The SELF-ASSESSMENT TOOLKIT

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The Self-Assessment Toolkit

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Purpose and Objective

The reasons of why an organization should or would want to conduct an assessment of their operations can be focused on the following questions:

- Where are we now?
- Where should we be going?
- How do we improve?

Often we do nothing more than validate our existing perception of the business. Existing perceptions are challenged. The assessment team provides a baseline on the current status of the business and its level of performance. From this platform, the business can establish a clearer future direction toward improvement.

The Baldrige Award is based on self-assessment. Some of the reasons offered for conducting self-assessment include the following:

- Customers and competitors are driving a need to change.
- Your industry is changing.
- You have a good organization, but you want to make it better.
- Business is good and you want to keep it that way.
- Your leadership wants to enhance organizational learning.
- You feel that the benefits of conducting a self-assessment will initiate action plans for improvement by:
  - Jump-starting change initiatives
  - Energizing improvement initiatives
  - Focusing the organization on common goals

Operational self-assessments are intended to provide both an operational and organizational prospective. They are designed to provide more than just a financial measurement of the business. Instead they should provide a systematic review and assessment of a company’s activities, systems, operations, organization, major goals, and strategies.

The Approach

Our approach to the Self Assessment starts with first identifying the scope of the assessment. The scope of The Self-Assessment Toolkit is based on conducting an overview assessment with emphasis on the strategy, vision, and values of the organization.

The self-assessment starts by establishing a baseline of the business and its existing systems. When establishing a basic framework for assessment it is necessary to create a
baseline to understand the basic operations. This step enables one to determine the major processes in place and the usual flows of information and work steps. From this starting point typical symptoms of issues and underlying problems can be identified.

**The Self-Assessment Process**

The first step of the Self-Assessment process is to establish the scope and purpose for the assessment. If senior leadership does not conduct the assessment, they need to select the assessment team and provide them with the authority and purpose for the extent and timing of the assessment. The team rules must be established and the team needs to be organized.

Upon selection of the Assessment Team, the assessment then needs to be planned. This is critical so that the maximum benefit can be gained from the assessment process and activity. The suggested steps of the process include:

- Setting Assessment Scope
- Communication of the Assessment Scope
- Completing the Organization Profile
- Conducting the Assessment
- Operational Measurement
- Assessment Findings and Recommendations
- Assessment Action Plans

**Suggested Procedures**

- The organization’s leadership needs to decide on the scope and purpose of the assessment
- The organization’s leadership needs to select the assessment team members and then provide them with the authority and direction to conduct an effective assessment based on the agreed upon scope of the assessment.
- The assessment team and the organization’s leadership should complete the organizational profile.
- The organizational leadership should communicate the purpose of the assessment to the entire organization and provide the assessment team the support required to complete the steps of the assessment.
- The organization’s leadership should provide input on selection of the performance measurements selected and used in the assessment.
- The assessment team conducts the assessment steps, including diagnostic assessment interviews of the organization’s employees.
- The assessment team develops the assessment findings and recommendations and formalizes them in a presentation to the organization’s leadership.
Findings and Actions
- Assessment Finding and Recommendations Report
- GAP Analysis
- SWOT Analysis

Assessment Definitions
Critical areas that would be included in a full or limited assessment include:
- Organization and business management
- Sales and marketing
- Engineering (Research & Development)
- Information Systems
- Accounting and Financial
- Personnel and Human Resources
- Purchasing and Procurement
- Quality
- Inventory Management
- Distribution and Traffic (Logistics)
- Production Planning and Scheduling
- Production Management

Types of self-assessments other than overview assessments include:
- Limited Assessment
  ✓ A Limited Assessment is one that is focused on a specific area or function. For example, a company may have identified a major business function that requires attention. In this instance the assessment is concentrated on an area like information systems or purchasing.
- Full Assessment
  ✓ A full assessment involves a total evaluation of all the key functional areas of an operation. Accordingly, the scope of the assessment is broader and deeper than either a limited assessment or an overview assessment.
- Strategic/Competitive Analysis Assessment
  ✓ Strategic Assessments are designed to identify the key strategic areas of a business. This requires an understanding of business strategy and competitive analysis and should utilize The Strategic Thinking and Planning Toolkit.

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Tips for Planning and Conducting Self-Assessments

The first step in creating the plan for the operational assessments is to gather enough information to properly scope the assessment. Management needs to select the assessment team and conduct a meeting with the management team and the assessment team to gain a common understanding of the business and establish the purposes and reasons for conducting the assessment. The entire organization needs to understand the benefits of conducting an assessment.

Every business experiences pain of some type and form. It is the job of the assessment team to identify it. In your initial meeting with the organization’s leaders the assessment team members need to listen for and identify the pain. Learn as much about the business as possible. One of the most critical pieces of information the assessment team needs for planning is an organization chart. If an organization chart doesn’t exist, obtain a copy of the internal telephone listing. From this information, determine who needs to be interviewed.

The organization chart also provides information as to the organization’s decision makers. Identifying the key decision maker is critical. The key decision maker needs to provide support and commitment to the assessment process.

The management team and the assessment team need to identify the key decision makers and critical team members. Once they have been identified, it will be possible to then estimate the number of people who will be interviewed. The number of diagnostic interviews conducted will determine the amount of time it will take to complete the assessment. The number of people interviewed will differ depending on the nature of the assessment.

In planning for the assessment, the assessment team needs to meet and interview all the key personnel in the business. The size of the business and the number of employees will determine the number of interviews. From this starting point, develop a spreadsheet outlining all the work steps and interviews. The assessment plan should include the following minimum steps:

1. Assessment Planning
2. Conducting Interviews
3. Analyzing and Assessing Data
4. Drafting a Findings and Recommendations Report
5. Presenting the Findings to the Management Team
A spreadsheet should be created to include an estimate of hours to complete all the steps of the assessment. The analysis should consider the size of the assessment team needed to conduct the self-assessment.

An assessment only identifies issues, problems, and opportunities; it does not automatically produce solutions. Solutions result from implementation of post assessment recommendations. Assessments will present an array of problems and issues. It is after this step that the management team and the assessment team will realize the full value provided by the assessment.

Once the assessment team obtains the organization chart and determines the list of personnel, it is time to create a draft of the interview schedule. How many employees the assessment team needs to interview will determine the length of time to schedule for conducting the interviews. It is critical to make sure that times for interviewing and conducting the assessment fit with the company’s work schedule. Some times during the day are better for interviewing some of the interviewees because of critical tasks they may need to perform.

Some assessments may involve multiple facilities and plants. This may require visits to different geographical areas that will impact the timing and logistics for conducting the assessment. These factors should all be included in planning and determining the scope of the assessment in a neutral environment.

A key point in planning the assessments and interviews is scheduling an appropriate venue to conduct the interview. Always try and conduct interviews at a neutral location. This will ensure that you will more likely get uninterrupted time for conducting the interviews and avoid disruptions to answer telephones or answer questions. If interviews are conducted in employee’s offices these disruptions and interruptions are more likely to occur. Also, employees are more likely to feel comfortable and share with you the information leading to an effective assessment.

