

Getting To The Next Level®

A Blueprint for Taking You and Your Business to the Top

Case Study

Setting Up For Success

Brought to you by:
Manuel Palachuk International

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Introduction

The case study presented here serves several purposes. First, it demonstrates how an organization can be broken down using some of the tools I discussed in the tools chapters of my book *Getting To The Next Level* (Chapters 3-5). Second, it offers an excellent model to use when showing you how to design your business from the top down using the Pyramid of Purpose and Value (Chapters 6-8). Third, it provides an example to use when showing you how to build your business from the ground up using Business Agile Strategy Execution (Chapter 11). And finally, because it is contrived from real life stories of entrepreneurs and businesses all over the world, I believe it provides a solid hero's story where you can hopefully see yourself in the lead role.

Example isn't another way to teach, it is the only way to teach. That being said, don't get too caught up in the details but instead focus on the journey. The details of the case study are only taken to the level necessary to get the main talking points and ideas in this book across to the reader and to support the chapters that rely on this example. Most of the supporting surveys, questionnaires, documents, external analyses, and reports that are required for a complete real-life case study are not included here as including all that content would easily push this chapter to several hundred pages. Throughout this case study you will see many select excerpts of these documents or brief references to them versus full versions as necessary to support the narrative and the intent. You will also recognize that this entire example is conveyed with a narrative style of writing versus a strict case-in-point style.

The following case study is based on a completely fictitious example company, The Goober Group, which operates in the Information Technology (IT) industry. IT refers to the information a business creates and uses, the computers and networks they employ to manage and use the information, and all the hardware and software related to these computers and networks. As previously mentioned, everything about The Goober Group, including the people, places, and scenarios, has been fabricated specifically for the purpose of creating a concise case study example for this book.

The study incorporates many real-life issues, some of which I have personally encountered and some of which have been shared with me, but all of which have been obscured enough so as to protect possible connections to any real-life scenarios. And even if someone were to claim they recognize a given scenario, the fact is they all are so common in small and medium-sized organizations within the Information Technology industry, it would be the equivalent of saying, "That's the exact same cold I had once too."

All of this aside, I will not skip the commensurate disclaimer as I not only intend to protect myself from others, I must protect The Goober Group from others as well. Here goes: Any unauthorized exhibition, distribution, or copying of this case study and example or any part thereof may result in civil liability and criminal prosecution. The story, all names, characters, and incidents portrayed are fictitious. No identification with actual persons, places, buildings, and products is intended or should be inferred. No person or entity associated with my book or this case study received payment or anything of value, or entered into any agreement, in connection with the depiction of tobacco products. No real animals were harmed in the writing of by book or this case study.

Executive Summary

The Goober Group is a minority-owned small business operating in the Computer Related Services industry. After many years of being in operation and following the economic downturn, the owner found herself facing several issues that together are keeping the business from getting to the next level. The business is suffering from a lack of cash flow due to loose financial policies and practices. There are key roles being filled by individuals who are not properly qualified or experienced while other key roles are either undefined or are not staffed at all.

The line of products and services being offered is too wide to allow the focus required to obtain a competitive advantage in any meaningful way. The tools being used to deliver products and services are disparate and ineffectively tuned to the point that Service Delivery and therefore customer satisfaction are suffering for it. Further, performance measures cannot be obtained due to the lack of proper tracking of time spent on service delivery and projects.

Major considerations include the fact that the owner's spouse needs to move on to his own chosen career instead of settling for a role in this business which he is not trained nor qualified in. Expenses are growing out of control and cannot be allowed to continue. The business has no clear shared vision and mission to bind them together, and even if they did there is no clear direction for the business and no roadmap or strategy for success. There is a significant risk of losing quality talent if the organization as a whole does not get turned around and pointed in the right direction soon, a point beyond which recovery could take many years.

There are market opportunities available that, if capitalized upon, will catapult this organization well over the million-dollar mark and establish them as a market leader. If the right strategies are formulated and executed upon, the organization could unify its solutions and tools, align its talent, and be poised to act on the market opportunities presented. The most crucial and significant changes required can be effected within a single calendar year. The following year would be the time to solidify internal processes and allow the business to grow homogenously. In the third full year, the business could begin to grow at a rate of no less than 30% annually provided they can find the quality talent to service the new clientele.

The Problem Statement

The Goober Group, located in the South Florida region of the U.S., is a minority-owned and operated IT support services business that was launched nearly ten years ago in 2006. The owner, Fiona Flattes, struck out on her own after having spent more than twenty years working in the industry for other IT support service providers. She received her Bachelor of Science degree in Information Technology and worked as a medical receptionist while attending college. She believed an IT service provider should do more than just provide good technical service, it should also help the client grow their organization's IT infrastructure in anticipation of the client's business needs. This is something she witnessed little of in the organizations she had worked for to this point. Within a few short years she grew The Goober Group to just over \$500K annual revenue and a handful of talented and like-minded people.

Fiona always ensured her team and her company had the right connections to necessary resources by identifying and maintaining memberships in specific organizations relevant to The Goober Group's industry and, where applicable, the businesses in their target market. She insisted all

service team members maintain certain industry certifications from vendors and partners so as to keep themselves as individuals and the company as a whole reliable and recognizable as quality service providers. When she believed the timing was right, Fiona invested heavily into industry-specific tools that, if mastered, would position The Goober Group as an industry leader in their area and for their target market.

The Goober Group had never put together a proper marketing campaign and relied heavily on word of mouth and referrals for new business. They did receive many new client referrals because The Goober Group, as a small cohesive team, did in fact provide great technical support for their customers and their customers spoke well of them. As they received referrals, they took on the new clients regardless of the size of the client organization or the size of their IT budget. The Goober Group began to learn the new tools intended to help them grow their business and manage their service delivery. This allowed them to maintain their excellent customer service even though the number of users and machines being managed was ever increasing.

As the effects of the U.S. housing crisis and impending economic downturn began to be felt in 2009, Fiona's business began to shrink, as did nearly every other business across the globe. It dropped back to just over half of its highest ever position and she was forced to lay off several highly talented people who had been with her for many years. During the downturn, The Goober Group witnessed a massive increase in freelance IT service providers coming into the market, representing cheap competition for their clients' business. They also witnessed many client businesses cutting back significantly on IT services needs and projects. Fiona saw firsthand what happens to a business when cash flow dries up. The number of competitors in their area and potential customers diminished greatly between 2009 and 2011, mostly due to lack of business, stiffer competition, and insufficient reserves to weather the storm.

Fiona nearly lost her business as clients bargained for lower rates and faster service. At this point in time there were only three people left in the business. With low cash flow, no cash reserves, and a massive backlog of work required just to keep existing clients, there was no time to attain a higher mastery of these tools let alone leverage them. She found herself unable to fully leverage the industry-specific tools that she believed would allow The Goober Group to more easily deliver better and faster services to more clients.

Fortunately, as the economy recovered so did Fiona's business, and she quickly regained her position and hired new people. Her husband Esteban Flattes is a certified public accountant who had been laid off during the worst of the crisis years. Esteban came on board The Goober Group to provide support for whatever they needed, starting with the bookkeeping and payroll. As the business grew, Esteban's role quickly expanded to include office manager and marketing manager. Currently, Esteban is hoping to get back to his chosen career as there are many opportunities awaiting him. Unfortunately, The Goober Group desperately needed him to continue to fill the role he had been molded into.

Fiona hired a salesperson in anticipation of the needs that would be created through the company's first ever full-fledged marketing campaign. Her goal was to expand the business through a coherent marketing of their signature Managed Services offerings to local businesses. As her husband began to attempt designing the marketing strategy, the salesperson sat patiently at his desk waiting for something to do. The salesperson did not seem to be exceptionally motivated

to even do simple (easy) sales by writing up and selling much needed project work to existing customers.

Esteban Flattes was up against more than just the fact he was not actually a marketing manager by career or trade. He had been charged with designing a real marketing plan but was running into roadblocks at every turn. The Goober Group had not been doing even the basic marketing such as social media and monthly newsletters. They also had not developed the channels of communications with their vendors and partners that would allow them to tap into marketing materials and funds from those vendors and partners. And lastly, Esteban was having trouble understanding exactly what to market or advertise because he really didn't understand what The Goober Group offered for services.

Although Fiona had managed to keep her business alive through the economic downturn and brought it to a new height, she still had many problems with the organization that she knew were keeping her from getting to the next level. A recent and primary concern was that The Goober Group showed a total revenue of over \$900K for the previous 12 months rolling, but even though revenue and net new business (new clients) were increasing, expenses were rapidly growing out of control. At this point her cash reserves were beginning to dwindle. Fiona came to the realization that she could not utilize her salesperson because she could not market. She could not market because she had not clearly defined her products and services. Further, even if Fiona did define, market, and sell a concise list of products and services, she had unresolved operations and service issues that would keep her from delivering the quality she intended and her clients deserved.

Fiona had been trying to build The Goober Group as an IT Managed Service Provider (MSP) but their business model and service offerings were not aligned with the intended model. Managed Services is a proactive method of managing IT services. It stands opposite the Break-Fix Service model which is reactive in nature. In Break-Fix Services, you call the service provider with a problem, it gets fixed, and you get billed accordingly. Work is typically handled on a first come, first served basis with the one who screams the loudest getting priority. The Managed Services model means the service provider manages and takes care of everything in your IT system and you are billed a flat fee per month. Everything is managed in priority order based on how widely the issue affects the systems being managed. While Fiona and her service team understood that Managed Services is not only their preferred method but also the most efficient method, they had never properly built out service offerings around that model. The Goober Group had been offering Break-Fix Services and trying to deliver Managed Services.

