

From the Driver's Seat

A Manager's Perspective

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Introduction

- Your Name
- Role
- Winery
- Goal for this class?

Name one metric you can't live without.

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What do you see when you look at your numbers?

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- Transactions
- Dollars
- Customers
- Costs
- Results
- Balanced
- Problems
- Bottom line



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What is your business goal?

Make a profit?

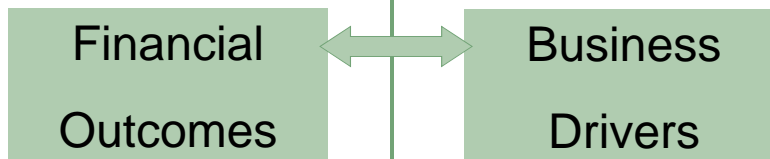
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Two Views of Profit

Financial View is reflected in Financial Statements

Business View is reflected in Business Statements



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Financial – Historical Focus

If you want to measure outcomes
the focus is on:

$$\text{Revenue} - \text{Expenses} = \text{Profit}$$

(Lagging Indicators)



Outcome Measures

- ◉ Sales and Profit by Channel
 - **Retail**
 - Web
 - Phone
 - Tasting room
 - **Trade**
- ◉ Margin % by Channel
- ◉ Margin % by Product



More Outcome Measures

- ◉ Revenue Growth %
- ◉ Inventory Growth %
- ◉ AR Growth %

Be sure to compare

- ◉ Revenue Growth with Inventory and AR growth

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Business – Future Focus

If you want to influence outcomes
the focus needs to be on:

People X Process = Profit

(Leading/Predictive Indicators)

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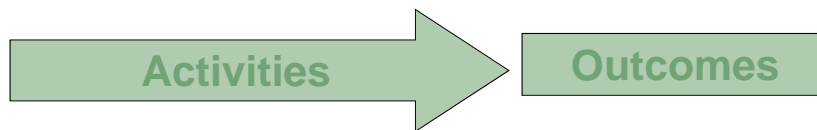
A business is made up of:



In other words, a company is made up of various people performing various activities each day. The goal is to measure, manage, and leverage those activities on a real-time basis.

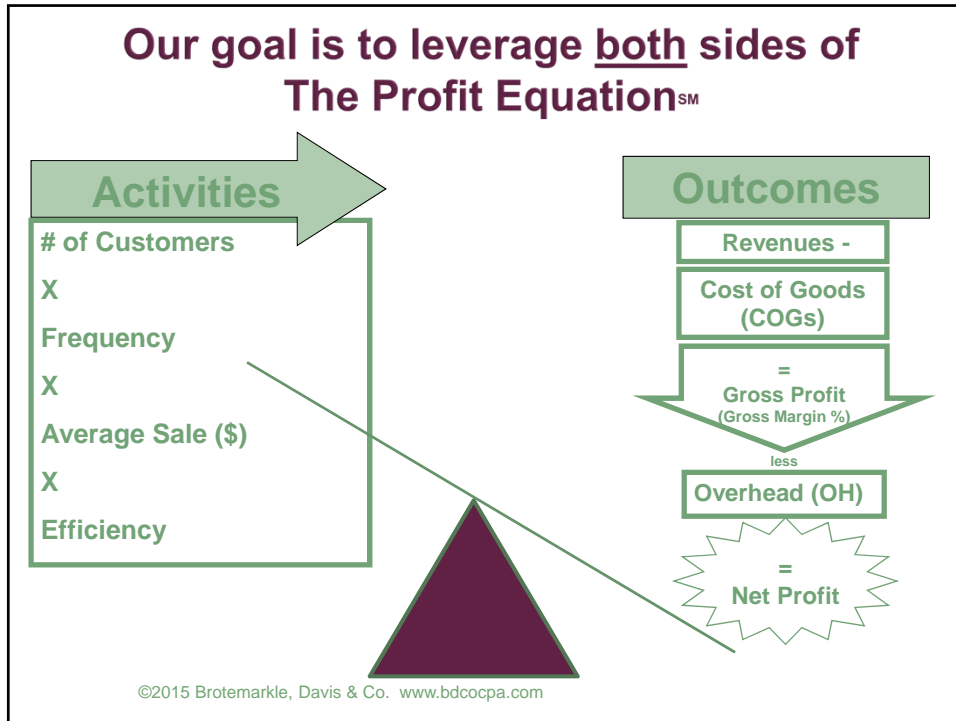
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Activities Drive Outcomes



