

How to Sell Consulting Services for **USD 1,500⁺** per hour



S H E A N E R L A N D

L A W

Overview

- Top down view
- Bottom up view
- Why change?
- What to do?
- How to do it, Including Tools.

Credits

- Peter Drucker, Author
- David Maister, Author
- Theodore Levitt, Harvard
- Michael Leboeuf, Author and formerly University of New Orleans
- Norman Clark, Walker Clark LLC
- Balaji Krishnamurthy, ThinkShift Inc
- Stephen Revell, Freshfields Bruckhaus Deringer
- David Freeman, David Freeman Consulting
- Eric Keiles, Square2Marketing
- Shelley Dunstone, Legal Circles
- Tom Bird, Moller Professional Services Group
- Simon Sinek, the RAND Corporation
- Carolyn McKnight, Portland State University
- Julia Randall-Khan, Consultant
- Michael Porter, Harvard University
- Guy Kawasaki, Author and “Apple Fellow”
- Wendy Merrill, Strategy Horse Consulting
- Kate Marshall, Marshall Biz
- Susan Kearney, Consultant, The Institutes
- Ron Baker, VeraSage Institute
- Thomas Nagle, University of Chicago
- Reed Holden, University of Chicago
- Fred Reichheld, Bain & Company



Macro Level

Threats

- More intense competition for high value work
- Increased price sensitivity due to commoditization
- Ever-rising customer expectations
- Continuing consolidation of professional knowledge firms
- But where there is danger, there is opportunity

Macro Level

Solutions

- Never forget, creating, delivering and enhancing customer value is the [*raison d'être*] of the firm
- Customer's total needs must be met – on time, on budget, and on point in terms of the customer experience
- Don't sell time, sell value

Macro Level

The Two Markets

Market 1: Existing customer market

- Key question:
“What would make X buy more from you?”
- Answer:
Take time off the clock to understand their business, to convey the fact you are more interested in helping them create wealth than in creating revenue for yourself.

Market 2: The prospect market

- Key question:
“What would make X switch from their existing firm to you?”
- Answer:
Reciprocity, relatability and empathy

Macro Level

How to Mine Market 1

- Goal is to get existing customers to refer others to you or buy more from you
- Site visits, field trips, face to face meetings
- Be prepared and ask great questions
- Be an effective, empathetic listener
- Think about how to make the life of the customer easier – strive to be a trusted friend, coach, and advisor

Macro Level

How to Mine Market 2

- Goal is to win new business from prospects
- Target – examine existing customer list and pick prospects similar to them
- Ask existing customers to make introductions
- Join groups – speak and write
- Network – get professional coaching in networking
- Listen, empathize and stay in touch
- Be in “help mode” after the meeting; make introductions, send articles, provide insights and ideas
- Follow up

Macro Level

How Can Social Media Help You Mine?

- Studies show that **60%** of landing a prospect is done prior to the prospect calling your office
- **Update website** – hire a professional and make sure it is mobile friendly
- Use social media effectively to share information with the goal to **position your firm as an authority**
- Hire a seasoned **professional marketer** with Professional Knowledge Firm specific experience
- **Blog** with the goal of positioning your firm as a “thought leader”
- Provide **seasonal email updates** with interesting, eye catching content that focuses on business strategy and financial tips
- Use it as a Bull Horn to amplify your thought leader status, awards, etc.



Macro Level

Ask The Mirror

- The best feedback comes from your clients
- BTI Consulting Feedback
- Revell's Feedback
- Maister's Feedback
- Kearney's Feedback

Macro Level

BTI Consulting Feedback Study

- From Fortune 100 Customer perspective

Demonstrate Exceptional Focus on us	25.6%
Communicate Effectively with us	17.9%
Deliver Superior Value to us	14.9%
Excel at Service	7.7%
Be Flexible in Rate Negotiations	4.8%
Provide Innovative Solutions	4.2%

- In the end the study concluded that clients, on average, double their spending with firms who focus at the top

Chart does not add to 100% because responses <4% are excluded – Notice the differentiation is significantly overweight client service essentials



Macro Level

Revell's Feedback Study

- From the customer perspective, the top 3 messages were
 1. Earn our trust
 2. Understand our business
 3. Understand the value chain and always ensure always v>p.

Macro Level

Maister's Feedback Study

- From the customer perspective:
 1. Make an impact on our business, don't just be visible
 2. Do more things "on spec"
 3. Spend more time helping us think, and helping us develop strategies
 4. Lead our thinking. Tell us what our business is going to look like ten years from now
 5. Ask us for what's new in our business
 6. Schedule some offsite meetings together for strategy and brainstorming
 7. Help us see how we compare to others
 8. Help us understand why our competitors are doing what they're doing



