

Learning for our CEOs



CEO Learning

- 1. Your role as CEO**
- 2. It's about the customer, always!**
- 3. Our people and our teams**
- 4. Role of the support centre**
- 5. Communicate, Communicate, Communicate**
- 6. Management by objectives**
- 7. Product / Promotions**
- 8. Inventory Management**
- 9. Work-Out**

Three Things You Should Never Do

1. New store opening discounts
2. Stuff around with sale colours. Sale is red and white - never anything different
3. Move clearance to the back of the store.
Markdown and clearance stays at the front of the store and **always** goes forward **never** back

Your Role as CEO

- If we want to avoid being crushed by our competition, you need to out think, out plan, out work and out execute them... 52 weeks a year.
- That's an ongoing commitment you have to make to the strategy and tactics to win at retail.

Sustainable competitive advantage comes from three things:

1. Competence and attitude of our people
2. Speed in which we execute our strategies
3. A winning culture – build a winning culture and great teams will follow

Standards and disciplines

Whatever you decide to do, enforce and motivate to that end – no matter what the short term cost

Excellence

Excellence is good business

Excellence is good for the team

Be Humble

- Arrogance and complacency are the most lethal enemies of strong:
 - Businesses
 - Brands
 - People
 - Products
 - Processes
 - Cultures
 - Everything

Get out of your office

Why do we spend time in the stores, DC, China, etc?

- What is the purpose?
- What is the tactic?
- What is the benefit?

Being Mentally Prepared

Are you prepared for what you don't expect to happen??

K.I.S.S.

Remove the impediments that get in the way
of our team being able to do a good job...
Simplify everything, keep it simple

K.I.S.S.

The best ideas are the simplest ones; don't let people complicate your business, because they will

Stay Focussed on the Outcome

Don't let systems get in the way of doing business

Have Fun

Slave for a day

National PJ day

The Human Washbag

Frostie

Showing Up

It's more important to be on board at the times people don't expect you to be –
Saturday, Sunday, etc

Be on Top of Your Business

Know your numbers

Culture of continuous improvement...

Never let people think they have made it, find the next challenge.

Culture of continuous improvement...

Learning from doing...
Continuous improvement

Culture of continuous improvement...

It's okay to try something new and fail - so long as you react quickly and learn from it

But... don't bet the farm

Culture of continuous improvement...

If you can't measure it, you can't improve it

- What are you measuring?
- What should you measure?

Christmas Reports

From: Brett Blundy

Sent: Friday, 30 November 2012 12:32 PM

To: Nicole Noye; Peter Bohn: peter@divarussia.ru; David McLean (d.mclean@adairs.com.au); Shane Fallscheer; Michelle Kluz; Greg Milne; Eloise Monaghan; 'Janelle Barboza'; Tracey Blundy (tracey.blundy@bnt.com.au)

Cc: Paul Grosmann; Jess Kelly

Subject: Christmas Reports

Dear all,

I wanted to remind everyone as a part of our continuous improvement processes and culture, that it is imperative to ensure all of your department heads and up are preparing, thinking and will deliver a Christmas report.

The basis of the Christmas reports is to review what we did well, what we did badly and what we should or might do to improve and change for next Christmas and next year.

My experience is that you continuously need to write your notes as you go - anyone who does their reports from memory on 10 January will miss important points, issues and solutions. The tip is to ensure everyone does their notes, puts it in a file and compiles in the new year.

The other thing that experience has taught me is that we tend to focus on product issues - it needs to be all things operational from rostering, training, process, procedures, timing, product, warehouse, distribution, pricing and merchandising.

Remember one of my favourite 10 plus 1 Culture Commitments - continuous improvement. Christmas is the most vital time for us and we have to spend a part of our day thinking about what we do to improve for the following year.

The Christmas reports have been one of the important initiatives that has ensured we have been a great and improving company and has been a key driver to improved Christmas execution and results.

Thanks and Merry Christmas

Brett Blundy

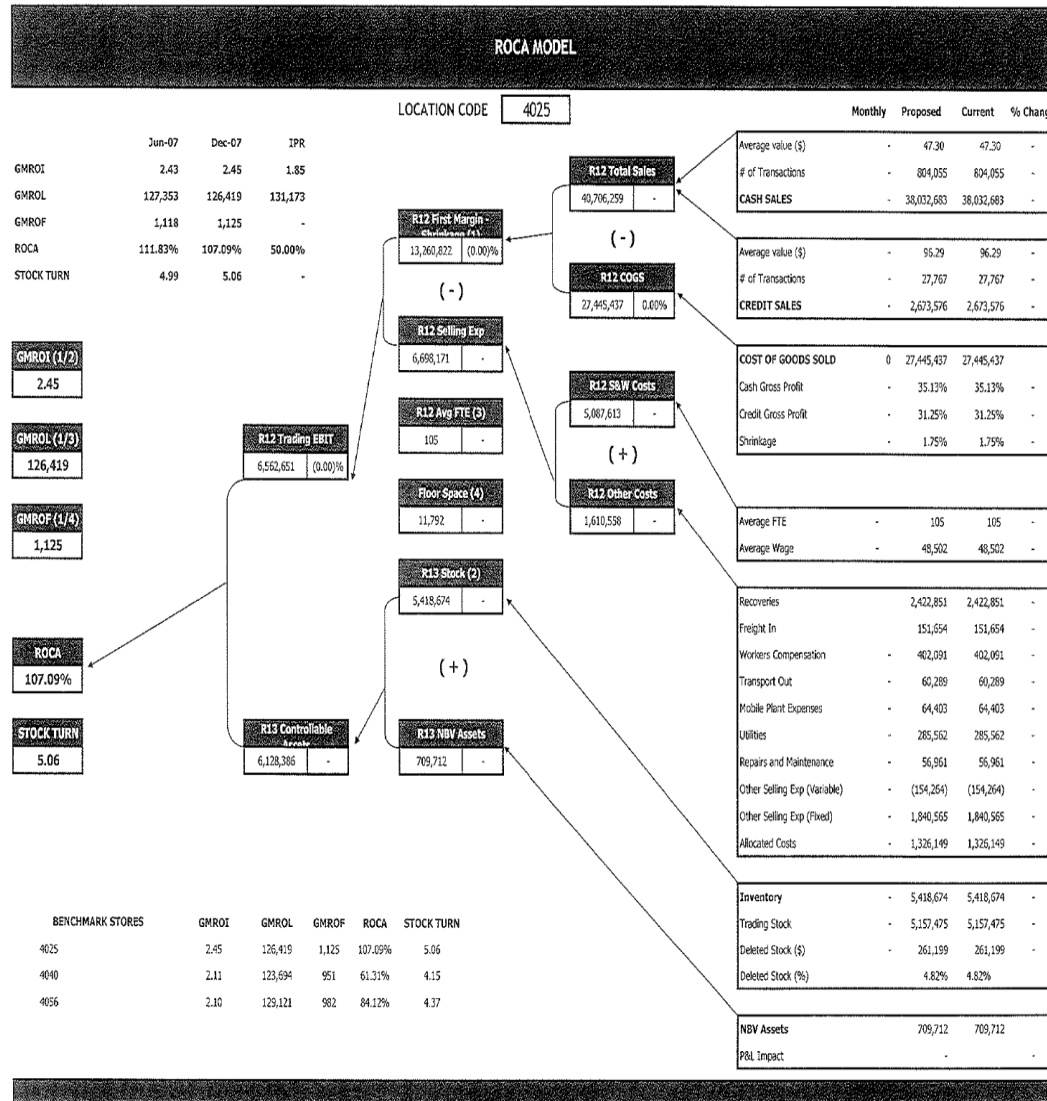
Let's Make it Happen!