Understanding the relationship between these two perspectives is what we call The Profit Equationsm

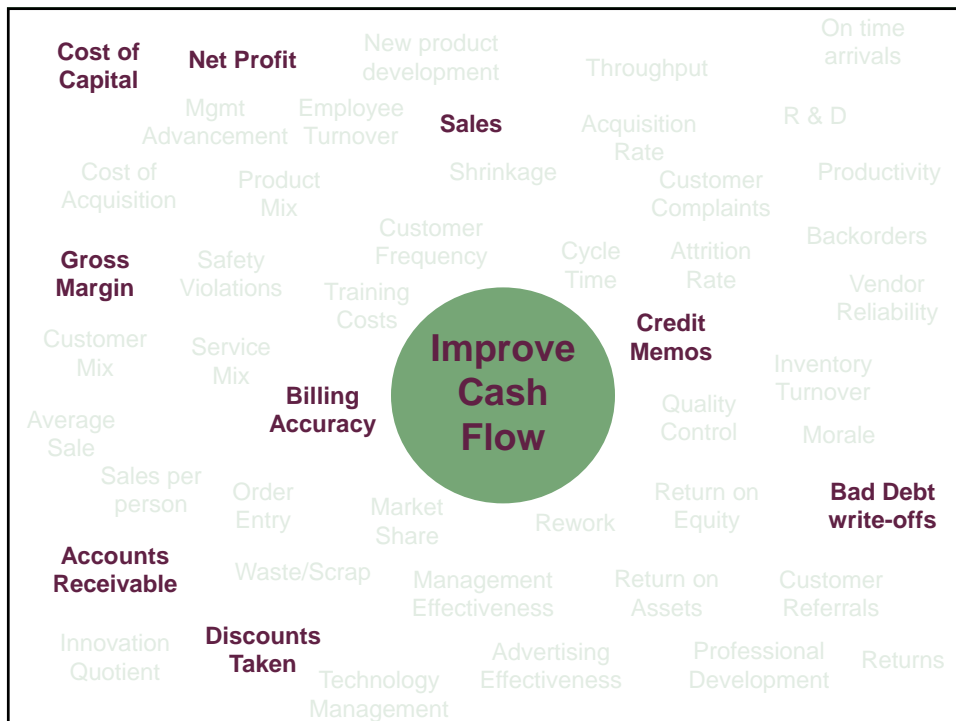