Macro Level

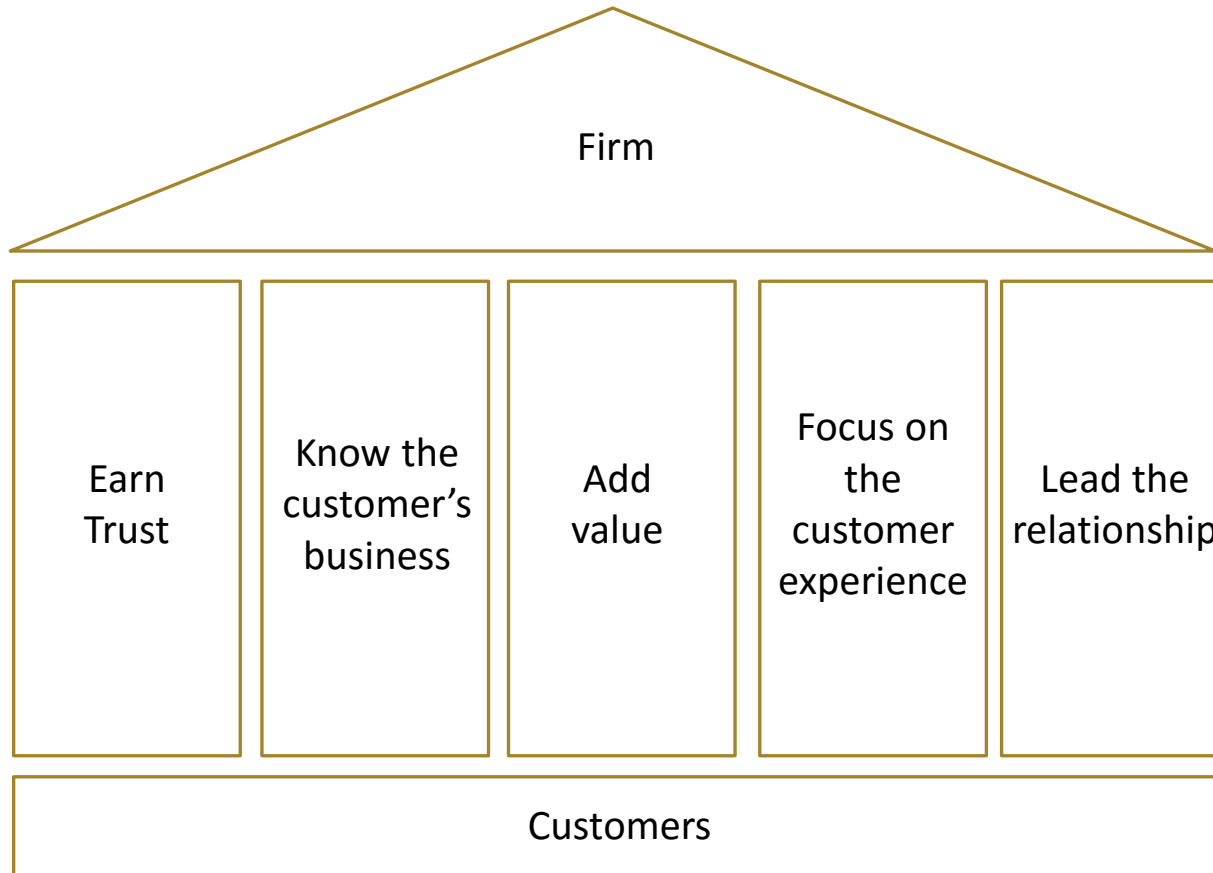
Kearney's Feedback Study

- Customers leave because of any one of 800 critical behaviours, which can be grouped into 8 categories:
 1. Pricing – high price, unfair price, misleading price...
 2. Inconvenience – waiting for a visit, waiting for a service, unavailable partners...
 3. Core service failures – errors in documents, billing errors, sloppy service...
 4. Service encounter failures – lack of preparation, complacency, arrogance...
 5. Response to a failed service – negative response, no response, reluctant response...
 6. Competition – customer finds better service elsewhere...
 7. Ethical problems – aggressive sale practices, breach of confidentiality, conflict of interest...
 8. Involuntary – customer moves...
- The first 7 are completely manageable



Macro Level

Five Pillars of Customer Services



Macro Level

Earn Trust

- Always operate at the third bar of integrity
- Reciprocity, relatability and empathy
- Engage in thought leadership (TL)



Macro Level

Understand Business

- Ask customers what the most important issues are for them
- Read industry magazines and journals to gain insight into trends likely to result in challenges for the customer
- Subscribe to blogs and podcasts published by industry thought leaders
- Attend conferences and seminars that customers attend
- Visit customers on site regularly; meet and talk to their people
- Get involved in their strategy

Macro Level

Value Added Activities

- This is the *raison d'être*
- Examined from a micro perspective in the final 30 slides

Macro Level

Client Experience

- Table stakes are avoiding anything on Kearney's list and
 - defect free
 - on time
 - on budget
- It's the care and feeding and laser focus on value that really differentiate
- Examined from a micro perspective in the final 30 slides

Macro Level

Provide Leadership

- Customers appreciate and are seeking leadership from their PKFs:
 1. Be socratic
 2. Organize strategy sessions, and participate in them
 3. Start with “why”
 4. Participate in strategy formation
 5. Help the customer discover her unknowns (her needs/our services)
 6. Work with the customer to help discover both her and your unknowns (creates deep value)
 7. Be authentic in sharing with the client what you believe is in her best long term interests

Macro Level

Advantages of the Loyal Customer

- At the end of the day, the 5 Pillars produces loyalty, which is massively accretive to profitability:
 1. Buys consistently, exclusively from you
 2. Early adopter of new ideas
 3. Less price sensitive due to understanding of premium value
 4. Frequently recommends you to others
 5. Actively promotes your brand
 6. Partners with you on new ideas, MVP tester. Nirvana is partnering to fix mistakes.
- Use the NPS tool because it actively measures loyalty

Macro Level

Value Accretion

	Base	With 10% Accretion	Plus A Value Pricing Strategy
Leads Generated	500	550	550
Conversion Rate	20%	22%	22%
Client Base	250	275	275
Total Clients	350	371	371
Revenue per Client	\$2,000	\$2,200	\$4,400
Revenue	\$700,000	\$816,200	\$1,632,400
Gross Margin	60%	66%	66%
Gross Profit	\$420,000	\$538,692	\$1,077,384
Fixed Costs	\$200,000	\$200,000	\$200,000
Profit	\$220,000	\$338,692	\$877,384

54% accretion

300% accretion



Micro Level

Transformation

“All transformation is linguistic. If we want to change our culture, we need to change our conversation.”

