

This is an excerpt
from the book
Approximately Right

Find out more at
approximatelyright.org

Building business and financial models

Management training is a very important tool for any business and if you use the company's values and culture as a platform for the training, you can help shape managers into culture bearers and stronger future leaders.

I've devised a little workshop that can at least start a discussion about the values, focus, organization and measurement tools in the company – because it can never be wrong to discuss those, right?

I'd recommend (always) that you use internal employees or managers to lead your management training – they know much more about the business than you think. And use real situations from your own business in the training because, well, why cross the river for water?

Keep it simple and make a difference!

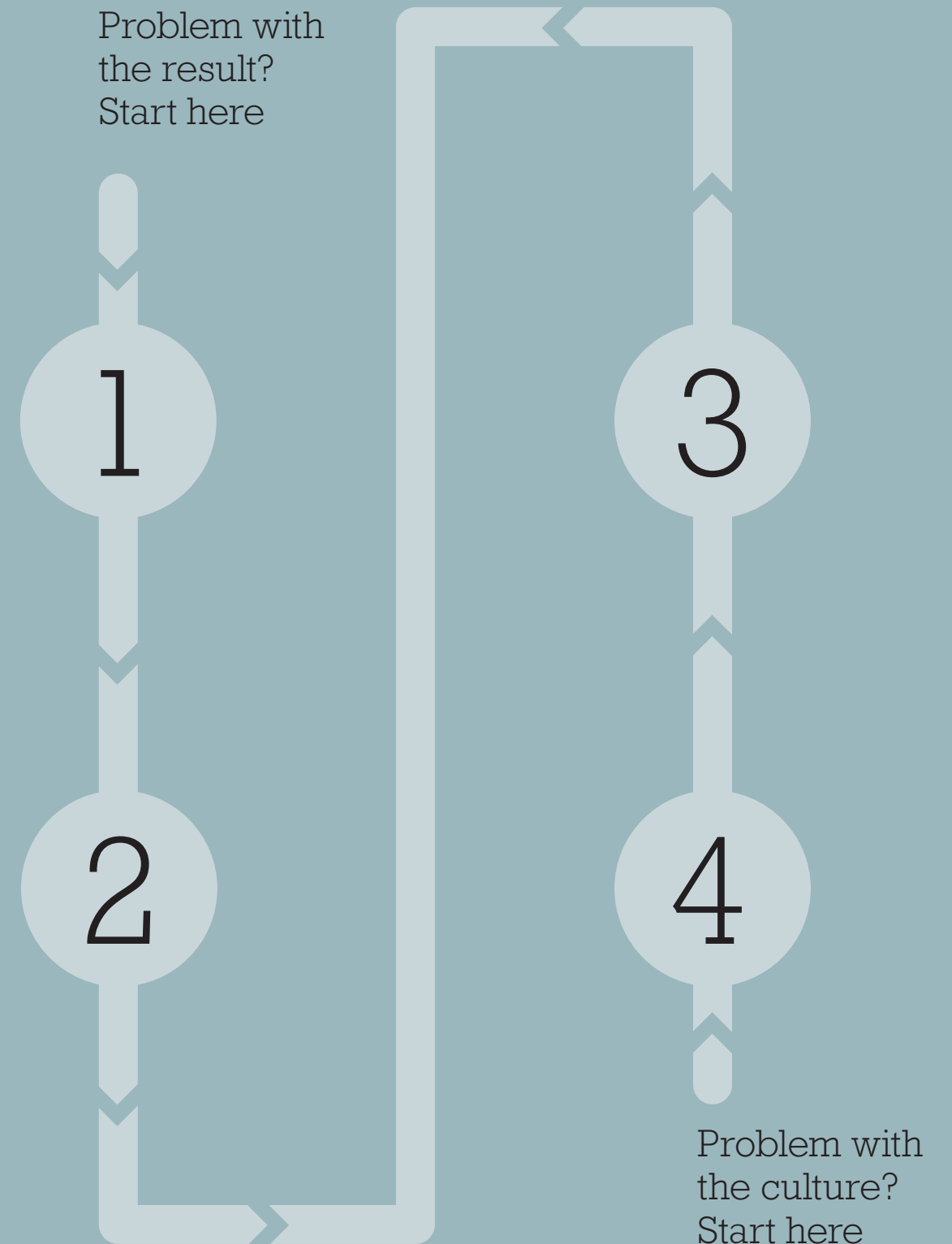
THE WORKSHOP

The question:

What about your numbers and your business?

The workshop:

Where am I?
How did I get here?
Where am I going?
How do I get there?





Keep finance simple

Do you throw yourself at the reports and the financial information when they are ready?

What are the main KPIs measured in your business?

Do you feel you have access to relevant information in time to do something about problems when they arise?

Do you understand the metrics used at your business?

What would it be useful to measure?

Is the focus of your business measured and are the measurements focused?

What would you like to improve/let go of in terms of the information you get regularly?



Flat, not fat organisation

Where are you today – are you organized bottom up or top down?

Why do you have the structure you have: to best serve your customers? Or for other reasons such as 'it's always been this way'?

Does your organizational structure best serve the needs of your customers or clients?

Is the structure a good platform for delegating responsibilities and being able to track them?

If not, what do you need to do to change it so that it does?

Do you have the necessary tools to enact decisions you are responsible for?

Do you feel part of the financial structure of the company?



Focus drives development

Do you feel your organization is focused on the right things – is the discussion within the company about the "right" things?

Do you feel that you and the business are constantly learning more deeply about what you do and who you do it for?

Is there anything you are doing right now for the wrong reasons?

Are you getting better at what you offer as a business? (And how are you measuring that?!)

Are there areas of the business that are not as focused on detail as they should be?

Anything you want do going forward?

How will you change the focus of the organization then?



Core values show the way

Have you found your core values?

Does everyone know them and behave accordingly?

Can you measure your values?

Are you where you want to be when it comes to culture?

Anything you want to change for the future?

How can you change your culture if you are not happy with the one you have?

How much time will it take to change - if you go down the wrong path?

Business model

The Toolbox

Financial model

A checklist for you!

	Yes	No		Yes	No
1 Values	<input type="checkbox"/>	<input type="checkbox"/>	1 Have you identified your most important non financial indicators? (Not too many, keep it simple and relevant)	<input type="checkbox"/>	<input type="checkbox"/>
2 Market	<input type="checkbox"/>	<input type="checkbox"/>	2 Do you have an income statement defined and understood by everyone? (And built in the accounting systems so people can recognize and analyze)	<input type="checkbox"/>	<input type="checkbox"/>
3 Value chain	<input type="checkbox"/>	<input type="checkbox"/>	3 Have you learned the link between income statement, capital employed and cash flow?	<input type="checkbox"/>	<input type="checkbox"/>
4 Organisation	<input type="checkbox"/>	<input type="checkbox"/>	4 Do you understand your leverage? Your volume drivers, efficiency drivers and capital usage drivers?	<input type="checkbox"/>	<input type="checkbox"/>
5 Six fingers	<input type="checkbox"/>	<input type="checkbox"/>	5 Are your large projects supporting your business and do you have the right people involved and feeling responsible?	<input type="checkbox"/>	<input type="checkbox"/>
6 Industry	<input type="checkbox"/>	<input type="checkbox"/>	6 Do you have a budget?	<input type="checkbox"/>	<input type="checkbox"/>
7 Step by step	<input type="checkbox"/>	<input type="checkbox"/>	6.5 Do you have a financial model – that everyone knows and understands?	<input type="checkbox"/>	<input type="checkbox"/>
8 People make the difference	<input type="checkbox"/>	<input type="checkbox"/>			