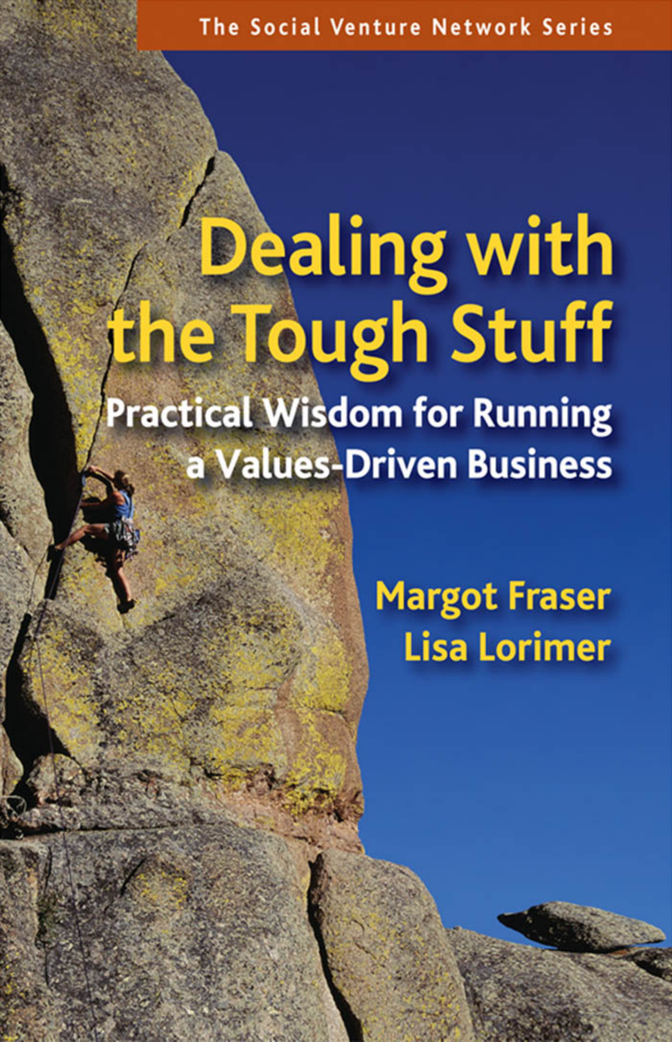

The Social Venture Network Series

Dealing with the Tough Stuff

Practical Wisdom for Running a Values-Driven Business

Margot Fraser
Lisa Lorimer

An Excerpt From

Dealing with the Tough Stuff: Practical Wisdom for Running a Values-Driven Business

by Margot Fraser and Lisa Lorimer
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Conquering cash

Did you look at the chapter titles or flip through the book, skimming the headlines until you found the word “cash”? Welcome! You are the reader we are writing to, and this is the topic we assumed would get your attention first. If you ask entrepreneurs to name the toughest, most stressful aspect of running their companies, cash is almost always at the top of the list. It’s the King of stressors.

In this chapter, we talk frankly about how we stayed focused on cash while balancing our values with the realities of meeting payroll. Lisa and Margot talk about the importance of knowing when to be frugal and creative ways to deal with inventory and payment terms. Gary Hirshberg of Stonyfield Farm explains that all problems are really cash problems and how that can be a unique challenge for values-based businesses. Joe O’Connell of Creative Machines explains the importance of a steady moneymaker in a business that makes custom products. And Marie Wilson, a social entrepreneur at the Ms. Foundation and the White House Project, shows how to look beyond the money to the vision and how you can find a way for the two to meet. We also give you a step-by-step guide to owning your numbers (and sometimes ducking them when you are stressed) and finding ways to get the help you need.

In a business that's values based, finding the balance between people, planet, and profit (cash!) is more complicated when there isn't enough cash. Hopefully this chapter will provide you with useful information to deal with this sometimes painful reality.

Cash Is King

LISA

About five years before I sold the majority of my company, I attended an executive education program at Harvard Business School. On the final day, my accounting professor told us that after all the time we spent in class and all the tuition we paid, we really needed to know only one thing. He said it was the most important piece of information we could take with us. He held up a large sign written in black marker that said "Cash Is King." We laughed and agreed. A simple sign that made us laugh, yet the idea is not so simple to deal with when we are in the midst of running a business.