–Werner Erhard

- Customer, not client
- Team member, not staff
- Price, not fee
- Invoice, not bill

Micro Level

New Paradigm

- You sell intellectual capital, not time
- You are a professional knowledge firm, not a professional service firm
- Price based on purpose, not on time, cost, or effort
- Price up front, not in arrears

Micro Level

Value

- Your firm exists to create success for its customers
- The focus is on creating results and value outside your firm

Micro Level

Pricing Maxim

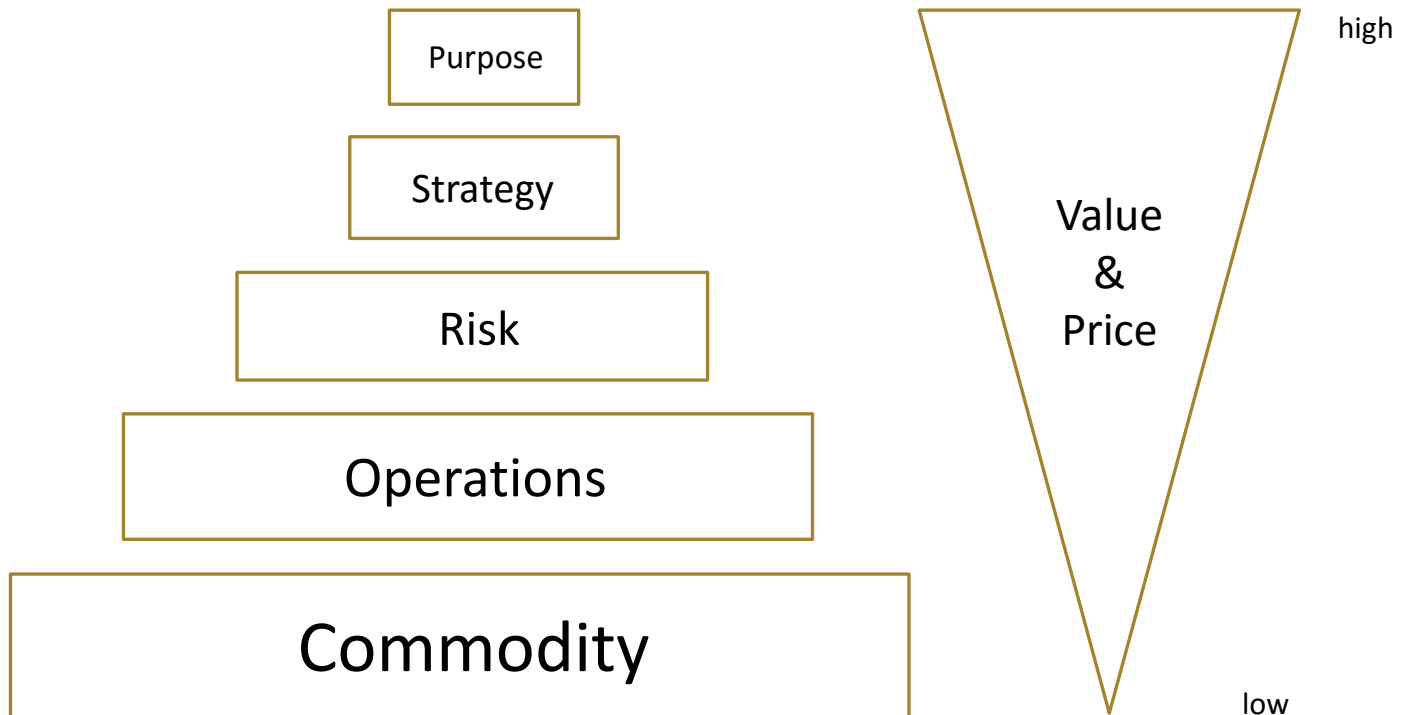
“Value is what the customer receives. Price is what the customer pays.”

–Warren Buffet

- Value should always \geq price

Micro Level

Value Pyramid



Micro Level

Value Pricing

- The customer is the sole and ultimate arbiter of the value that you provide
- The customer, too, must earn a profit from her relationship with you
- If the customer doesn't perceive that she is profiting, you are out of business
- Maximize customer surplus, then ask "What is a fair sharing?"

Micro Level

Nagle & Holden's 4 Ps of BDM

- Objective of marketing is to increase profits, not revenues. These 4 components form the interdependent system designed to maximize profits.
- **Product**
 - your offering to the customer
- **Promotion**
 - concentrate on the needs and wants of the customer
- **Place**
 - your market niche and your position on the value chain
- **Price**
 - pricing is an art, never a science, designed to capture the value from what you create

Micro Level

Nagle & Holden's 5 Cs of Value

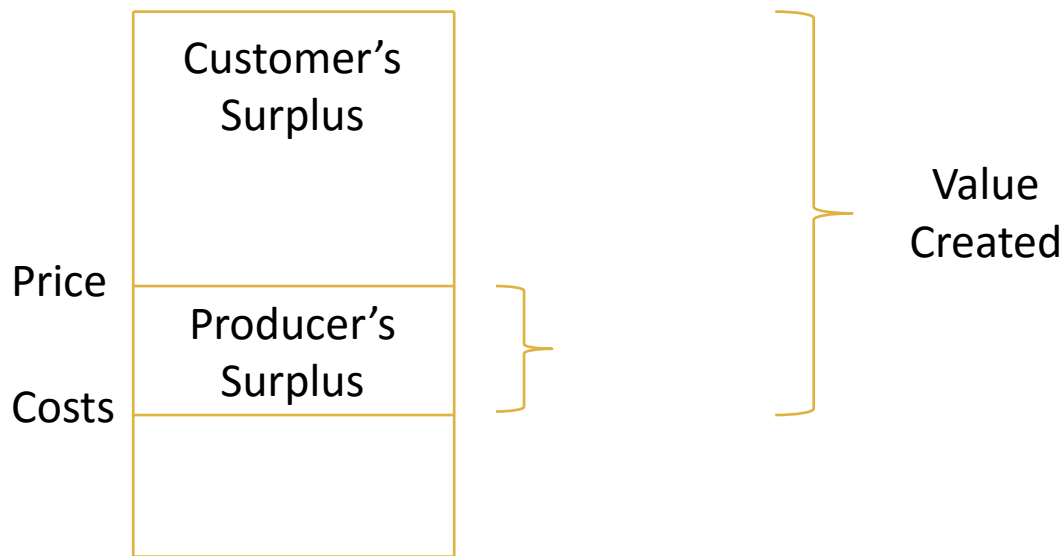
- These 5 components determine the wealth producing capacity of your firm and will drive profits in the long run
- **Comprehend** your customer's perspective on value
- **Create** value for your customer
- **Communicate** the value you create
- **Convince** your customer of the value up front
- **Capture** part of that value with strategic pricing based on the particular customer

Micro Level

Customer's and Producer's Surplus

"You're really not in business to make a profit, but you're in business to render a service that is so good people are willing to pay a profit in recognition of what you're doing for them."

