



Keeping Score

How is your business performing? Is it doing well? Or are things not going as well as they should? What areas of your business are responsible for those results?

Can you give yourself the answer in exact terms? Can you tell yourself how you and your staff are performing and support that answer with statistics that back up that answer? If not, you are guess-

ing. Sure, because you work there everyday you have a very good feeling about the current condition of business. But feelings are not enough—for several reasons.

Keeping score gives you many advantages. First, it gives your staff instant feedback on

their performance. Everyone likes to know how he or she is doing. That's why games are so popular. When you play games you know by the score just how well you have done. When you do well you feel good about yourself. When you score low, you analyze what caused the low score so that you can improve the next time.

Keeping score also forms history. Comparing this year's score to last year's creates a competitive culture that focuses on improvement. Keeping score over many years allows great performances to be recognized as "the best," serving as benchmarks for others who strive to be even better.

Keeping score provides a great basis for creat-

ing an effective bonus system. In fact, team members can easily calculate their own bonuses based on their scores. Having a target score to aim for is a very simple, uncomplicated way to motivate.

When you keep score, it is very easy to see trends in your business. Growth (exceeding score targets) or slowdowns (falling short of target scores) are recognized very quickly. If your company keeps score in several areas of business, detecting these trends can help you correct or facilitate changes in business.

When team members are given target scores, they are held to a new accountability. Consistently falling short of goals is obvious. Team members can tell immediately if their performance is scoring at the desired levels of performance. Scorekeeping places an immediate accountability on each member of the team. This is why it is very important to have team members calculate their own scores on at least a monthly basis. Instead of receiving a grade from a superior, team members who grade themselves feel much more personally responsible for their own scores and can then create their own plan to correct low scores.

This is a key to building a team culture. Every person knows instantly how he or she performed and uses his or her own plans to improve performance when necessary. When goals are exceeded, that team member should be allowed to calculate his own bonus based on predetermined amounts and "pay" himself by including his bonus pay with the hours for that period. Giving team members as much control of the scoring system as possible makes it everyone's

If you want to understand how your business is really doing, you need to keep track of the details

system and creates team ownership of company results.

How do you begin a company scoring system? First, the scores must be collected from each area of the company. Selling great designs that are produced by careless assemblers will never grow the company. Investing in poor marketing methods

will also hurt company growth. All branches of your company must perform up to scoring standards and support each other. Start by selecting at least three areas of business that can be scored. In our company, we score sales, marketing, and production performance.

Sales

When analyzing sales performance, there are several key areas to score. Every year you should determine a goal for each area you want to track by month. Team members help set the goals for each area to be scored. Goals should be based on trends from past 90-day performances, and any changes that will affect this year differently than the past year. Here are some suggested areas to score in sales:

1. Total sales—This is the most basic result to track. It will tell your team if sales are growing or declining against the goals you have set.
2. Gallery visits—This measures traffic. It tells you if more or fewer clients are visiting your gallery. Having declining traffic does not always mean that sales are down. Clients could be spending more with each visit. Visits should be defined as opportunities for making a sale—not just someone browsing the gallery.
3. Total pieces—This helps you determine if clients are bringing in multiple pieces with a visit. This will show you if total volume is increasing or declining.
4. Average ticket—A very key component to track. Scoring this tells you the value of the average project you frame. Increasing your average ticket is essential to growing profitability.
5. Gross margin—Recording the actual profit of each piece sold relates directly to the profitability of your operation. It can give you immediate feedback

GET CREATIVE

Match the perfect liner with the perfect fabric or finish



Foster Manufactures Liners To Fit Your Every Need



- Flat Liners — up to 4 1/2"
- Scoops — up to 3 1/2"
- Bevels
- Detail Liners
- Fillets
- Available in length or chop

Superior quality and service since 1922

Call for catalogue 323-759-9156 • Fax 323-758-4071

on offering too many discounts or selling materials at a price that is too low to cover your expenses.

Marketing

The second area of business to score is marketing. Scoring this area gives you very valuable feedback on the investments you are making in promoting your company. This branch of scoring usually doesn't relate to bonus pay, but does help company profitability. Here are some suggested areas to score in marketing:

1. The number of return customers you are selling to versus new customers. This score will tell you if you are retaining a greater number of past clients and how frequently they are returning.
2. How new customers are finding your business. By asking how they found you, it can be determined which of your marketing investments give you a good rate of return. Areas that can be analyzed could be referrals, direct

mail ads, Yellow Page ads, and your website. You should track all the marketing investments used at your particular business.

