Achieving your annual goals with "base hits"….. **Jeffrey Ishmael**
Are you constantly looking for that "home run" to hit your targets? **April 24, 2008**

It seems that the more that I work with Managers in the different functional areas of a company, I have seen a particular theme in the approach to planning annual revenue and profitability targets. The majority of the "players" are looking to have a new product or sales initiative to be their "home run" for the year. With this approach, there is a significant level of risk in relying on a single initiative to achieve the annual plan. Once that "home run" becomes a single or double, or perhaps a strike-out, you're left scrambling in the last few innings of the year to come up alternatives, which will usually be a poor band-aid to the original plan.

Rather than the "home run" approach, I have looked to securing "base hits" throughout the year and providing consistent and incremental successes to achieving the annual plan. While I'm not really a baseball fan, it seems like the most appropriate analogy. While not glamorous in it's approach, it's a prudent approach to hitting your annual plan without carrying too high a level of risk for the company or your personal reputation.

In one of the previous companies I worked with, you could take the view that for every additional $200k that could be dropped to the bottom line that EBIT could be increased by 100bp. This essentially became my goal. Not a single $200k improvement, nor was it a $2 million improvement, but multiple "base hits" of $200k. I started scrubbing every element of our annual operating budget, both from a manufacturing perspective as well as a base cost perspective.

1. *Employee Procurement fees*. During one year we had nearly $500k in related expenses, primarily driven by individual managers being allowed to use external recruiters at their discretion. The entire process was diverted back to H.R. where they centralized the process and control of expenses.
2. *Facility fees*. As we looked at what was happening in the local real estate market we believed that there was an opportunity to negotiate an early lease renewal with the property owner. Knowing there were a few elements we could use in our favor, we negotiated a new 5-yr contract at a reduced rate with some additional incentives.
3. *Overtime expense*. This was another area that had no significant control. Once we starting tracking O/T statistics and publishing our "Top-10" list of departments with the highest levels there was a "peer effect" that came into play and levels soon came down.
4. *Service productivity.* About 30% of our annual operating budget was attributed to Field Services. Through extensive work we had identified what the hourly cost rate was under the current productivity levels. At that point, we simply identified blocks of hours that would equate to a $200k decrease in expenses and fall to the bottom line.

None of these approaches were terribly glamorous, but they were highly effective and when taken in their cumulative effect, ended up increasing our EBIT performance. Since we were not a company that was fortunate enough to be in a high-growth and high-margin industry, we had to look to improving our internal performance and ensuring that our resources were used in the most efficient manner.

Another project that I had worked on extensively with our corporate offices in France was to improve the performance of a particular business segment. In the early stages of identifying what our approach would be I drafted a proposal that I referred to as ***"Project Galibier"***. For those who know me personally, I am a committed and aggressively competitive person on the bike. For me, I particularly like the challenge of the high mountains as you can see immediately who has been training….or who hasn't. If you're not a Tour de France fan, there is a legendary climb of the Tour called the Col du Galibier. It's a 30km climb that reaches a summit of about 8,700 feet. For an ascent of this nature, it's not about who set's a fast tempo and rides away in the early stage. It's about pacing yourself on the climb, knowing the goal, and the resources it takes to get their first (wattage regulation, hydration, breathing, etc…).

For this reason, I chose the Galibier for my project name. It was a turnaround plan aimed at taking methodical steps and understanding what the end result was. It was not about speed and disruption of resources, but about collaboration, teamwork, and to understand what the end goal was. We were not in a sprint but in a race of endurance for a longer term payoff.

I have found that taking this approach at both a top line corporate view, as well as a business unit view, has provided me a good platform for increasing performance and profitability. I will always welcome the Sales group coming to the table with their next "home run" and how fantastic it's going to be, but I certainly don't want that to be the basis for my annual operating plan. I would rather take a more prudent approach and incorporate a risk-reduced portion of it and be pleasantly surprised. **Obviously this approach won't work if you're talking about committing to a "home run" project that involves a multi-year approach with capital expenditures and significant increases in headcount**.

This is where solid relationships with the other functional areas are key so that you can collaboratively decide what the contingency plans are if you only end up achieving anything less than a home run…which you can likely count on.

While it's certainly not the most glamorous way to achieve your annual results, I'll stick with the "base hits" any quarter of the year.

Thanks for reading…..

Jeffrey