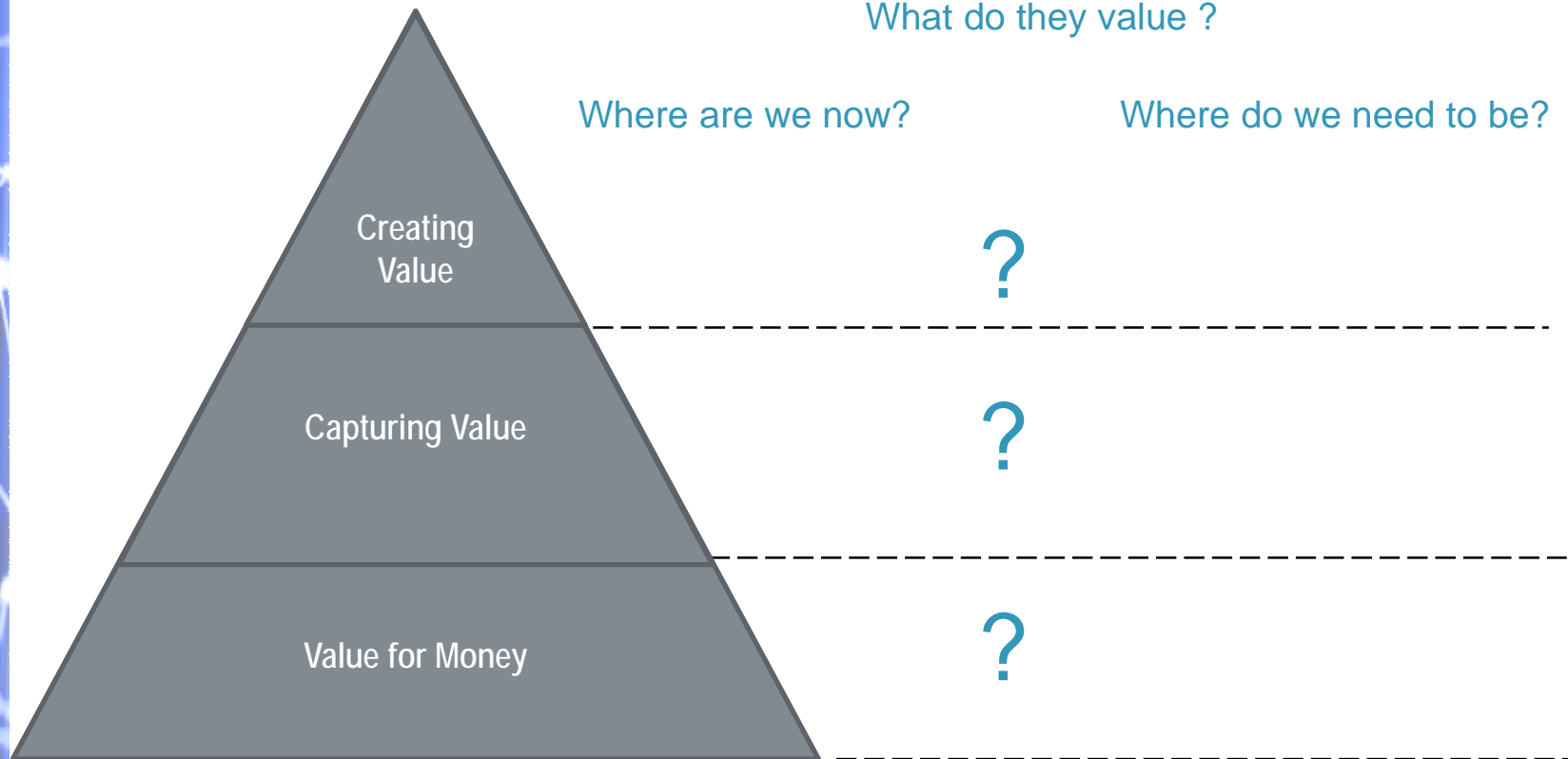
Are you creating or
capturing value?

What do your customers value?

Our customers:
What do they value ?

Where are we now?