Stuff that doesn't work

My view on 'stuff' that should add value but doesn't

- Team Incentives
- Lower level bonuses
- Rewarding retention
- Budgeting
- HR
- Focus groups
- Dotted line reporting

Costs are the enemy



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IT'S

ABOUT THE

CUSTOMER

ALWAYS

It's about the customer, always!



“Sorry I can’t sell you that, we’re stocktaking”

“... Because the customers come in”

“I felt like I was intruding in their space”

It's about the customer, always!

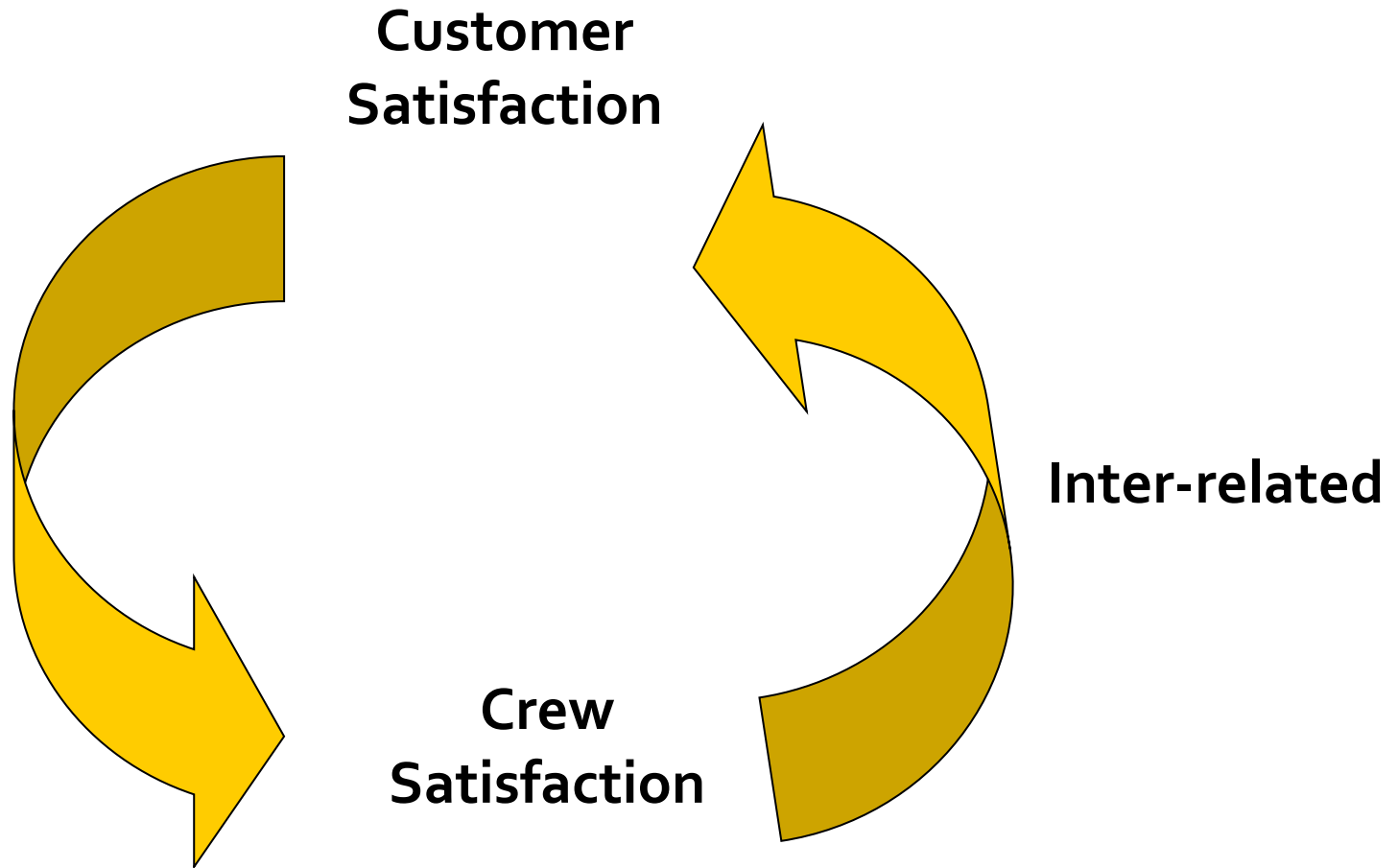
In every discussion and every meeting, ask “how will this affect our customer?”