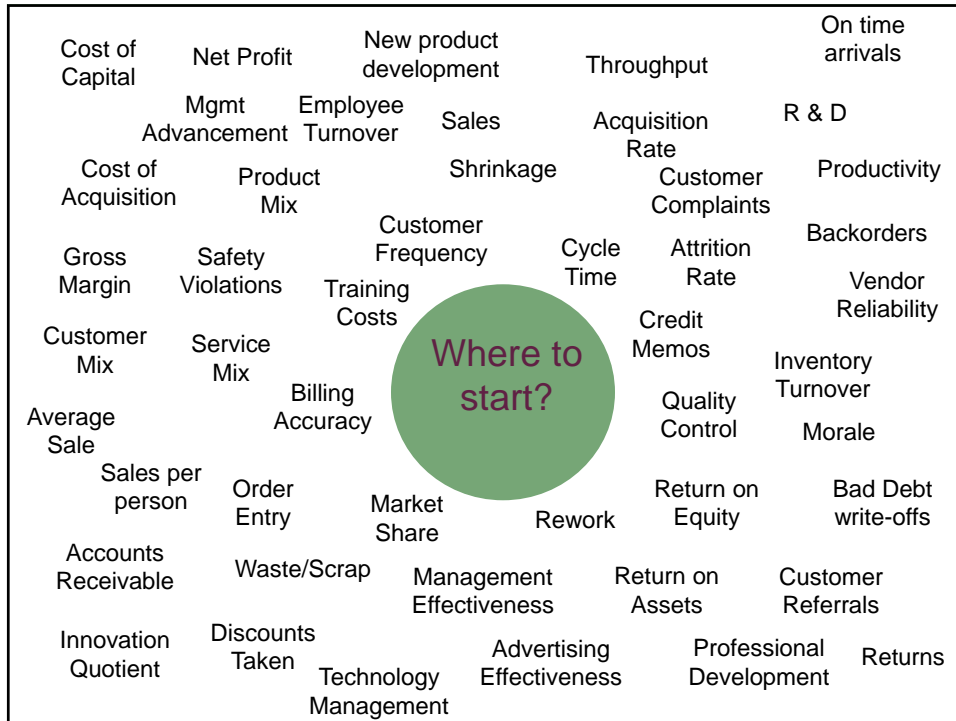
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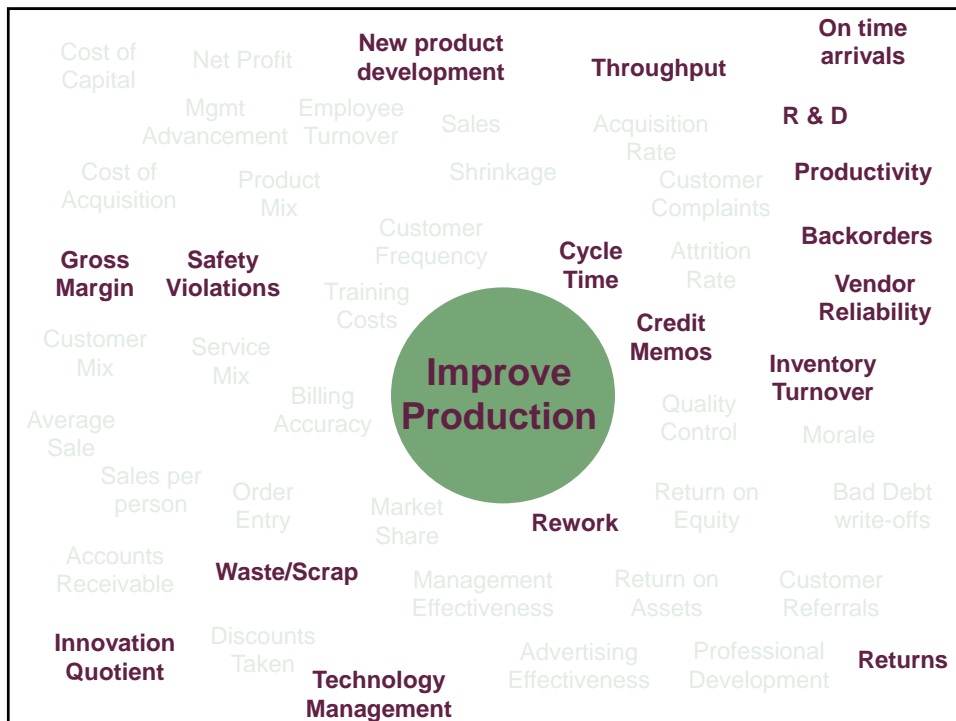
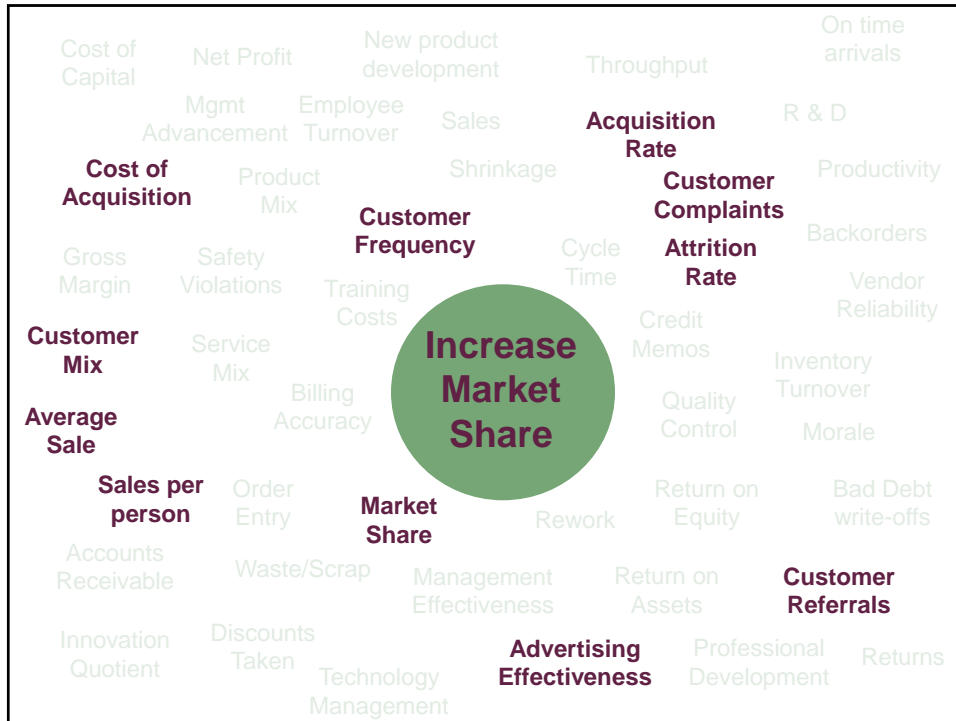


