




Building a Strong Foundation for Growth


Shawn Poole
Co-founder of Employbridge
Board Member, and Executive in Residence



CREATING VALUE

Where does value come from?

- Growth
- Operating Margin
- Asset Efficiency
- Expectations



CREATING VALUE

What makes it worth more?

Legacy [leg-uh-see]

- 1) Law. a gift of property, especially personal property, as money, by will; a bequest.
- 2) Anything handed down from the past, as from an ancestor or predecessor.



“If you can’t feed a team with two pizzas, it’s too large.”

–Jeff Bezos









To understand if Discipline 1 needs to be addressed in your organization, review the following checklist:

- The leadership team is small enough (three to ten people) to be effective.
- Members of the team trust one another and can be genuinely vulnerable with each other.
- Team members regularly engage in productive, unfiltered conflict around important issues.
- The team leaves meetings with clear-cut, active and specific agreements around decisions.
- Team members hold one another accountable to commitments and behaviors.
- Members of the leadership team are focused on team number one. They put the collective priorities and needs of the larger organization ahead of their own departments.

If two or more of these statements are not true in your organization, address your team dynamics. Visit the website for the complete organizational health check list.



- 1. Why do we exist?**
The answer to this question will yield a core purpose, or the fundamental reason the company is in business.
- 2. How do we behave?**
This question examines behaviors and values required for success.
- 3. What do we do?**
This answer provides a simple, direct explanation of the business.
- 4. How will we succeed?**
This question requires the team members to develop a strategy.
- 5. What is most important, right now?**
The answer to this question is the establishment of a unifying thematic goal and action plan.
- 6. Who must do what?**
This question addresses roles and responsibilities.



1. Commitment Clarification:

This strategy requires the meetings' discussions and decisions be reviewed for alignment and buy-in before they are communicated.

2. Cascading Communication:

This communication concept provides a structure for personally disseminating information.

3. Top Down Communication:

This is the most common type of communication flow that needs to be consistent and supported by other communication vehicles.

4. Lateral and Upward Communication:

It is important to acknowledge and leverage these communication methods without being overly formal or prescriptive.



Review the checklist to see if your company needs to address their human systems:

- The organization has a simple way to ensure that new hires are carefully selected based on the company's values.
- New people are brought into the organization by thoroughly teaching them about the six elements of clarity.
- Managers throughout the organization have a simple, consistent and nonbureaucratic system for setting goals and reviewing progress with employees. That system is customized around the elements of clarity.
- Employees who don't fit the values are managed out of the organization. Poor performers who do fit the values are given the coaching and assistance they need to succeed.
- Compensation and reward systems are built around the values and goals of the organization.

If two or more of these statements are not true in your organization, address your human systems. Visit the website for the complete organizational health check list.



GUIDING PRINCIPLES

- 1. Retain and grow** – keep our existing clients, serve employees and focus on profitable growth
- 2. Plan for continued profitable growth** – create a model that is scalable for growth
- 3. Be considerate** – treat people fairly and do the right thing
- 4. Be nimble, flexible and open** – stay open to new ideas and redirect quickly when needed
- 5. Be confident** – don't compromise on core values... if something doesn't look right, trust your instincts
- 6. Challenge assumptions** – the process/changes should make the businesses better in the long run... if something doesn't sound right, address it right away



Creating the Plan. A Process Journey

- Step 1: Core Values, Purpose, Differentiators, BHAG
- Step 2: Targets and timelines. (one-page plan)
- Step 3: Value Creation Plan. Where is the value?
- Step 4: Key Performance Indicators. Measure to Manage!
- Step 5: Build the Team. Begin with Trust
- Step 6. 100 day plan. Longest journey starts with a single step



Business Language

Core Values. Like the US Constitution or ten commandments, core values are 5 or 6 statements which answer the question "SHOULD we or SHOULDNOT we." They are discovered over time and last. And they tend to be different for each business, defining what is often called the corporate culture. At 3M, one of their core values is innovation. If they can't be innovative in a business area, they'll not do it or get rid of it. Jim Collins' "Mars" exercise helps discover core values.

