



**OPERATIONAL  
DISCOVERY  
PROCESS**

ODP is a formalized and detailed business analysis tool that finds and closes profit leaks.

There's an old saying that goes, "You don't know what you don't know." But in business today, unknowns are a threat. They increase risk, complicate decisions, and in a worst case scenario, they keep some management teams from deciding at all. Business insight is key, and that's what our Operational Discovery Process offers.

ODP identifies opportunities that can be capitalized on within one year, without making revolutionary changes to the business. It is a fast, practical, thorough and cost effective process to improve financial performance and key customer retention.

With its roots in Acquisition Due Diligence, ODP offers a sound and structured review of the following areas Sales & Marketing, Operations, and People Resources—both management and staff.

## THE PROCESS

The foundation of the Discovery Process is built upon proven techniques and practical tools used to gather and assimilate several key pieces of information that impact the business' current profitability in an expeditious manner.

### **DISCOVERY PHASE**

During the "Discovery Phase" we conduct structured interviews with key stakeholders for 175 of the primary business processes. These stakeholders include supervisors, managers and front line staff members who describe their area of responsibility and current workflow. Around these, we seek their input and listen carefully to their ideas, experiences and problems, process improvement thoughts and frustrations. Our goal here is to understand and document key processes while simultaneously searching for opportunities that present financial gain.

During this step of the process we analyze historical data for each functional area such as, historical sales by customer and representative, lost business analysis, sales by product group and customer segment, slow moving inventory, DSO (days sales outstanding), DPO (days payable outstanding).

Information gathered is then input into the "Discovery Phase" tool and scored using established measurement criteria.

### **ANALYSIS**

The "Analysis" from the Discovery Phase is a consolidation of the scoring for all locations sorted by the 175 key business processes within each functional area of the business. At a glance this tool identifies the strengths of the location while hi-lighting opportunities for improvement.

The findings are presented in a manner that allows you to identify those items with common needs and those items where the need appears to be unique to one or two locations.

## **OPPORTUNITY EVALUATION**

The "Opportunities" section outlines a written explanation of the needs identified in the "Analysis" with the related benefit for addressing each need. Only those items identified as opportunities are expanded on.

Because the primary focus of this study is to identify significant opportunities that will produce a financial gain, each of the opportunities are carefully evaluated based on its potential financial impact and probability of successful implementation. With this evaluation complete, the opportunities are ranked accordingly and highlighted with their location and functional area. These rankings are designed to facilitate decision making and speed the implementation process. We then rank the high priority opportunities in a table format by various criteria such as financial impact, location and functional area to facilitate further prioritization.

The rating system used in this segment of the report is unique to the rating offered in the "Findings". The scores are arrived at through the discovery phase and are based on the experience and judgment of the ODP team.

## **RECOMMENDATION DEVELOPMENT**

The key to any successful initiative is successful implementation. Recognizing each of our clients has unique resourcing capabilities we offer various implementation options to suit your needs. These options are as follows:

1. We provide a professional PowerPoint presentation designed to be used by your senior management to present the findings and recommendations from this process. Opportunities are sorted and organized based on the criteria established by the client. In this option the client assumes full responsibility for implementation.
2. We facilitate a meeting with field management to gain consensus for the recommendations from the process. These recommendations are used to develop the framework for an implementation plan that can be used by a company designated team leader. We will supplement the process by providing specialized consulting services where the client deems it appropriate.
3. We facilitate a meeting with field management to gain consensus for the recommendations, provide full project management and provide specialized consulting services where appropriate. This approach allows our client's management team to remain focused on their daily responsibilities while our team works as a project manager to implement the opportunities.

Any of these options can be tailored to meet each client's specific needs.

## **IS ODP RIGHT FOR YOU?**

If your organization is facing one or more of the following challenges then ODP is a fit:

### **DETERIORATING FINANCIAL RESULTS**

- Flat or declining sales volume.
- Erosion of profitability measures such as gross margin percentage or operating expense ratios.
- Lower than expected return on sales, a series of negative earnings surprises, or a decline in liquidity ratios.
- A subtle yet growing awareness that the company is falling behind.

### **A PERIOD OF RAPID GROWTH AND/OR CHANGE**

- Managing accelerated sales growth, product launches, multiple new sales reps, or acquisition challenges.
- Constantly changing business priorities, focus away from core business, or erratic financial results.
- Problems implementing a current business or marketing plan.
- Felt need to improve business systems or processes.

### **MARKET CONSOLIDATION**

- Intense competition, increased margin pressure, or a decline in market share.
- A management team with traditional views and a reluctance to change.
- Pressure from suppliers, lack of support on key lines, or difficult contract negotiations.

### **DECLINING PRODUCTIVITY MEASURES**

- Increased returns & adjustments.
- Decline in sales per employee, gross margin per employee, or sales to inventory ratio, etc.
- Service problems in order fulfillment, high error rates, late deliveries, damaged goods, etc.
- Warehouse inefficiencies in organization, overtime rates, access, pick and fill rates, losses, etc.
- Logistics problems in truck maintenance, driver overtime, downtime, scheduling, etc.