In my initial interview with Fiona, she told me she wanted to “take The Goober Group from being IT Schmos to MSP Pros,” and she stated it again in her questionnaire response. What she meant was that she believed they were holding themselves back at amateur levels due to immaturity in many of the aspects of their business which were not being properly cultivated. She also knew that with the right strategy, she could in fact get this business to the next level. Everything about the industry and market climate looked favorable for The Goober Group. My recommendation to Fiona was that they did in fact need to reaffirm the design of the endeavor—her business—from the top down and then go about revamping it from the bottom up. I suspected there were several more issues involved that would need to be discovered and remedied. She agreed and we immediately began a complete business SWOT Analysis, including personal profiles on each team member.

Situation Analysis

Introduction

The complete business SWOT Analysis of The Goober Group began early in the final quarter of 2015, and the formulation of the roadmap and strategy was completed by the end of that quarter. In light of certain issues discovered during the analysis and based on their impact to the business, certain strategies were formulated and actions taken before the business analysis was completed for the best interest of the organization. These strategies and actions will be covered in detail in the Solutions Recommendation and Solutions Implementation sections.

The SWOT Analysis performed consisted of:

- DiSC profile for each member of the organization
- Situational Questionnaire for each member of the organization
- (including the principals)
- Business Profile Questionnaire for the principal(s)
- Porter's Five Competitive Forces Analysis
- Porter's Generic Strategies Analysis

The SWOT Analysis called for the following supporting documentation:

- Most recent Feasibility Study
- Most recent Business Plan
- All Financial Statements for the current and previous year
- Product and Service Line Card
- A recent Target Market Analysis
- Employee roster, resumes, and rap sheets
- Core Competency Matrix
- Copy of all client Service Agreements
- List of common service rates
- Client roster including effective hourly rate
- Calculated Fully Burden Cost of Labor

The SWOT Analysis resulted in the following report:

- Business Solutions Recommendation

The Questionnaires, Five Forces Analysis, Generic Strategies Analysis, and all Supporting Documentation served as a vehicle for discovery. They helped with understanding the culture, sentiment, bias, and pains of the organization. Evaluation of all these inputs resulted in the all-encompassing and fully comprehensive SWOT Analysis presented at the end of this section. The SWOT is, for all practical purposes, the complete laundry list of Strengths, Weaknesses, Opportunities, and Threats of the organization that must be addressed in one fashion or another at one time or another in order to get to the next level.

Employee Roster

Name	Role	Years
Fiona Flattes	Owner/Entrepreneur	10
	Programmer	
	Engineer	
Esteban Flattes	Bookkeeper	4
	Marketing Manager	
	Office Manager	
Calvin Green	Sales Manager	1
Graham “Sparky” Martin	Service Manager	8
	Project Manager	
	Service Coordinator	
Benjamin “Ben” Hawkins	Lead Engineer	7
Zhi Nguyen	Engineer	5
William “Willie” Gilligan	Engineer	3
Sidharth “Sid” Malhotra	Field Technician	3
Waldo Nova	Field Technician	2
Spencer “Spork” Vork	Field Technician	4
Nicholas “Nicky” Royale	Help Desk Tech	1
Frank “Speed Bump” Gorappo	Help Desk Tech	6
James “Jimmie” Sanchez	Receptionist	2

Total Employees – 13

Total Service Delivery Team – 10

Relevant Situational Questionnaire Responses

Notes: The questions and answers noted here are only a select few of the nearly one hundred questions on the Situational Questionnaire completed by each person in the organization.

Q: What is the company Vision Statement?

A: Only Fiona Flattes responded with correct or near-correct statements.

“To empower business through Information Technology.”

Q: What is the company Mission Statement?

A: Only Fiona Flattes, Graham Martin, and Benjamin Hawkins responded with correct or near-correct statements.

“Our mission is to enable your company to focus on its core business and operate smoothly because we focus on the technology as our core business.”

Q: What are the stated company Values?

A: All guessed except Fiona Flattes who indicated she had not specifically defined any specific company values but suggested several on the fly.

“Integrity, Knowledge, Experience, and Collaboration.”

Q: Describe the company culture, if possible?

A: Fiona Flattes – The Goober Group has a culture that is relaxed by default. Day-to-day operations are not micromanaged unless some problem results in scrutiny of a particular process, behavior, or individual. The employees all have good intentions and there are usually no bad attitudes, but sometimes we do not hold strictly to procedures or fully deliver best practices, especially when under stress. The employees lack a concrete set of expectations that they would be judged by on a regular basis, which might improve the consistency of performance.

A: Esteban Flattes – We have a friendly yet very result-driven culture.

A: Benjamin Hawkins – Adaptability and quick reactions to the changing market, competition, and external environment; entrepreneurship-type attitude.

A: All others responded with some form of “Talented, driven, dedicated team players in a family environment.”

Q: Do you feel or see that this company is growing?

A: All responded “Yes” followed by concerns of various pain points mostly related to quality of work product and response time to clients’ needs. Most cited the need for more quality technical support talent or the need for more sales people.

Q: If this company is to grow, what are the biggest issue(s) it faces?

A: Fiona Flattes – Structured and documented standards, procedures, and processes.

A: Esteban Flattes – We are not focused on what we sell or deliver.

A: Being able to handle more clients. (5 responses)

Q: Are there solutions that don’t work or are troublesome?

A: We cannot get any useful reports out of our ticketing system because we do not track all work and time. (4 responses – all management)

A: We sell too many brands of products to have any consistency in configuration. (7 responses)

Q: Does your team or the company have a formal written Project Process?

A: Yes. (3 responses)

A: No. (4 responses)

A: I don’t know. (6 responses)

Q: Does your team or the company in general have any problems breaking projects down into measurable size tasks?

A: Yes. (6 responses)

A: No. (0 responses)

A: I don’t know. (7 responses)

Q: Does your team or the company in general have any problems recognizing when the project is off course or out of scope?

A: Yes. (6 responses)

A: No. (0 responses)

A: I don't know. (7 responses)

Q: Does your team or the company usually lose money or make money on projects?

A: Make money. (1 response)

A: Lose money. (6 responses)

A: I don't know. (6 responses)

Q: Does the team or the company have a problem with Sales or Marketing selling projects outside the skill set of what the team can do?

A: All responded "Yes" except Calvin Green (Sales Manager).

Relevant Business Profile Questionnaire Responses

Note: These questions were only asked of Fiona Flattes as the President and sole principal of the organization. The questions and answers noted here are only a select few of the more than fifty questions on the Business Profile Questionnaire.

Q: Who is your target market?

A: We really don't have a specific target market. Ever since the recession we've taken any client we can get. Lately we've been trying to stay away from really small businesses. They seem to pay slowly, they don't use a lot of hours, and they never want to sign any agreements. We do not do residential services except for when it is the owner of a business and they need us to work on their home computers.

Q: What are your current operating metrics, and what drivers are set to push performance in finance, marketing, sales, production, service, etc.?

A: We don't have any except for our ticket count and our service board backlog. We try to keep the ticket count and backlog down and we try to operate financially in the black. We keep a backlog of work so we know how each week will look and it helps with planning service and projects. I keep thinking I need to get some goals set but I don't feel we have a plan to make it actually happen.

Q: Select all items that are a current, recent, or upcoming concern.

Note: All items listed below were checked.

- Our engineers are still not working in real-time and we're losing hours.
- Our clients all have different net terms and most don't pay as agreed.
- We need to develop sales and marketing but don't know where to start.
- Engineers do things differently for each client. We lack important standards.
- Our CRM and RMM could be doing so much more. We need to tune them up.
- We have clients who don't respect our employees or what we do for them.

Q: What does this company represent to you in your life? i.e. Is it your life's work and you intend to pass it on to your children? Do you intend to work in it forever? Do you intend to grow it to a certain size and then sell it off?

A: I intend to grow it and have the employees become the owners with myself on the board of directors, and eventually my shares will feed my retirement fund. Then I will go travel.

Q: What would you like to do with the company short-term (3 months – 1 year) and medium-term (1 – 5 years)?

A: Short-term, I would like to start tracking all work time, solidify some standards, and get our project process figured out. I would like to become more elite in what we offer and who we offer it to, that is, to carve out a specific client type that we can serve best. Long-term, I would like to increase recurring revenue from managed services and actually start putting some real money away for the future of the company and for my retirement. I think we have great potential but we lack guidance and execution, especially on the marketing. I want to take The Goober Group from being IT Schmos to MSP Pros.

Strengths–Weaknesses–Opportunities–Threats Analysis

All of the relevant forces the organization is experiencing or expects to experience which must be addressed are culminated here. Each of the ten business Value Aspects is represented and each indicates the relevant Strengths, Weaknesses, Opportunities, and Threats that have been identified. Some entries may include supporting narrative as necessary.

Note: This is an extremely stripped-down version of a complete SWOT. Attempting to present a complete SWOT would detract from the intended message.

Communications & Collaboration

- Strengths
 - The organization has great potential and seeding of its culture. The key people and those with the most history in the organization have quite the same mindset as to how the company should present itself and behave.
 - The organization has good knowledge management and collaboration systems in place and has above-average competency (for the size of organization) in creating and managing content. This represents a significant advantage in that it directly translates into usable skills for helping clients manage their systems and learn to collaborate effectively.
- Weaknesses
 - The organization's Vision, Mission, and Values are not widely disseminated and therefore cannot help bind the team and gel the culture. Without them it will be harder as the business grows to have any new people feel like they belong to something bigger than themselves rather than just having a place to work.
 - Although there are good systems in place for knowledge management and collaboration, there are key documents missing which requires the organization to rely on common knowledge for key elements of both. If something were to happen to certain key people (if they leave for example), the organization, knowledge management system, and collaboration system could be rendered nearly useless.
- Opportunities
 - No significant or relevant Opportunities identified.
- Threats
 - No significant or relevant Threats identified.