Difference in Perspectives

Financial	Managerial
Outcome Focused	Activity Focused
Historical Reports	Real-time Reporting
Lagging Indicators	Leading Indicators
Capture Transactions	Measure the Activities that Drive Transactions
Financial View	Financial <u>and</u> non-Financial View
It's all about the \$\$\$\$	It's all about the ####

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A Systematic Approach To:

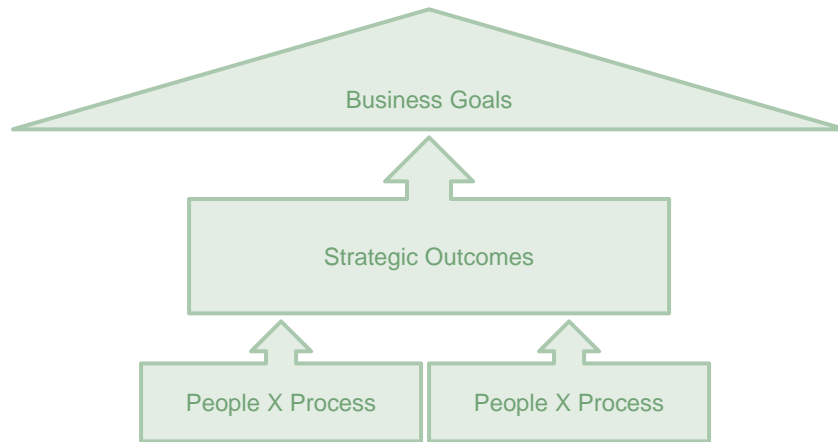
- Identify
- Measure
- Monitor
- Leverage
- Continuously Improve

Critical Activities
Lead Dominos

Communication



The Lead Domino Theory



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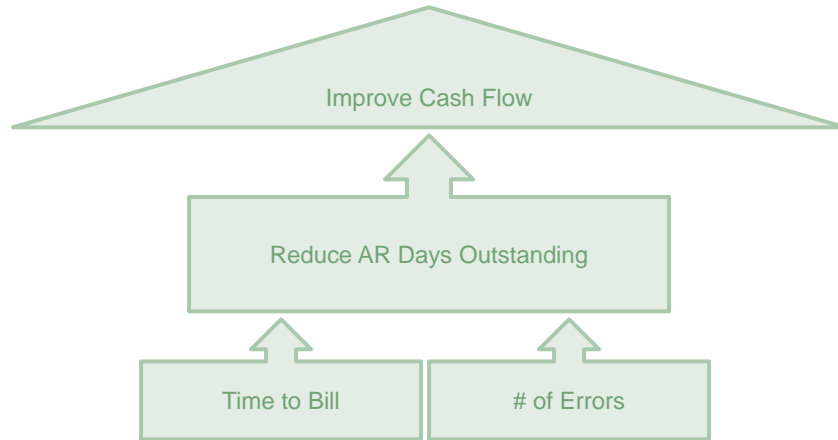
The Lead Domino Theory