I believe that perhaps the most valuable business practice is owning your numbers. Nowadays, I give talks to business groups and do one-on-one consulting about how important it is to understand your numbers. I tell business owners they can use their numbers to inform their decisions about what is most important and what to do next. I say that with a little practice, a calculator, and someone they can sit down with who will ask questions and help them find answers, all entrepreneurs can learn their numbers. These things are all true, and they help a lot. But there were times when I knew what the numbers meant, how to interpret them, and how to impact them, and yet despite that knowledge, I didn't have the courage to look at them. I could not stand seeing the negative balance growing in the checkbook, and I would leave my newly printed financial statements from the previous month unopened in my in-box for days. Every time I walked past the statements, my heart would beat faster and my stomach would hurt. I tried to tell myself that in order to stay in my bubble—in order to call customers, stay upbeat, and remain positive for the rest of the staff—I needed to ignore my financial problems. But that was never a long-term solution. In order to move my company forward, I always had to turn around and face those numbers.

In dealing with cash, I sometimes found it difficult to match my values with my actions. When cash was tight (or nonexistent), it made sense for me not to take a paycheck and to put my personal expenses on credit cards, whose balances kept increasing. We all know that is what you do when you run a company. But when I tell that side of the story, it is the Hero's Journey—I made a personal sacrifice to make it all work, and isn't that grand? The truth is, when there wasn't enough cash, my story wasn't pretty. When cash was particularly tight, I printed checks on a Friday, held them until the following week or the week after that, ducked phone calls from my suppliers while continuing to place orders, and then sent out checks only to the ones who yelled the loudest and threatened to cut us off. The stress of running out of cash was compounded because our core company values—Respect, Tell the Truth, and Keep Your Word—were all violated as I juggled everything to keep the company running.

Running a values-driven business is about trying to keep track of the multiple bottom lines and knowing that one part of the equation sometimes has to take precedence. It doesn't mean that we are perfect or even perfectly aligned with all our values all the time.

Forecasting Sales and Cash Flow Without a Crystal Ball

MARGOT

Very early on I had an experience that showed me the importance of doing my numbers myself and truly understanding how money came in and flowed out. When I started Birkenstock USA, Mr. Birkenstock in Germany gave me a $6,000 credit to purchase product. Unfortunately, that was not enough to get the company off the ground—we needed operating capital. My partners at the health-food store signed for a $6,000 loan at our local bank, but pretty soon, that amount wasn't enough either. That's when our accountant initiated me into the mysterious world of obtaining credit. I am forever grateful to him. He showed me how a cash-flow statement was done. It was an eye-opener. I realized that if I could do this, it would help me understand the business, so I took the statement home and worked on it. I was afraid the accountant was too optimistic and the loan officer wouldn't believe the figures, so I played with the numbers, shaving off money here and there and being more conservative with our projected sales growth. Then I was able to convince our loan officer to extend us the credit we needed. It helped enormously that I did this myself, by hand, with a calculator and a pen, not with a computer that worked it all out for me.

I was so excited by working with my own numbers that I searched for a seminar on the subject. I found a three-day event in San Jose, quite a distance from us. I took our key employee with me because I thought it was so important. We were only three at the time, but for our size it was a considerable expense. It proved to be worth it. My people could now understand why it was important to save money wherever we could, and I didn't have to fight them with my "stingy" notions.

Our accountant and the loan officer were helpful with cash flow when we began the business, but my ignorance saved me as much as anything else. I didn't understand how the footwear industry operated when we started, and that was fortunate because we did something unprecedented in the industry that enabled us to get cash, as underfunded as we were. We gave retailers a 5 percent discount if they paid their bill within ten days. Several industry folks said I was making a mistake and "giving things away," but I just laughed. We had calculated our selling price so it would cover this discount, and the folks that paid net thirty days actually paid a premium. This helped a lot with cash flow.

