

compelling insights

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Business Optimization Analysis

for

„Optimum Ltd“
Highstreet, SW18 9HU London, UK

Dear participant

Congratulations on your decision to test our innovative business diagnostics- and optimization tool optimizer. It is our intent to show leaders of small- and medium enterprises new perspectives to maintain or create sustainable, profitable growth and we of course hope, that this document will be doing just that.

Content:

A. Executive Summary

B. Introduction into the methodology

C. Visualization and analysis of the optimizer output and our recommendations on the five key elements of business success

Attachment

- Your input data

1) Executive Summary

- From the detailed analysis we conclude that your company is well positioned in two of the five key areas of business success. Those are
 - People
 - Infrastructure

Although no immediate action is required we never the less do recommend to study the graphs carefully. Situations often change quickly and unexpectedly. Management should therefore stay vigilant at all times and never stop striving for continuous improvements.

- Room for optimization exists in the areas
 - Offering
 - Key Performance Indicators
 - Sustainability

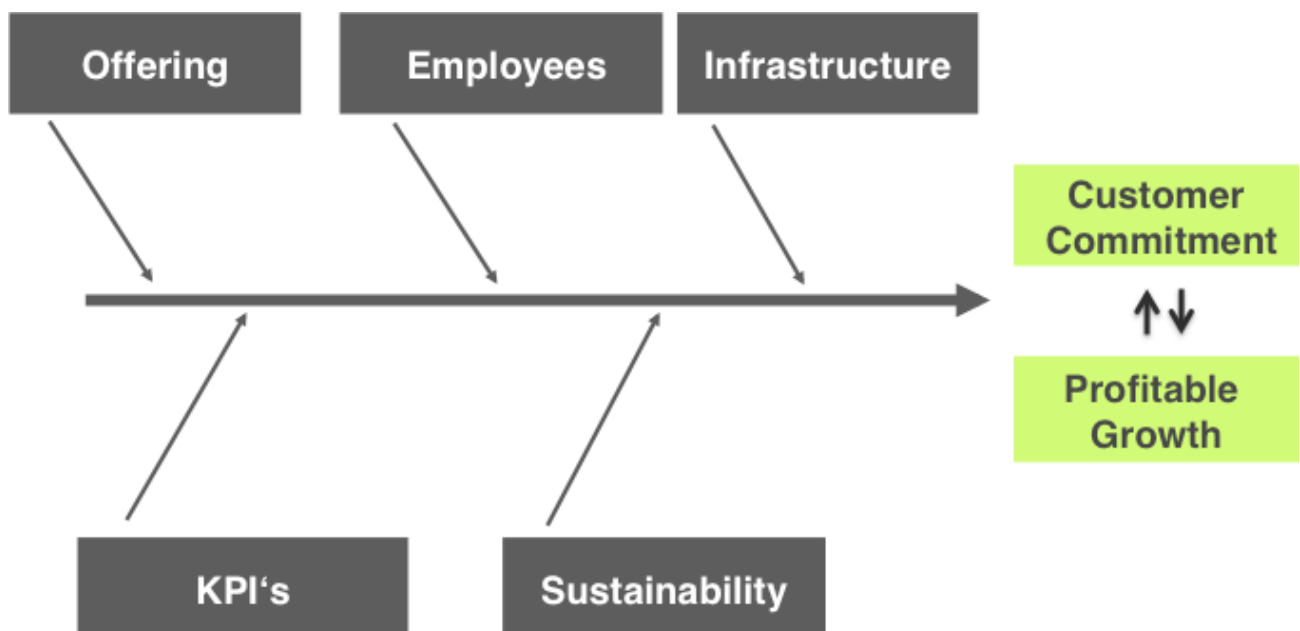
Please see our analysis' and recommendations in the respective section of this report starting on page 6.

