

Unleash Productivity - Unleash Your Company Exit Valuation

Ask yourself - What can my company do better today than we did yesterday and what can we do tomorrow that will be better than today?

Asking and answering this question will put you on a journey of unleashing productivity within your business. It's not just a matter of driving revenue growth, it's a matter of doing so more profitably. This combination will have you building the overall net worth of your company and put you on your path to achieving a future euphoric exit event.

What is Productivity? It is how efficiently and effectively you turn your "inputs" (ex: money, time, raw materials, labor) into "outputs" (ex: units/services produced, revenues, profits). Businesses that benefit from productivity initiatives will find they need fewer inputs to drive greater outputs.

The old adage, *what gets measured gets improved*, holds true with productivity. Here are just two examples of productivity measures:

- Units Produced versus Direct Labor Hours Required
 - o Compare the output of your units or services produced to the direct labor that was required to produce it. As the unit output increases or decreases, what is your labor cost doing? If labor cost decreases while units have increased, you are realizing a productivity gain.
- Customer Credits versus Units/Services Produced
 - o Compare the customer credits you are issuing to your output of units or services. As the outputs change over time, what is happening with the credits? If credits decrease while output increases, you're experiencing a productivity improvement.

Here is a template to facilitate a productivity dialog with your team:

Assessing Opportunity for Productivity Improvements

What Might Be Impeding Our Productivity?	Impact On Our Business? <small>(None, Medium, High)</small>	Improvement Steps We Could Take?
Employees don't fully understand the work process, lack training		
Employees lack experience in working the process		
Lack of access to or existence of training materials		
Process itself not optimal, i.e.: too many steps and/or too complex		
Employees feel unhealthy performance pressure, distracting their focus		
Employees fear making mistakes, work slower to avoid repercussion		
Employees not consistently following the process		
Confusion related to process ownership (entire process or parts of)		
Time spent correcting prior work – rework		
Lacking the necessary enabling systems/tools to optimize the process		
Not enough people/resources to work the process		
Slow decision making impedes progress (at some or all process steps)		
Disorganized workspace impeding ability to work efficiently		
Ineffective team communication through the process		
Unclear or ineffective goals for employees working the process		

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About the Author

Larry O'Toole has over 20 years as an experienced CEO of manufacturing and service businesses. He founded Yosemite Associates, LLC introducing the **Bank your moment®** and **Yosemite Business Diagnostics™** campaigns to help owners extract the uncertainty associated with building their company worth. Larry serves on corporate Boards and provides advisory services to a diversified group of owners. Larry can be reached at 949.874.0787 or Larry.OTOole@YosemiteAssociates.com.