On the flip side of the cash-flow coin was inventory. Inventory was where most of our cash went and where our cash came from when we made sales. To build our business, we stocked inventory in our warehouse at all times. No other shoe vendor was doing that. It meant retailers could order as few or as many pairs as they needed when they needed them. Nobody would have ordered a supply from us unknowns for delivery six months out, as was customary in the industry. Instead, we shifted the burden of carrying inventory onto our own shoulders. We had only three styles in very few color combinations, and the sandals didn't go out of style the next season, so this made the whole arrangement feasible.

Balancing inventory and cash is an ongoing battle that you have to keep your eyes on the whole time. Even when the inventory shows up on your balance sheet and gives you a profit on the books, if it eats up all your cash, and you can't make payroll on Friday, there is still a chance you could go out of business.

Over the years, our inventory grew to be very large as we added more styles and more colors. Trying to carry stock in the warehouse wound up being troublesome and stress producing.

As long as inventory sat in the warehouse, it just ate cash because we had to maintain it and pay continued interest on the money the bank loaned us to buy it. We could borrow only up to 50 percent of the inventory's value. We also had to forecast what our customers might need and factor in the two to three months it would take before we received the merchandise. I took home lots of reports and pored over them at night. Pretty soon we had several people working on these forecasts, and we had spent thousands of dollars on computer programs that were supposed to cure the problem. A crystal ball might have been more helpful.

Eventually, we had to scale down our in-stock offerings and put some of the inventory burden back on the shoulders of the retailers. They had to preorder seasonal sandals six months in advance as was the industry norm. Our mantra—"The right goods at the right time for our customers"—wound up eluding us forever. Though we were very dedicated to customer service, I knew if we endangered the health of our business in the process, our dedication wouldn't help our customers very much. Keeping our eyes on the numbers and making sure the numbers balanced helped everybody to prosper in the end.

No Matter What It's About, It's About Cash

■ GARY, STONYFIELD FARM

My story is one of constantly being out of cash or almost being out, so I learned the hard way that you have to keep your eye on your cash situation or you might be sacrificing your values, your business, and yourself to someone who has the ability to write a check. When entrepreneurs look for cash, they usually have to bring in investors, and I've watched a long list of entrepreneurs get derailed, fired, or brought to their knees by investors who come into their businesses and represent themselves as visionaries. This misrepresentation isn't always blatant or malicious, but investors who have made their money on good bets or on the backs of others and haven't actually built a business tend to bring unrealistic and unfair expectations to the entrepreneur. The entrepreneur might need cash, but just because an investor has the ability to write a check doesn't necessarily mean that he is worthy of being a mentor or guide or, frankly, that he should be listened to at all. So many people have been steered wrong because of money. Having said that, I'll say what I've said a million times at the Stonyfield Farm Entrepreneurs Institute (SFEI): "The bottom, bottom line is always cash."

We joke at SFEI because people come in and think they are challenged by a personnel or a marketing problem, and they might be right, but most of the time they are really confronting a cash problem. In the middle of an institute, somebody might be talking about the challenge of selling a product in another market. While she is talking, something she says will trigger me, and I will start creating a simple cash-flow pro forma on the whiteboard. The entrepreneur usually becomes irritated: "Why is he starting to talk about cash flow when I am talking about a sales or marketing challenge? Why is he going into this stuff about cash flow when I was talking about people management?" Well, the truth is, these challenges are ultimately about cash—specifically, the lack of it.

If you have a company, like mine, where you are raising cash by taking shareholders into your company, that creates its own set of challenges. Although I needed shareholders in order to grow, I didn't want to lose control of my company. I never legally promised any shareholders an exit. Even if I really needed them to invest, when shareholders insisted on this requirement, I didn't accept their money and moved on to other prospects. Even so, I tried to follow my own ethical sense of responsibility to the shareholders who did invest. At one time I had 297 shareholders and whenever any of them needed an exit, I found buyers for that person's shares. Although that was sometimes time-consuming and distracting, the commitment proved to be lifesaving for the company and for me. It was beneficial both because I could get rid of some bad investors that way and because it won me the support of the remaining shareholders. (Some of them had invested when their kids were just born and later faced orthodontic and college bills.)