In planning the assessment, it is a good idea to schedule the CEO for the first interview. This accomplishes a number of objectives. By starting interviews with the CEO, you will learn what they think are the issues. You will also gain their insight and input on employees scheduled for interviews in the assessment process. One of the other objectives of starting the interview with the CEO is to have them conduct a walk through of the facility with the assessment team. You should have some flexibility on how this interview flows. The interview can start with the walk through or an interview that will be interrupted by the walk through.

CEO’s have an immense pride in their organization. They also have clear opinions on people and problems. It is important to learn about these opinions prior to conducting
interviews with other members of the team. These insights will help to guide your interviews and questions as you proceed through the assessment process.

Planning the assessment should include information gathering. It is important to balance the amount of time devoted to information gathering as distinguished from planning the assessment. Companies have marketing and product information that will help provide a basic level of understanding in the development of questions and in understanding responses. Request financial statements, both internally generated and those prepared by an independent accountant. Many companies, especially closely held companies, are reluctant to share financial information. It is important to have some sense of the financial health and structure of the business as you plan the assessment. The financial information is used as a guide to conducting the assessment and not a critical component of its success.

A review of the financial information for the organization will help develop a sense of the size of the business and provide some indications of potential problems and issues. The knowledge and information gleaned from the financial statements is used as a framework and reference as we conduct diagnostic interviews and evaluate responses. In some sense it is almost better to review the financial information in depth after the interviews, than to create potentially inaccurate perceptions about issues and problems.

Other requests for information to plan and conduct the assessment include a copy of their strategic business plans and budgets. More often than not, businesses have not done this type of planning or they have not done a good job doing it. Review the company’s brochures as it will yield information about the business and its history. This information will provide knowledge about the industry and their competitive position in the industry.
The Self-Assessment Toolkit

Five Components of Effective Assessment

The five components of an effective assessment are summarized below:
1. Identify the pain
2. Establish the scope
3. Benchmarking and Gathering Data
4. Ask the Right Questions
5. Interpret the Results
An Assessment Team selected from the organization being assessed will carry out the Self-Assessment.

**Selecting The Team:**

The number of team members will depend on the size of the organization and the scope of the assessment. A good approach is to utilize two man teams to conduct the assessment. A small assessment would utilize two teams and a larger assessment might consist of five teams or more, depending on the sized of the organization. Individual organizations are free to create and man their teams to best fit their specific requirements.

**Team Member Attributes:**

Team members typically would not be part of the senior management team. This approach provides greater independence and allows management to receive input and the best ideas. Utilizing second tier management allows the assessment team to use people who have a wide knowledge of the organization. Participating on the assessment team provides them with opportunity to learn and expand on this knowledge. A list of team attributes might include:

- Leadership qualities and skills
- Excellent facilitation skills
- Deep understanding of the organization, its people, and business
- Enthusiastic people with inquisitive minds and the skill to conduct diagnostic interviews
- Excellent written and verbal communication skills
Organizational Description:
The Organizational Profile

The Environment
1. What are your organization’s main products and services?
2. What is the delivery mechanisms used to provide your products and services to customers?
3. Describe your organizational culture
   a. Purpose
   b. Vision
   c. Mission
   d. Values
4. What is the employee profile?
   a. Educational level
   b. Work force
      i. Job diversity
      ii. Organized bargaining units
      iii. Use of contract employees
      iv. Special health and safety requirement
5. What are your major technologies, equipment, and facilities?
6. What is the regulatory environment under which your organization operates?
   a. Occupational health and safety regulations
   b. Accreditation
   c. Certification
   d. Registration requirements
   e. Environmental
   f. Financial
   g. Product regulations

Relationships
1. Describe your organization structure and governance system.
   a. Reporting relationships of directors
   b. Senior leaders/management
   c. Parent organization (if appropriate)
2. Describe key customer groups and market segments
   a. Key requirements for products and services
   b. How do these differ among customer groups and market segments?
3. Document the role suppliers and distributors plan in your value creation processes?
   a. Most important types of suppliers and distributors?
   b. Most important supply chain requirements?
4. Describe key supplier and customer partnering relationships and communication mechanisms
Organizational Challenges
1. Describe the organization’s competitive environment
2. What are the key strategic challenges
3. Describe your system for performance improvement

Competitive Environment
1. What is your competitive position?
   a. What is your relative size and growth in your industry or markets?
   b. What are the numbers and types of your competitors?
2. What are the principal factors that determine your success relative to your competitors? What key changes are taking place that affect your competitive situation?
3. What are your key available sources of comparative and competitive data from within your industry? What are your key sources of comparative data for analogous processes outside your industry? What limitations, if any, are there in your ability to obtain these data?

Strategic Challenges
- Business?
- Operational?
- Human resource?

Performance Improvement System
- Describe the overall approach used to maintain organizational focus on performance improvement.
- What is the approach used to guide systematic evaluation and improvement of key processes?
- What is the overall approach to organizational learning and sharing of knowledge assets within the organization?
Leadership

Describe how senior leaders guide your organization.
Describe your organization’s governance system.
Describe how senior leaders review organizational performance.

Senior Leadership Direction

- How do senior leaders set and deploy organizational values?
  - Short-term
  - Longer-term
  - Performance expectations
- How do senior leaders include a focus on creating and balancing value for customers and other stakeholders in their performance expectations?
- How do senior leaders communicate organizational values, directions and expectations through your leadership system
  - To employees?
  - Key suppliers and partners?
  - How do senior leaders ensure two-way communication on these topics?
- How do senior leaders create an environment for empowerment, innovation, and organizational agility?
- How do senior leaders create an environment for organizational and employee learning?
- How do they create an environment that fosters and requires legal and ethical behavior?

Organizational Governance

How does your organization address the following key factors in your governance system?

- Management accountability for the organization’s actions?
- Fiscal accountability?
- Independence in internal and external audits?
- Protection of stockholder and stakeholder interests, as appropriate?
Organizational Performance Review

- How do senior leaders review organizational performance and capabilities?
  - Organizational success?
  - Competitive performance?
  - Progress relative to short-term goals?
  - Progress relative to long-term goals?
  - How do they assess the organization’s ability to address changing organizational needs?
- What are the key performance measures regularly reviewed by senior leaders? What are the key findings resulting from review of these reviews?
- How do senior leaders translate organizational performance review findings into priorities for continuous and breakthrough improvement of key business results and opportunities for innovation?
- How are these priorities and opportunities deployed throughout the organization?
- How are they deployed to suppliers and partners to insure organizational alignment?
- How do you evaluate the performance of your senior leaders, including the chief executive?
- Do you evaluate the performance of the Board of Directors as appropriate?
- How do senior leaders use organizational performance review findings to improve both their own leadership effectiveness and that of the board and leadership system, as appropriate?

Social Responsibility

Describe how the organization addresses its responsibilities to the public. Ensures ethical behavior, and practices good citizenship.