Finance & Accounting

- Strengths
 - The business has zero debt plus excellent credit. This allows great agility in deciding which direction the organization should go and how to get there.
 - High liquidity of financial assets also translates directly into agility and options.
- Weaknesses
 - Labor costs are above expected levels due to an inordinate pay for the lead engineer, Benjamin Hawkins. His pay has apparently been increasing regularly because every time the owners go on vacation, he feels he is left behind to “babysit” and ends up holding them up for more money. This is in addition to a sweetheart deal he negotiated when he came on board seven years ago. He was given a higher pay because he brought some existing clients with him. These same clients have long since left the care of The Goober Group, but as a deal is a deal, his pay has remained at the negotiated level. In addition, Benjamin refuses to meet training requirements for maintaining his Microsoft certifications, a key component in the value proposition the organization offers. Benjamin’s salary and benefits package is equal to Fiona’s, but based on his current skill set and experience, it should be approximately \$25K annually lower than it is.
 - There are no clearly defined goals for increasing revenue and specifically recurring revenue. The organization cannot increase profit or grow if there are no specific goals to drive marketing and sales.
 - There are no clearly defined goals for managing expenses and costs of goods sold, and there is no formal budget for the coming year, only projections of what will be spent based on past history. There are no specific large draws on finances to speak directly to, but there must always be some oversight, checks, and balances in place.
 - There are no defined penalties or percent fee for accounts in arrears and no process for applying them. There must always be a cost for borrowing money and an associated cost for paying late—it incentivizes prompt payment.
- Opportunities
 - With excellent credit and a solid position, several banks and investors are actively seeking to provide funding for the next venture. If the strategy requires funding, it is estimated that up to \$1M could be accessed depending on the amount of collateral available to Fiona and the strength of the business plan.
- Threats
 - Too many clients are not paying on time. A/R is > 30% out more than 45 days. This item affects Finance but is a Weakness of the Sales process and policies.
 - Hardware and software are being ordered before clients actually pay for them. The Goober Group is in effect acting as the bank for the clients. This significantly hinders cash flow and is not a good business practice for an organization of this maturity.

Human Resources

- Strengths
 - The organization has a fantastic process for finding, acquiring, training, and cultivating quality talent. Provided it is used correctly, it will certainly continue to allow The Goober Group to bring on the best talent available.

- Weaknesses
 - The Sales Manager role is improperly filled. Calvin Green is a very nice person, but he does not understand this industry and he is not gaining any understanding as time goes on. He admittedly feels out of sorts. He indicated he took the job because he needed the work, really likes Esteban and Fiona, and truly believed he could get the hang of it. Fiona indicated she had in fact been “sold” on Calvin and his skills by Calvin himself. He is actively looking for work on LinkedIn and he even asked me for an introduction to another client of mine in the area. This role must be filled with the right person or NO ONE.
 - There is a genuine need to replace Esteban in as short of time possible for more than the obvious reasons. He is being pressed into the additional roles of Marketing Manager and Office Manager and he is not performing the marketing role in any beneficial way. His desire to strike back out into his chosen field creates a significant stress on the relationship of the owners and is a detriment to the culture of the organization. I know both Fiona and Esteban realize this, but it must be indicated here for the purpose of ensuring it is resolved in the process of strategy formation.
- Opportunities
 - The receptionist, James Sanchez, has some low-level skills in computers and over the past two years, he has acquired a broad understanding of the work The Goober Group does. He also has a desire to quit this job because he is falling asleep at his desk most of the time. He is supposed to be backing up Esteban on marketing but since Esteban has no idea what he really should be doing, nor the time to do it, James is significantly underutilized. James has the DiSC profile of a service coordinator, as well as the intellect and above all the interest. Since this is a role that needs to be filled, he could easily be shifted into it.
- Threats
 - The local IT service provider Invasive IT is constantly calling The Goober Group’s engineers and attempting to lure them away. The owner is an ex-employee who took several clients with him (scalped) when he became disgruntled and left in 2009. Everyone here knows him and none of the team seem to be at all interested in jumping ship, mostly due to the good culture and environment here. However, he will continue to be a threat as a disrupter and will pick off young inexperienced hires if they are not educated and taken care of here.

Marketing

- Strengths
 - The organization has an important differentiation potential due to its Core Competencies in both ITIL certification and HIPAA Compliance. Leveraging these in new redefined service offerings can present a significant competitive advantage depending on the target market. These competencies should help define the ideal target market.
 - The Core Competencies across the team related to Electronic Medical Records and digital cardiology scan management solutions, in addition to other healthcare related lines of business applications, presents a significant competitive advantage potential. These competencies should help define the ideal target market.
 - The business has the revenue to create an appropriate budget to support an aggressive and sustained advertising and marketing campaign.

- The business has a well-designed website and appropriate sample (attraction) offerings to use for day-to-day basic marketing.
- Weaknesses
 - The services offered by The Goober Group are too wide and varied to allow focus of value. The initial question presented in challenge to the list of offerings is “Why would I sign up for a recurring monthly fee when I don’t believe I will use that much IT service? Why not just pay as I go?” The offerings are no different than the large majority of other IT service providers who are targeting much of the same clients as The Goober Group.
 - There is no set product line card of products sold and serviced by The Goober Group. The customer is dictating the products to buy and they are not always business class. There are multiple issues here. First, there is no consistency in product configuration because there are so many brands being sold. Second, selling non-business class equipment to the client and then being expected to maintain them to the level required for this level of service is actually costing the organization time and money. There must be a reasonable set of products and solutions that are business class to offer to the clients.
 - There is no qualified or dedicated person to do marketing. Esteban is talented but is not versed in any way required to effectively do marketing. Left to their own devices The Goober Group has managed to put a warm body in the role part-time, but this function is so critical to driving new business that there must be either a full-time in-house or an outsourced solution for marketing.
- Opportunities
 - The market studies accessed indicate IT spending is seen as much more important in Medical, Legal, and Financial businesses. This is believed to be due to government regulations and requirements coupled with the higher risk of downtime and data loss in light of recent global infiltrations and attacks.
 - The study of The Goober Group’s Core Competencies and Fiona’s interests for the business direction reveal an opportunity to move into a vertical market focused on the medical industry, specifically Cardiology practices.
 - Strategic partnering with select vendors who are offering Marketing Development Funds and even willing to allow The Goober Group to present content at their events can be a significant advantage as The Goober Group has Core Competency knowledge to share. All the marketing around these events alone can generate a measurable amount of free advertising for The Goober Group and immeasurable fodder for social media and a regular client newsletter.
- Threats
 - There are numerous new IT service providers moving into the market and most are presenting offerings at lower prices than The Goober Group for what appears to be effectively the same services.
 - There is a significant threat by one local IT service provider (Invasive IT) who is consolidating many smaller organizations (under \$1M) in an effort to grow revenue and market share. This organization is believed to be stalled due to moving too fast, and their reputation indicates they are low cost and low value. They do not pose a significant threat, but their marketing and sales tactics will require The Goober Group to have a clear differentiation in products and services.
 - There is a growing threat from new entrants to the market by print service providers. There is a push to move into the Managed IT Service arena as a way to

grow market and revenue. It is believed that it will take several years for these companies to mature enough to compete for more intricate projects, but they do pose an immediate threat to helpdesk, field service, and bench tech services.

Organization Infrastructure

- Strengths
 - All business Operating Systems are virtual and The Goober Group owns only the end-user computers and the small amount of supporting network equipment. This is a great benefit in that it allows anyone to work from anywhere and still have access to all resources. This is also beneficial in that it allows the organization to scale as needed very quickly.
- Weaknesses
 - Not all of the selected solutions for the organization's Operating Systems are on the same outsourced infrastructure. The collaboration servers are housed with one cloud service provider while the user and data servers are on another. The Goober Group has assembled all the right tools and solutions to run the business and has built out the needed systems, but several critical systems are housed on different vendor platforms. It is highly recommended that if an organization is using one vendor for services such as virtual servers, they should have all of their servers on that same service unless there is a compelling reason not to do so. By utilizing one cloud solution provider for all virtual servers it creates consistency in resources and allows the organization to tap into one unified service system when it is needed. This has come about as the organization has grown because there is no set standard for resource utilization.
- Opportunities
 - There is a potential opportunity to decrease infrastructure costs and obtain a higher level of Core Competency across the organization, in addition to negating the previously mentioned weakness. By unifying solutions for virtual servers to The Goober Group's preferred cloud services provider, all engineers and techs will be deepening their knowledge of the single solution to the benefit of the organization and the clients. Mastery of the single solution represents a significant competitive advantage and increased customer value.
- Threats
 - No significant or relevant Threats identified.

Procurement & Logistics

- Strengths
 - The product identification and selection solution is well integrated to the quoting and invoicing system. Leveraging this for product ordering by select authorized team members as a process will significantly reduce errors and speed up delivery times.
- Weaknesses
 - Techs and engineers are spending an inordinate amount of time running parts and supplies to customer offices. When the bench tech has completed work or when the customer needs something repaired, the Field Engineers or an available Help Desk tech runs the parts or equipment to or from the client offices. As The Goober Group does not charge for travel time, this practice actually creates an unregulated cost center for the service delivery department.