I was able to help my investors exit because I had a certain amount of control over my cash. You've got to have cash, no matter how great your product is, how great your ideas are, and how great you are. If you don't have a cash-flow pro forma that keeps you focused on never running out and ideally remaining in the black, then shame on you. I say shame on you because that's how people get into bad marriages with investors. And then they or their businesses often fail. How many great people and deals have gone awry because a lack of cash was putting unrealistic pressures on reality? If you don't have that figured out, then it creates a pressure that can force really bad choices.

Respecting Money, Hiring a Professional, and Having a Steady Product

JOE, CREATIVE MACHINES

I used to think business was all marketing and nothing else. When I was an undergraduate, I didn't have that much respect for business majors. They were always the ones in the computer lab at midnight printing out a hundred copies of their resume on the laser printer, when the rule was you were supposed to print one copy on the laser and then photocopy the rest on fancy paper. But the business majors were always doing what they wanted. They were the ones who would park in front of the business school without the decal or sticker or whatever you needed in order to park there. I had a certain prejudice about what I thought businesspeople were. It didn't seem like there was any substance to what they were learning and talking about all the time—a whole lot of shells built around no core.

Now, though, I wish I'd had more respect for what they were learning in business school. In order to run a successful business that can make a difference in the world, you need to know double-entry bookkeeping, have an appreciation of cash flow, and grasp some other basics. I've been forced to learn how to do finance, to own my numbers, and to understand cash flow by talking to investors and reading business books. I used to do everything myself. I did the payroll, the budget, the yearly taxes, and so on. When I filed, I figured we didn't really need receipts sorted by month, so I just threw everything in the lower left drawer of my desk. Any paperwork that was sort of official went into that drawer. At the end of the year, I took everything out, put it in a really big clasp envelope, and stuck the envelope on the shelf with a very professional-looking label. I knew it was not a good way to deal with our cash-flow paperwork, but I wanted to spend my time focusing on creating and designing exhibits rather than doing paperwork.

It helps to hire a professional to deal with the aspects of your company (especially those regarding cash flow) that you are not well versed in or don't have the discipline to focus on, and I probably hired my bookkeeper, Paula, later than I should have. When I explained the filing system to her, she said, "That is wrong in so many different ways, I don't know which one to start telling you about." Paula has a really disciplined way of keeping track of our cash flow. Now everything is very well divided. If we need to look up a receipt from a few months ago to see if we are suddenly paying more for welding gases, Paula knows right where to go.

I appreciate having someone I can go to in terms of organizing cash flow and money matters, but I still wake up in the middle of the night worrying about money, especially meeting payroll. We're in a fairly high-risk, high-margin business—at least the way we've been running it. We might make a museum exhibit for $70,000. Maybe we use $10,000 in materials; maybe labor is $20,000. So if all works out, there's a fairly high profit margin. But we can't count on making that profit on every one of our exhibits. We might be late getting an exhibit in, or our exhibits might break down in the institutions we've sent them to. The biggest cost is always time. Employees need time to fool around and try new things, and sometimes those things don't work. Sometimes we sell a $70,000 exhibit, and everything we try doesn't work. We end up spending $80,000 just in labor, and we lose money.

The only way to save yourself from that kind of money problem is to make sure you have a cash reserve that lets you ride out the hard times. You need a product or a service you can always fall back on if some other part of the business fails. For Creative Machines, I realized we had to have some uniform exhibits that we could produce easily, so I've been selling duplicates of the successful exhibits we've developed and placing less of a priority on always doing something new. We also acquired a company that makes ball-machine sculptures. Having these exhibits helps me not wake up in the middle of the night wondering where our next dollar is coming from and whether I will be able to make payroll so my employees can feed their families. We've basically shifted the balance of our work away from custom work and toward duplication and "controlled variation."

A surprising consequence of this shift is that I feel we do a better job with the custom work now. We're not doing as much of it, so we can really take our time. Because we are making money elsewhere, we don't have the same financial pressure bearing down on those projects. I find it more satisfying to do two unusual art pieces or special projects per year and do them really well rather than trying to do twelve and having the quality suffer. When you have someone to manage your cash and when you have a product that gives you a steady cash flow, you can afford to be creative, and your business is ultimately more successful, more innovative, and more fun.