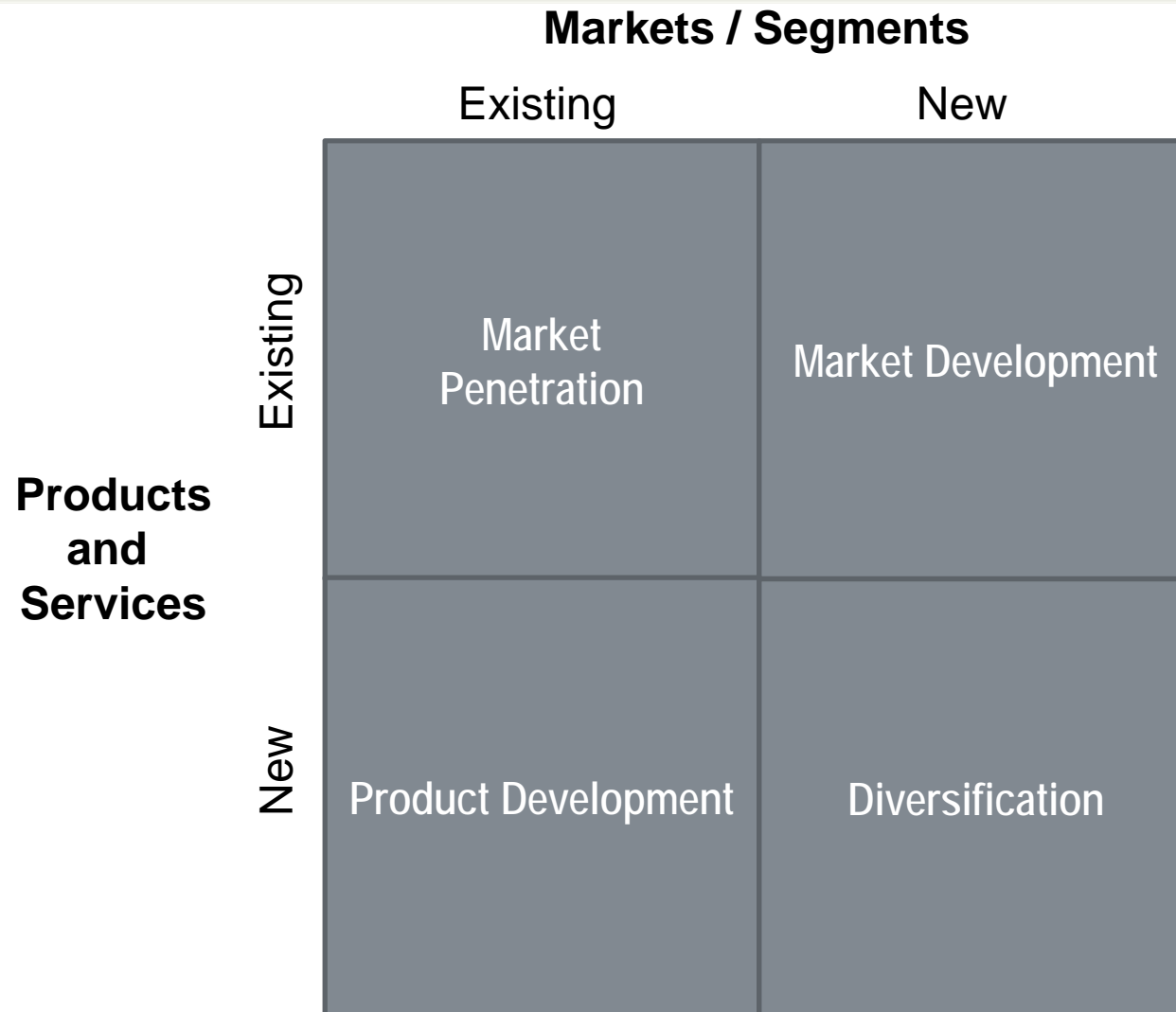
Where do we need to be?