Responsiveness to the Public

- How do you address the impacts on society of your products, services, and operations?
- What are your key compliance processes, measures, and goals for achieving and surpassing regulatory and legal requirements, as appropriate?
- What are your key processes, measures, and goals for addressing risks associated with your products, services and operations?
- How do you anticipate public concerns with current and future products, services, and operations?
- How do you prepare for these concerns in a proactive manner?
The Self-Assessment Toolkit
The Organizational Profile

Ethical Behavior
- How do you ensure behavior in all stakeholder transactions and interactions?
- What are your key processes and measures or indicators for monitoring ethical behavior throughout your organization?
  - With key partners?
  - In your governance structure?

Support of Key Communities
- How does your organization actively support and strengthen your key communities?
- How do you identify key communities and determine areas of emphasis for organizational involvement and support?
- What are your key communities?
- How do your senior leaders and your employees contribute to improving these communities?
<table>
<thead>
<tr>
<th>Purpose of Company</th>
<th>Self-Assessment Toolkit</th>
<th>Self-Directed Assessment-Team Survey</th>
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</thead>
<tbody>
<tr>
<td>Score / Rating</td>
<td>5 4 3 2 1</td>
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<tr>
<td>Company's mission is not clearly defined or understood.</td>
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<tr>
<td>Company's mission is out of date.</td>
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<tr>
<td>Lack of agreement on the Company's mission.</td>
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<tr>
<td>Not clear where the organization is headed.</td>
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<tr>
<td>Formal Organization Structure</td>
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<tr>
<td>Too many people report to one person.</td>
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<tr>
<td>Too many layers from top to bottom.</td>
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<tr>
<td>Not clear who is responsible for what.</td>
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<td>Not clear who reports to whom.</td>
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<tr>
<td>Organization structure is out of date.</td>
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<tr>
<td>Inappropriate reporting relationships.</td>
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<tr>
<td>Too many employees.</td>
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<tr>
<td>Some important tasks don't get done.</td>
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<tr>
<td>Board of Directors are too involved in day-to-day management of company.</td>
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<td>Personnel are not given sufficient direction.</td>
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<tr>
<td>Informal structure does not parallel formal structure.</td>
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<tr>
<td>Company Leadership</td>
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<tr>
<td>Shoots from the hip too often.</td>
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<tr>
<td>One man show.</td>
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<tr>
<td>CEO/top management is not clear where to go or what to do.</td>
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<tr>
<td>Management styles are not complementary.</td>
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<tr>
<td>Too much procrastination by top management.</td>
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<tr>
<td>Too few champions (respected leaders who people want to model).</td>
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<tr>
<td>CEO/top management does not appear to be highly motivated.</td>
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<td>CEO/top management is unavailable.</td>
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<td>Company Personnel</td>
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<tr>
<td>Standards of performance are not clear.</td>
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<tr>
<td>Poor recruiting/selection.</td>
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<tr>
<td>No one to eventually take over from top management/CEO.</td>
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<tr>
<td>Reward system is inadequate.</td>
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<td>Rewards don't exist for some important tasks.</td>
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<tr>
<td>Lack of recognition for high levels of achievement.</td>
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<td>Wrong people are fired.</td>
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<td>Don't retain high performers.</td>
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<td>Lack of/or inadequate profit sharing.</td>
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<td>Inadequate wage system and salary administration system.</td>
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<td>Poor/inadequate performance appraisal system.</td>
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<td>Inadequate training of:</td>
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<td>a. Office personnel</td>
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<td>b. Production personnel</td>
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<td>c. Management personnel</td>
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<td>Weak people development</td>
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<td>Understaffed</td>
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<td>Overstaffed</td>
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<td>Inadequate benefits</td>
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<td>Inadequate personnel records</td>
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<td><strong>PLANNING</strong></td>
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<tr>
<td>Poor overall planning process</td>
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<td>Lack of formal long-range plans</td>
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<td>Plans are not realistic</td>
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<td>Plans are not clear or agreed on</td>
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<td>Plans are not implemented</td>
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<td>Plans are not linked to operations</td>
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<td>No systematic updates to plans</td>
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<td>Inadequate consideration of factors outside of the company</td>
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<td>Priorities are not clear/agreed on or changed too often</td>
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<td>Resources are allocated by politics or who complains the most</td>
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<td><strong>CONTROL</strong></td>
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<td>Not enough discipline</td>
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<td>Too many rules/policies</td>
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<td>Too few rules/policies</td>
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<td>No feedback on how we are doing</td>
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<td>Control is too decentralized</td>
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<td>Control is too centralized</td>
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<td>People are not held accountable</td>
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<td>Too little delegation</td>
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<tr>
<td>Poor cost control</td>
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<td>Budgets are not used to control actual operations</td>
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<td>Management data is unavailable or untimely</td>
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<td>Management does not receive the data need to adequately control operations</td>
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<td><strong>COORDINATION AND COMMUNICATION</strong></td>
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<td>Poor communications between operating divisions and home office</td>
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<td>Poor coordination between departments</td>
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<td>Poor relations between operating divisions and home office</td>
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<tr>
<td>Sometimes we work against each other</td>
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<td>Board of Directors and top management are not synchronized</td>
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<td>Poor communication - laterally</td>
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<td>Poor communication from the top down</td>
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<td>Poor communication from the bottom up</td>
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<td>Useful input/information not used</td>
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<td>We don’t pull together</td>
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<td>Meetings are unproductive</td>
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<td>Too many meetings</td>
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<td>Too few meetings</td>
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<tr>
<td>Poor work flow</td>
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<tr>
<td>Employees’ ideas and suggestions are not requested or not considered</td>
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## CULTURE OF THE COMPANY

<table>
<thead>
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<th>Issue</th>
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<tbody>
<tr>
<td>Too much conflict</td>
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<td>Too little conflict</td>
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<tr>
<td>Too much dead wood (non-productive/non-contributing personnel)</td>
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<td>Poor team work</td>
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<td>Lack of mutual respect between staff and management</td>
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<td>Lack of mutual respect between management personnel</td>
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<td>We-They attitudes</td>
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<td>Territoriality and turf issues (Department Issues)</td>
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<tr>
<td>Over bureaucratized, slow to react</td>
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<td>Frequent scape goating (putting the blame on someone else)</td>
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<td>Too much analysis, not enough action</td>
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<td>Hidden agendas</td>
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<td>Retribution for speaking up</td>
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<td>Generally, too risk oriented</td>
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<td>It is not O.K. to make a mistake</td>
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<td>Back stabbing</td>
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<td>Low morale of personnel</td>
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<td>High turnover of personnel</td>
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<td>Company is growing too fast to maintain control</td>
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<td>Not enough focus on results</td>
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<td>Lack of innovation</td>
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<td>Some vital issues are taboo</td>
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<td>Too much secrecy</td>
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<td>Company discourages new ideas</td>
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<td>Win/lose climate versus win/win</td>
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<tr>
<td>Don’t identify and solve problems</td>
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<tr>
<td>No way to handle conflict productively</td>
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</table>
### FUNCTIONS/DEPARTMENTS

#### Marketing
- Weak marketing functions.
- Inadequate promotional and marketing materials.
- No market penetration plan.
- Poor market research.
- Don’t build on our competitive edge.
- Facilities are not convenient for customers/markets.
- Slow to respond to market changes.
- Insufficient advertising.
- Ineffective advertising.
- Lack of or inadequate sales personnel.
- Lack of or inadequate cross selling of products and services.
- Lack of effective results with influential contacts.
- Pricing of products and services.
- We try to match our competition on products/services offered and prices.
- Providing too many products/services that we know too little about.
- Product/service line is too narrow.
- Product/service line is too broad.
- Markets are too narrow.
- Markets are too broad.
- We’re not sure who our competition is.
- We’re not sure what the competition is doing.
- Competition is more aggressive than we are.
- We don’t know who our customers are.
- We don’t listen to our customers.
- Insufficient focus on customers’ needs.
- Customers are not always satisfied.
- Inadequate customer base.
- Changing customer base.