Fear Versus Values

■ MARIE, MS. FOUNDATION AND THE WHITE HOUSE PROJECT

When I go to bed at night worrying about money, when I wake up worrying about something I said to someone about money, when I don't want anyone to bring me the financials so I can get an idea of what I need to do to rise above my money worries, when I am telling myself "This isn't happening, I'm alright, I'm fine, I have enough money," that's when I am in flat denial. That's when I'm essentially lying to myself and not living from my core. We have to be fearless. I am into that word. I'm into it because I feel we're having one of the hardest times we've ever had in our country, and we really have to face it and be fearless. I'm not necessarily fearless myself; I just know we need to be.

People are scared about what is going on. We live in a culture where we're conditioned to numb ourselves when we are afraid. We don't want to move in the direction of our fears. Our allegiance to our integrity and our relationships needs to be bigger than our fears. We can't lose our ability to say to ourselves, "I am representing something that I still believe in." We've got to figure out how we can move through the real fears to deal with the ones that are just anxiety. Some of us transcended being poor, but now we run corporations and nonprofits where we have to deal with that same feeling a lot of the time: "How am I going to pay this month's payroll?" It's like being poor. I was in that place several times, and I don't love it. On the other hand, I was working on issues that are of such importance to women and men in this country, I felt like I just had to get over it and go out and keep doing it.

You have to know when to tell the truth, when to be honest about cash. I had a project that turned out to be the hardest work I'd ever done. I came under a lot of fire because I kept the project going but it was going broke. I had a donor in California I'll never forget. When I sat down with her, she asked where I was financially. I said, "I have to tell you the truth: I'm in a really hard place. I hardly have any money. I know the work is right, but I have no money. I hate to tell you this, but I need your money." She said, "I've been in that place before. I'm going to give you $100,000"—which to me at the time was like a million dollars. Another time, I asked someone for $50,000, and she looked at her check and said, "Oh, I gave you fifty thousand. Did you need more?" And I realized I should have asked for more.

When somebody actually says, "Tell me where you are," I am not going to tell them I don't have any money if I am sitting there with a $500,000 reserve account and three months' rent; I am not going to lie. But if I don't have reserve, it can be difficult to tell people that. I don't want to scare them away. At the same time, sometimes the truth is what can save you. You have to decide when it suits your mission to tell the truth about where you are financially and when the truth need not be revealed.

You always need to know where your money is. You have to have a clear view of it. I'm not a great numbers person, but I could tell you my budget within $100 practically anytime. Some months I'm pretty sure I'm short a certain amount, ($200,000 or whatever), and then I am calculating: "I've got eight donors out there, four of which will come in here, two of which will come in there, so I can do this for the next month. I'm okay. *There's a float.*" At this point I might think, "But I'm not so sure about this next part, so don't bring me the financials and scare me right now. I just need to keep working and not worry about how I am going to get that other money in." Of course, sometimes I know good and well that I am over my head, and I don't look at the financials because I am in complete denial. I just go to bed. That's when I start thinking, "Who am I going to go to to tell the truth?" A couple of months ago, I had to tell the truth about my stress in relation to cash flow, and it was the first time my financial committee really got serious about getting the big money. They kept saying, "Marie can't live like this. We can't let her live like this. This is not good for her." It was really nice to tell the truth and know they stood behind me. You also need people you can call and just laugh about it with.

I never want to lose sight of my values because of cash. If that happens, I know I need to reel myself back in. I've never wanted to do anything entrepreneurial, whether it was launching the Take Our Daughters to Work program or moving the reproductive-rights work to the state level, where I would allow the entrepreneurial side to be weightier than my vision. I want to look beyond the money to the vision and find a way for the two to meet. Money is a symbol for so much: integrity, fear, sickness, truth. It is a resource and a validator. Mostly you have to do three things when you are dealing with money: trust in yourself, trust in your mission, and trust in the balance inherent in the world.