Core Purpose & BHAG. This is a philosophical statement about WHY you're in business and is determined by your leader's particular reason for having passion for the business. Patagonia's (outdoor clothing) founder once exclaimed "Let my people surf" and that became their purpose statement. It says a lot about the founder's philosophy and style. The core purpose puts "heart" into the business. In addition, the business should be pursuing a Big Hairy Audacious Goal (BHAG). It should be a quantifiable pursuit with a 10 to 25 year horizon that is audacious but not braggaboos and reinforces fundamentals. Microsoft's pursuit of being on every desktop is an example.

Targets. The target level answers the question WHERE you want the firm to be in 3 to 5 years. Besides deciding certain quantifiable targets, a firm should define the Sandbox in which the company chooses to play, so that it can be #1 or #2. The Sandbox definition includes the firm's expected geographical reach, products/service offering, and expected market share. Xerox changed their tagline to "The Document Company" to signify a change in Sandbox focus from being a copier equipment seller to document management. Next, clearly articulate the key need you're going to satisfy for your customers, called your measurable Brand Promise - alternatively called a value-added proposition or differentiator. Finally, define five or six Key Thrusts/Capabilities necessary for you to dominate your defined Sandbox, fulfill your Brand Promise, and meet your quantifiable Targets.



CORE VALUES/BELIEFS (Should/Shouldn't)	PURPOSE (Why)	TARGETS (3-5 YRS.) (Where)	GOALS (1 YR.) (What)
		Future Cash Revenue Profit Mkt Cap Sandbox	Op Funding Investment Return Mkt Cap Shareholder Cash Flow R&D Spend Env. Spend Div. Spend
	Actions (1-3 Year Initiatives, Projects, Programs)	Key Thrusts/Capabilities (1-3 Year Initiatives)	Key Initiatives (Relative Priorities)
Core Competencies	ProfitX	Brand Promise XPh	Critical # People (BPs)
	BHAG™	Brand Promises	Critical # Process (PL)



Value Creation Strategy

- Keep it focused (4-6 broad strategies)
- Linked to Aspiration (not business as usual, budget)
- Impact Top Line Growth, Gross Margin %, Efficiency Ratio, and overall franchise value
- VC strategies that might be incorporated:
 - Revenue growth
 - Margin expansion
 - Profitability analysis (clients, branches and service lines)
 - New service lines
 - Automate, outsource, centralize or eliminate
 - Acquisitions
 - Cash generation



Key Performance Metrics

- Tied to Value Creation strategy – Building Greatness
- Cascading
- More business driver than financial
- 3-5 year view



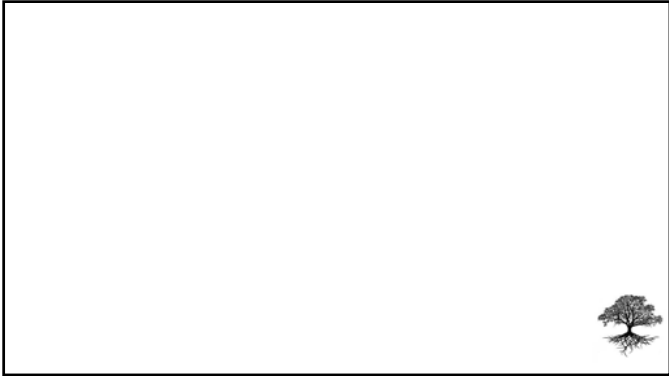
100 Day Deliverables

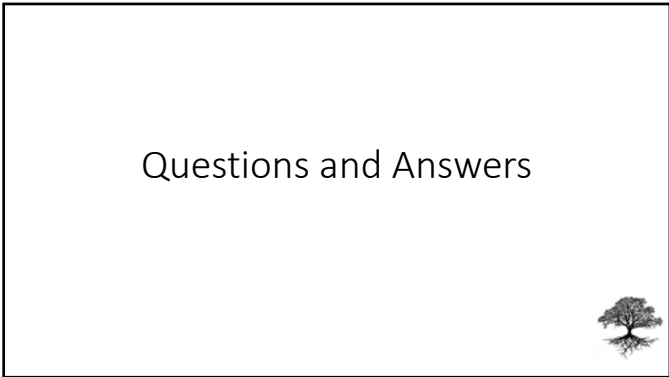
- Ensure “fast start,” capture all the “to dos,” ensure common view of priorities, coordinate initial activities. CLT takeaways could be great starting point
- Critical Milestones: e.g. phantom Option Plan, Board Development, etc...
- Identify Functions
- Work with individual function leaders: Key activities, Lead, Timing.
- Acquisitions – go or no go