2) Introduction into the methodology

A. The Basis of Business Success

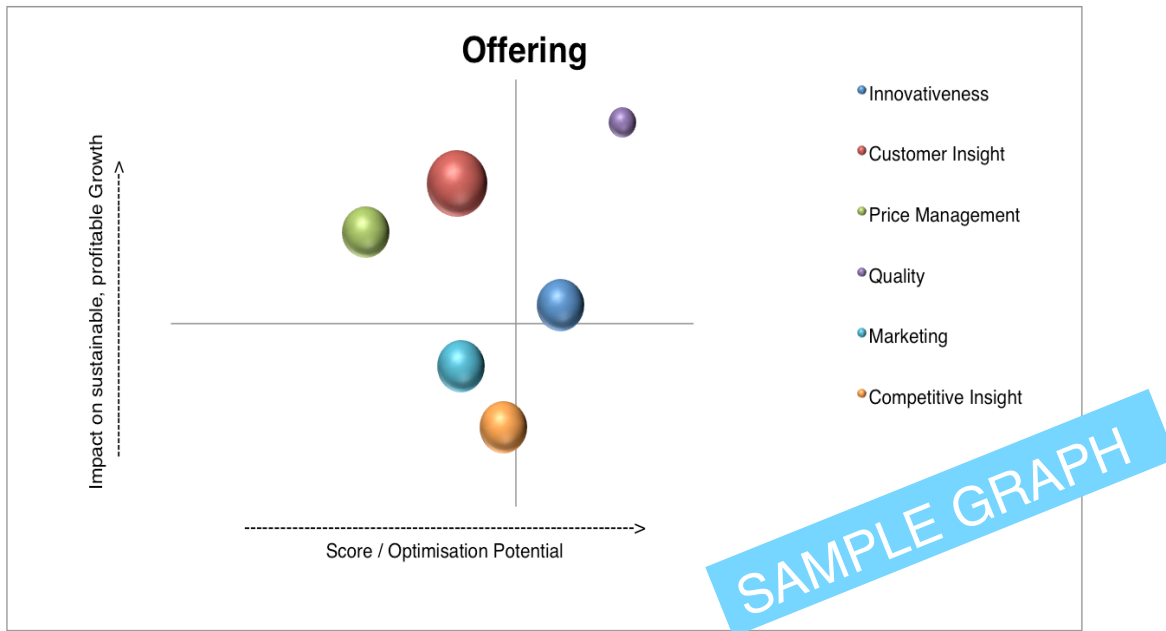
Before you start studying the detailed analysis of your own inputs we recommend that you first familiarize yourself with the methodology applied by the optimizer tool.

The model is built on our strong belief that what it takes to achieve sustainable customer commitment and ultimately profitable growth, is a simple, customer focused business strategy which encompasses the five key elements of business success: Offering, Employees, Infrastructure, Key Performance Indicators and Sustainability. The interaction between those key elements and the desired results can be illustrated by a simple fishbone chart:



B. Visualization of Findings

Before you turn to your own company's graphs we would like to explain, based on the following example, how to read our bubble charts:



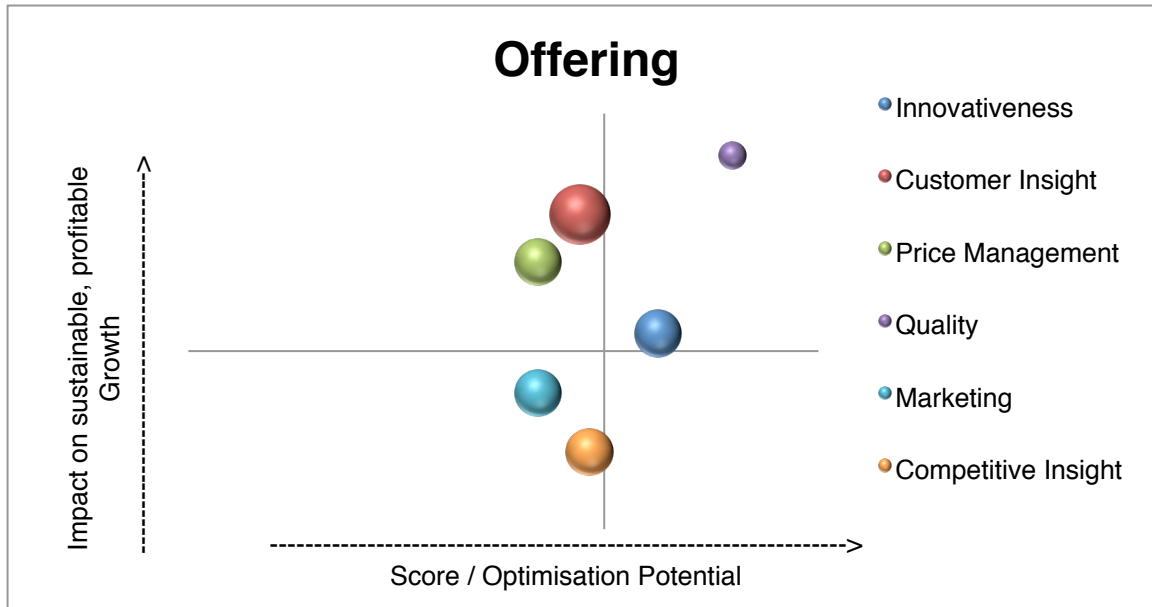
- The horizontal axis of the graph shows the optimization potential in the respective area of activity. A low value, i.e. a bubble on the left hand side of the graph, indicates a high optimization potential; a bubble on the right of the center line means, your company's performance in this area is already on a high level. In the example above, Innovativeness is at a high level and there is no immediate need for action. Price Management and Customer Insight, on the other hand, show meaningful optimization potential.
- The vertical axis visualizes the impact an area has on achieving the sustainable, profitable growth. In the example above an improvement in the area of Customer Insight has the highest impact on improving business success.
- From this follows that the bubbles in the upper left hand quadrant i.e. Customer Insight, Quality and Price Management are of prime interest to us. They represent the areas with the biggest optimization potential and the strongest impact on business success.
- As an additional information, the size of the bubble provides guidance on the likely complexity of possible optimization steps. A large bubble indicates a rather lower complexity while a small bubble says „attention – optimization might be complex and possibly time consuming and costly“. The example above tells us that Quality issues are usually hard to fix while the area of Customer Insight can be improved through relatively simple measures.

Conclusion:

To achieve maximum success with the least amount of investment in time and money we must focus on the large bubbles in the top left quadrant of the chart.

3) Visualization and analysis of the optimizer output and our recommendations on the five key elements of business success

A. Analyses of the key areas which constitute a competitive, attractive product and services offering



Customer Insight

Analyses

- The absence of positively differentiated customer service is most likely the main reason for the unsatisfactory customer loyalty performance. The proven fact that customer satisfaction is a key ingredient of customer loyalty and eventually commitment makes this area a key driver of sustainable, profitable growth.

Recommendation

- Creating strong customer insight and customer loyalty should be made one of your top leadership priorities.
- Before taking any action it is, however, important to measure the overall level of customer satisfaction and loyalty vs. the main competitors, and to determine the key driver that lead to the current customer perception. The most promising and fastest way to obtain comparative data is to obtain inputs directly from your customers. This is ideally done by a combination of broad scale customer surveys and individual, structured interviews with key clients by the front line staff and preferably also by the members of the management team.

Price Management

Analysis

- Making improvements in the area of price management would definitely help ease the pressure on the unsatisfactory profitability level of your company. Pricing issues are not too difficult to fix and the leverage in terms of profitability improvement is very strong.