It's about the customer, always!

It is never about what you're doing – it is about what you're doing for the customer!

It's about the customer, always!

To succeed, we must be
passionate about the customer
and put the customer first,
always!



Job satisfaction should be a by-product of putting the customer first, not the reverse.

It's about the customer, always!

Customer service –
not lip service

Customer complaint reports

Eliminate the reasons why we say no to a customer and how we empower our teams to do whatever it takes to please the customer.

Customer Concerns

- CEOs take the initial call/review the e-mail when we receive customer concern?
- A customer does us a huge favour by making a complaint and as long as we don't get defensive, we fix the issue immediately.
- We take the customers, side and then we address the issue, the issue can be an individual team member, a process, or procedure

Customer Concerns

Are we listening and acting?

People, process and approach

- How deep and wide?

Actions to:

- Fix
- Improve
- Change

The point is that we must concentrate our energy on satisfying every single customer, every single day and every single time they enter our store(s).

Be obsessed about perfect service...

Good customer focus must be created, educated and repeated.

We must get into a rhythm..

We must support and remind each other...

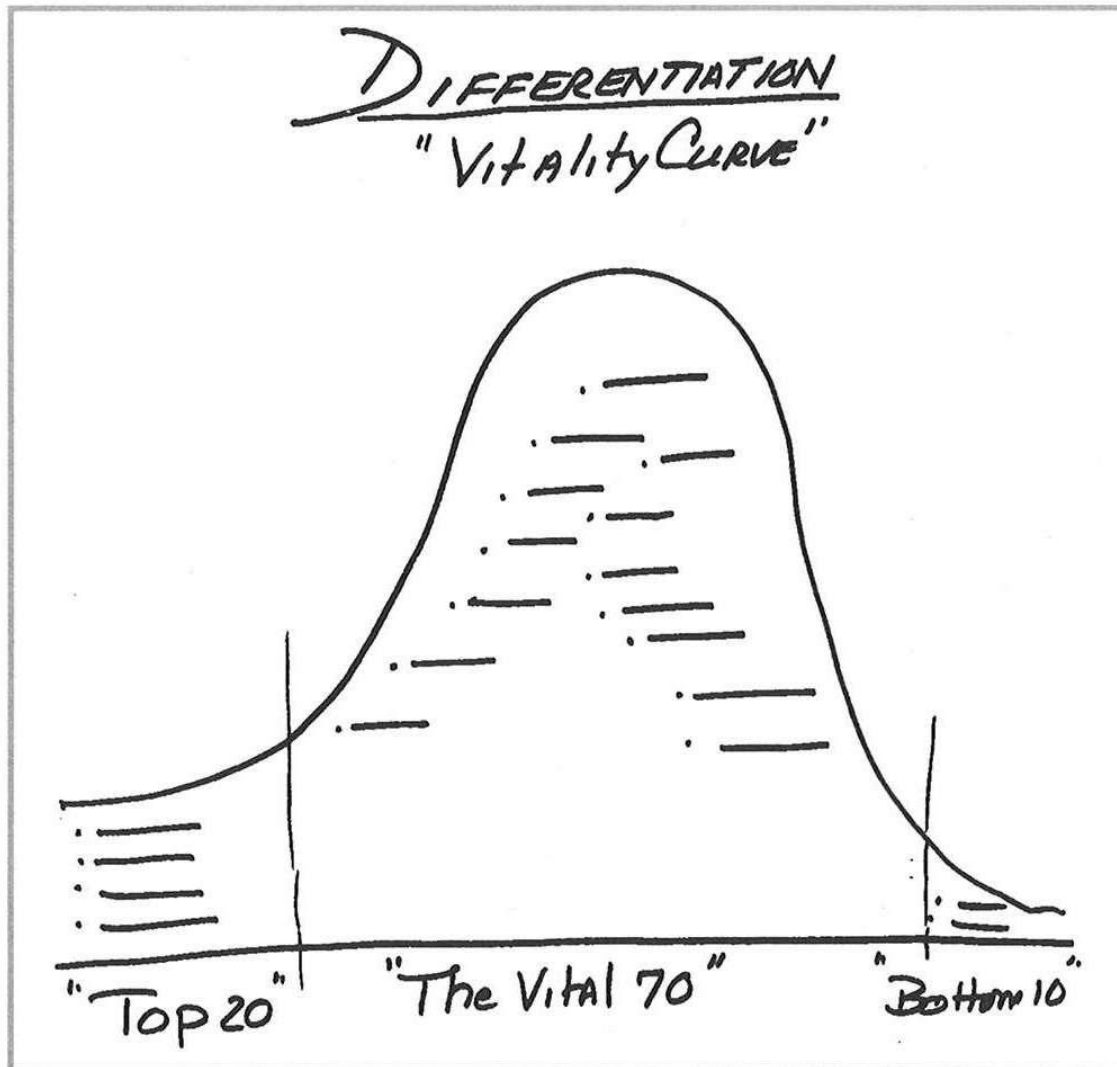
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Our People