#### Products/Services Department or Function
- Our products/services are outdated.
- Our products/services can't keep up with changes in regulations.
- Offer too many new products /services.
- Inadequate information developed on new products and services profitability.
- Poor products/services research data available in our industry.

#### Accounting
- Poor cost analysis/information by:
  1. Department
  2. Product/Product line
  3. Operating Division
- Inadequate expense controls.
- Accounting is inflexible.
- Accounting information is inaccurate.
- Inadequate internal accounting controls.
- Poor cash flow planning.
- Cash flow unpredictable/poor.
<table>
<thead>
<tr>
<th>Financial Management</th>
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</thead>
<tbody>
<tr>
<td>Unprofitable products/services not identified.</td>
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<tr>
<td>Excess borrowing.</td>
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<tr>
<td>Poor liquidity.</td>
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<tr>
<td>Inadequate attention to delinquent accounts.</td>
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<tr>
<td>Inadequate net worth/equity.</td>
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<tr>
<td>Poor plant, property, and equipment management.</td>
</tr>
<tr>
<td>1. Inadequate records.</td>
</tr>
<tr>
<td>2. Maintenance programs.</td>
</tr>
<tr>
<td>3. Purchase/lease decisions.</td>
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<tr>
<th>Data Processing</th>
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<tbody>
<tr>
<td>Too much information from computer.</td>
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<td>Not enough information from computer.</td>
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<tr>
<td>Computer information is often late.</td>
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<tr>
<td>Computer misused.</td>
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<tr>
<td>Computer underused.</td>
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<td>Computer overused.</td>
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<tr>
<td>Poor software.</td>
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<tr>
<td>Inadequate or obsolete computer hardware.</td>
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<tr>
<td>Frequent computer equipment breakdowns/malfunctions.</td>
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<tr>
<th>Office Administration</th>
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<tbody>
<tr>
<td>Poor office procedures</td>
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<tr>
<td>Poor/inefficient work flow.</td>
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<tr>
<td>Obsolete equipment and or inappropriate or inadequate use of:</td>
</tr>
<tr>
<td>1. Word processing</td>
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<tr>
<td>2. Telephone system.</td>
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<tr>
<td>4. Reproduction/Copier equipment.</td>
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<tr>
<td>Devote too much time to unnecessary tasks.</td>
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<tr>
<th>Purchasing</th>
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<tbody>
<tr>
<td>Too many rush orders.</td>
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<tr>
<td>Insufficient time spent searching for new suppliers or lower price.</td>
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<tr>
<td>Inferior quality of items purchased.</td>
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<tr>
<td>Unrealistic quality specifications for items to be purchased.</td>
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<tr>
<td>Too much paperwork.</td>
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<tr>
<td>Erratic, unpredictable lead times from vendors.</td>
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<tr>
<td>Too many orders received late.</td>
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<tr>
<td>Inadequate information available to facilitate purchasing decision.</td>
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<tr>
<td>Inefficient purchasing procedures.</td>
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</tbody>
</table>
### Inventory Management
- Inadequate usage information available to facilitate inventory management.
- Inadequate records.
- Innaccurate records.
- Too much shrinkage.
- Inadequate storage facilities.
- Excess storage space.
- Too many stockouts.
- Low inventory turnover.
- Uneconomical lot sizes or order quantities.
- Inadequate inventory planning.
- Unreasonable amount of inactive or slow-moving stock.
- Inadequate system for determining reorder points and quantities.

### Production
- Underutilization of manpower and equipment.
- Overutilization of manpower and equipment.
- Inadequate scheduling.
- Unrealistic shipping dates.
- Too much expediting.
- Too much waste.
- Too many reworks.
- Design changes are too frequent or are delivered late.
- Ineeficient plant layout.
- Unavailability of materials or equipment for released production orders.
- Inadequate shop floor control.
- Inadequate capacity planning.
- Unrealistic production standards.
- Excessive equipment downtime.
- Exessive idle time.
- Unfair wage incentive program.

### OUTPUTS/RESULTS
- Too many projects fail.
- Mediocrity is accepted.
- Reactive management.
- Market share is declining.
- Market share is stable.
- Profitability is declining.
- Profitability is stable.
- Too much fire fighting.
- Too many customer complaints.
- Enthusiasm of personnel is low.
- Enthusiasm of management is low.
## ENVIRONMENT

(Rate your concern over possible adverse impact on company)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Locally</th>
<th>Nationally</th>
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<tbody>
<tr>
<td>Interest rates</td>
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<td>Government regulation of industry</td>
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<tr>
<td>Demographic changes (population shifts)</td>
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<tr>
<td>Competitors</td>
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<td>Inflation</td>
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<td>Deflation</td>
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<td>Unemployment</td>
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<td>1. Locally</td>
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<td>2. Nationally</td>
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<tr>
<td>Income tax rates</td>
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<td>Money supply</td>
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<tr>
<td>Technology/science</td>
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<tr>
<td>Unions/labor</td>
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<tr>
<td>Suppliers</td>
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### Scoring Criteria

- **Strongly Agree**: 5
- **Agree**: 4
- **Somewhat Agree**: 3
- **Disagree**: 2
- **Strongly Disagree**: 1
Self-Directed Assessment Toolkit
The Assessment Overview Questionnaire

Date:________  Phone #:_________________  Fax #: _______________
Company:____________________________________________________
Contacts:________________________________________________________________________
________________________________________________________________________

Company Information

Type of business: ____________________________________________________________________
Total Number of Employees: ___________________________________________________________
Type of products: ____________________________________________________________________

Demand Pattern:
   Constant ___________  Seasonal ___________  Variable (not seasonal) ___________

Layout - Product Flow

1. Which best describes the dominant layout
   Functional (batch) _______________
   Cellular _________________________
   Line ____________________________
   Other (describe) _________________

2. Is the layout appropriate? ______ Comment: _______________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________
   ___________________________________________________________________________

3. Is the manufacturing process documentation updated and in use? Comment:
   ___________________________________________________________________________
   ___________________________________________________________________________
4. Are the plant layout strategies rationalized and documented? _____________

5. Does the manufacturing floor look well organized (is product flow easy to follow)? ________________________________________________________________

6. Is the manufacturing lead-time documented? Is it used to drive process improvement opportunities? _____________________________________________

7. Is the throughput time being documented? _____________________________

8. Do the set-up time reduction opportunities drive process improvement efforts? __________________________________________________________

9. Is the lot size rationalized and documented? __________________________

10. Are maintenance practices documented and followed? ________________

11. Does equipment performance drive improvement efforts? ________________
Quality

1. Is TQM/SPC in place? If it is, is it used effectively?

2. Are proper quality charts, records maintained?Posted?

3. Are workers adequately trained and aware of quality?

4. Is the process/products output acceptable? Why or why not?

5. Are the main processes identified, documented and understood?

6. Are the main processes monitored with clear target and action limits? Are corrective actions documented and available for off-limit occurrences?