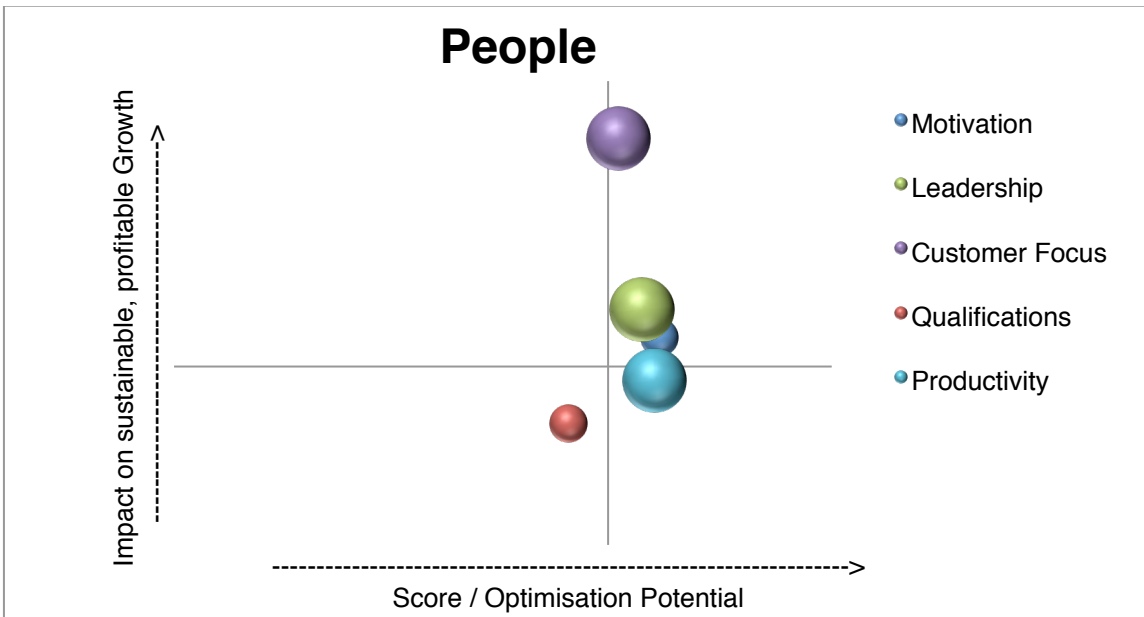
Recommendation

- Price is an expression of value! The four areas of real or perceived customer value are Convenience, Availability/Reliability, Functionality and Relationship. Any price management program should start with gaining a deep understanding of the customer expectations and a price / performance map of the company's products and services.

Relevant Literature, Organizations and Contacts:

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B. Analysis of the key activities of successful people management



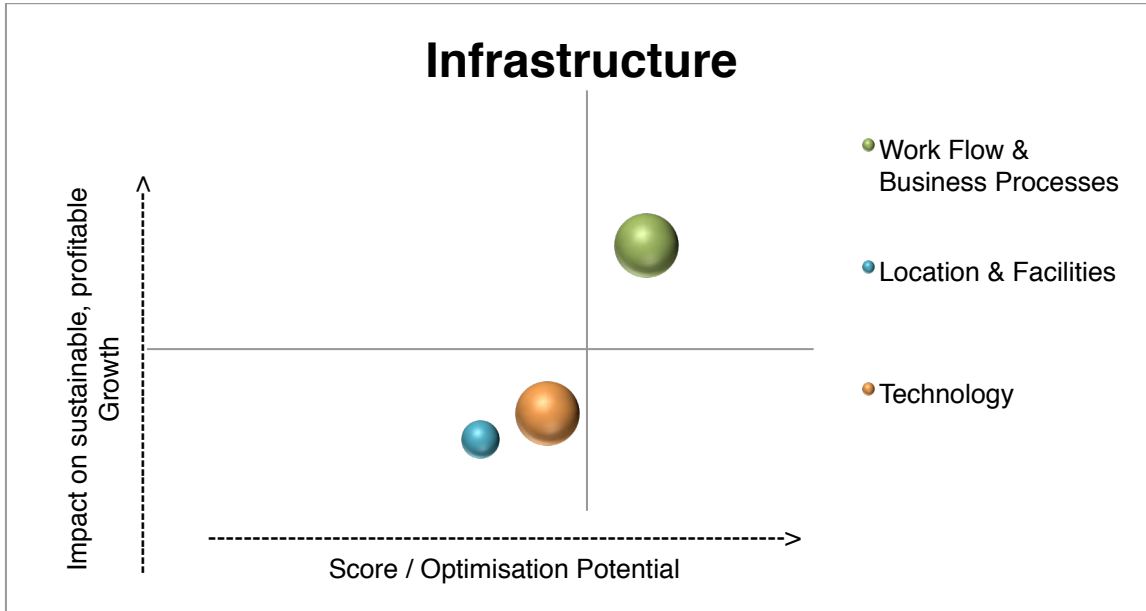
Analysis

- All bubbles with a major impact on sustainable, profitable growth can be found in the top right quadrant of the chart and form a solid basis for success.