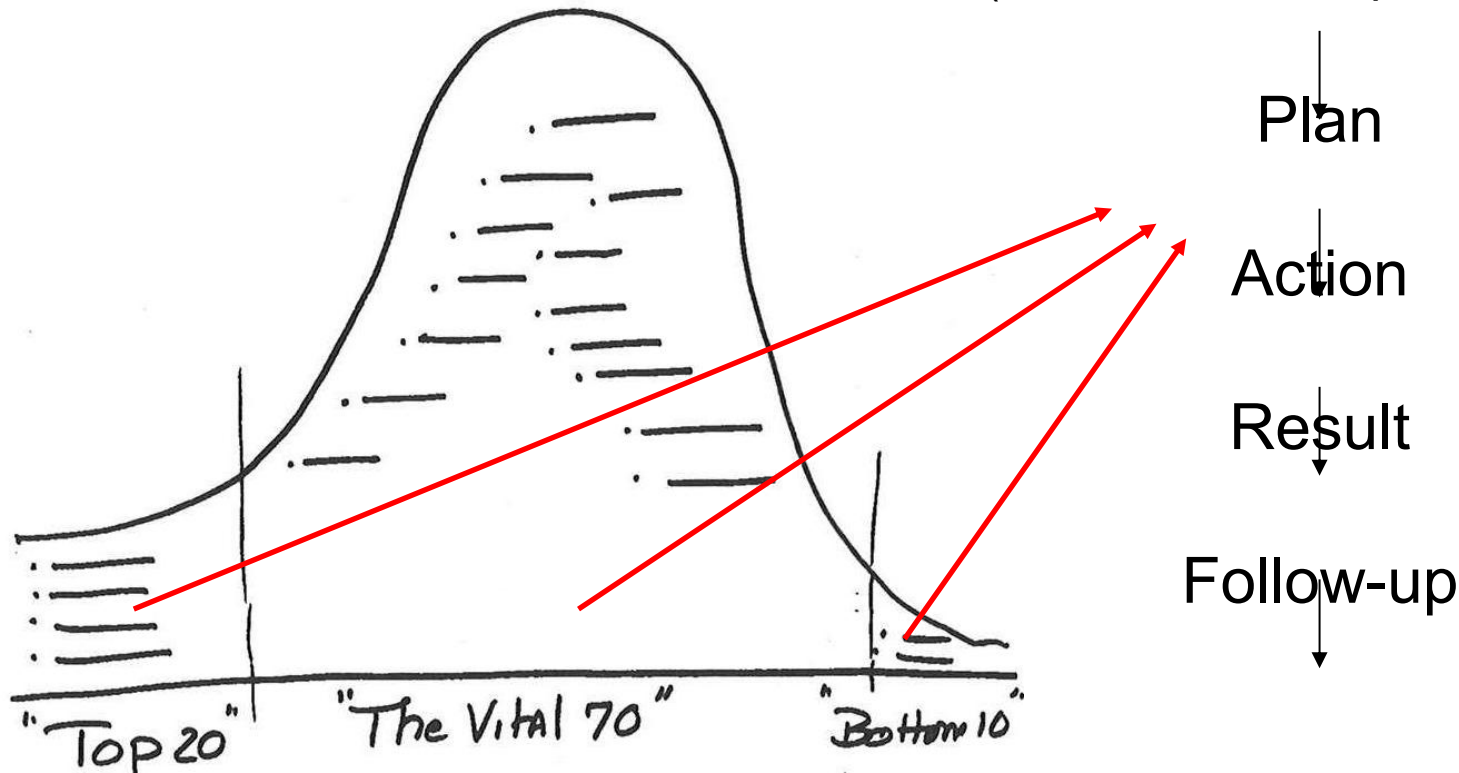
There is no such thing as a
great company, only
GREAT PEOPLE
executing
GREAT STRATEGIES

Creating a winning team

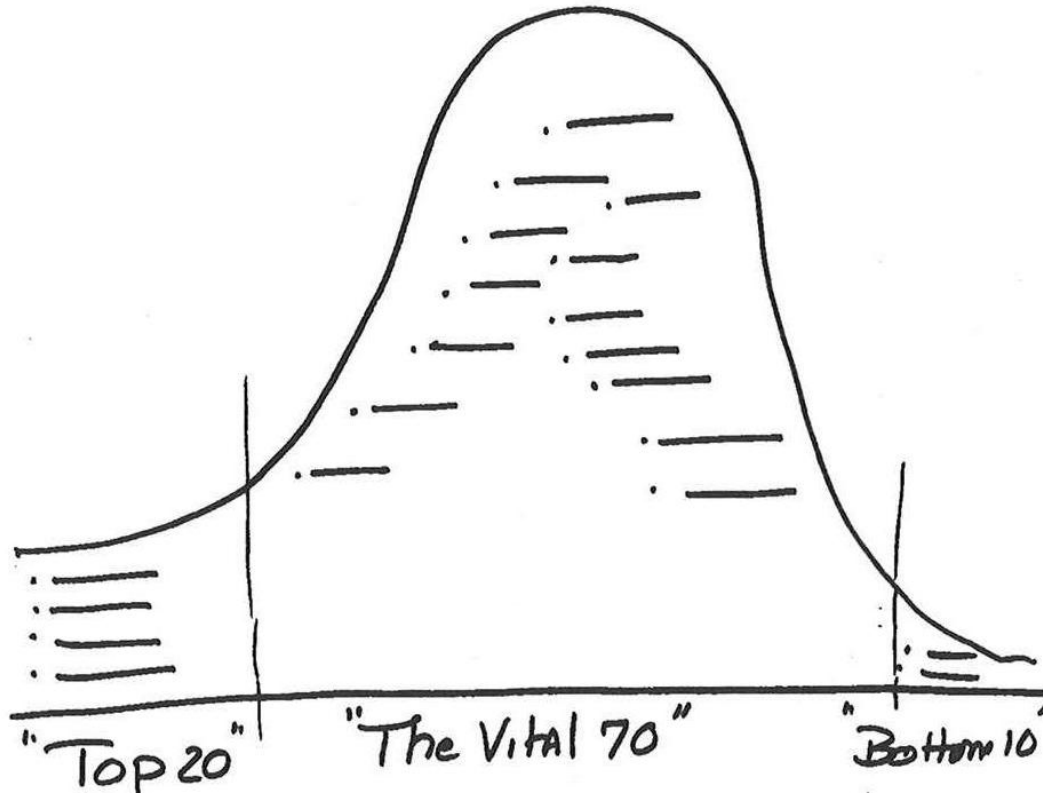


Creating a winning team

Issues/areas for improvement
(real measures of performance)



Creating a winning team



**Leaders have more
impact on their
people than they
think they do**

**Retail is not difficult...
Just demanding.**

**Management
gets the team it
deserves**

**A team never outpaces
its leader**

Passive versus holding your team accountable for outcomes and timeframes

Promote/Judge Early

You can always promote before people are ready if their attitude and willingness is right.

This is even more so at middle and junior positions

The importance of terminating poor performers and the effect that has on the rest of the team.