-Stanley Marcus (Founder Neiman Marcus)



Micro Level

What Customers Buy

“What customers think they are buying, what they consider value, is decisive – it determines what a firm is, what it produces, and whether it will prosper. And what customers buy and consider value is never a product or service. It is always utility; that is, what the product or service does for them. And what is value for customers is...anything but obvious.”

–Peter Drucker

Micro Level

Leboeuf's Value Equation

- At the end of the day, customers will exchange their money for only two things:
 - 1) Good feelings
 - 2) Solutions to problems
- This underscores the utilitarian notion in Drucker's thesis.

Micro Level

Leboeuf Utilitarian Examples

- Don't sell me clothes, sell me a sharp appearance
- Don't sell me a house, sell me comfort
- Don't sell me books, sell me the profits of knowledge
- Don't sell me insurance, sell me peace of mind
- When I am under attack, don't sell me a resolution process, sell me hope
- Don't sell me a tax plan, sell me a winning strategy
- Don't sell me an estate plan, sell me the dream of a highly functioning legacy
- Don't tell me how good you make it, tell me how good it makes me when I use it

Micro Level

Elements of Value

Social impact

Self-Transcendence

Life changing

Provides Hope

Self-Actualization

Motivation

Heirloom

Affiliation/
Belonging

Emotional

Reduces Anxiety

Rewards Me

Nostalgia

Design/
Aesthetics

Badge Value

Wellness

Therapeutic Value

Fun/
Entertainment

Attractiveness

Provides Access

Functional

Saves Time

Simplifies

Makes Money

Reduces Risk

Organizes

Integrates

Connects

Reduces Effort

Avoids Hassle

Reduces Cost

Quality

Variety

Sensory Appeal

Informs



Micro Level

Levitt's Value Equation

“There is a difference between getting what you pay for and what you hope for”

–Malcom Forbes

- No matter how technically brilliant a firm's work is, if it fails to satisfy customer expectations, it fails to deliver value

Micro Level

How People Buy

- Aristotle's book "Rhetoric" on influencing people – ethos (trust), pathos (emotion), logos (rationalization)
- People buy emotionally, and justify intellectually
- People do not like to admit being sold to
- But people like to brag about what they buy
- So forget selling – focus on what the customer buys

Micro Level

Pricing Psychology – Leverage

- A service “**needed**” is always worth more than a service “**delivered**”
- Therefore, price the customer before she buys so she can make the all important value versus price comparison when she “needs” it
- This is when your pricing leverage is at its maximum

Micro Level

Pricing Psychology – The Emotion of Sticker Shock

- All humans experience sticker shock
- Deal with it by educating the customer about the value being provided
- Another effective strategy is to price bundle because it focuses the customer on the totality of the offering

Micro Level

Pricing Psychology – Payment Resistance

- Payment resistance is the customer's unwillingness to cut the cheque
- Deal with it by offering terms up front



Pricing Psychology – The Emotion of Buyer's Remorse

- Anytime a customer spends a relatively large amount of money it is quite natural to experience this emotion
- Deal with it by offering an excellent experience and a service guarantee

Micro Level

Pricing Psychology – Customer Perception of Risks

- What if the service does not provide the benefit promised?
- How much customer money will be lost if the service fails?
- How much customer time will be lost if the service fails?
- What is the value of the customer opportunities forgone if the service fails?
- Find a way to mitigate, hedge, or assume these risks, understanding that these risks are only perceived, not necessarily real
- Then price these risk transfers
- Remember that there is no such thing as bad risk, just bad premiums



Micro Level

Value Proposition

- Not enough to focus simply on value
- What customers do know, beyond all doubt, is how they are treated
- This treatment will determine whether the customer remains loyal
- Overall then, service excellence is an enormous fulcrum with which to leverage your firm value proposition



Micro Level

Customer Experience

- Pine & Gilmore's value curve:
 - 1) If you charge for “stuff,” you are in the “commodity” business
 - 2) If you charge for “tangible things,” you are in the “goods” business
 - 3) If you charge for the “activities you execute,” you are in the “services” business
 - 4) If you charge for the “time customers spend with you,” you are in the “experience” business
 - 5) If you charge for the “demonstrated outcome the customer achieves,” then and only then you are in the “transformation” business
- The opportunity then, is to think of yourself as being in the experience and transformation business
- By offering total quality service and transformations, you offer a superior value proposition which allows you to charge a premium price

Micro Level

Balaji's Value Insight

- Calculate how much value you add
- Identify how close you are to the customer
- Identify how value is created
 - How much is generated by tangible work?
 - How much is generated by the trusting, loyal relationship you have?
- Pricing leverage comes from loyalty

Micro Level

Porter's Value Insight: Be Unique

- Don't compete to be the best, compete to be unique
- Gravitational force makes value fluid
- You must always assess and understand where you stand in the value pyramid
- Once you understand this, either:
 - Perform your competitive activities differently, or
 - Perform different activities than the competition
- The former addresses margin compression via leveraging and process
- The latter addresses margin protection via adding value activities

Micro Level

Pricing Strategy

“In terms of degree, professionals, more than any other business, have the capability of implementing first degree price discrimination, since they do not inhabit a single-price market, such as water, food or oil. They also meet with each and every customer, enabling them, at very little marginal cost, to determine each one’s particular demand elasticity. It merely takes asking the right questions and educating the customer of the value of what you do. Professionals occupy a market that most sellers would die for, with the ability to establish a price for each customer, at a non prohibitive cost.”

–Ron Baker

- Combine this with the Value Accretion Model and you have a compelling “Why change your pricing strategy?”

The What

Price the Customer, Not the Service

- Underpricing is the second most common mistake PKFs make
- Pricing the service, not the customer, is the most common mistake

The What

Drive Churn

- Bad customers crowd out good customers
- Grade and fire
- It is not possible to value price the wrong customer

“It’s axiomatic; you are as good – or as bad – as the character of your customer list.”