Recommendation

- Although no immediate action is required management should stay vigilant, watch the trend in all areas carefully and never stop making continuous improvements.

C. Analysis of the key activities of an effective infrastructure that supports sustainable business success



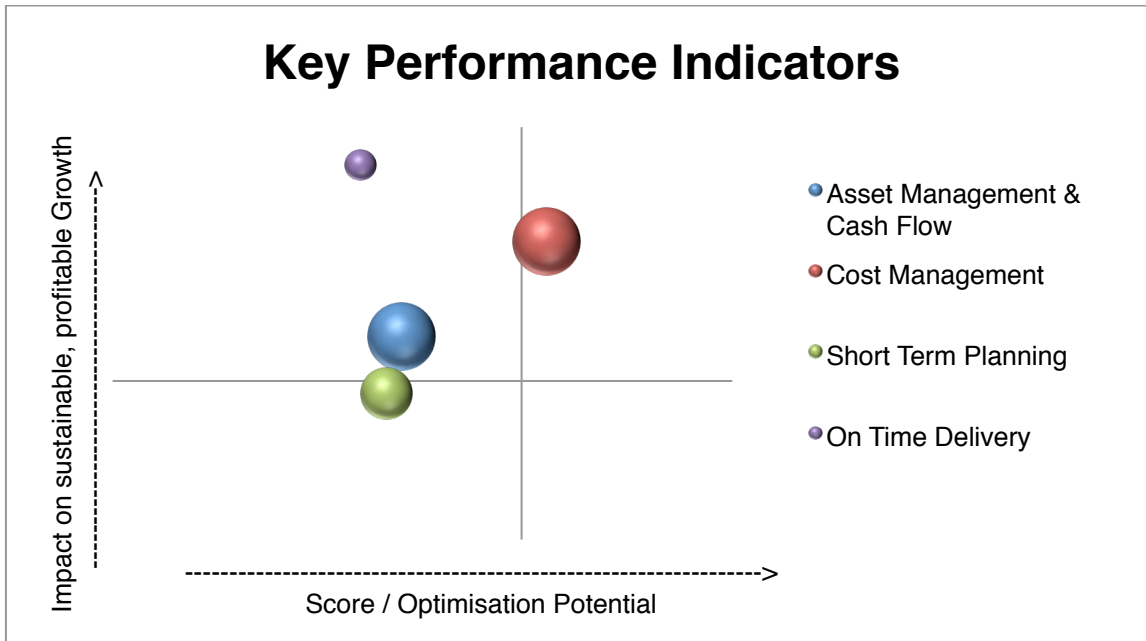
Analysis

- All bubbles with a major impact on sustainable, profitable growth can be found in the top right quadrant of the chart and form a solid basis for success.

Recommendation

- Although no immediate action is required management should stay vigilant, watch the trend in all areas carefully and never stop making continuous improvements.

D. Analysis of the set of Key Performance Indicators required to manage a successful enterprise on a sustainable basis



On Time Delivery

Analysis

- Unreliable delivery performance is a sure way to drive customers into the hands of competition. A system which can flag up issues ahead of time is invaluable when it comes to managing customer expectations and avoiding customer disappointments. There is no doubt that improvements in this area will eventually result in improved customer loyalty and commitment. Additional positive side effects from forward visibility are improvements in asset management and smoother work flows.

Recommendation

- We recommend the implementation of a simple yet powerful measurement system to provide management with essential metrics such as order backlog, on time delivery, inventory levels and turnover, receivables and day sales outstanding, cash flow etc.

Asset Management and Cash Flow

Analysis

- In order to truly understand and optimize the profitability of the company it is important to strictly manage the company's assets and to regularly measure cash flow. Companies who are not keeping an eye on this KPI can easily find themselves in a liquidity trap which can be hard to get out of. Obviously, the risks is potentially larger in a situation where the profitability level of the company is already unsatisfactory.