Discussion

Demotions or putting team back

- Not adjusting their salary and what appears to be an easily justified answer
- It will eventually catch up and eat you and the business.
- Whatever you think, make sure you know that somewhere down the track, it will cause an issue

We are human

Touch your team everyday

We are all human and need to be emotionally connected

Remember to communicate the positives/wins

Salary Adjustments

Salary adjustments a key indicator
A lose/lose

Rosters

Annual Leave

Ensuring all holidays are recorded properly. Impact on our wages and profit killers

Team satisfaction and mystery shopping

Recruitment

Qualified recruiters

Staying on top of vacancies

People asset reviews

Termination Policy- max 4 weeks

Dear All,

It's come to my attention that a number recent terminations have been given payouts far exceeding anything we are required to give as part of our contracts. So much so that it has raised concern.

Terminations are never easy. Throwing money at the situation does not make it better or easier. It just creates a precedent and expectation that makes it harder as we move forward.

We must always do the right thing by our team members. This means having the tough performance conversation early on and giving them an opportunity to turn things around. Only in the rarest of occasions should a termination come as a complete surprise. Having the tough performance discussion also requires clear development tasks / goals, with clear deadlines and close monitoring. We must give them the right opportunity to prove themselves but at the same time not allow for a situation that is not working to drag on –it's not healthy for the team member going through it or the fellow team members they're working with.

Please, going forward any termination where a payout exceeds what is in the contract (4 weeks) requires prior approval from myself. No exceptions.

Further no employment agreement can be entered into that exceeds 4 weeks termination notice, without my approval. No exceptions

Thanks,

Brett Blundy
Let's make it happen!

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The Role of the Support Centre

In your and your brand's success

Who runs who?

Who supports who?

DC's, China, retail - they need your protection

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Bras n Things

BUILDING A SPECIALTY CHAIN FROM NO STORES TO 90

Brett Blundy, Managing Director, Bras 'n Things

3 COMPANIES WITHIN THE GROUP:

- Bras 'n Things (Retail)
- Aztec Rose (Design & Manufacture)
- Sanity (Retail)

GROWTH HISTORY

- No Stores to 90
- \$2,000,000 to \$71,000,000
- 77% Annual growth

Achieved through:

- Ambition
- Focus
- Hard work
- Customer service

CHOOSE YOUR MARKET

- Growth potential
- Market leader
- Avoid existing strength

COMMUNICATION

- Get everybody talking

TEAMWORK

- Nothing else matters unless you have the right team
- Attitude before experience
- Culture / Magic
- Maintain standards

CULTURE / MAGIC

- Sloppy price sticker is a sloppy person
- Customer orders
- Know what is going on

THE EXECUTIVE TEAM

- Store visits
- Problems appear first in stores

COMPANY GROWTH

- Rapid growth
- Structure / systems / procedures
- Control of growth

FINANCE AND CAPITAL

- Initial capital \$90,000
- Conservative towards debt
- Supplier relationships
- Consolidate as you grow
- Growth from profits

THE FUTURE

- Country Australia (low occupancy costs)
- Western Australia (early next year)
- New Zealand (next year)
- Great team driving the company forward

SUMMARY

- Choose the right product
- Visit stores frequently
- Know what is going on
- Communicate, Communicate, Communicate
- Maintain standards
- Get on and do it.

Communication

- Get everyone talking

Communicate, Communicate, Communicate

Communicate! Communicate! Communicate!

Success never happens because we hope or wish it will. It happens because we decide what should happen, what needs to change, what our culture needs to be and what people need to be and then we need to get out and communicate, communicate, communicate any way that you can and as frequently as you can in words and in actions.

Don Soderquist

Communicate

Your message
Your influence

Communicate! Communicate! Communicate!

- **Communicate:**
 - Formally
 - Informally
 - Verbally
 - Written
 - In groups
 - One on one
 - Symbolic
 - In your every action

Communicate! Communicate! Communicate!

When I've told 'em once, I'll tells 'em again
and when I've told 'em again, I'll tells 'em one
more time. And when I've told 'em one more
time, I find a way to tell 'em again.

Communication

- Communication is greatly aided by obsessive paranoia. Fear that the message isn't getting out.
- Communication is greatly assisted by an enthusiastic delivery.
- Communication is greatly assisted when the leaders are actioning and participating in whatever is being communicated.
- Communication is a rhythm thing – get into a rhythm, form the habit.

Repetition

Communicate a new idea or way of doing things six different times, in six different ways

When launching something new or hitting something hard that has fallen off it's perch - six different times, in six different ways. Continuous communication

Communicate! Communicate! Communicate!

Remember to follow up

Never underestimate the impact that you, as leaders, have on your team and always remember that whatever you're communicating, it has a greater impact than you think.

Weekly Memo

Value of our weekly memo

The memo alone will never get the required traction

Tips

- Remember who your audience is
 - The lower you go in the organisation, the more often you have to deliver the message
- Keep it simple
 - Flowery/fluffy stuff doesn't work as well
 - Big words don't work as well

The Purpose of the Weekly Memo

- Communicates to the stores
- Once a week – same day every week
- All activities/instructions to be in that memo
- All actions required to be completed weekly
- Expectation that it gets done
- Follow up is essential

Front Page

- Must be written by you
- Inspirational/good news piece
 - Reasons behind why we do things - strategy, processes

Pitfalls

- NRM is the author
 - NRM approval on every single section
 - Nothing goes out without their approval
 - **Nothing** can be sent to the stores or any retail team unless in the weekly or SAM

Tips

- Involve State Managers
- Get your successor's involved (i.e. State Managers to write an article or critique your memo)
- 1/3 communication
- 1/3 education
- 1/3 motivation/inspiration

The SAM

The next level up

- The why's
- The greater strategies
- Issues of concern
- Weeding the garden
- What's required/expected
- Where we are going

Store Diary

FRIDAY 25 TH JULY								
DAILY BUDGET		4064.70	LAST YEAR ACTUAL					
Team Member	Shift and Break Times	Pulse Signup Budget	Pulse Signup Actual	Preorder Budget	Preorder Actual	Add On Budget	Add On Actual	
SCOTT		2		1		4	111	
MICHAEL		3		1		4		
DANIA		3		1		4		
IRENE		2		1		4		

Team Member	Time	Task	Complete
SCOTT		<ul style="list-style-type: none"> Morning Calls Put on conference Bluray Test if works Address, Pulse, Boncuts 	
MICHAEL		<ul style="list-style-type: none"> Accept new releases + important stock Complations work Teach Irene figures Banking (before 4pm) 	
DANIA		<ul style="list-style-type: none"> New Releases list Customer service <p>Need specifics. Stone positioning approach all customers - greet + knowledge.</p>	
IRENE		<ul style="list-style-type: none"> Call Customer Orders Work through stock Customer service 	

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Objective meetings:

Turn talk and discussions into actions and outcomes that will stick.

