

## **Are Your Teams “Seven Percenters” Killing Your Business?**

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**In my world of working with companies** to achieve their strategic plans through execution, we're always developing goals and objectives to work on achieving during a calendar year. So in the prospecting side of my business I met many executives and business owners who tell me how well they have things covered, but still wonder why business is not doing as well as it should.

Recently I was invited to spend sometime with a company and determine how what I do may be of use in improving the businesses. Now this is a substantial, F100, business with a few divisions. The first meeting I attended was a typical example.

My first thought was that these individuals were arrogant, pompous and full of hot air. I really wondered how they made any money for the company! They had excuses for everything and reasons galore as to why nothing was really happening. They down graded sales numbers and operating info. Prices were too high, the competition were cutting prices, vendors were screwing them, the government wasn't helping, the war in Iraq, and the price of gas really didn't help. I wondered if they could have found any more?

There was little to promote the conversation. No agenda, nothing positive, the customers weren't mentioned once. No solutions or ideas. Nothing!

After about 45 minutes of this they then turned to me and said “Hey, you're the consultant; what do you think?” I know they didn't want to hear anything. So I said, “OK, let me understand what it is each of you do” “What do you do on a daily basis? Your job roles?”

We listed the roles that each person was responsible for. I asked which role was determined to be the most critical to the process of developing their business?

Then I asked them each to list two or three of the most important priorities that each role need to be achieving. We came up with about 25 items and then prioritized that down to a mere 10 for simplicity. They all agreed these were it. If these things were not being achieved business was in the toilet. Each of them had some involvement in one or more of the items.

I then asked the Ops manager (COO), whose role was deemed to be the most important, how many hours he worked last week. 60hours. I asked how many of

the hours last week were devoted to the number one priority item on the list. He looked at me, lowered his eyes and said “None, last week.”

We then went onto the second item and received the same response. The fourth and sixth and eighth had some time spent on them which amounted to about 4.2 hours. That is 4.2 hours out of 60 hour week spent at work. That’s a whopping 7 percent of senior management time spent on the top ten most important objectives of this organization, in one week. It was, he agreed, a fairly normal week.

**So 93 three percent of the COO’s time** was spent on less important items. Some of the things he worked on were actually not even part of his job description. It makes a senior executive feel really important when put in that perspective. A seven percenter! A few more questions revealed similar patterns with the rest of the team.

### **The High Cost of Seven Percenters**

So if you figure that around that boardroom there was about a \$2 million annual salary expense. Which with a simple bit of arithmetic meant they were costing this company \$1,145 per hour. This was an expensive meeting in which nothing was resolved!

#### **Calculation**

$\$2,000,000 \div 12 \text{ managers} = \$166,666 \text{ per manager}$

$2,080 \text{ annual working hours} \times 7\% \text{ efficiency} = 145.6 \text{ efficient working hours}$

$\$166,666 \div 145.6 \text{ effective hours} = \$1,145 \text{ cost to the company per hour}$

Here was a first indicator of the problems facing this company. People had become over paid and were prepared to look busy to avoid performing. Managers worked on things they liked and could be seen to be doing something rather than working on the strategic priorities.

Just by highlighting this caused enough of a stir to realize that the process probably occurred all the way through the organization. Yes it all flows down hill. I had a new client.

How's your organization doing? How many Seven percenters are you supporting?  
Are you one of them?

The trick to resolving this conundrum is fairly simple. Make sure the overall company knows the strategic goals and the actions required to achieve them. Cascade this across and down the company. Monitor this monthly, if it makes sense to do it weekly, do it. Take action to resolve variations.

Many companies have Balanced Scorecards which help reduce this approach but often these become too large and complex to be of any value. A Balanced Scorecard is a great approach but it must be easy to use and understand. Then it will lead a business to success.

It's really just short interval control on an expanded strategic basis. Simple management 101 stuff. Just not common practice in the corporate world.

Maybe only 7 percent of the organizations are doing this? How's yours doing?

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Graeme Nichol, Principal, based in the USA, consults and speaks internationally. With experience in both management and consulting. Focusing as a strategy implementation consultant, which means execution, not undue analysis and time wasting studies.

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