- Opportunities
 - Selecting specific vendors and specific brands for product offerings of major hardware and software can help establish a higher standard of quality in products and value for the customer. It will also allow The Goober Group to increase the strength of specific Core Competencies related to these products. Selecting the best-of-breed brands can represent a competitive advantage. The selection of the preferred provider of these brands should be a practice in pitting vendors against each other for the best pricing and delivery.
- Threats
 - No significant or relevant Threats identified.

Production Operations

- Strengths
 - The Goober Group appears to have all the right tools available, having tapped into the entire stack of solutions offered by the Ticketing System and Remote Monitoring and Maintenance vendor SolarWinds MSP. Continuing to train and leverage these tools will continually increase the Core Competency and efficiency of the team.
- Weaknesses
 - There is no set project process and the project manager has no training in running projects. Projects are not being scoped and defined properly and the timelines, deadlines, and time required are being consistently misquoted, resulting in loss of time, energy, and good faith with clients. Most of the real-time loss is in not recognizing when things come up that are not part of the project (scope creep). This Weakness has come about as Fiona has trusted the service manager, Graham Martin, to manage projects but failed to require that he obtain some formal training. His team management skills suffice for service delivery in general but projects seem to be just a little more complex than he currently understands. I believe he simply needs proper education and guidance and he will do fantastic.
 - The service ticket management system is not fully tuned. Additionally, there is a lack of a set flow of a ticket through the service process, and communications with clients are sporadic and incoherent. There must be a specific thread of communication woven as a client issue progresses through the system. This is also affecting projects in that there is no set project process and as such, no set project communications protocol.
- Opportunities
 - No significant or relevant Opportunities identified.
- Threats
 - No significant or relevant Threats identified.

Research & Development

- Strengths
 - The organization has some very talented people with exceptional knowledge of ITIL and extensive experience with IT Managed Services. This presents a potential to create very specialized and differentiated value propositions for the target market. It will be one of the deciding factors in the roadmap and strategy to be developed.
- Weaknesses
 - There is no Cloud Solution offering being developed. This has been identified as a critical requirement in order to be a relevant Managed Service Provider. The Goober

- Group seems to have all the pieces, they simply have not performed the design and documentation of what the solution will look like. This SWOT item could be assigned to Marketing as a Weakness; however, Marketing only establishes that there should be a solution. It will remain here as it is for R&D to first innovate the product life cycle to present to Marketing.
- Opportunities
 - There are numerous specific training and certification opportunities that can be tapped into through memberships in certain industry associations, some of which The Goober Group is already in association with. By endearing to these memberships and programs, The Goober Group could significantly elevate the standings of all the talent in the organization which in turn gives significant strength to the value proposition being offered.
 - Threats
 - No significant or relevant Threats identified.

Sales

- Strengths
 - No significant or relevant Strengths identified.
- Weaknesses
 - Those who are doing Sales are not filtering clients to verify they are actually the target clients The Goober Group is after or if they are even a good fit for the organization. This is a mindset brought on by the economic downturn, perpetuated by a lazy sales person, and neglected by upper management. The organization must stop this type of selling and it must remedy the problem clients it currently has found itself to be stuck with.
- Opportunities
 - No significant or relevant Opportunities identified. *Note that Sales opportunities will need to be reviewed once the sales role is properly defined and filled, the products and services defined, and the target markets are refined.*
- Threats
 - No significant or relevant Threats identified.

Service Delivery

- Strengths
 - No significant or relevant Strengths identified.
- Weaknesses
 - Engineers and technicians are not working and tracking time in real-time and they are not following the set (although scant) processes for the flow of a ticket through the service delivery system. The amount of time missing from the day of each tech or engineer is unknown but estimated at over 45% (time not tracked). At a rate of \$150 per hour for the standard service rate, this amounts to approximately \$150/hr. x 8 service delivery personnel capable of creating billable hours x (45 hours per week's potential x 45%) = \$24,300 per week. This is nearly \$100,000 of either revenue for the organization or value to the customer that is unaccounted for. This alone has the potential to more than double the revenue of the organization if managed correctly. The actual results will only be verifiable once the entire team is 100% working in real-time.

- There are no metrics driving service delivery. There is a backlog report indicating what work is in the pipe but there are no set goals to help set expectations and measure progress. Even with the lack of certain workflows and processes, some goals can be set, sought, and monitored. Items like: maximum ticket count that triggers all hands working late or on a Saturday, average time on tickets to manage runaway work, and individual and team efficiency metrics. These will be easier to manage once processes are refined and propped up, but many can be initiated immediately.
- Opportunities
 - No significant or relevant Opportunities identified.
- Threats
 - No significant or relevant Threats identified.

Summary

My overall opinion of The Goober Group is that it is well-prepped for expansion and success in the coming years if the opportunities are doggedly pursued and its critical weaknesses addressed quickly and without prejudice. In reviewing the SWOT list, it becomes apparent that a majority of issues can in fact be corrected by creating or revising internal processes. However, there are certain weaknesses that are significant and must be addressed immediately. A major point to be made is that the team feels they belong and they like their jobs, the company, and their supervisors, and that certainly means a great deal to an organization trying to get to the next level.

The most powerful factor in any organization's success is the quality talent—the human factor. It is obvious that The Goober Group does not have all the right people in all the right places. It is imperative that Esteban be replaced in any fashion possible as soon as possible for everyone's benefit. In addition, I'm certain it could go without saying that the scenario The Goober Group finds itself in regarding the performance and compensation of the lead engineer, Benjamin Hawkins, is a huge weakness. This will not be easily resolved but it must be at the top of the list of changes that absolutely must come about soon. These two challenges have far-reaching implications in the organizational culture and in financial perspectives and as such must be well planned.

There is nothing about the current scenario for The Goober Group that is dire or that cannot be remedied relatively quickly through a well-laid-out roadmap and strategy for the business. With a clearly defined and aligned strategy, every Value Aspect of the organization will come in line and begin to mature. It will require commitment and execution on everyone's part but I believe this will not be the hardest journey the organization has ever been through.

Solution Recommendation

There are issues that must be addressed immediately and issues that can be resolved over time. Below is the laundry list of changes to be effected. These must of course be translated into coherent strategies that can be shared with the organization and effectively executed upon. The list is presented in somewhat priority order; however, the actual strategy planning will determine the most effective and beneficial order. Every item on this list will need to be directly tied to a positive benefit to the Financial or Customer Perspective of the organization.

Relevant Changes to Come About:

- The organization should pursue a course that matches the desires of Fiona and the strengths of the organization. This means moving toward being a top-level Managed Service Provider focused on the Medical Industry, potentially Cardiology services.
- The organization must define itself using the Pyramid of Purpose and Value so that there is a clear Culture, Compass, and Roadmap for the business. This includes defining the finite MSP Value Proposition and a decidedly vertical Target Market.
- There must be a solid budget formulated for the coming two years so the business knows what it will cost to get to the next level.
- Accounts Receivable must be brought in line immediately with zero tolerance to reduce financial risk. This will also help the cash flow of the organization, an important factor in executing the future strategies.
- The business must stop loaning money to the clients in the form of extended credit for products and services. All equipment must be paid for when ordered and projects must have down payments.
- Once the MSP Value Proposition is defined, all existing clients must be moved to that model as fast as possible. The organization cannot effectively offer two primary services, and it is advantageous to the recurring revenue to move to the MSP model.
- The Goober Group must find a full-time Office Manager to replace Esteban as soon as possible. This person will not need to be an accountant but will need basic bookkeeping skills.
- Payroll should be outsourced for efficiency.
- The Goober Group must find a qualified Marketing Manager and then shortly thereafter, find a qualified Sales Manager. The organization will not get to the next level without them.
- The role of Service Coordinator should be defined, and it appears James Sanchez is a perfect candidate to take on the role. This will alleviate a lot of disorganization in the service delivery and increase the utilization of Mr. Sanchez.
- The PSA and RMM tools must be tuned properly in order to have a smooth Service Delivery system. It is currently costing time and holds customer satisfaction down.
- To provide a high-quality Managed Services offering, the Service Delivery team must learn to work and track time in real-time. The required reports for a well-managed MSP rely on this data and it must be accurate.
- A Project Process must be defined, documented, and followed to stop losing money on every project. It will require time to implement and acquire competency but it is imperative to offering a complete MSP solution of high customer value.
- The Cloud Computing Solution employed by The Goober Group for internal use and presented to the clients should be consolidated into one single solution from a single vendor, if possible. The extent to which it is unified will directly strengthen the ability for The Goober Group to manage and sell the solution at higher profits with lower overhead.
- Standards and Procedures must be unified across the organization by the addition of a few simple documents.
- The Goober Group must identify its Core Competencies so it knows where it must learn and grow in order to meet the demands of the customers and be competitive.
- There must be quarterly employee evaluations in order to help the team members learn and grow with the organization according to the needs of the business and the clients.
- Specific certifications, compliances, and competencies provided externally to the organization (ITIL, HIPAA, etc.) must be acquired in order to create a competitive advantage and to support the desired Value Proposition of the organization.

- The techs and engineers must stop being equipment couriers for the customer. A reliable and reputable courier should be retained to shuttle equipment to and from client offices. It will significantly increase utilization of the team.

All recommended changes should be sorted, prioritized, and organized into specific strategies so that the organization may effectively execute each strategy to success and then move to the next. The mindset and therefore the primary objectives of each strategy should be focused on the ultimate goals not the minutia. This means following a basic Balanced Scorecard approach of identifying the desired outcomes of the organization's Financial and Customer Perspectives and then devising the Internal Processes and Learning and Growth Perspective initiatives that will drive those outcomes.