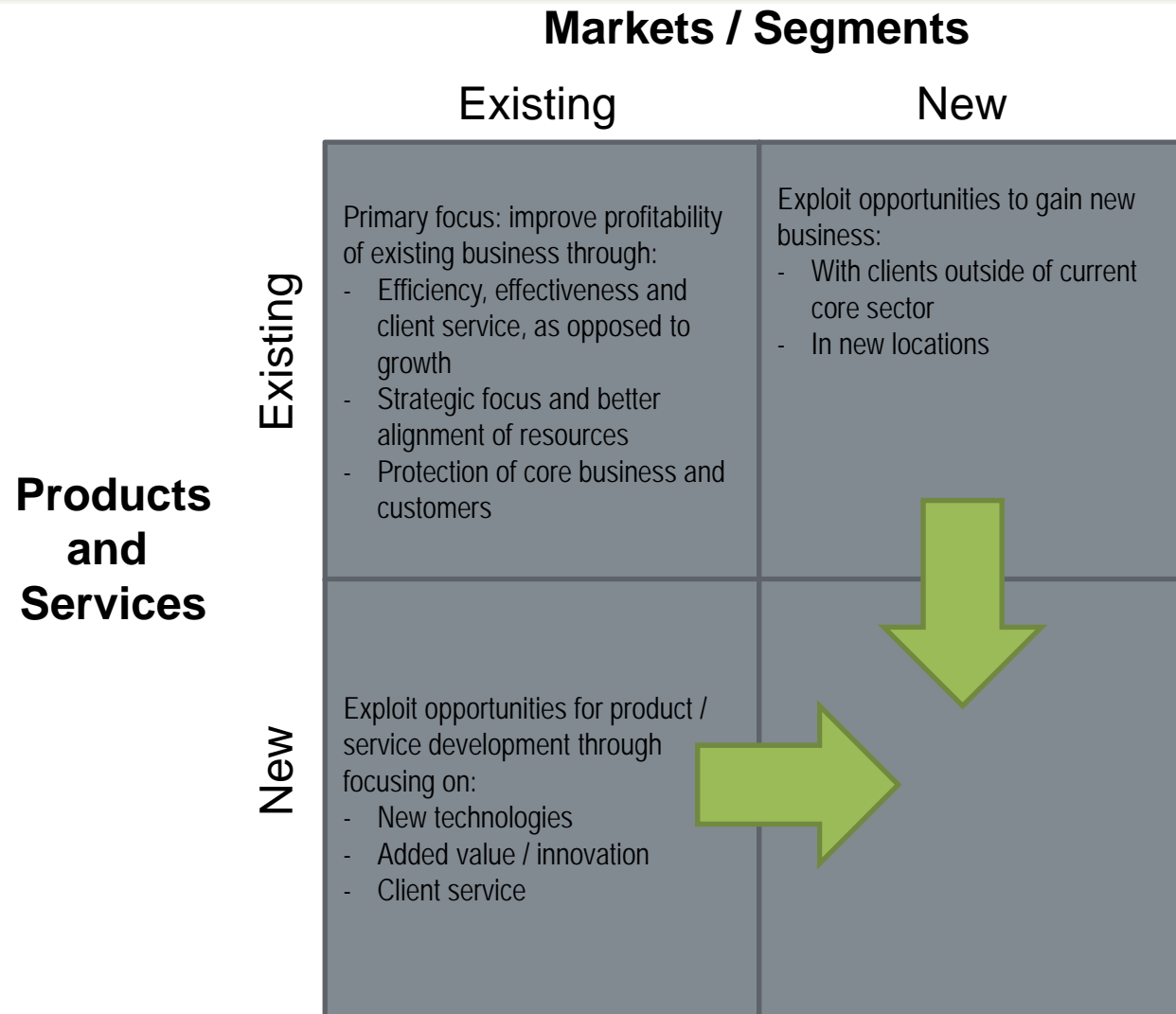
How to Become More Effective

- Vision, Passion & Action
- The Value Pyramid
- Developing and evaluating options
- Critical Success Factors

Development of Strategic Options



Development of Strategic Options



Evaluation of Options

Option	Suitability	Feasibility	Acceptability	Ranking
Option 1	F	UF	F	A
Option 2	?	F		B
Option 3	UF			C
Option 4				
Option 5				

F = Favourable; UF = Unfavourable; ? = Uncertain / irrelevant

A = Most suitable; B = Possible; C = Unsuitable

Evaluation Criteria

- **Suitability**
 - Does the strategy exploit the company's current strengths or opportunities?
 - How far does the strategy overcome the difficulties identified in the strategic analysis, e.g. weaknesses and threats?
 - Does it fit with the organisations purpose (e.g. profit targets, growth expectations etc)?

Evaluation Criteria

- **Feasibility**

- Can the strategy be funded?
- Is the organisation capable of performing to the required service levels?
- At these service levels, can it make adequate returns?
- Can the necessary market position be achieved?
- Can competitive reactions be coped with?
- How will the organisation ensure the required skills at managerial and operative level are available?
- Will the technology (both product and process) be available?
- Can the necessary materials and services be obtained?

Evaluation Criteria

- **Acceptability**
 - What will be the financial performance of the company in profitability (cost/benefit assessment)?
 - How will the financial risk change?
 - What would be the effects on capital structure?
 - Will the proposed changes be appropriate to the general expectations within the organisation?
 - Will the organisation's relationship with outside stakeholders need to change?
 - Will the strategy be acceptable in the organisation's environment?

How to Become More Effective

- Vision, Passion & Action
- The Value Pyramid
- Developing and evaluating options
- **Critical Success Factors**

Critical Success Factors

"What is essential to achieve our goals?"