Professionally acknowledging, recognising, discussing and informing on issues , opportunities and challenges – a tool to effect permanent solutions and change.

Management By Objectives

- State the objective
- Who is responsible?
- Due date
- Not a to do list
- Not minutes of meetings
- Objectives brought to the meeting
- Discussion
- Value add and support by leader
- Your chance to add objectives

Helps to identify:

- The wins
- Talkers who don't do
- Time wasters
- Direct reports in the wrong job
- Disorganisation
- Problems early (management, process, people)
- Going in the wrong direction

Why:

- Keeps a record of what's going on and agreed actions
- Keeps all on track
- Is efficient
- Adds structure and rigour
- Clear follow up
- Issues are not forgotten, don't fall off
- Ensures agreed accountability
- A safe place to be candid

- Fly by the seat of your pants
- Make it up as you go along
- ‘I call them when I need to’
- ‘We talk all the time’
- ‘Our desks/offices are next to each other’

**All will
let you
down**

Tips and things you must do:

- Must have rhythm
- 1 hour max
- Write up objectives as you go
- You or your EA write the objective and agree the who and when (almost always the direct report, although delegation is appropriate and normal)
- Admin support team can and should be utilized if appropriate
- ASAP- a 'no, no'
- Ongoing – allowed but not ideal

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Events and Launch

- ❑ Product Product Product
- ❑ Secret weapon is our team
 - Right culture they are unstoppable
 - Right motivation
 - They are the best (in my view) the only way to launch new product and excite our customer
- ❑ No above the line advertising
- ❑ 1/2 of Australia and NZ walks past our doors
 - Shopfront
 - In store
 - Team
- ❑ Get them motivated and excited
 - Some knowledge and education
 - Launch the competition + incentives / prizes
 - Tell them the business objectives and outcomes
 - Ask them to perform

Across the store discounting

- Cheap
 - Green
 - Inexperienced
 - Un-creative
 - Lazy
 - Cheats
- Any retail executive that reaches for an across the store discount as a creative driver of profits is **kidding themselves** or **has no idea**

Across the store discounting (continued)

❑ Across the straight discount offer will

- ✓ Increase sales
- ✓ Excite the team
- ✓ Improve LFL
- ✗ Devalue our offering and product
- ✗ Negatively impact our brand
- ✗ Lowers our margin
- ✗ Never make up the lost \$ margin with increased sales
- ✗ Reduces our profit
- ✗ Sell the best product leaving more aged and dogs to clear
- ✗ Produce out of stocks on best product (that sold already)
- ✗ Takes no imagination or creativity
- ✗ Is inconsistent with fashion forward
- ✗ Is discount mentality

Effective Sale Set-Up

Effective sale set up and markdown merchandising













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Forecasting & Product Lifecycle

- Sign off process
- Planning our ranges
- Analysis per sku
- Forecasting
- Reporting
- Life cycle of our products
- Reaction to sales once in store

Assortment Planning

Top-down

1 Financial projections

- What are market share goals?
- What are revenue targets?
- What is the OTB plan?
- What are GMROM, GMROI, and unit sales goals?

2 Strategy & brand goals

- Where do we want to compete in the market?
- Who do we want to attract?
- How will we localise?



Bottom-up

3 Sales analytics

- What sold well before?
- How is a category trading?
- how much shelf space should I dedicate?

4 Competitor analytics

- Who is our key competition?
- How is their assortment different than ours?
- What are they winning on?

5 Consumer trends

- What broader consumption trends are shaping the direction of the market?



6 Macro-economic trends

- How has the economy affected how and what people buy?



Although separate activities, they are all tightly interlinked

The Science Behind OTB...



OTB

- **OTB** is the gatekeeper of inventory management
- It is the control that moderates the inventory we buy
- **Everyone** is involved in the OTB process and has a specific role to play
- **OTB** is a blunt instrument

Why the OTB process is so important

- OTB is a formal process to ensure we keep track of exactly what \$ we should commit to inventory to support the expected customer demand
- The process ensures communication between buyers, merchandise planners as well as finance and the CEO to ensure we are being financially prudent to meet our strategic and operational objectives
- The key control preventing us from being over or under stocked!
 - Overstock will force us to markdown eroding \$GM and profits!
 - Over purchase does clog the OTB preventing fresh stock
 - Over purchase can, in the extreme, send us broke
 - Over purchase does disrupt good operations and effect morale
 - Over purchase does effect our brand
 - Over purchase does cause inefficiency and costs
 - Understock will have negative impact on sales

Skills Required for OTB

- Emotional maturity
- Ability to see the reality
- Forecasting
- Trend awareness
- Understanding the year plan (peaks & troughs)
- Disciplined: to be prepared on time (monthly with weekly auditing)
- Strength of character: to withstand pressure from CEO's to change forecasts

Common (issues) affecting OTB forecasting

- No OTB process
- Over ambitious forecasting
- Orders placed not entered or entered inaccurately(bad processes)
- Late deliveries
- Data integrity issues
- Not allowing for returns / faulties / samples / breakages
- Not allowing for shrinkage
- No awareness of building stock before it's needed (pulling the OTB back)
- CFO not and carrying out audits to ensure all processes that contribute or can effect accurate OTB forecasting are accurate and appropriate
- CFO that does not play Devil's advocate
- CEO that overrides CFO

Common (issues) affecting OTB forecasting Continued...