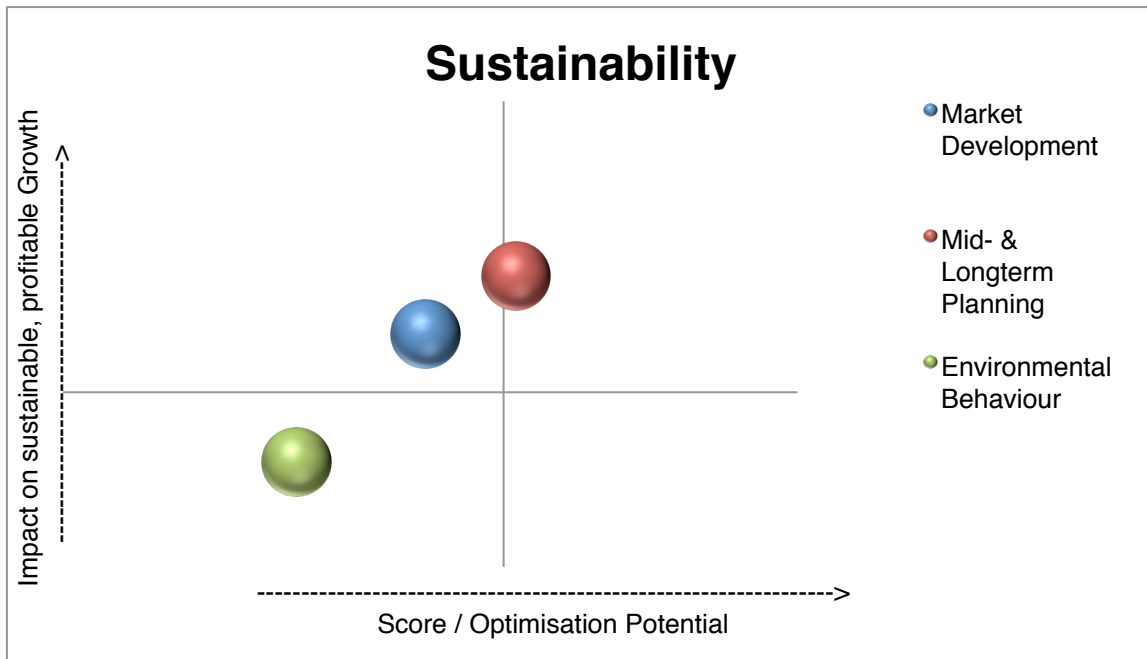
Recommendation

- Setting up a system to measure and plot important trends such as day sales outstanding, inventory turnover and cash flow is not difficult. We recommend that you talk to your internal or external accountant to see what can be done.

Relevant Literature, Organizations and Contacts:

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E. Analysis of the key areas of making the business sustainable



Market Development

Analysis

- To secure long term success it is important to take a 3 to 5 year view on the desired positioning of the business from a geographical, technological, size and profitability perspective. A deep understanding of the market dynamics is a key element of sustainable, profitable growth.

Recommendation

- Strategic planning is a major leadership task for which the necessary time should be set aside. Spending time on strategy, ideally with the involvement of key employees, is usually an excellent investment into the future with solid returns in terms of profitability as well as customer commitment and employee motivation. One element of this process is to regularly follow market developments. We recommend to make this task part of the mid- and long term planning process of the company.

- Recommended reading material:

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4) Possible next steps

We sincerely hope that you find our work meaningful, relevant and inspiring and that we have succeeded in motivating you to grab the opportunities which exist, to improve your company's performance and to stay or get on the path of long term, sustainable success.

As we do not want to miss any opportunities to make improvements to our system and processes we would much appreciate it if you would provide us with your feed-back and comments. Please share with us how you experienced the process and what you think specifically about the compelling-insights project.

Many thanks again.

Yours sincerely,

The compelling-insights Team

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Attachments

- Copy of your input sheet