–Tom Peters

- Your customers are not going to get better until you get better

The What

Jettison The Time Sheet

- Pricing by the hour is profitable, but suboptimal
- Pricing the customer according to her perceived value is optimal
- In the final analysis, time is not money (or value) and customers do not buy hours

The What

Advantages of Hourly Billing

- Easy and efficient
- Perceived as fair
- Sometimes customers or courts demand it
- Recognized pricing tool
- Cost accounting tool
- Project management tool
- Measures the productivity of your professionals
- Transfers risk to the customer
- It works well, so why change it? Like driving, it is a classic example of Deming's unconscious competence.



The What

Disadvantages of Hourly Billing

- Misaligns the interests of you and your customer
- Focuses on hours, not value
- Places risk on the customer
- Fosters a production mentality, not a knowledge worker spirit
- Does not price risk
- Encourages the hoarding of hours
- Focuses on effort, not results
- Does not set the price up front
- Does not differentiate your firm
- Limits potential income because there are only so many hours in a year



The What

Hourly Billing Conclusion

“Our theories determine what we measure”

–Albert Einstein

- Hourly billing is the wrong theory that measures the wrong things

The What

What Replaces the Time Sheet?

- Value Czar
- Price led costing
- Fixed price agreement
- Project action plan
- Closed loop feedback



The What

Value Czar

- Pricing is a complex problem – it is an art, not a science
- Like any art, pricing is also a skill – the more you do it, the better you get
- It requires judgment, discernment, wisdom, conjecture, intuition, and the willingness to experiment and take risks
- Pick your best pricer and put him in charge
- The focus is first and foremost on value, then price
- In order to be effective at valuing, the Value Czar needs to understand the customer

The What

The Customer

- Measure what matters to her
- Do not focus on lag indicators
- Focus on lead indicators
- Continental Airlines example – on time arrival
 - lost luggage
 - customer complaints
- Use the 4DX tool because it drives organizational behavior change

The What

PKF Lead Indicators

- Recall the Macro Feedback
- This is the source of the best lead indicators

Example	<u>Goals</u>	<u>Lead Indicators</u>
	Velocity	Turnaround Time
	Financial Performance	Innovation Revenue
	Customer Satisfaction	Net Promoter Score Quality Customer Contacts per week

- Minimize lead indicators and focus on those alone
- Measuring lead indicators is much more valuable than measuring hours



The What

Price Led Costing

“Services do not magically become more valuable as they move through the firm and have hours allocated to them. The costs do not determine the price, let alone the value. It is precisely the opposite...that is, the price determines the costs that can be profitably invested to deliver a service desirable to the customer, at an acceptable profit for the seller. This subtle reordering of the value/service chain – referred to as price led costing – has a dramatic impact on value, price and profit.”

–Ron Baker

- Toyota is a prime example of this – they call it “target costing”

The What

Feedback Loop

“The only irreplaceable capital an organization possesses is the knowledge and ability of its people. The productivity of that capital depends on how effectively people share their competence with those who can use it.”

-Andrew Carnegie

“Growth = f (FC, IC, P)”

– Economics 101

- 4 Key questions form its foundation
 - What was supposed to happen here?
 - What actually happened?
 - What were the positives and negatives here?
 - What have we learned and how can we do better next time?

The How

Implementing Value Pricing

- Conduct value exploring conversations with your customer
- Then, price the customer, develop various pricing/service options, and present them
- Then capture the customer decision in a fixed price agreement
- Then design and execute on an action plan
- Then learn from the closed feedback loop

The How

Customer Value Conversations

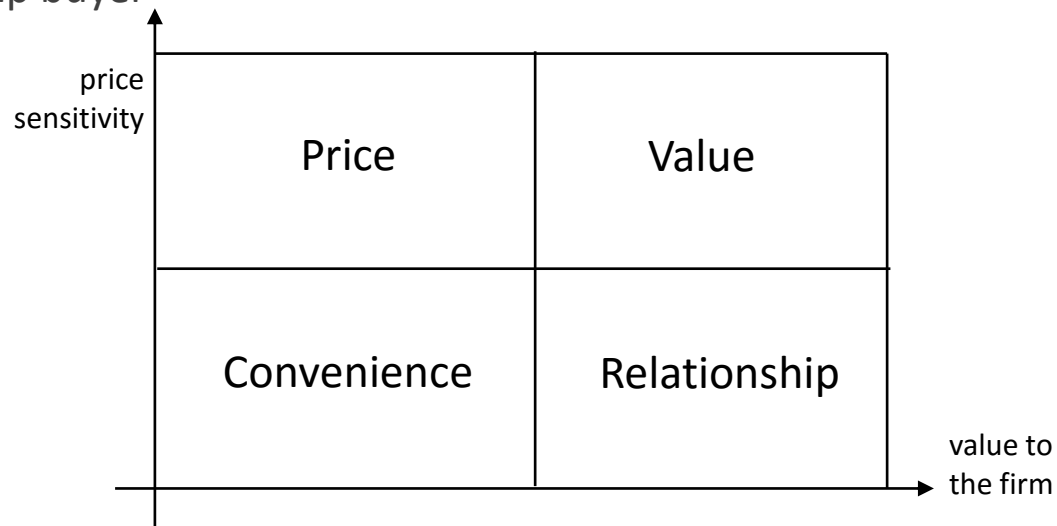
- Most important step in the process
- Allows you to comprehend customer value drivers
- Focus on wants, not needs
- Focus on both tangible (tax savings) and intangible (customer strategy) value
- Open with “Ms. Customer, we will only undertake this engagement if we can both agree that the value we are creating is at least (3-10)x the price we agree to. Is that acceptable?”
- From then on it’s about asking the right questions, then listening actively



The How

Pricing

- Value Czar asks questions to categorize the customer as a price, value, convenience, or relationship buyer



- Reject or sell the price buyers; there is no right way to value bill the wrong customer
- If your price and convenience buyers are a function of the service being in the commoditized segment of the value pyramid, then focus on efficiency or exit
- Identify the Value & Relationship Customers; Nirvana is growing the relationship segment