7. Does process performance drive improvement efforts?

8. Does a methodology for process improvement exit? Is it understood, and followed by all employees?

9. Is an overall supplier performance (not only price) used for vendor selection?

10. Are ongoing vendor-base reduction efforts performed?

11. Other comments on quality:
Strategic Goals/Business Competitiveness

1. Has the organization identified its key managers and do they have clear and consistent understandings with respect to:
   a. Major customer groups? ________ Have customers been segmented according to:
      Geography? __________
      Size? ______
      Product needs? ______
      Order winners? ______
      Service needs (e.g. communication)? ______
   b. Major product lines? _____________________________________
      Have product groups (lines) been segmented according to:
      Volume levels? ______
      Variety? ______
      Process needs? ______
      Delivery needs? ______
      Quality needs and expectations? ______
      Flexibility needs? ______
      After market services? ______

2. What is the overall organizational strategy both for now and in the relative immediate future? ________________

3. How is the basic strategy of the firm being implemented?
   Do the operating managers indicate areas of potential problems?
   __________________________________________________________________________
   __________________________________________________________________________
   __________________________________________________________________________
   __________________________________________________________________________

4. Does the company know what the customer’s perception of the product is in terms of?
   Quality
   Service
   Trends
   Price
   How it is being determined? ________________________________

5. Is delivery performance tracked? Does it drive improvement efforts? ________
   __________________________________________________________________________
6. Is quality performance tracked? Does it drive improvement efforts? ________
________________________________________________________________________
________________________________________________________________________

7. Are customer needs and expectations being measured? Do they drive new product/process development? _______________________
________________________________________________________________________
________________________________________________________________________

8. Is competitor product/service data used to evaluate market share opportunities in new product/service development? ________________
________________________________________________________________________

9. Is competitor data or cost available and is it used to drive re-engineering efforts? ________________________________
________________________________________________________________________

10. Is product costing strategy documented? ______ Is an activity-based management and accounting approach in place? ________________
________________________________________________________________________

11. Are competitor’s strengths and weaknesses assessed? ______ Is the analysis of their implications documented in the long-term plan? ______________
________________________________________________________________________

12. Is competitor data on technology available? ______ Is it used to develop technology roadmap? ________________________________
________________________________________________________________________
Product Design

1. Does the company have a research and development process? If so, is R&D included in the production planning process at an adequate level? ____________

2. Is the manufacturing facility being included in the decision making process? At which stage is this being done? ________________________________

3. Is the product design activity well integrated with the strategic directions of the firm? ________________________________

4. Are operational managers well aware of the product design process? ______

5. Are operational managers included in the decision-making process for continuation of the product decision activity? ________________________________

6. What is the major source of new product design? ________________________________

7. Is quality function deployment (QFD) used in the product design process? ___ Should it be? ________________________________

Product design issues for further investigation: ________________________________
Process Design

1. Are there parts of the process that most closely resemble:
   - Job Shop? ____________________________
   - Batch (functional layout)? ____________________________
   - Assembly? ____________________________
   - Cells? ____________________________

2. Are the processes used, clearly identified with the product characteristics? (e.g., order winners and qualifiers) ____________________________

3. Are the processes correct for their product characteristic use? __________
   Indicate areas of possible problems and the nature of the problem: __________
   _______________________________________________________________________
   _______________________________________________________________________
   _______________________________________________________________________

4. Has there been a significant building of automation within the last year? __________
   a. Does the automation replace people (as opposed to older automation)? __________
   b. Has there been a positive displacement program? __________
   c. Is the automation design and implementation plan appropriate? ______

5. With respect to process design:
   a. Is QFD used? ____________________________
   b. Is simultaneous engineering used? ____________________________
   c. Is the capital budgeting process for new processes or process change consistent with the needs of the facility and the strategy outlined earlier? ____________________________
      If not, what problems appear to be worth investigating? __________
      _______________________________________________________________________
      _______________________________________________________________________

6. What are the major product/process approaches?
   - MTO __________
   - MTS __________
   - ATO __________
   - ETO __________
   - Combination __________

Comments on process design ____________________________
Planning

1. Does the organization use a long-term business plan (3-5 years) where it states the business mission and vision?
   a. Is it well defined (output and process)? __________________________
   b. Are all appropriate participants included? ___________ If not, comment _________________________________
   c. Does it use an appropriate level of detail? __________________________
   d. Are the inputs proper? __________________________
   e. Does it extend far enough to allow for appropriate resource analysis?________

2. Does the actual plan focus on breakthrough opportunities described in the long-term plan? __________________________

3. Are cross-functional efforts called for in addressing potential breakthrough opportunities? __________________________

4. Are actions in the annual plan deployed with ownership, resources, and a time table? __________________________

5. Are actions in the annual plan periodically reviewed, keeping track of actual versus goal? __________________________

6. Are key business performance measures monitored and linked with a corrective action when required? __________________________

7. Does the organization have a formal forecasting method(s)? ______________
   a. Is it at the right level of detail? __________________________
   b. Is it reviewed and revised at the right frequency? __________________________
   c. Are correct forecasting methods used for each product family or another unit of forecasting analysis? __________________________
   d. Are the forecast input correctly into the plans? __________________________
   e. Are the proper participants involved in the forecasting process? ______
9. Does the organization have a well-defined production planning activity? ___
   a. Are the proper participants involved?
      Marketing/sales       ________
      R&D                  ________
      Engineering          ________
      Production           ________
      Accounting/Finance   ________
      Others               ________

   b. Do all participants understand their role? __________________________
   c. Are the inputs well defined? ______________________________________
   d. Is the review schedule and process appropriate? ____________________
   e. Are the outputs well-defined and understood? ______________________
   f. Is the appropriate time horizon used? ______________________________
   g. Is there an appropriate repeatable process between production planning
      and resource planning, and is it properly done during every review?
      ________________________________________________________________
   h. Is the production plan routinely examined for consistency with the
      business plan? __________________________________________________