Vision



Strategy



Critical Success Factors

Profitable revenue	Customer focus	Products & services	Leadership/management	Staff capability	Information technology
<ul style="list-style-type: none">•Cost mgmt•Cost awareness•Profit focused•Value of clients•Ability to sell	<ul style="list-style-type: none">•Intelligence•Feedback•Quality control•Service focus	<ul style="list-style-type: none">•New products•New markets•R & D•Responsive	<ul style="list-style-type: none">•Common goal•Strategic Plan•Communicate•Effective SMT	<ul style="list-style-type: none">•Right attitude•Flexible•Responsibility•Teamwork	<ul style="list-style-type: none">•Business driven•Key enabler:<ul style="list-style-type: none">- client service- new products development- communication



Capability



Action Plans



Efficiency

It doesn't matter how many resources you have.



If you don't know how to use them,
it will never be enough.

Efficiency

- Efficiency concerns the relationship between inputs used and outputs achieved
- The fewer the inputs used to obtain a given output, the greater the efficiency
- Efficiency is equal to:

$$\frac{\text{Output}}{\text{Input}}$$

Efficiency is about

- Avoiding waste in producing the desired output
- Producing no less and no more than the demand for the product
- Avoiding over-manning
- Increasing productivity
- Avoiding unnecessary movement
- Avoiding spoiled or unacceptable products
- "doing things right"



Heavy bags

Saving time

Chatting

Supervising

Who's being efficient?

<http://www.flickr.com/photos/deltrems/7686972932/>

How to become more efficient

- Use the right person for the right job
- Consider outsourcing
- Reduce *variations* or *defects* (Six Sigma)
- Eliminate, bottlenecks and *waste* (Lean thinking)
- Focus on doing what is needed and avoid distractions



Tools to help you be more efficient

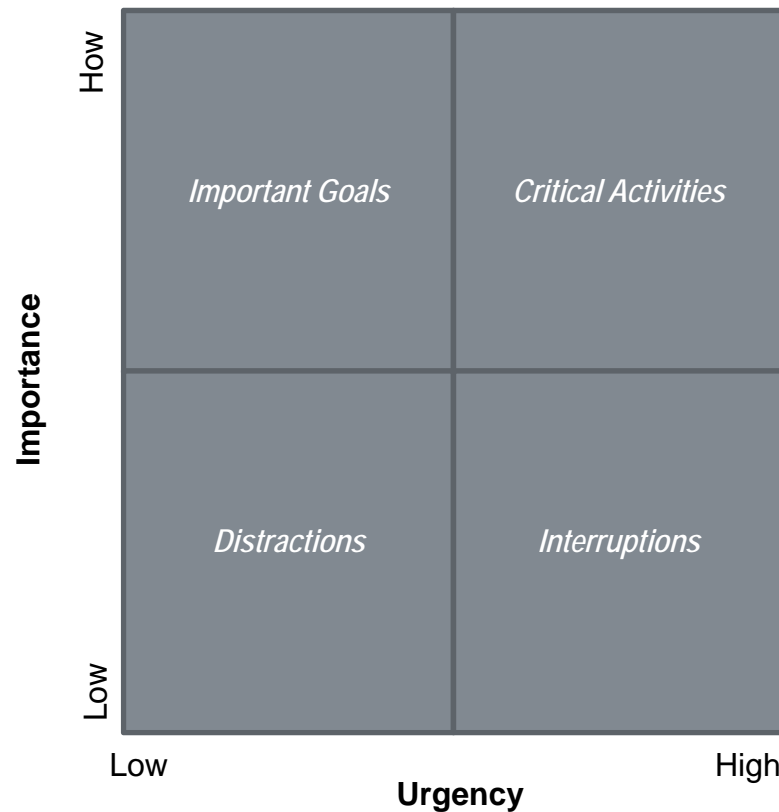
- To-Do Lists

- Kanban

To-Do	In Progress	Completed

- Urgent / Important Matrix

The Urgent/Important Matrix



1. *Build a to-do list*
2. *Assign importance*
3. *Evaluate urgency*
4. *Schedule priorities*

Tools to help you be more efficient

- To-Do Lists

- Kanban

To-Do	In Progress	Completed

- Urgent / Important Matrix
- Process maps

Technology as an Efficiency Enabler

A business that is consistently better at exploiting technology to drive newer and better products, services and business processes stands to gain a competitive advantage

- Marketing
 - Social media
 - Email marketing
- Sales
 - CRM
 - Website
 - Online ordering
 - 'Straight through processing'
- Administration
 - Cloud services
 - Finance & bookkeeping
 - Virtual office
 - Mobile communications
 - eBanking
- What else?

"The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency.

The second is that automation applied to an inefficient operation will magnify the inefficiency."

Bill Gates

Summary

- Effectiveness is focusing on doing this right things and creating value for customers
- Efficiency is doing it right first time and not wasting resources
- To be successful you need to be doing both!

Questions?

Helping you adapt to change

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"Your success in life isn't based on your ability to simply change. It is based on your ability to change faster than your competition and customers"