3. Also score sales to businesses and designers. This way you can tell if those segments of the market are increasing or decreasing in sales. Be sure and score the gross margin for these discounted areas of sales. This will help you determine if these higher volume jobs are also profitable.

Production

Production scoring is very important in a framing business. Good production results are the key to a happy sales team. Nothing is more deflating to sales designers than to not be able to keep the promises they make or to present an inferior project. Tracking areas like these can smooth out many problems:

1. Score the days it takes to get a project back to a client. Every frame company should have a

goal of days between order placement and completion. Production should be scored on its ability to meet or exceed this standard. Clients are much more likely to increase the frequency of framing with a company that produces timely projects.

2. Score the number of client problems as a result of improper construction. The tolerance standard for this area must be very low. If you have more than two projects per 100 being rejected, you must know about it and get it fixed. Scoring this area is critical since it is a very low number and therefore very hard to get a "feel" for without documentation.
3. Score the dollars it takes to correct problems and miss-cuts in production. This is important because it creates the ability to correct the gross margin (true profit) on projects and gives you knowledge of what the company costs are for mistakes. Without this information, serious problems in production will go

M&M DISTRIBUTORS



Delivering Service, Selection, & Savings....around the corner and around the world

Quality Picture Frame Equipment and Supplies

Buying for your business has never been easier

Try our new interactive state of art web site

Easy, Safe, & Secure! • 5,000 Items Available 24/7 • Why go anywhere else?

Our Store is Always open!

email: mmcustomerservice@mmdistributors.com

www.mmdistributors.com • Phone: 800-526-2302 or 732-780-7747 • Fax: 732-431-3732

Think Different

In difficult times – think different.
Think outside the frame.

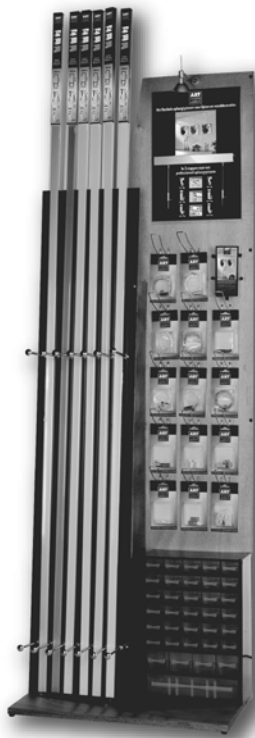
Does your revenue end with the framed piece? Offer ... Delivery ... Hanging ... Installation Service.

Generate new revenue. Gain acceptance into your client's home or business to sell additional projects. Build trust and protect your client relationships.

Compete with service instead of price.

The only hanging system packaged for the retail framer ... and priced for profits.

888-964-4264
ArtHangingSolutions.com



DISTRIBUTOR INQUIRIES WELCOME

unnoticed. In addition, scoring which area of production in which the mistakes occur will help correct problems very quickly. Record miss-cuts by category—mats, fillets, frames, etc.

4. Finally, score the time it takes to perform certain areas of production. This can be done on a random basis, but knowing the labor costs of certain functions is the key to proper pricing.

At this point, you're probably thinking, "How can I do all this and still run my shop." Remember, team members do all the scoring for the tasks they perform. Building in scoring by day on spreadsheets makes this a very easy task. Sales and marketing scoring can be almost entirely captured by your point of sale system. The reality is that if you don't take the time to score these areas, you really don't know if things are on track until it's too late.

Build a scoring system with the input of your team and watch as motivation to get good scores and better results grows quickly. Share the monetary benefits of good results with the team and soon everyone is pulling together to perform to company standards and beyond. ■

Ken Baur is president of Framing Concepts Gallery, a national award-winning company with three locations serving Northwestern Indiana, and a corporate division serving the business and design industry of Indiana and Chicago. Framing Concepts is in its fifth year in business.

The Show Everyone Is Talking About

In these tough times, it was great to see The National Conference doing so well. The classes were very informative and provided me with a chance to learn new framing and business techniques. I particularly learned a lot about picture framing in the digital age. The West Coast Art & Frame Show also gave me the opportunity to see all the latest products and new releases from top vendors.

Mike Simpson

Owner
Simpson Gallery
Montrose, CO



The West Coast Art & Frame Show AND THE NATIONAL CONFERENCE

Trade Show: January 25-27, 2010 • Conference: January 24-27, 2010

The Las Vegas Hilton, Las Vegas, NV

www.pfmseminars.com/nationalconference • www.wcafshow.com • 800-969-7176