10. Is there a formal master schedule? _________________________________
    a. Is the process well-defined? ______________________________________
    b. Are the proper participants involved? _____________________________
    c. Are the processes and structure well-matched with the appropriate
       inventory management approaches (MTS, MTO, ATO, and ETO)? ____
       ________________________________________________________________
    d. Is the review process appropriate? ________________________________
    e. Does the Master Schedule have a history of being overloaded? ______
    f. Does the Master Schedule have the right level of detail? ___________
    g. Are the inputs well-defined? _____________________________________
    h. Are the outputs well-defined? ____________________________________
    i. Is the time horizon appropriate? _________________________________
    j. Is there a well-defined and used Available to Promise (ATP) logic? ____
       Should there be? ___
    k. Are there well-defined and used time fences? ___ Should there be? ___

11. Is there a well-defined rough-cut capacity plan? ______________________
    a. Is it run and reviewed after each review of the Master Schedule? _____
    b. Is it developed from resource profiles? ________ If not, how? _______
       ________________________________________________________________
    c. Are the profiles properly maintained and updated? __________________
    d. Is the capacity plan being properly utilized? ________________________
       ________________________________________________________________
12. Does the Master Schedule directly generate work orders and processing schedules? ________ If not, how generated? ________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

13. What is the scheduling priority based on?
   - Order due date
   - Order release date
   - SPT (shortest processing time)
   - CR (critical ratio)
   - LPT (longest processing time)
   - FCFS (first come, first served)
   - JIT Pull
   - Other (name or describe) ________________________________

14. Is there an unrealistic amount of expediting? ____________________________

15. Is there a realistic frequency of review and regeneration? __________________

16. Is the review procedure formalized? ________________________________

17. Are the proper people involved in the review? _________________________

18. Are proper measures kept to track scheduling? _________________________

19. Do the proper people receive schedules? ______________________________

20. Are the schedules transmitted in a timely manner? _____________________

21. Are shop floor people aware of scheduling rules and priorities? ________

22. Are the schedules routinely followed? ________________________________

23. Does marketing or top management directly overrule any schedules? _____

Comments for further investigation: ________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
Inventory

1. What are the basic accuracy levels for the data base (count and location)?

________________________________________________________________________

2. Is this based on conjecture or measurements?

______________________________________________________________

3. Are ABC inventory management concepts used effectively?

________________________________________________________________________

4. What are the inventory turns? _________ Is this reasonable given the business?

________________________________________________________________________

5. What are the conditions with?
   - Obsolete material control ___________________________________________
   - MRO (Maintenance, Repair, and Operating Supplies) __________________
   - Transaction control ________________________________________________
   - Material review (scrap, rework) _____________________________________
   - Speed of transaction information flow ________________________________

Comments on inventory _________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
Data Management and Performance Measurements

1. Is the planning and control process supported by a properly structured, integrated set of bill-of-material, routings and related data? ___________________

2. Is the data integrity measured against pre-established tolerances? What are the accuracy levels required and the actual accuracy levels (%) for:
   - Bills-of-materials _______________ ________________
   - Routings _______________ ________________
   - Inventory records _______________ ________________

3. Is there an effective process for evaluating, planning and controlling changes to existing products _____________________________________________________

4. Is there a material planning process which maintains valid schedules and material control process which communicates priorities through a manufacturing schedule, dispatch list, supplier schedule and/or kanban mechanism? _______________________________________________________________________

5. Is the production plan performance +/- 2% of the monthly plan? ____________

6. Is the master production schedule performance 95-100% of plan? ____________

7. Is the manufacturing schedule performance 95-100% of plan? ____________

8. Is the manufacturing schedule performance 95-100% of plan? ____________

9. Is the engineering schedule performance 95-100% of plan? ____________

10. Is supplier delivery performance 95-100% of plan? ________________

11. Performance Measurements:
   - Customer service
     a.1 Is delivery to first promise and/or line item fill rate 95-100%?
     a.2 Does an objective for delivery to customer request date exists and is the performance against the objective measured?

b. Quality. Are objectives established, performance measured and goals achieved for:
   b.1 Production defects _________________________________
   b.2 Supplier defects _________________________________
   b.3 Cost of quality _________________________________

   c. Cost. Is performance against set objectives measured for reducing total costs including labor, overhead, material, distribution and transportation costs where applicable? _________________________________

   d. Velocity. Is the velocity for all departments measured and is it improving for:
      d.1 Delivery time for supplier’s _______________________________
      d.2 Manufacturing lead times _______________________________
      d.3 Delivery time to customers _______________________________
      d.4 Design time _______________________________

   e. Management. Does management use performance measurements to stimulate improvements, and not simply as a rating device? ________
Purchasing

1. Is purchasing adequately integrated into the full manufacturing system? ____

2. Is single sourcing used? ____  Should it be? __________________________

3. Are supplier adequately linked to the facility? __________________________
_____________________________________________________________________
_____________________________________________________________________

4. What criteria is being used in order to select the suppliers? Do the suppliers actively participate in the development process?

Comment on purchasing policies _________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
_____________________________________________________________________
**Marketing Strategy**

1. Is the business mission clearly stated in market-oriented terms? Is it feasible?

2. Are the corporate and marketing objectives stated in the form of clear goals to guide marketing planning and performance measurement?

3. Are the marketing objectives appropriate, given the company’s competitive position, resources, and opportunities?

4. What is the core marketing strategy for achieving the objectives? Is it sound?

5. Are enough resources (or too many) budgeted to accomplish the marketing objectives?

6. Are the marketing resources allocated optimally to market segments, territories, and products?

7. Are the marketing resources allocated optimally to the major elements of the marketing mix - such as product quality, service, sales force, advertising, promotion, and distribution?

**Marketing Organization**

1. Does the marketing officer have adequate authority and responsibility over company activities that affect the customer's satisfaction?

2. Are the marketing activities optimally structured along functional, product, end user, and territorial lines?

3. Are there good communication and working relations between marketing staff and sales?

4. Is the product management system working effectively? Are product managers able to plan profits or only sales volume?

5. Are there any problems between marketing and manufacturing, R&D, purchasing, or financial management that need attention?
Marketing Systems

1. Is the marketing information system producing accurate, sufficient, and timely information about marketplace developments? _____________________________

2. Is marketing research being adequately used by company decision makers? ________________________________________________________________

3. Are marketing planning systems effective? _____________________________

4. Are sales forecasting and marketing potential measurement soundly carried out? _________________________________________________________

5. Are sales quotas being set?. If yes, are they properly based? _____________

6. Are control procedures adequate to ensure that the annual plan objectives are being achieved? _______________________________________________________

7. Does management periodically analyze the profitability of products, markets, territories, and channels of distribution? _____________________________

8. Are marketing costs being examined periodically? ________________________

9. Is the company well organized to gather, generate, and screen new product ideas? __________________________________________________________

10. Does the company do adequate concept research and business analysis before investing in new ideas? _______________________________ 

11. Does the company carry out adequate product and market testing before launching new products? _________________________________

Marketing Productivity

1. What is the profitability of the company's different products, markets, territories, and channels of distribution? _____________________________

2. Is the company planning on entering, expanding, contracting, or withdrawing from any business segments? Why, and what would be the short- and long-run profit consequences? _______________________________________________________

