



Rate Your Efficiency

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Efficient businesses have the greatest earnings from year to year. In tough times, they are able to stay cash positive and in times of plenty, they have huge earnings. They are coached to succeed and their staff is professionally trained in proven best practices. This keeps them productive and working as a professional team. See how your company is performing by completing this ranking:	1 point Disagree, we need improvement	2 points Average, we are okay	3 points Totally agree, we are excellent
Our inventory is 99% accurate.			
Our salespeople can independently answer our customers questions regarding inventory, order status, and account status.			
All conversations between our employees and customers are recorded electronically.			
Sales are entered in front of our customers in an acceptable timeframe.			
We follow-up with thank you letters, cards, or calls.			
We know our traffic every day.			
We record the customers who come into our store that do not buy yet.			
We follow-up with potential customers by scheduling tasks.			
We sketch, room plan, and do house calls every day.			
Our sales manager knows average sale, close ratio, number of opportunities, and revenue per up.			
Our sales manager is effective in finding, training, and developing salespeople.			
Our cash is balanced every day in less than 20 minutes.			
We use our customer database to make the best use of our advertising dollars.			
Receiving and invoicing are processed immediately.			
We use bar coding for inventory control.			
We track all customer service issues in our system and have a vendor charge back (VCB) system.			
We track GMROI and have a clear strategy to increase it.			
We carry the proper amount of inventory to sales (15-19%), so that cash flow is maximized.			
We systematically identify slow merchandise and take actions to turn our dogs into cash.			
99% of our available merchandise is displayed properly and quickly.			
Over 90% of complete sales are scheduled for delivery in our system.			
Billing of customers is timely and accounts receivable is correct and controllable.			
Our best sellers are tracked, identified, and nailed down.			
We use purchase advice to reorder best sellers.			
We conduct weekly operations meetings, have a clear agenda, and a			



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problem resolution mechanism.			
We have pay-for-performance systems for all employees and it motivates them.			
Our financials are on time (no later than the 10th of the next month) each month and we completely understand them.			
Our quick ratio is greater than one and we have enough cash to make payroll and keep all of our payables current.			
We completely reconcile our bank accounts in a timely fashion.			
We reconcile our sub ledgers to the general ledger and check balances on the balance sheet each month to ensure accuracy of financials and margins.			
We have an independent company help us develop a financial forecast so that we can get an outside perspective on our business.			
We have proven that we can execute our plan and strategy.			
We provide an exciting and rewarding place to work and shop, and we are distinct from our competition.			
Totals			

Scores:

0 – 50	(F) Failing grade. Immediately get help. If you continue at this performance level, you will need to take loans to pay for the inefficiencies.
50 – 60	(D) Barely passing. The management team should put together an action plan to focus on underlying performance issues.
61 – 70	(C) You are average. You are on the cusp of going either way: success or failure.
71 – 80	(B) You are a decent operator. You definitely have implemented some best practices. Learn from what is working and why, then apply that attitude to your weaknesses.
81 – 90	(A) You are almost there. A few slight changes and you can become a best-of-breed company. You are doing so many things right. Keep on improving!
90 – 99	(A+) You have a model operation. You are a credit to your industry, a fantastic place to work and shop!

You can contact me, David McMahon, for professional improvement and guidance at 719.330.8583 or davidm@profitsystems.net.