The How

Pricing

- The Value Czar then analyzes price sensitivity to arrive at “too cheap”, “reservation”, “hope for”, “home run” and “too expensive” price ranges
- Then the Value Czar decomposes the services and value to create green, silver, gold & platinum levels

	Too Cheap	Reservation	Hope For	Home Run	Too Expensive
Platinum					
Gold					
Silver					
Green					

The How

Reservation Price

- Start with hours x rate
- Reverse the ceiling paradigm; treat this as the floor then add these assumption of risk premiums:
 1. fixed price premium
 2. change order premium
 3. service guarantee premium
 4. price guarantee premium
 5. payment term premium
 6. unlimited access premium

The How

Price Sensitivity Analysis

- Price sensitivity meter:
 1. At what price would this service be so expensive the customer would not consider buying it?
 2. At what price would the service be expensive, but the customer would still buy it?
 3. At what price would the service be perceived as inexpensive?
 4. At what price does the service become so inexpensive the customer would question its value?
 5. What price would be the most acceptable price to pay?
 6. What costs can you afford to invest in at the target price and still earn an acceptable profit?
 7. At what price would you walk away from this customer? What is your hope for price?
 8. What is your home run price?

The How

Fixed Price Agreement

- Covers professional services to be rendered, unanticipated services, service guarantee, price guarantee, payment terms, unlimited access, revisions, and termination
- A potential financial benefit is a negative lock up
- Letter format

The How

Project Action Plan

- Pricing is not part of the project action plan
- Project management is necessary, regardless of how you price
- Do not jump to the scope of work without pre-planning – this is akin to “Prescription before diagnosis”
- So plan, then scope, then critical path, then execute
- Customers care about turnaround time, so hit your timelines

The How

Closed Feedback Loop

- Only perform after action reviews on Pareto's 20%. You know what you priced – this allows you to discover what you could have priced
- Forces you to spend some time to improve your work, rather than just doing the work
- Forces you to reflect on what you have learned and capture it for reuse
- Adds enormously to your pricing competency and intellectual capital
- Focus on your NPS, the only loyalty measure

The Tools

List Top 20% Customers Last 3 Years

	Name	Revenue
1.	_____	_____
2.	_____	_____
3.	_____	_____
	: : : etc.	

The Tools

Top 20%^x Referral Sources (Centres of Influence)

	Name	Referral Revenue	# Referrals
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
	: : : etc.		



The Tools

Top 20%x Prospects

	Name	Potential Revenue
1.	_____	_____
2.	_____	_____
	_____	_____
	: : : etc.	



The Tools

Pareto Segmentation

Level	# clients	Total fees by level	% x all fees
Top clients Range > 1M	1	1,300,000	9%
Large clients Range 100K – 1M	15	4,500,000	31%
Medium clients Range 10 – 100K	182	5,300,000	37%
Small clients Range < 10K	5,321	3,200,000	23%
Total Clients	5,512	14,300,000	100%

Pareto

The Tools

NPS Segmentation

	Loyals	Passives	Detractors
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
	: : : etc.		



The Tools

Net Promoter System

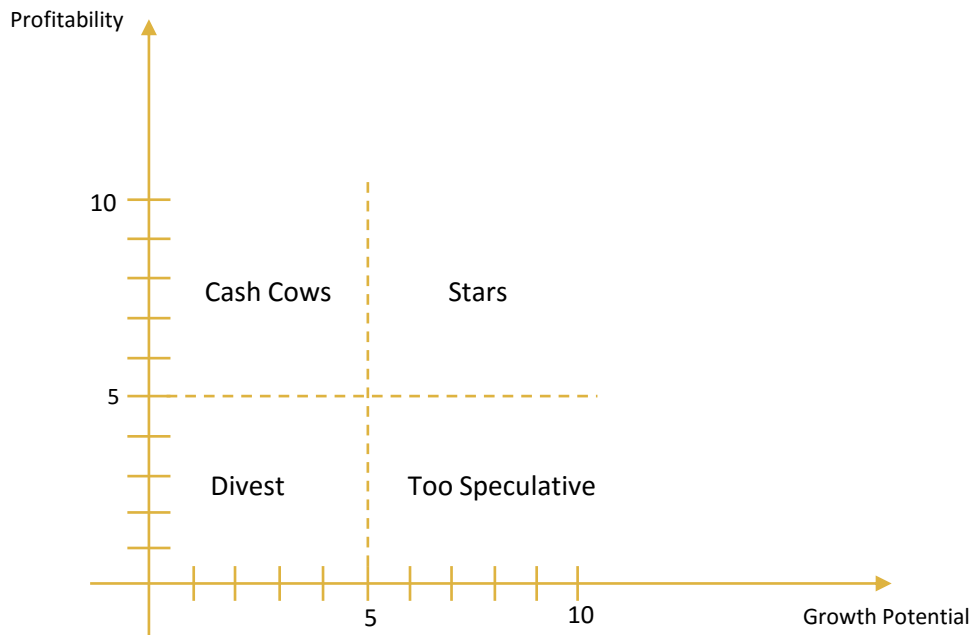
1. On a scale of 1 – 10, how likely are you to refer the firm to a friend or colleague?

Focus:

- ≥ 9 = Loyal; FQ “What would you say to them?”
- 7, 8 = Passive; FQ “What would it take to rate us a 10?”
- < 7.0 = Detractors; FQ “What is your top reason?”
- $NPS = \% \text{ Loyal} - \% \text{ Detractors}$
- $\geq 50\%$ is an excellent score

The Tools

Customer Profitability Matrix



Focus:

1. the focus is profits, not revenue
2. eliminate all < 5 profitability
3. care for the cash cows
4. aim for the stars
5. help the speculative with MVP strategizing