Long-term Business Roadmap

Four distinct strategies should be developed which should be launched simultaneously and executed on sequentially over the next fiscal year. Together, these represent the immediate short-term Business Roadmap (see Figure 1). Note that each individual strategy, once solidified, will have its own detailed roadmap. Tracking of the goals and the progress for each strategy would be performed using individual Balanced Scorecards. Each strategy should have a specific theme and be designed to achieve different organizational objectives, all while addressing relevant SWOT issues. These suggested strategies are derived using Kaplan and Norton's generic Strategy Themes and Map template. The recommended strategies are:

- Organization Realignment – A short-term Productivity strategy designed to Improve Cost Structure.
- Achieve Operational Excellence – A short-term Productivity strategy to Increase Asset Utilization.
- Increase Customer Value – A medium-term Revenue Growth Strategy to Enhance Customer Value.
- Build the Franchise – A long-term Revenue Growth Strategy to Expand Revenue Opportunities.

It should be noted that this recommended long-term roadmap and these strategies are to be developed with the intention of getting the business on track and focused in the short-term. They would not and are not expected to take the business beyond the coming fiscal year. An entire new roadmap and set of stratagems based on the success of these stratagems and the future needs of the organization must be formulated. The Goober Group would still need to begin formulating these new longer-term plans no later than Q3 of the coming fiscal year. For example, once the initial strategy to Achieve Operational Excellence is completed, it is recommended that a reevaluation of relevant Value Aspects of the business be performed, a new strategy to Improve Operational Excellence devised, and the Business Roadmap extended. There should always be a pursuit of continuous incremental improvement.

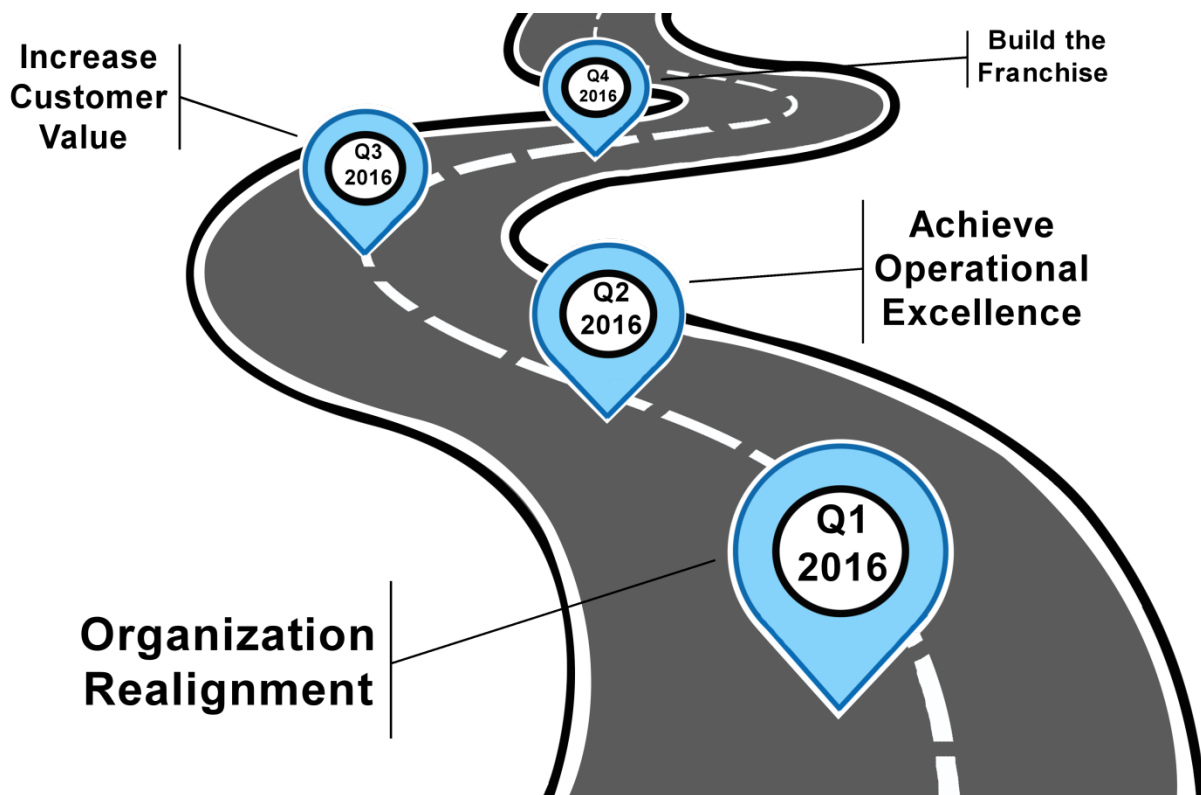


Figure 1. The Goober Group 2016 Roadmap

Summary

The recommended roadmap and strategy, if executed in a timely fashion, will position The Goober Group in a specific vertical market with excellent opportunities for growth within as little time as possible. Building on the existing Core Competencies by pursuing the outlined learning and growth initiatives will help establish a competitive advantage in the selected vertical market. Refining the internal processes of the organization and solidifying the Value Proposition will help them establish a significant competitive advantage.

The early alignment of everyone on the team with the vision, mission, and values of the organization is crucial. Continued conversations about every aspect of the business roadmap and strategy will ensure everyone knows their piece of the success. Training plans are rigorous but must be met for the business to get to the next level as planned. The Goober Group seems to be a dedicated and fully capable team, so there shouldn't be any issues with meeting the goals as long as management provides the required support.

With the refined Value Proposition, The Goober Group should have no problems attracting the kind of clients they are targeting, provided they maintain a high level of customer intimacy. This means engagement, partnership, service, and care. They must also promote and protect The Goober Group brand.

Balanced Scorecards should be meticulously maintained and shared so everyone can see the progress and move toward shared success. If the objectives, metrics, or initiatives need to be adjusted or revised, they should be done as swiftly as possible as soon as it is recognized that there is a problem, provided there is in fact a problem. It is also true that if the metrics set out are too lenient or low, they should be raised appropriately, not for yield but for steady progress.

Solution Implementation

Assumptions

Based on Fiona's vision, mission, and values statements, her stated desires for what she would like The Goober Group to become, and Porter's Generic Strategies Analysis, it was decided that the overall business strategy would be a Differentiation Focused strategy. Norton and Kaplan, the developers of the Strategy Map, call this a Customer Intimacy Strategy. To be successful it requires that the primary focus for the Customer Perspective of the Balanced Scorecard always be on Relationship and Brand. Although initial short-term strategies may have themes that do not directly translate to Customer Intimacy, all long-term strategies will.

Based on the products and services The Goober Group has innovated, and also taking into account their core competencies, all market analyses indicated that the greatest potential for a competitive advantage is to focus on a single vertical market with only Managed Services offerings. Specifically, they should be most successful by focusing broadly on the medical industry and narrowly on Cardiology offices and Cardiology scan centers. This will require the complete conversion or abandonment of clients who are only consuming break-fix services.

It is assumed that Esteban Flattes will begin a job search in earnest immediately with the intention of leaving the organization no later than the end of Q1 2016. This helps establish a timeline and deadline for certain initiatives. It is also assumed that the sales person, Calvin Green, will be fired or laid off immediately. Calvin is neither participating in nor contributing to the organization and he represents more risk than reward. There is no severance package due or expected and the recoup of his salary will help fund the endeavors at hand.

Dependencies

These strategies rely heavily on the ability for Fiona and The Goober Group to execute as planned in a timely fashion. Failure to do so will result in a significant loss of time, momentum, and opportunity. Each strategy seeks to create specific financial strength that in turn funds future strategies. For example, failure to get Accounts Receivable in line by the end of the first quarter of 2016 will mean there may be insufficient funds to hire a marketing manager in Q2.

The ability to execute these proposed strategies and the success of those strategies depends heavily on revenue and cash flow. It has been discussed with Fiona and Esteban and has been decided that if revenue is required, three possibilities exist that will be pursued as needed. In order of execution if required, they are:

- A) Esteban's salary will be reduced, even to zero if necessary.
- B) Fiona will take advantage of a Business Line of Credit or Loan.
- C) Fiona will take a salary cut to the extent possible.

Stratagems in General

Following are each of the strategies that has been laid out, including brief narratives of what they intend to accomplish relative to the SWOT. Each strategy is presented as a Strategy Map, including the corresponding Balanced Scorecard used to measure progress and track success. Look to the narrative for indications of priority, urgency, intended order of implementation, and supporting explanation, as necessary. Look to the Balanced Scorecard for the specifics of the objectives, measures, targets, and initiatives relative to the four Business Perspectives. There won't always be a direct one-to-one correlation of strategy objectives or initiatives to SWOT elements, however

each relevant element of the SWOT has been addressed somewhere within the four strategy themes.

Organization Realignment Strategy

The initial strategy, planned to begin execution in Q1 2016, is presented in Figure 2 and is expected to be completed by the end of that quarter. The theme for this strategy is Organization Realignment. The strategy is designed to prepare the organization for subsequent strategies and initiatives to come in future quarters. This strategy is a Productivity Strategy that will, if successful, improve the cost structure by increasing cash flow and decreasing expenses.