- Confusing OTB meetings with Merchandise Planning or re-ordering/replenishment meetings
- Not allowing enough % of OTB for repeats or ongoing
- All Product Team believe all their products and initiatives will sell
- CFO not and carrying out audits to ensure all processes that contribute or can effect accurate OTB forecasting are accurate and appropriate
- Product and product support team unaware of the impact and flow on of their work to the OTB forecasting
- Not forecasting or inaccurately forecasting for unplanned product purchases (keeping some flexibility and \$ in the back pocket)
- Driving cash to hard
- Not clearing “dogs” fast enough
- Believing in miracles

Common (issues) affecting OTB forecasting Continued...

- Delegation of OTB Planning to Merchandise Planning
- Being too strict / Being too loose (near enough is good enough)
- Unrealistic markdown forecasting
- More than one OTB meeting per month. You are overthinking the process
- Weekly meetings should not have the word OTB mentioned
- Forecasting to far ahead
- Forecasting behind product planning
- Building shortfalls in stock i.e. under stocked to quickly
- Cutting OTB to aggressively and quickly to address over stocks
- Ignoring overstocks.....some body must pay the piper

Data integrity

What is data integrity?

Why is it so important?

Article: The Missing Link

Data Integrity - What is it really?



It is a process - not just a bunch of reports

Is *not* Shrinkage. Shrinkage is a lag indicator not a lead indicator.

Not just the fact that inventory is incorrect... Indication of overall management.

Needs to be integrated throughout the business. KPIs at various levels

Part of the Culture. Consequences?

“Accurate information is the lifeblood of rocket science retailing. You can’t make good decisions if you don’t have good data”

Stocktakes

Why do we have Stocktakes ?

Consequences of inaccurate stock holdings

How we get inaccurate stock levels

How the process works

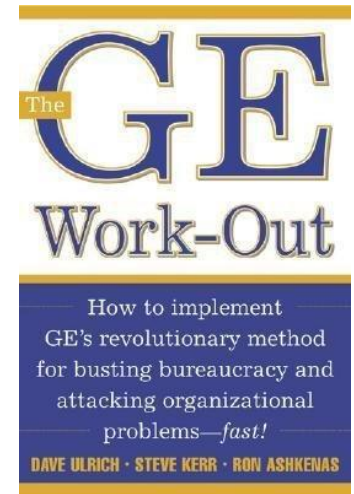
Measurement and reporting

Tips and traps

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The History of Work-out at BBRC



- ❑ All started more than 6 years ago with my annual OS continuous learning trip
- ❑ Took all the CEOs to the US to meet and get trained by the team at GE on work-out
- ❑ Brought out GE facilitator to 2008 BBRC University to embed work-out throughout the group
- ❑ Has been standard part of executive induction ever since
- ❑ A most important tool for continuous improvement

Why we use work-out at BBRC

To breakdown hierarchy, bureaucracy, eliminate useless meetings, reduce costs, create urgency and increase profits

Why we use work-out at BBRC (continued)

- ❑ **Every organization develops clutter or inefficiencies over time**
- ❑ **Focus on continuous improvement** “if something can be improved then it must be”
- ❑ **Creates ownership and accountability** by empowering the ones ‘doing the work’ to come up with the ideas and then take them forward
- ❑ Cuts down the ‘them and us’ and supports ‘we the team’- but in a controlled and directed way
- ❑ **Forces us to stretch ourselves**
- ❑ **Creates an organisation more capable of change** more open to new ideas, less rooted in the past and more attuned to the future
- ❑ **It works**

When do we use work-out?

“Work-out should never be positioned in terms of, “We need to do a work-out!” – as though the activity itself is the result. Instead, Work-Out needs to be positioned in the context of achieving a business result that needs to be achieved anyway, or attacking a problem that needs to be solved in any case.”

THE GE WORK-OUT P.49

When do we use work-out (continued)?

- ❑ **A problem that needs a big lift (think 50% improvement) not incremental improvements**
- ❑ **When we have a business goal that is important & urgent: not a “nice to do”**
- ❑ **Topic is broad enough for brainstorming** not a single task or narrowly defined problem
- ❑ **The objective is improvement in “actual performance”** not planning, training, measurement, and documentation
 - *nb: good test is to get teams to define business impact to goal that has been set*
- ❑ **When there aspects that can bring results right away** either immediately or in 3-6 months at most. It won't take years to realise

How regularly should we be performing a work-out?

- 2 work-outs per month (except for December)
- 5% of our team to have experienced a work-out over the next 12 months

Thinking through criteria for a work-out goal

BIG HAIRY AUDACIOUS GOAL (BHAG)

- Stretch**
- Measureable**
- Achievable**
- Realistic**
- Time**

Expected outcomes: at the work-outs conclusion, you should be able to tick each of these boxes...

- It must have brought together team members** across the brand who know the issues best
- Creative solutions need to have been developed** as solutions to the problem
- Decisions must have been made** about what will and will-not be taken forward in a public forum
- Billy Bean Action Plans** must have been developed for each initiative
- Quick results

Who is involved in the work-out process and what are their roles?

- ❑ **The Sponsor (Mandatory)**
 - Is most often you (The CEO)
 - Demands the results
 - Not involved in the work-out process itself
 - Defines the issue and problem
 - May host the event / give the mandate / give clout
 - Sets out o scope
 - 30-60-90 day follow up
- ❑ **The Champion (Optional)**
 - Often like a department head
 - Will have more direct oversight of the work-out itself
 - Will drive the day-to-day follow up of ideas that come out of the work-out
- ❑ **The Facilitator (Mandatory)**
 - Not necessarily the champion
 - Intimate understanding of process (experience)
 - Clear understanding of objectives and desired outcomes
 - Can challenge senior leaders and test assumptions (as facilitator)
 - Often good if not directly involved in the business issue being 'worked-out'
- ❑ **Participants and team leaders (Mandatory)**
 - Team members directly involved in problem being worked-out or at least affected by
 - Good to have diversity in team members
 - Will be the eventual owners of the ideas

The Billy Bean Action Plans

BILLY BEAN ACTION PLAN

Goal Name (2-3 words): Action Plan is easily referred to.	
Goal Definition/Purpose (10-20 words) :	Our goal is to _____ by _____ so that _____.
Team Leader:	
Total number of people working on this action plan team:	
Advisors: Who will be providing information, help, resources etc to ensure the action plan is executed successfully.	
Long Term Benefits: What pay-off or impact will this have on the business? What is the outcome of achieving this goal?	