What We Learned

There is no magic answer to solve the tough challenges that arise because of cash problems. But sharing our stories helps. Our thinking can shift when someone like Gary challenges us to recognize that most of our business problems are, at the core, problems with cash. And it is somewhat comforting to know that even at Harvard Business School, the parting wisdom is a handwritten note saying "Cash Is King."

So, now what? How does that help you meet payroll?

It starts with understanding how money comes in and how it flows out. We have seen similar themes running throughout these stories: be frugal, standardize your product in whatever way you can, get the help you need, hold on to your core principles, acknowledge the inherent balancing act between money and values, face your financials when you can, take time out when you can't, and, most importantly, learn to understand your cash flow thoroughly. Below we have distilled our entrepreneurs' advice on owning your numbers. These tips are not a magic wand, but they show one path that might help you deal with the tough stuff.

So that you don't get in the position of having to make really hard trade-offs, you want to do everything in your power to maintain a positive cash flow. Although your company might run out of cash regularly, stretching the dollar always helps. Here are some ways to do this:

- *Negotiate payment terms.* Developing unique relationships with some of your major vendors can be helpful. Lisa's packaging supplier and flour supplier allowed her to pay their bills in sixty days instead of thirty. In the bread business, this cash flow help is critical for a growing company. It meant Lisa's company could get the extra ingredients needed today to fill larger orders tomorrow, but then only had to pay the lower bill from two months ago. Another way to look at this is that the customers paid the bills in thirty days but the bakery had an extra thirty days with that money before the bills came due. For Birkenstock, Margot wasn't able to have more than one supplier. If you have only one supplier, just keep negotiating your terms.

- *Be frugal.* Try to be frugal. After Vermont Bread Company built a new plant in 1988, Lisa bought a secondhand desk for $179 and worked on it her entire career. The staff used to tease her about her frugality because every time she walked past the thermostat in the winter, she turned it down to sixty degrees. In the summertime she turned it up to eighty. As time went on, she realized the company had enough money where the staff didn't have to be cold in the winter and hot in the summer, but for companies that are just starting out, these small changes can make all the difference. With Margot, until Birkenstock was quite large, she used cardboard boxes for wastepaper baskets. Cut expenses any little way you can. The savings can really add up!

- *Standardize your product.* Once Lisa understood her costs, she realized that "the next loaf of bread is free." She knew it wasn't literally free, but the overhead was paid for: the design was done, the truck had more room on it, the batches could be slightly larger, the bill could say 1,001 loaves just as easily as 1,000, and so on. So the profitability of the next loaf was high—as long as she could persuade the salespeople to "sell what we make, in the size we make it, in the package we put it in." Finding a way to do more of what the company was already doing was a key to increasing cash flow. Birkenstock's situation was different: the sandals were a standardized product to begin with and had very few colors and styles. Similar to how Henry Ford said you can have any color car you want as long as it's black, Birkenstock had any color shoe you wanted as long as it was brown. It wasn't until later that the company started offering a variety of styles and colors, and that wreaked a certain amount of havoc on the company's inventory and cash balance.

- *Own your numbers!* See the "Practical Wisdom" section that follows.

PRACTICAL TIP

Call Someone You Enjoy Talking to but Whom You Haven't Talked to in a While

Even a quick call to reconnect with an old friend can take your mind off of payroll and sales and cash flow.

PRACTICAL TIP

Say "Please" and "Thank You" in as Many Interactions as You Can

In our hurry and stress, we can forget that practicing the value of respect reminds us we are all connected. Creating an environment of respect is a core tenet in most values-driven businesses. So it's great to model it.

PRACTICAL WISDOM

Own Your Numbers

Do not turn the page. Come back here for just a minute and let's talk about one of the keys we have found for running our businesses, reducing stress, and making better decisions.

Are you someone whose eyes tend to glaze over when your banker, potential investor, or advisory board member asks you about your gross margin or cash flow? Perhaps you use that pat response "My CFO can answer those questions for you." Owning your numbers is the way to understand your business, make effective decisions, and sleep better at night. To create a healthy, sustainable company, you need to understand certain numbers that tell the story of your business and its vitality. And, yes, you can do it and, no, you do not need an accounting degree or a love of math.