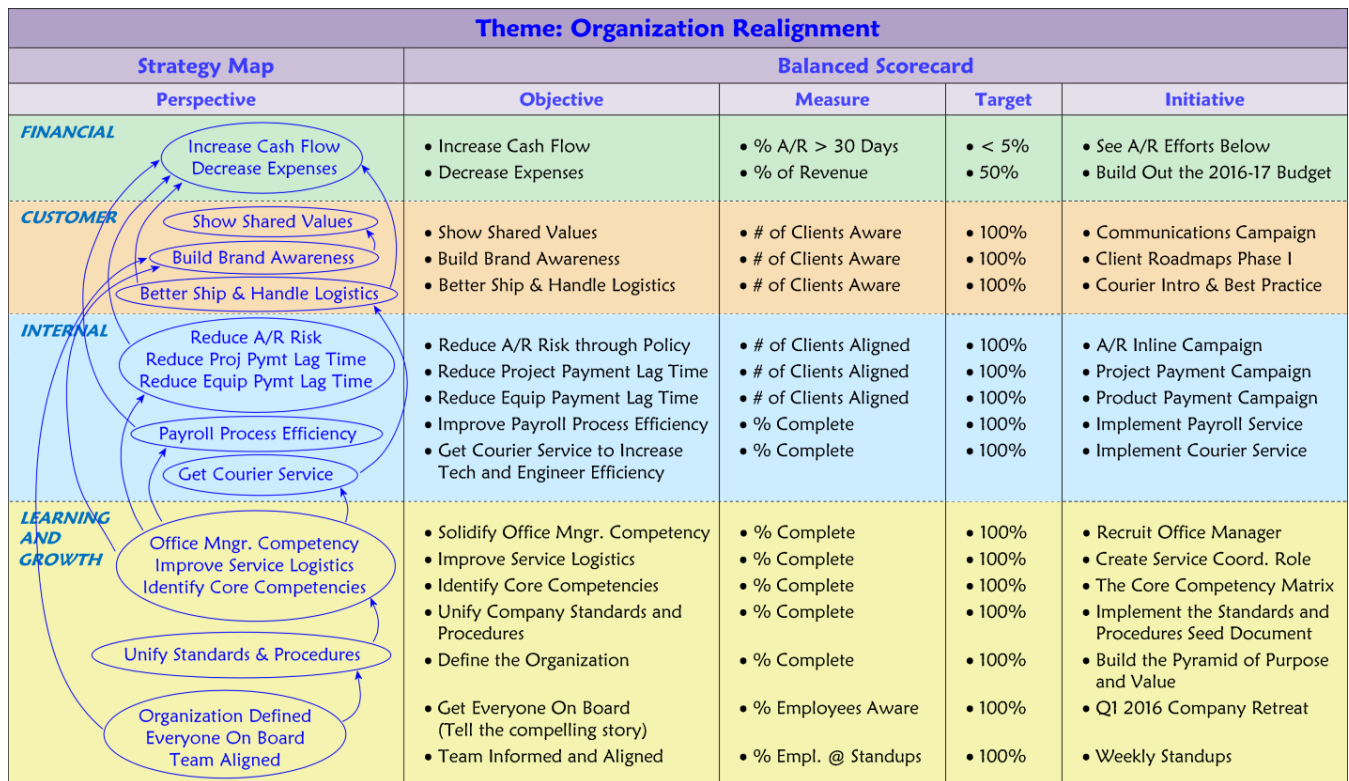


Figure 2. Organization Realignment Strategy Map and Balanced Scorecard

The organization must start by getting finances in order starting with a solid budget for the coming fiscal year and beyond. There will be policies put into place to govern how payments and receivables are managed. First, the A/R policy will be established followed by an aggressive initiative to bring all accounts currently in arrears up to date within 90 days. Next, a policy will be put in place requiring all products be paid for when the customer orders them. And finally, a policy will be implemented requiring a 50% down payment when a project is signed and requiring the remainder due according to landmarks and completion of the project. These two initiatives will stop the company from effectively being the bank for the client and will significantly improve cash reserves and cash flow. There will be a communications campaign around each new policy to help the client understand the organization's position, how the changes will take place, and how they (clients) are affected.

The organization must build the Pyramid of Purpose and Value from top to bottom so that it is clear what The Goober Group's desired culture is, where its compass is pointing, and what its roadmap for success looks like. Once completed, there will be a quarterly retreat to share and

discuss everything about the pyramid with the employees, including the Strategy Maps, so they can all see and share in the blueprint for success. There will be weekly standup meetings for all teams or groups to ensure crystal clear focus on the initiatives and priorities of the week, month, and quarter relative to the Balanced Scorecards.

To replace Esteban as soon as possible, the search for a qualified office manager will begin immediately. Additionally, a payroll service will be vetted to assume those responsibilities from Esteban. To improve service logistics and service delivery overall, a role for Service Coordinator (SC) will be created and the receptionist, James Sanchez, will shift into that position. His reception duties will be absorbed into the SC role.

As a requirement for completing the Pyramid of Purpose and Value, a Core Competency Matrix must be completed. It will reveal where The Goober Group must focus recruitment and training efforts, and it will guide future learning and growth for everyone in the organization.

A master Standards and Procedures document must be created to tie together the disparate information and knowledge systems. Along with its implementation will come the requirement for continued synchronization of all organizational content for optimal utilization.

The initiative Client Roadmaps Phase I will be launched to begin building the reestablished Goober Group brand with the client base. The client must be made aware of the need for regular Technology Roadmap meetings and the value of a Technology Roadmap specific to their systems. It will help The Goober Group begin to show their expertise and their understanding of the client systems. It will also prepare both The Goober Group and the client for upcoming stratagems.

A continued communications campaign will be initiated to inform the client base of The Goober Group's refined vision, mission, and values. In addition, it will inform the clients of changes being made in The Goober Group and how these changes translate into improved customer value. This will include the move to solid Technology Roadmaps and changes to the service delivery process.

To improve the logistics of moving products and equipment and to significantly improve the efficiency of techs and engineers, The Goober Group will vet and employ a courier service to do the majority of pickup and delivery of equipment. There will be a specific communications campaign initiative for informing and training the team and the client.

Achieve Operational Excellence Strategy

The second strategy, planned to begin execution in Q2 2016, is presented in Figure 3 and is expected to be completed by the end of that quarter. The theme for this strategy is Achieve Operational Excellence. The strategy is designed to trim down the operations as much as possible in as short of a timeframe as possible in preparation for subsequent strategies and initiatives of future quarters. This strategy is also a Productivity Strategy and, if successful, will increase asset utilization by increasing labor yield, decreasing labor expenses, and increasing the effective hourly rate of each client.

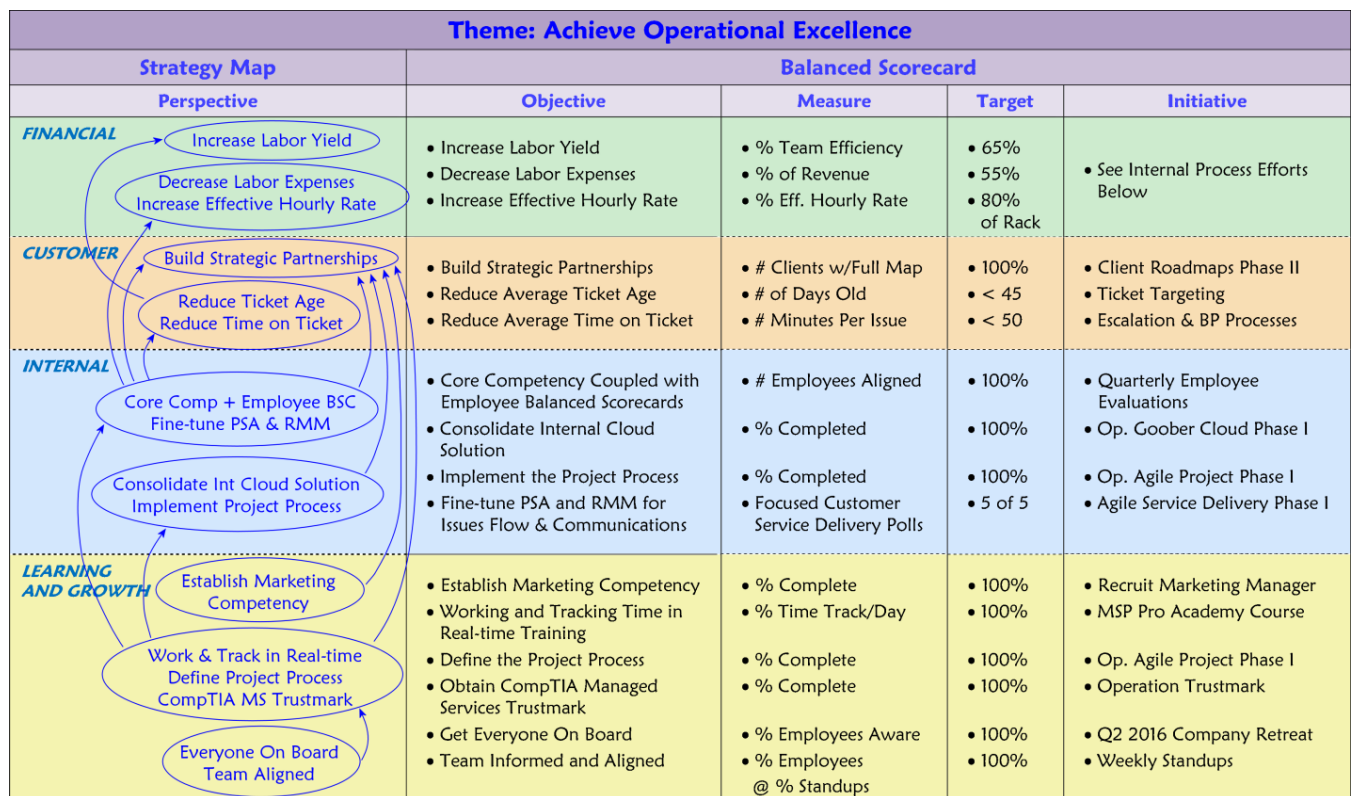


Figure 3. Achieve Operational Excellence Strategy Map and Balanced Scorecard

A relentless internal campaign must be employed to align the entire organization with the newly completed Pyramid of Purpose and Value and especially the Business Roadmap & Strategy. The initiation of this strategy should begin at the quarterly retreat and continue in the weekly standup meetings. Again, with the intent of ensuring all teams or groups have a crystal-clear focus on the initiatives and priorities of the week, month, and quarter relative to the active Balanced Scorecards.