3. Do any marketing activities seem to have excessive costs? Can cost-reducing steps be taken? ___________________________________________
Marketing Function

1. What are the product line objectives? Are these objectives sound? Is the current product line meeting the objectives? ________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

2. Are these products that should be phased out? ___________________________

3. Are these new products that are worth adding? ___________________________

4. Would any products benefit from quality, feature, or style modifications? ____
________________________________________________________________________
________________________________________________________________________

5. What are the pricing objectives, policies, strategies, and procedures? To what extent are prices set on cost, demand, and competitive criteria? _______________
________________________________________________________________________
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6. Do the customers see the company's prices as being in line with the value of its offer? __________________________________________________________________

7. Does the company use price promotions? ________________________________

8. What are the distribution objectives and strategies? ________________________
________________________________________________________________________
________________________________________________________________________

9. Is there adequate market coverage and service? __________________________

10. Should the company consider changing its degree of reliance on distributors, sales representatives, and direct selling? ________________________________

11. What are the organization's advertising objectives? Are they sound? _______
________________________________________________________________________
________________________________________________________________________

12. Is the right amount being spent on advertising? How is the budget determined? ________________________________
13. Are the ad themes and copy effective? What do customers and the public think about the advertising?

14. Is the advertising media well chosen?

15. Is sales promotion used effectively?

16. Is there a well-conceived public relations program?

17. What are the organization's sales force objectives?

18. Is the sales force large enough to accomplish the company's objectives?

19. Is the sales force organized along the proper principles of specialization (territory, market, and product)?

20. Does the sales force show morale, ability, and effort?

21. Are the procedures adequate for setting quotas and evaluating performances?

22. How is the company's sales force rated in relation to competitors' sales force?
DATA PROCESSING

1. IT resources
2. Department responsibility, scope, and role
3. Strategic plan for IT
4. State of technology
5. Software modules (MRP II)
6. Software modules connections and integration
7. Who is responsible for data management?
8. Decision support tools
9. Communication: use of graphics and common reports

HUMAN RESOURCES

1. Teams
2. Reward and recognition
3. Morale
4. Employee involvement
5. Channels for decision making
6. Employee empowerment
7. Training: staff, workers
8. Education level required
9. Flexibility of the organization (how often do they make reorganizations and when was the last one?)

CUSTOMER SERVICE/SALES

1. Order pattern (frequency, size of orders to be handed out)
2. Customer satisfaction indicators
3. Information channels
4. Delivery performance
5. Sales and manufacturing linkages
6. Special order handling
7. Shipments (frequency, channels, quantities)
8. Schedule changes (customer scheduling)
9. Forecasting performance (planning)
10. Product line sales/customer differentiation (resources, policies, etc)

Direction: Does senior management strongly believe that the future should look different from the present? How clear is management's picture of the future?

Communication: two-way to all levels
MANUFACTURING

1. Sales-manufacturing linkages/planning
2. Strengths/weaknesses/threats
3. Schedule performance
4. Operator approach (supervising team, directive)
5. Lot sizes/inventory accuracy
6. Set-up times
7. Handling/waiting
8. Quality
9. Maintenance
10. Design adaptability
11. Change/flexibility
12. Define process (job, batch, line)
13. Capacity
14. Productivity
15. Technology (flexible, tooling, multi-purpose)
16. Prior experience with change (successfully implemented major changes)
Financial Performance

- **Net Sales**
  - Net sales represent sales less returns and allowance made to customers.

- **EBITDA (Earnings Before Interest Depreciation and Amortization)**
  - This represents earnings before interest, taxes, depreciation, and amortization. This takes out financing decisions and non-cash items for depreciation and amortization.

- **EBITDA as a percentage of Net Sales**
  - EBITDA divided by Net Sales.

- **R & D Cost as Percent of Net Sales**
  - The yearly R&D expenditure ratio is comprised of the total, yearly site/plant expenditures on new products and processes divided by annual net sales.

- **Percent of Sales from New Products**
  - The yearly total of net sales from the introduction of new products divided by annual net sales.

- **Capital Investment as Percent of Sales**
  - **% For New Products**
    - The total annual capital investment devoted to new products divided by total annual capital investment for the year.
  - **% For Capacity**
    - The total annual capital investment devoted to increasing the capacity of the production facility divided by total annual capital investment for the year.
  - **% For Safety and Environment**
    - The total annual capital investment devoted to improving the safety of employees and the environment divided by total annual capital investment for the year.

- **Working Capital as Percent of Net Sales**
  - Working capital is defined as total current assets less current liabilities divided by annual net sales.

- **EVA-Economic Value Added**
  - EVA is the residual income that remains after operating profits cover the company’s cost of capital. EVA is computed by taking the difference between the company’s return on capital and its cost of capital, and multiplying by the average capital employed by the company for the year. If the company’s EVA profit figure is positive, it is creating long-term economic profit. However, if the EVA figure is negative, shareholder value is being eroded.
Operational Performance

- Manufacturing Cycle Time (Throughput Time)
  - Manufacturing cycle time is the total number of days required to manufacture an item (assuming all required raw material is in stock); the length of time from when material enters the production process until it exits.

- Processing Time Efficiency
  - The amount of time spent processing divided by total throughput time.

- Raw Material Inventory $ and Turns
  - Average Raw material inventory $ on hand represents one measurement. Turns are calculated by taking average raw material inventory divided by cost of goods sold.

- WIP Inventory $ and turns
  - Average WIP (Work In Progress) inventory $ on hand represents one measurement. Turns are calculated by taking average WIP inventory divided by cost of goods sold. Work in progress is defined as the amount of product or products in various stages of completion throughout the plant, including raw material that has been released for initial processing up to completely processed material awaiting final inspection and acceptance as finished product.

- Finished Goods Inventory $ and turns
  - Average Finished Goods inventory $ represents one measurement. Finished goods inventory turnover is the ratio of cost of goods sold divided by the average finished goods. Finished goods are defined as the amount of product sold as a completed item or a repair part. Any item subject to a customer order or sales forecast.

- Total Inventory-Days on Hand
  - Total Inventory – Inventory Days on Hand is determined by dividing cost of goods sold by 365 days and then dividing that result into average total inventory.

Product Service Quality

- Defects per 1000 Units
- Average First-Pass Yield Percentage
  - The first-pass ratio is the percent of product passing all quality requirements without rework.
Self-Assessment Toolkit
Assessment Scorecard Definitions

Customer Satisfaction
- Customer Satisfaction Index (An overall index rating developed based on both hard and soft measures)
  ✓ Develop the index to fit your company’s individual requirements and determine the ratings based on predetermined targets for the following categories.
    - Repeat and lost customers – 30%
    - Revenue from existing customers – 15%
    - Market share – 15%
    - Customer satisfaction survey – 20%
    - Complaints/returns – 10%
    - Product-specific surveys – 10%
- Customer Return Percentage
  ✓ Sales $ returned divided by total net sales
- Delivery Performance
  ✓ Reflects on time delivery rates
- Average Quoted Lead Time
  ✓ Lead times are the standard “promise” times issued by customer service during the inquiry or actual booking of a sales order.
- Late Shipments
  - Measured in $
  - Measured by # of parts affected
  - Measured by # of customers affected
- Abandoned Customer Phone Calls %
  ✓ Based on programming the telephone system how many callers hang up prior to reaching a company representative.