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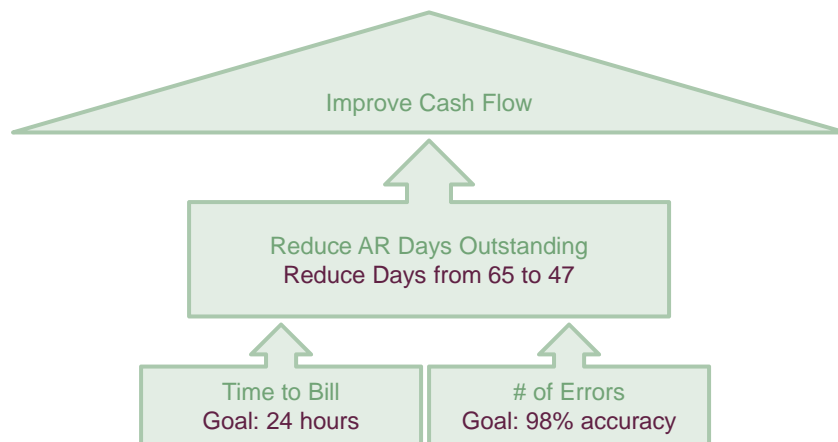
The Lead Domino Theory



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The Lead Domino Theory



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Goal



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What are we really saying?

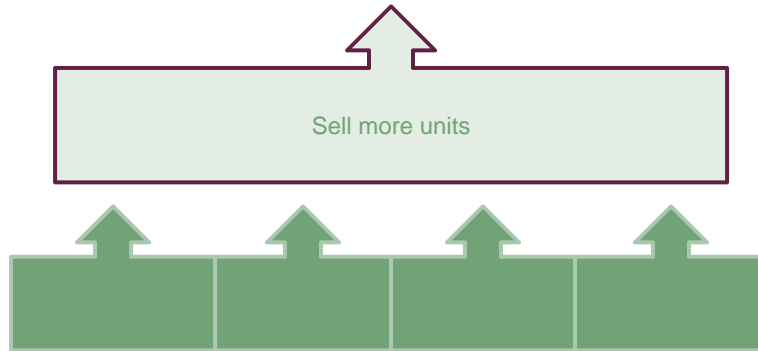
$$\text{Revenue} = \text{\$/Unit} \quad \times \quad \text{\# Units}$$



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Focus on the lead dominoes



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Group Exercise

Identify the inputs that lead to selling more units in the Tasting Room.

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Group Exercise

Create measurements around activities.

What can we count?

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Inputs for volume

	Current
Days open	260
Average Number of visitors per day	40
Number of visitors buying per day	10.00
Conversion Ratio	25.00%
Average Cases per Customer per day	0.3846
Total cases sold	1000.00

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Measure and communicate

Dashboard 7/23/15

	Today	%	Goal	%
Visitors	10		5	
# Visitors Buying	3	30%	4	80%
Total Cases Sold	1		5	

Today's Average Order Size : 4 bottles

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As a manager, your goal is to change behavior.

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“Asking questions will get you the performance you are after far better than dictating demands.”

- Dan James
(1951–) American Entrepreneur, Composer,
Inventor, College Educator, Sales Manager

What stood out for you?

Thank you

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Customer Example

Enterprise, Company, Division

Customers
Marketing & Sales

Critical
Success
Factors

KPIs
Outcome
Measures

Activity
Input
Measures

Critical Success Factor:

Customer Retention

Key Performance Indicators:

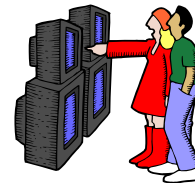
Customer Nurturing Contacts

Goal: Increase contacts from once to twice per qtr

Activity Measures:

of Customer Calls initiated (Goal: 100/day)

of Actual Connections (Goal: 75/day)



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People Example

Enterprise, Company, Division



People Management

Critical Success Factors

KPIs Outcome Measures

Activity Input Measures

Critical Success Factor:

Employee Retention

Key Performance Indicators:

Turnover

Goal: Reduce Turnover from 45% to 10%

Activity Measures:

Tardy/Absentee Rate (Goal: <2%)

Employee Suggestions acted on (Goal: 50%)

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