With a completed Core Competency Matrix, the alignment of The Goober Group's quality talent with the Learning and Growth needs of the organization can be effected through quarterly employee evaluations. In effect, there will be a Balanced Scorecard for each employee.

The most important initiative for this strategy is to get everyone on the Service Delivery team to work and track time in real-time or as close to it as possible. Each member will complete the required Working and Tracking Time in Real-Time course offered by the MSP Pro Academy. Additional courses will be taken by the Service Coordinator, as needed. The clarity of where time is going for each team member will represent the single largest recovery of revenue for the organization or value for the client possible. This initiative is the primary driver of the increased labor yield and increased effective hourly rate objectives. There is no initiative in any of the four strategies that will have as important or significant of an impact as this one.

In preparation for moving to a pure MSP model and to fully leverage the PSA and RMM solutions stack, these tools must be tuned properly. This will start with an initiative to streamline the flow of issues through the system and all communications related to that flow.

Between the Working in Real-time and the PSA and RMM tuning initiatives, The Goober Group should be able to immediately begin tracking the average time on tickets and age of tickets. Old tickets should be targeted for resolution to reduce the lingering of issues. Time on tickets should be scrutinized to identify the most effective threshold for escalation. Both of these metrics represent low-hanging fruit in the form of improved customer service that has value to the client in addition to the time and revenue benefits.

The Goober Group must acquire a tangible competency in marketing and as such will begin searching for a Marketing Manager. This will fulfil an important requirement for getting the organization to the next level and, if successful in this quarter, it will allow for proper execution of marketing strategies in the next quarter.

The first step in establishing an externally recognized competency is to acquire the CompTIA Operation Trustmark. This competency will help boost brand recognition for The Goober Group and create marketing fodder. It also establishes a strategic partner in CompTIA.

To get projects under control and in line, a formal project process will be established. Once established and documented, an initiative to get each open project aligned to the new process will be in order. If properly aligned, project efficiency will begin to increase significantly within a few business quarters.

There is an initiative to consolidate the organization's internal cloud solution to a single strategic partner, if and where possible. The benefits include the ability to provide a more clarified solution offering to clients, systematized and consistent training of The Goober Group talent, decreased costs, and a higher level of response from the vendor partner due to an elevated engagement level.

The Goober Group will begin to create Strategic Partnerships with the clients by building out their individual Technology Roadmaps for the clients' systems. This is phase II of the Client Roadmap initiative. By helping to plan and budget for the changes that will help the client get their IT to the next level, The Goober Group can also begin to estimate future backlog of work.

Increase Customer Value Strategy

The third strategy, planned to begin execution in Q3 2016, is presented in Figure 4 and is expected to be completed by the end of the second quarter of 2017. The theme for this strategy is Increase Customer Value. The strategy is primarily designed to refocus the organization and the client base on the newly designed MSP Value Proposition and narrowed product line. This strategy is a Growth Strategy and will, if successful, result in a strengthened bottom line—primarily in recurring revenue—with a measurable rise in hardware and software sales.

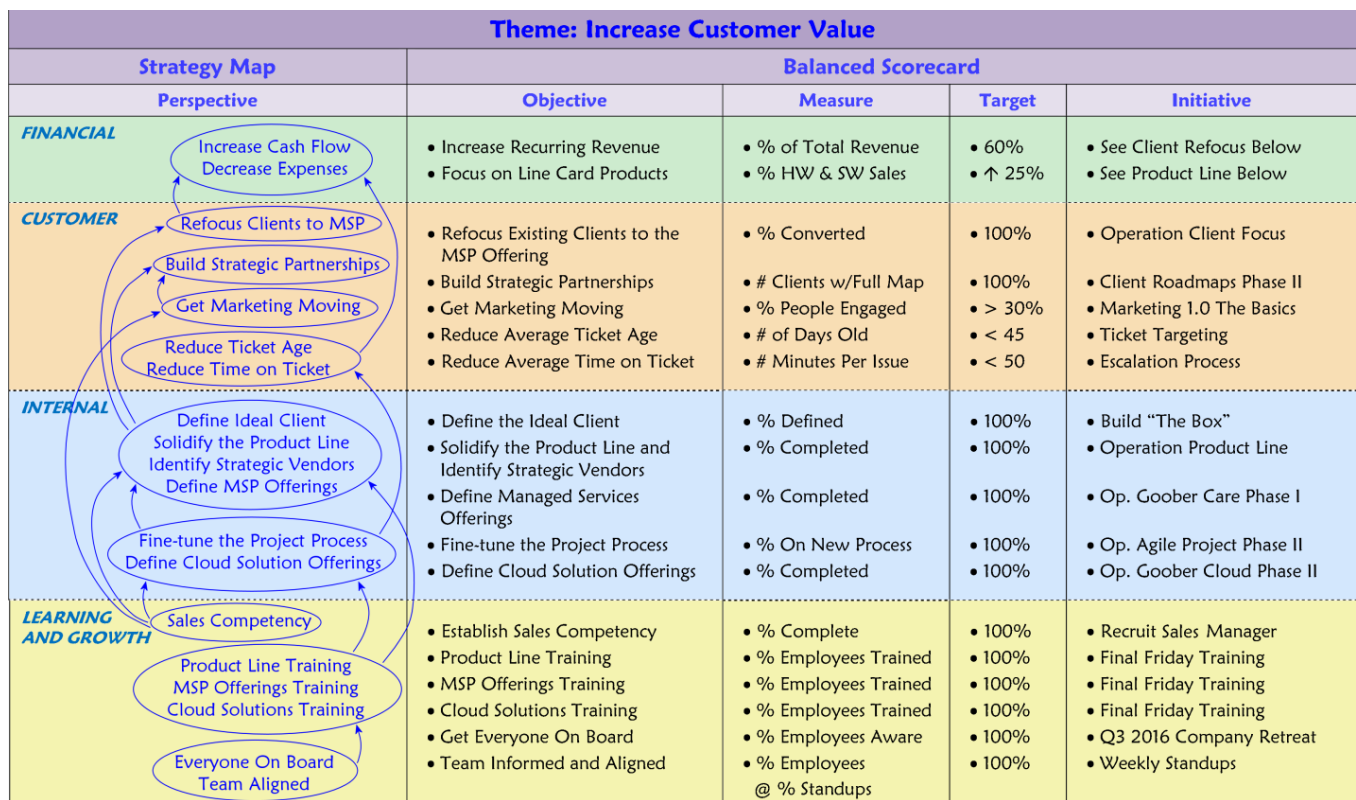


Figure 4. Increase Customer Value Strategy Map and Balanced Scorecard

The internal campaign to align the entire organization with the Pyramid of Purpose and Value will continue. At the quarterly retreat, the primary discussion must focus on the new Value Proposition, Goober Care™, being released this quarter and the efforts to move all existing clients to those services. Extensive training will be required on everyone's part, and weekly standups will keep everyone focused on the initiatives and priorities of the week, month, and quarter relative to the active Balanced Scorecards. Daily and weekly reminders to work and track time in real-time must be maintained.

The first initiatives will be to solidify the actual Goober Care™ MSP offerings and build out the agreements and pricing. The training for these offering will start immediately upon completion of the agreements. Internal training will ensure organizational competency in delivering these services. Client awareness training will take place in (or in conjunction with) the Technology Roadmap meetings.

The second initiative will be to solidify the intended product offerings by identifying and initiating strategic partnerships. Once established, the internal training for these solutions will begin. Internal and client training will be the same as with the MSP initiative. The Goober Group will need to define the Ideal Client—"The Box". This will help determine to what extent the organization will attempt to covert an existing client to the new Value Proposition. It will also help determine if potential new clients are a match for The Goober Group.

Once the MSP agreements are completed, the initiative to refocus existing clients to the new offerings will begin. The largest revenue clients should be converted first unless there is a compelling reason to wait. This is the primary driver of the increased recurring revenue objective.

Basic marketing will be initiated with a focus on building the brand through recognition. This will include social media, blogging, newsletter, postcards, and so on.

The Goober Group must acquire a tangible competency in sales and as such will begin searching for a Sales Manager. This will fulfill an important requirement for getting the organization to the next level and, if successful in this year, will allow for proper execution of sales strategies in the coming quarter.

Efforts initiated in the previous quarters will continue or advance including the Client Roadmaps, Ticket Targeting, and Escalation Process. Operation Goober Cloud will advance to phase II where the solution offering will be defined. Immediately following the solidification, training for the new offering will begin. Operation Agile Project Process will also advance to phase II where the fine-tuning of the process will take place. Training for the new Project Process will not be necessary for managers as they are the ones who will be defining the process. For engineers and techs, the training will be on the job.

Build the Franchise Strategy

The fourth strategy, planned to be introduced in Q4 of 2016 and begin execution in Q1 2017, is presented in Figure 5 and is expected to be completed by the end of Q4 2017. The theme for this strategy is Build the Franchise. The strategy is designed to expand the operation's client base and establish the organization as a major competitor in the chosen vertical market. This strategy is also a Growth Strategy and will, if successful, expand revenue opportunities and thereby increase both recurring revenue and per-client revenue.