The Tools

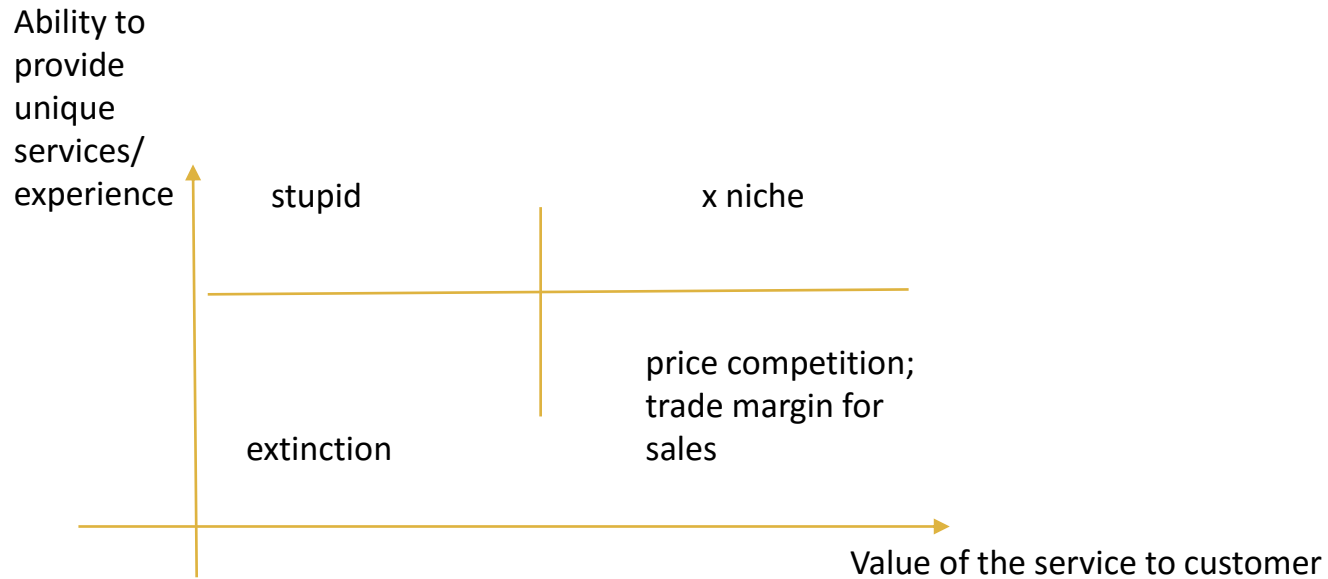
BDM Scorecard

	Last Quarter Target	Last Quarter Actual	Last Half Target	Last Half Actual	Last Year Target	Last Year Actual
# seminars						
# speeches						
# publications						
# blogs						
# social events attended						
# in person interactions						
# contacts established						
# follow ups						
# prospects generated						
# prospects converted						
\$ new business originated						
\$ new business cross served						
# hours BD						



The Tools

Kawasaki's Niche Positioning



The Tools

Kawasaki's Positioning Against the Competition

FIRM	WE CAN DO THEY CANNOT	THEY CAN DO WE CANNOT
x		
y		
z		

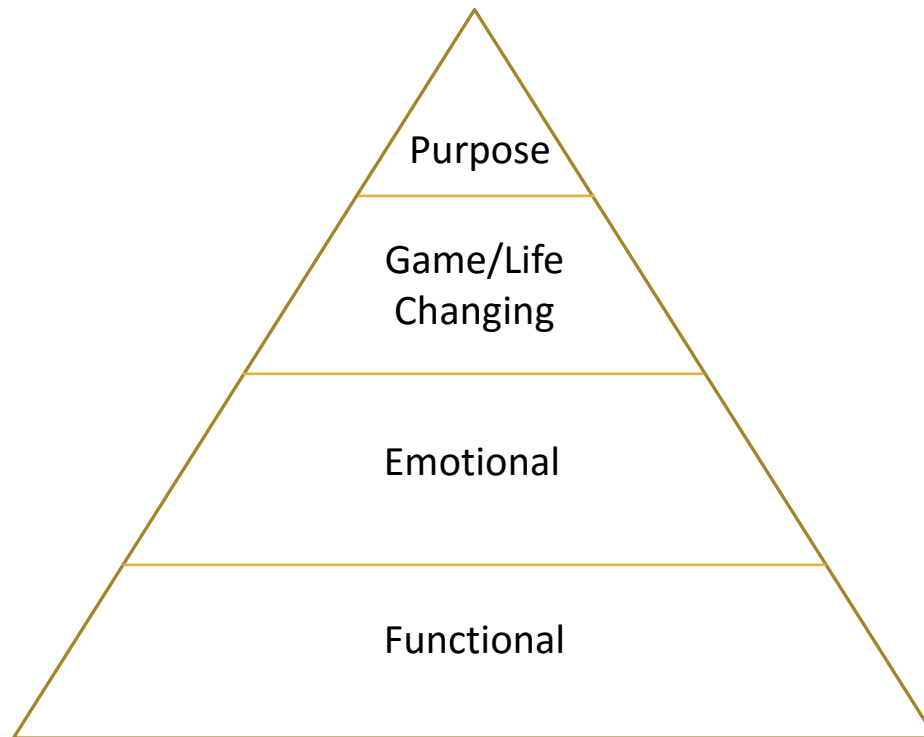
Find the leader, then position against it by picking one differentiator from:

1. Cost
2. Ease of Use
3. Performance
4. Service/Experience

Eg. We are just like _____, except we are more innovative; or more economic

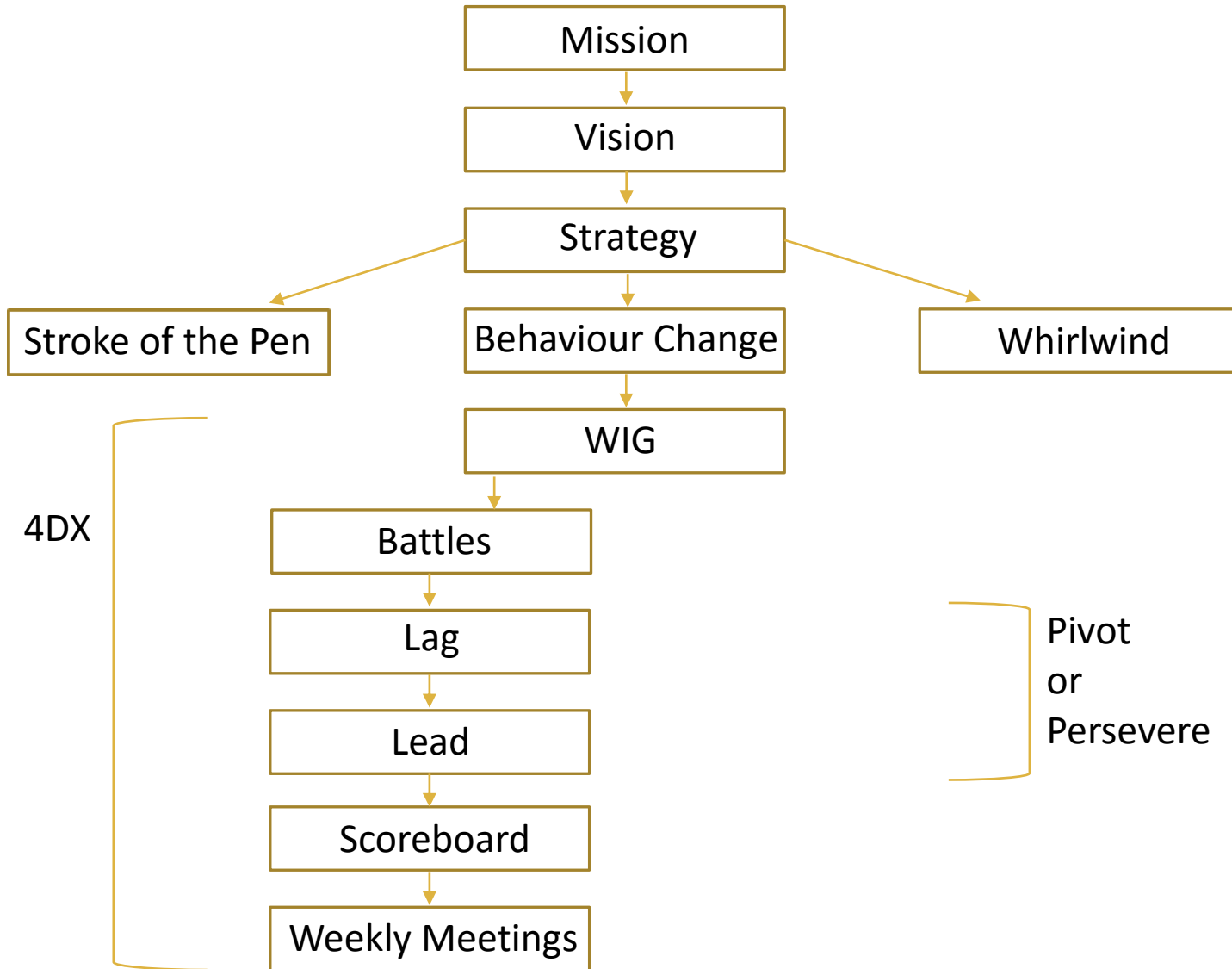
The Tools

Position on Value Chain



The Tools

4DX



The Tools

Goals (Max 3)

Ideas for The WIG	Current Results (From X)	Revised Results (To Y)	Deadline (By When)	Rank

Final 3 WIGs, in order of priority

Check off each item to ensure your WIGs and lag measures meet the standard:

- Have you gathered rich input both top down and bottom up?
- Will the WIG have a clear, predictable impact on the overall organization?
- Is the WIG the most impactful thing the team can do to drive achievement of the overall WIG?



The Tools

Lead Measures

Ideas for lead measures	How to measure?	Rank

Final Lead Measures for each goal, in order of priority

Check off each item to ensure our lead measures will move the lag measure of the WIG:

- Have you gathered rich input on the lead measures from the team and others?
- Are the lead measures predictive – that is, the most impactful things the team can do to drive achievement of the Team WIG?
- Are the lead measures influenceable – that is, does the team clearly have the power to move the lead measure?
- Are the lead measures truly measurable? Can you track performance on the lead measures from day one?



Scoreboard

Team WIG	Lag Measure
Lead Measure 1	Graph
Lead Measure 2	Graph

Final Scorecard Measures

Check off each item to ensure our team scoreboard is compelling and will drive high performance:

- Has the team been closely involved in creating the scoreboard?
- Does the scoreboard track the WIG, lag measures, and lead measures?
- Is there a full explanation of the WIG and measures along with the graphs?
- Does every graph display both actual results and the target results (*Where are we now? Where should we be?*)
- Can we tell at a glance on every measure if we're winning or losing?
- Is the scoreboard posted in a highly visible location where the team can see it easily and often?
- Is the scoreboard easy to update?
- Is it easily adaptable to an app?



The Tools

Weekly WIG Session

Distribute this agenda electronically or on paper at the beginning of the WIG Session. After you hold the session, check it against the criteria on the facing page.

WIG SESSION AGENDA			
Where		When	
WIG(s)			
Individual Reports	Team Member	Commitment	Status
Scoreboard Update			

Final Scorecard Measures

- Check off each item to ensure that the WIG session will drive high performance:
- Are you holding WIG sessions weekly?
- Are you keeping the sessions brief, brisk, and energetic (twenty to thirty minutes)?
- Do you review an updated scoreboard?
- Do you analyze why you're winning or losing on each measure?
- Do you celebrate successes?
- Do you hold each other unconditionally accountable for your commitments?
- Does each team member make specific commitments for the coming week?



The Tools

The Ultimate Question 1.0

“We will only undertake this engagement if we can both agree that the value we are creating is at least (3-10)x the price we agree to. Is that acceptable?”

The Tools

The Ultimate Question 2.0

On a scale of 1-10, how likely are you to refer us to a friend or colleague?

Conclusion

- Says easy, does hard

“Discipline is hard – harder than trustworthiness and skill and perhaps even selflessness. We are by nature flawed and inconstant creatures. We can’t even keep from snacking between meals. We are not built for discipline. We are built for novelty and excitement, not for careful attention to detail. Discipline is something we have to work at.”

–Atal Gawande

“You don’t rise to the occasion, you sink to the level of your preparation (and discipline).”

–Navy Seals