“The journey of a thousand miles starts with a one step”

Lao Tzu









Economic thoughts for staffing companies

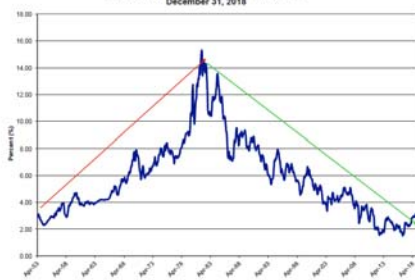
"The only function of economic forecasting is to make astrology look respectable"

"There are two kinds of forecasters: those who don't know, and those who don't know they don't know."

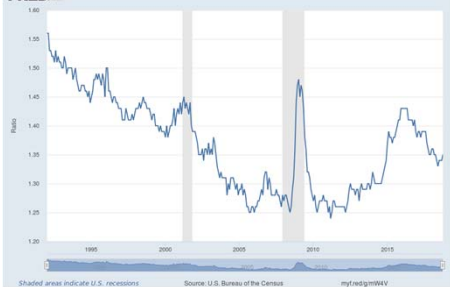
John Kenneth Galbraith

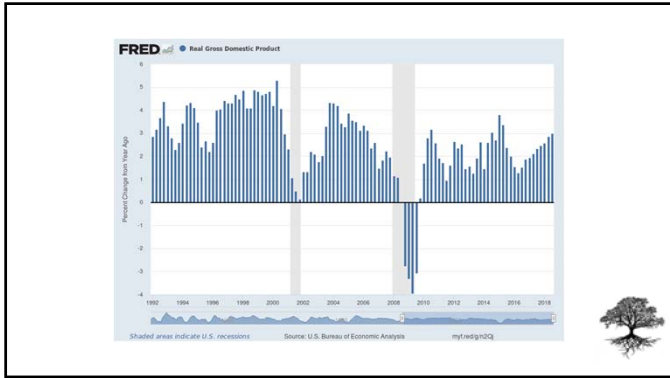


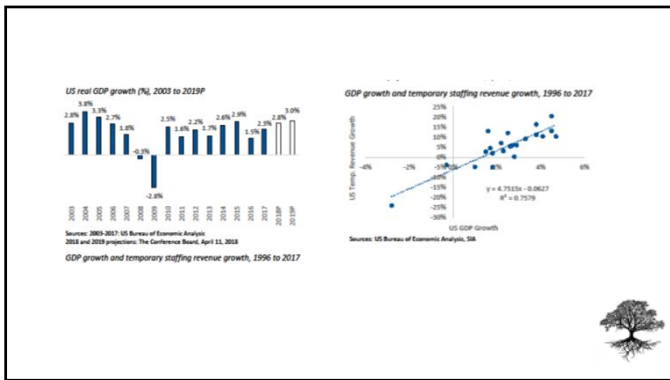
Has the Secular Rate Cycle Come Full Circle?
U.S. Treasury 10-Year Constant Maturity Yield
December 31, 2019



FRED — Total Business Inventories to Sales Ratio







Feb 21 LEADING ECONOMIC INDICATOR

	Period	Prior	Forecast	Consensus	Non-Market Moving
LEI, m/m %	Jan	-0.1%	0.0%		-0.1% to +0.2%

All together we estimate the LEI is essentially unchanged in January, after a -0.1% drop in December. There is no sign that it has peaked, but three of the last four month has been flat to down. That trend increases that risk that it has peaked. The economy does not slip into a recession until roughly 1 year after a peak. We believe this economy has another 4 years to grow, if not longer. Only one of the five critical factors that we have identified prior to a recession is currently in place. That said, the rebound in stocks in January should offset the drop in the mfg workweek and drop in expectations.

Don't waste a good Recession

- Know where your cash is! And where it is going! And how Fast!
- Plan system conversions around them.
- Revisit your operating model
- Close underperforming operations. FAST!
- Emphasize sales. No one else is calling on prospects!
- Look for the thrivers!
- Change your tactics not your strategy. Unless your strategy is wrong.