Theme: Build The Franchise				
Strategy Map		Balanced Scorecard		
Perspective	Objective	Measure	Target	Initiative
FINANCIAL	<ul style="list-style-type: none"> Increase Recurring Revenue Increase Per Client Revenue 	<ul style="list-style-type: none"> % of Total Revenue Ave. Revenue Per Seat 	<ul style="list-style-type: none"> 80% \$4,500 	<ul style="list-style-type: none"> See Client Refocus Below See Client Roadmap Below
CUSTOMER	<ul style="list-style-type: none"> Complete IT Solution Refocus Clients to MSP Attract New Clients in Vertical Reduce Ticket Age Reduce Time on Ticket % Unscheduled Downtime 	<ul style="list-style-type: none"> % Project Ownership % Converted # Assessment Requests # of Days Old # Minutes Per Issue Average % Downtime 	<ul style="list-style-type: none"> 100% 100% 3/Mo. < 45 < 50 < 0.10% 	<ul style="list-style-type: none"> Client Roadmaps Phase III Operation Client Focus Marketing 2.0 WIIFM Ticket Targeting Escalation Process Op. Goober Care Phase II
INTERNAL	<ul style="list-style-type: none"> Partner with Vendors Increase Project Efficiency Fine-tune PSA and RMM Lower Outstanding Issues Manage SD Backlog Hours 	<ul style="list-style-type: none"> % Marketing Budget % Budgeted Time Valid MSP Reports Ticket Count # Hours Backlogged Projects & Service 	<ul style="list-style-type: none"> 5% < 100% 100% < 250 < 5 	<ul style="list-style-type: none"> Lunch & Learns Op. Agile Project Phase III Op. Goober Care Phase II Agile Service Delivery Phase II Agile Service Delivery Phase II
LEARNING AND GROWTH	<ul style="list-style-type: none"> ITIL Certification HIPAA Compliance EMR and Scan Systems as a Core Competency Everyone On Board Team Aligned 	<ul style="list-style-type: none"> % Team Trained % Team Trained % Team Trained % Employees Aware % Employees @ % Standups 	<ul style="list-style-type: none"> 100% 100% 100% 100% 100% 	<ul style="list-style-type: none"> ITIL Certification Phase I HIPAA Compliance Phase I Final Friday Training Q4 2016 Company Retreat Weekly Standups

Figure 5. Build the Franchise Strategy Map and Balanced Scorecard

The internal campaign to align the entire organization with the Pyramid of Purpose and Value will continue. At the quarterly retreat, the primary discussion must focus on the new Strategy Map as it will be the theme for the entire next twelve months. The organization will now be moving into more steady daily processes and routines including training initiatives. New external training initiatives will be introduced, and the weekly standups must keep everyone focused on the

initiatives and priorities of the week, month, and quarter relative to the active Balanced Scorecards.

The first initiative executed on must be Operation Goober Care phase II. It will fine-tune the primary tools used to deliver the Managed Services offering and will enable the accurate reports used to show the value of the MSP offering. This includes the measurement of unscheduled client system downtime. The unscheduled downtime metric is the most prominent for the value proposition being offered. It must be met or exceeded for The Goober Group to establish and maintain their significant competitive advantage.

Operation Client Focus, if still incomplete, must be completed by the end of the quarter/year. All existing clients must be on Managed Services or off the client list.

Operation Agile Project will advance to phase III where efficiency will be driven to a minimum of 100%. This efficiency level represents the expected minimum level of efficiency for projects, and attaining it will show that The Goober Group can in fact consistently execute on profitable projects.

The Client Roadmap initiative will move into phase III where the focus will be on demonstrating to the clients through Technology Roadmaps that The Goober Group has their entire IT system strategy and projects mapped out for the foreseeable future. This will allow The Goober Group to sell deep into the existing client base for projects and the required hardware and software. The success of this initiative is imperative to becoming the leading provider for IT services in this vertical market.

Marketing will launch its initiative to inform potential new clients about The Goober Group's offerings, competency, and track record. The lead offerings will be the Security, Antivirus, Backup, and Network assessments. This initiative represents the first real push of marketing and will help establish baselines in response to advertising. The Agile Service delivery initiative will advance to phase II where two new metrics will begin being tracked: Outstanding Ticket Count and Total Hours Backlogged. These internal metrics will help gauge team potential and establish labor requirements based on workload.

The initiative to begin presenting Lunch and Learns will be launched with the initial intent of developing the process of tapping into vendor and strategic partner marketing funds. All media surrounding the events will also help establish brand recognition and present a positive image of The Goober Group.

Efforts initiated in the previous quarters will continue or advance including the Ticket Targeting and Escalation Process. New multiphase initiatives for training on important core competency skills will be initiated. Some internal training efforts will include establishing the EMR and Scan Systems as core competencies. External training efforts will include establishing ITIL Certification and HIPAA Compliance. These efforts will take several months to complete for the entire team.

Discussion and Retrospective

The presentation of the Roadmap and Strategy to The Goober Group team went very well and was received with measurable excitement. There were some skeptics of the roadmap, indicating concerns that the timeline was too aggressive for the organization to meet. Others were concerned

with how the changes would be received by the existing customer base. All prerequisites were met including laying off the Sales Manager and preparing a two-year financial budget.

Late in the first quarter, the lead engineer, Benjamin Hawkins, who seemed to have been coming along fine (although reluctantly) with working and tracking time in real-time, seemed to give up on the entire effort. He had already been lagging behind the rest of the team in completing his timecard daily as required, and he was very resistant to allowing the Service Manager and Service Coordinator to be involved in his schedule and work flow. When he was called on by Fiona to explain his actions, he actually stated, "This is oppressive to make me work like this. I just want to take care of the clients." He eventually quit without notice.

Zhi Nguyen moved into the Lead Engineer role which turned out to be an excellent fit. He proved to be a natural at project management and is a great mentor. There was a controlled scramble to fill an engineer role, and luckily a talented young woman named Zara Douglas came on board. In the end, there were minimal disruptions to service and the overall team efficiency actually took an uptick in short order.

Client communications about changes and effects were executed exceptionally well throughout the year. With the addition of a new Office Manager, Pippa Watson, early in Q1, internal communications and collaboration became a part of the company culture. Pippa ramped up quickly and ended up managing all the initiatives for A/R, product, and project policy changes. Certain clients were extremely put off but it turned out those who made the most noise didn't fit in the "The Box" and were gone by the third quarter of the year.

By the third quarter, cash flow and revenue had responded as expected and within targeted metrics. Labor yield exceeded expectations and targets, largely due to the fact that the targets were underestimating the true team potential. Only after Service Delivery Backlogs were tracking accurately did it become apparent that the team potential was nearly 7% higher than estimated.

The Effective Hourly Rate of clients also exceeded expectations and targets. This was due in large part to the fact that the Managed Services offering was received well by existing clients who were perfect matches for the model. With finely-tuned PSA and RMM tools and the entire team tracking time in real-time, Service Delivery was able to manage work more effectively than ever.

The new Sales Manager, Gil McQueen, and the Marketing Manager, Lester A. Tackett, have proven that they are the right fit for the organization and do in fact have the skills required to help take this business to the next level. The marketing efforts moved along faster than planned and Gil designed the Sales Process in his first week. The problem came about that The Goober Group was faced with more new clients than they could onboard effectively or could service.

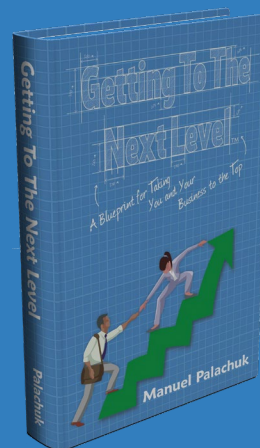
To help alleviate the problem of having too many clients, efforts to refocus all existing clients onto the Managed Services offering was modified. It was decided that a rigorous cross-check would be performed to see if clients actually met the requirements of The Goober Group's ideal client. Those who did not were not offered the Managed Services offering but were instead directed to a smaller local service company which was more aligned with their business model. The end result was that the average size of client and number of seats went up, which was one of the intended long-term results of the defined strategies.

In retrospect, the overall stratagem ended up being highly aggressive and did indeed create a significant amount of pressure on the organization as a whole and on certain individuals. It should also be mentioned that to this point, the stratagem has been executed on in an extraordinary fashion with stellar results. Although Fiona and her team were given several chances to redefine the timelines and ease the pressure, there was a genuinely resounding call to keep moving forward as planned. Everyone seemed to be well-aligned and focused on the end results. They all truly believed in the compass direction of the business and they all are truly endeared to the culture Fiona has seeded. The Goober Group is truly getting to the next level and now has the added responsibility of maintaining what they have attained. They do in fact have great successes to build upon.

NOTES



When it comes to developing your business strategy, there's nothing less than your entire business at risk. [Reach out to me](#) if you need help getting to the next level.



Want to learn more about developing business strategy?

Check out my book, [Getting To The Next Level.](#)

About the Author

Meet Manuel Palachuk



Manuel is the coach that will take you to the gym, not just send you there. He is the author of the book *Getting To The Next Level: A Blueprint For Taking You And Your Business To The Top*. He has over 30 years of business, management, and training experience in the computer and electronics industries.

Manuel has owned several successful businesses, managed several successful IT and MSP service companies, and coached or mentored many more around the world. He is a thought leader on Agile as applied to Business Strategy and Service Delivery processes.

Manuel is also a well-known author, speaker, and trainer on these subjects at industry conferences and in the IT consulting community for Small and Medium-sized Businesses. He holds degrees in Electrical Engineering Technology and Automated Manufacturing Technology.