Seven Tips for Owning Your Numbers

Following are some tips to help you own your numbers.

1. *Don't be afraid.* You can do this; it won't take forever. It will provide you with critical information about your business.
2. *There are no stupid questions, and nobody else knows all the answers.* No two businesses are exactly the same, so your critical numbers will be different from other businesses'. Asking questions is the hallmark of a good investigator. You will want to get curious in your quest to understand your business.
3. *Get the right list of what numbers to own.* You don't have to pay attention to all the numbers all the time, but your company has critical "pulse points." Review the list that follows these tips, find someone you can talk with about your company finances, and start learning.

4. *You can do the math if you made it through sixth grade.* Trust us: all the numbers you need to own are the result of basic math—adding, subtracting, multiplying, and dividing.
5. *Learning about your numbers will give you the information you need to make informed decisions.* No explanation is needed: this is the truth!
6. *Owning your numbers is just like learning the basics of a new language.* At first you won't be fluent, and everything will sound unfamiliar, but if you read the translations and speak slowly, over time it will become easier and easier.
7. *Make time every week to look at the numbers.* In just thirty minutes you will know more about your company, what is working, and what isn't.

The Numbers to Own—a Preliminary List

When you master the basics outlined below and know the corresponding numbers every month, you will begin to own your numbers. The goal is to figure out how to get the positive cash flow you need. The information from this puzzle will tell you what to do next.

The Basics of the Income Statement

Find the numbers that correspond to the following:

- Gross margin (How much does it cost to make what you sell? Do certain items have significantly higher or lower gross margins?)
- Total sales by week, month, and year (this year and last year)
- Increase or decrease of sales versus last month and last year

- Returns and chargebacks, totals and as a percentage of sales
- Labor totals (including benefits, FICA, unemployment)
- Labor as a percentage of sales this year versus last year
- General sales and administration as a percentage of sales
- Net income, total and as a percentage of sales this year versus last year
- EBITDA (your net income with interest, taxes, depreciation, and amortization added back in)

Here are a few starting questions about your income statement:

- What surprised you? Why?
- What seems wrong to you?
- What product lines can you reduce without lowering your quality standards?
- On your sales line, what can you sell more of in this economy?
- When you break down your sales versus expenses by product line, which lines are more profitable? Which are less so? Why is that? What can you change?
- What else do you want to know? How can you get those answers?

The Basics of the Balance Sheet

Find the numbers that correspond to the following:

- Cash
- Accounts receivable, total, versus last month, and versus last year

- Inventory, total, versus last month, and versus last year
- Accounts payable, total, versus last month, and versus last year
- Total debt
- Total liabilities
- Total equity

Here are a few starting questions about your balance sheet:

- How are you using your cash? Can you bring it in sooner and keep it longer?
- How long (in days) does it take to get your money in the door (your accounts receivable)?
- How long (in days) does it take you to pay your bills (your accounts payable)?
- How long (in days) does your inventory last?
- Can you see ways to increase or decrease the above indicators to help with your cash flow?
- What is your total debt divided by your total equity (your debt-to-worth ratio)?

The Basics of Key Performance Measures for Your Company

Performance measures are different for every company, so spend some time figuring out what numbers are key to your business. Figure out your best answer, measure that, and keep an open mind for a better measure to appear over time (and know it is okay to change it).

Some of the measures we have used in our companies are the following:

- Percentage of capacity
- Sales per employee

- Cost per unit of delivery (product, hours, dollars)
- Sales per salesperson per week
- Pounds of bread per person per hour
- Quality measurement (i.e., unsalable product, number of complaints)

What Next?

Given what you have learned about your numbers, what three performance measures matter most? And from those things, what actions will you take?

	Performance Measures	*Actions*
1.	____________________	____________________
2.	____________________	____________________
3.	____________________	____________________

Okay, now breathe—and reread this section tomorrow, after you have had a cup of coffee and some time to spend with the information. Every day it will make more sense. The numbers are like a puzzle to be solved. Understanding the puzzle will help you be a better leader for your company.

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