

# **Power Measurement – Owner’s Strategic Business Model**

## **Owner’s Strategic Business Model**

Owners, the purpose of this document is to describe and price (normally only \$2,500) your strategic business model. Every business has a strategic business model hidden in reports you use for decision making. I want to show you how your hidden business model represents your vision. Since it will not include goals it will not completely represent your vision, but it will be the basis for your team’s understanding (and their contribution to your goals and objectives). For the first time, it will integrate (pull together into one place) the “Big Picture” of your business.

### **The Big Picture**

Your reports focus on the people, places, things and events of your business. You have planned these events and your planning is well represented in the way you have set up your reports. Your reports show your strategic entities and how you organize them. In other words, you have set up your reports to define and measure your strategic entities.

### **Define and Measure**

In your reports, you have a hidden planned definition of your current business model. In your head, you currently integrate those reports to define those strategic entities. So, for the first time in one place the snapshot will formally define those strategic entities the way you define them in your head. For the first time in one place, it will show the whole team how you use those strategic entity definitions to integrate those reports. That’s a start and it is valuable, but it takes time to measure.

### **Cost**

Normally, the cost of defining your business is only \$2,500. Five reports will be the minimum and normal for most businesses. The cost depends on the number of reports, not the size of the business. Only five or six reports required for most businesses. For a normal Strategic Business Model of five reports the cost would be only \$ 2,500.

The five normal reports would be: one external report (industry standards), one management report (Payroll), two finance reports (Chart of Accounts and Trial Balance), and two business system reports (Sales and Production). The cost therefore is \$500 per report. Adjust the cost accordingly to add reports. With our \$1,000 fixed price range the sixth and seventh reports would be free, but eight reports would be \$4,000. That is an inexpensive definition, but it takes time to measure. The cost of measuring is normally only \$28,000 per year.

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## **It Takes Time to Measure**

Time is required to measure cause and effect. For example: financial reports are organized by time period to measure financial cause and effect. Likewise, we need time periods to measure effect of business activity and management changes. Those activity and management relationships, and time periods are strategic entities. So, with your report planning over time we can measure the cause and effect relationships. So continuing your business model each month will cost approximately \$28,000 per year.

## **Business Rules**

A business model documents the rules of a business. Those rules are structures for understanding. Rules define things and definitions are the tool for understanding. They are a record of business relationships that come in three sets: the first set defines the character of a business and I like to call them the Quality rules. The second set defines the confidence of a business and I like to call them the Profitability rules. The third set defines the management of a business and I like to call them the Motivation or Communication rules.

Once those rules are understood, people can balance Quality, Profitability and Motivation. In other words, once those rules are established, people can establish goals and objectives.

Your \$2,500 Strategic Business Model will define each of these sets of rules for your business. Those rules (you have hidden for me to find in your reports) are the framework for your strategic business communication and measurement.

## **Summary: Owner’s Strategic Business Model**

If strategic planning is like making war on a map, this inexpensive Strategic Business Model will give you a map with which to make war. Then I will want to show you how to measure your business so you can drill down into those objects on the map to better understand their relationships.

Owners, your Strategic Business Model can be the basis for your team’s understanding and contribution to your goals and objectives. For the first time, it will integrate the “Big Picture” of your business.

The purpose of this document is to describe and price your strategic business model. Your business has a strategic business model hidden in your reports. Let me show how those facts objectively represent your vision.