Employee Satisfaction
- Number of Suggestions submitted per Employee
- Number of Employee Suggestions Implemented
- Number of Hours of Training/Education per Employee

Safety & Ergonomics
- Injuries (total number incurred)
- Medical Costs per 100 Employees
- Lost-time Accidents (total number of incidents)
Supplier Performance

- Supplier’s Delivery Performance
  ✓ Delivery performance is a measure (percentage) of meeting the company’s originally negotiated delivery request date. Performance can be expressed as a percentage based on number of orders, line items, or dollar value shipped on time.
- Supplier Defects per 1000 Units (based on units shipped)
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The Self-Assessment Toolkit
Glossary of Key Terms

**Action Plans**
Specific actions represent actions that respond to short and long-term strategic objectives. These plans should include details of resource commitments and time horizons for accomplishment of objectives. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that organization-wide understanding and deployment is possible.

**Alignment**
The term alignment refers to the consistency of plans, processes, information, resource decisions, actions, results, analysis, and learning to support company-wide goals and objectives.

**Analysis**
Analysis refers to an examination of facts and data to provide a basis for effective decisions. It often involves the determination of cause-effect relationships.

**Basic Requirements**
The term “basic requirements” refers to the most central concepts of an item and represents its fundamental theme.

**Benchmarks**
Benchmarks refer to processes and results that represent best practices and performance for similar activities, inside and outside a company or industry. It establishes the basis for world-class performance.

**Customer**
The term customer refers to actual and potential users of the company’s products or services. Customers include the end users of products and services, as well as others who might be the immediate purchasers of the company’s products such as wholesale distributors, agents, or companies that provide additional processing of the company’s products as a component of their products.

**Cycle Time**
Cycle time refers to the amount of time required to fulfill commitments or complete tasks. Typically it refers to the amount of time to market, order fulfillment time, delivery, time, changeover time, customer response time and other key measurements of time.

**Deployment**
Deployment is evaluated on the basis of the breath and depth of application of the approach to relevant processes and work units throughout the company.
Effective
The term effective refers to how well an approach, a process, or measure addresses its intended purpose.

Empowerment
Empowerment refers to giving employees the authority and responsibility to make decisions and take actions.

Goals
Goals refer to a future condition or performance level that one intends to attain. They can be either short or long-term and are intended to guide actions.
- Clarify strategic objectives
- Foster teamwork
- Encourage “out-of-the-box” thinking
- Provide a basis for measuring and accelerating progress

Governance
Governance refers to the system of management and controls in the stewardship of an organization. It includes the responsibilities of the company’s owner/shareholders, board of directors, and CEO. Governance processes may include approving strategic direction, monitoring and evaluating CEO performance, succession planning, financial auditing, establishing executive compensation and benefits, managing risk, disclosure, and shareholder reporting.

Innovation
Innovation refers to making meaningful change to improve products, services, and/or processes to create new value for shareholders.

Integration
Integration is the harmonization of plans, processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals.

Knowledge Assets
Knowledge assets represent the accumulated intellectual resources of the organization. It is the knowledge possessed by the company and its employees in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. It represents the knowledge the organization has available to use, invest, and to grow.
Leadership
The system of leadership refers to how leadership is exercised. It can be both formally or informally, throughout the organization representing the basis for the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision making; selection and development of leaders and managers; and reinforcement of values, directions, and performance expectations.

Levels
Levels refer to numerical information that places or positions an organization’s results and performance on a meaningful measurement scale.

Measures and Indicators
These terms refer to the numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall outcomes of the company.

Mission
Mission refers to the overall function of the organization and answers the question of what the organization is attempting to accomplish. Mission can define customers or markets served, distinctive competencies, or technologies utilized.

Performance
This refers to output results and their outcomes obtained from processes, products, and services that permit evaluation and comparison relative to goals. Four types of performance include:
1. Customer-focused
2. Product and service
3. Financial
4. Operational

Performance Excellence
This refers to an integrated approach to organizational performance management that results in:
1. Delivery of ever-improving value to customers
2. Improvement of overall organizational effectiveness and capabilities
3. Organizational and personal learning

Performance Projections
This refers to estimates of future performance or goals for future results. Projections may be inferred from past performance, may be based on competitors’ performance, or may be predicted based on changes in a dynamic market place.
**Process**
This refers to linked activities with the purpose of producing a product or service for a customer within or outside the organization. It involves combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions. In some instances, processes might require adherence to a specific sequence of steps, with documentation of procedures and requirements including well-defined measurement and control steps.

**Productivity**
This refers to measures of the efficiency of resource use. It is usually applied to single factors such as labor productivity, machines, materials, energy, and capital. The productivity concept applies to the total resources used in producing outputs to indicate whether or not a change is required in a process.

**Purpose**
Purpose refers to the primary and fundamental reason an organization exists. The primary role of purpose is to inspire an organization and guide it in setting values.

**Results**
Results refer to outputs and outcomes achieved by an organization in addressing its purpose and mission.

**Senior Leaders**
Senior leaders refer to an organization’s senior management group or team and their direct reports.

**Stakeholders**
This term refers to all groups that are or might be affected by an organization’s actions and success. Examples include customer, employees, partners, stockholders, and the communities in which an organization operates.

**Strategic Challenges**
This refers to those pressures that exert a decisive influence on an organization’s likelihood of future success. Generally, strategic challenges are externally driven.

**Strategic Objectives**
This refers to an organization’s expressed aims or responses to address major changes or improvement, competitive issues, and/or business advantages. Strategic objectives generally are focused externally and relate to significant customer, market, product, service, or technological opportunities and challenges.
The Self-Assessment Toolkit
Glossary of Key Terms

Systematic
This refers to approaches that are repeatable and use data and information so that improvement and learning are possible.

Trends
This refers to numerical information that allows the direction and rate of change for an organization’s results. Trends provide a time sequence of organizational performance.

Value
This term refers to the perceived worth of a product, service, process, asset, or function relative to cost and relative to possible alternatives.

Value Creation
This term refers to processes that produce benefit for customers and for the business. These are the processes that are most important to running the business—that involve the majority of the employees, and generate products, services, and positive business results for stockholders and key stakeholders.

Values
This refers to the guiding principles and behaviors that embody how the organization and its people are expected to operate. Values reflect and reinforce the desired culture of the organization.

Vision
This term refers to the desired future state of the organization. Vision describes where the organization is headed, what it intends to be, and how it wishes to be perceived.

Work Systems
This refers to how employees are organized into formal or informal units to accomplish the organization’s mission and strategic objectives. It is how job responsibilities are managed; and the processes for compensating employee performance, recognition, communication, hiring, and succession planning.