Major Steps: Step by step details of how the goal will be reached. Hint begin with doing words e.g. create, develop, change modify, take out etc.	Team Member: who is responsible for this step?	Due Date	Revised Date	Delivery Date

Metrics, Measures and Costs: How will success be measured including benchmarks? What costs should be expected? e.g. 5 cost reduction, hours and productivity, increase in sales, improved margin etc.	
Contingency Plan: Consider the risks involved in each step of your plan? What could go wrong and what will you do about it? What is plan B? e.g. stock is delayed from China, costs increase unexpectedly.	

Follow Up: Review dates, ensuring everything is implemented on time and that the metrics, measures and costs are achieved.
30 Day Review: _____ 60 Day Review: _____ 90 Day Review: _____

Expected outcomes from the work-out

- ❑ BB (Billy Bean) Action Plans
- ❑ Share and report of action plan progress (Continuous Improvement Tracking doc – from QBR)
- ❑ Follow up meetings / discussions
 - Set regular meeting rhythms up front: 30/ 60/ 90 day reviews
 - CEO oversight and support
 - Clear expectations and milestones
 - Transparent success / failures
 - Speed is better than perfection

The Work-Out Process

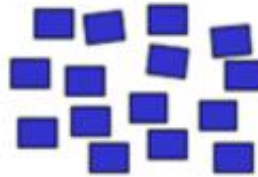
Ground rules, roles, introductions, etc.



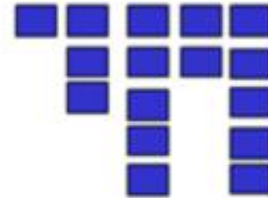
Define the problem



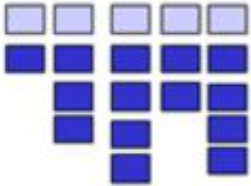
Brainstorm problems/barriers



Categorize problems/barriers

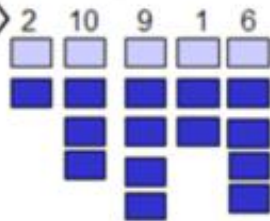


Define "headers" for categories



VO ISS

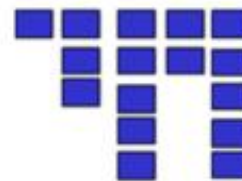
Prioritize categories



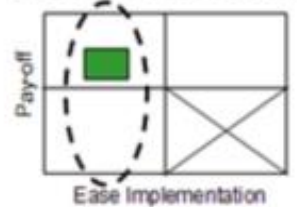
Brainstorm potential solutions



Categorize



Assess potential solutions



Develop action plans

Team			
Members			
Issue	Task	Significant Results	Date

Share action plans



Report-out action plans



Town Meeting



Day 1 – agenda for a 2-day work-out on 2 categories

APPROX TIME GUIDE TO WORK-OUT & ACTION PLAN 2 CATEGORIES		
DAY ONE: 8.30 – 6.00		
8.30	Kick-Off Meeting: - Address by Sponsor - Define the Problem: Given by Champion (3min each)	30 mins
9.00	Break into Work-Out Groups - Ground Rules - How you touch the process by each participant	30 mins
9.30	Brainstorm Problems and Barriers	30 mins
10.00	Categorize Problems/ Barriers	15 mins
10.15 – 10.30 Break		
10.30	Define Headers for Categories/ Identify Duplicates	Up to 90 mins
12.00	Vote and Prioritise Categories	15 min
12.15	Brainstorm Potential Solutions (for problem 1)	Up to 30 mins
12.45 – 1.15 Lunch		
1.15	Categorise Potential Solutions/ Identify Duplicates	Up to 15 mins
1.30	Pay-Off Matrix – Assess Potential Solutions	Up to 45 mins
2.15	Brainstorm Potential Solutions (for problem 2)	Up to 30 mins
2.45	Categorise Potential Solutions/ Identify Duplicates	Up to 15 mins
3.00 – 3.15 Break		
3.15	Pay-Off Matrix – Assess Potential Solutions	Up to 45 mins
4.00	Brainstorm Potential Solutions (for problem 3)	Up to 30 mins
4.30	Categorise Potential Solutions/ Identify Duplicates	Up to 15 mins
4.45	Pay-Off Matrix – Assess Potential Solutions	Up to 45 mins
5.15	Recap on Day One	15 min
5.30 End of Day One		

Day 2 – agenda for a 2-day work-out on 2 categories

DAY TWO: 8.30 – 5.00		
8.30	Review with group the achievements of Day One	Up to 5 mins
8.35	Present – what makes a great action plan	15min
8.50	Collate all Solutions going to Action Plan – allocate out each action plan to team	Up to 15min
9.05	Develop all Action Plans	Up to 2hrs
10.15 – 10.30 Break		
10.30	Continue to develop all Action Plans	Up to 2hrs
11.05	Share Action Plans Within Group	Up to 60 mins
12.05	Action Plan Sign Off By Sponsor and Champion	60 mins
12.30 – 1.00 Lunch		
	Once sign off, team return to work or start on action plan work	
5.00 End of Day Two		

Getting started...

1. Identify performance gaps in business plans or other key performance measures
2. State it as a SMART goal (i.e., “Improving customer service” is too vague and unclear)
3. Get going to work-out

Pitfalls to avoid

- Unclear Issue Selection
- Inadequate preparation
- The wrong people in the room
- Getting sidetracked with personality issues
- Action Items are vague
- There are too many Action Items to implement
- No follow up on the issues generated
- Little or no support from upper management for implementation
- Priorities not shifted with the agreement of business leader
- Action Items assigned to people not involved in the Work-Out