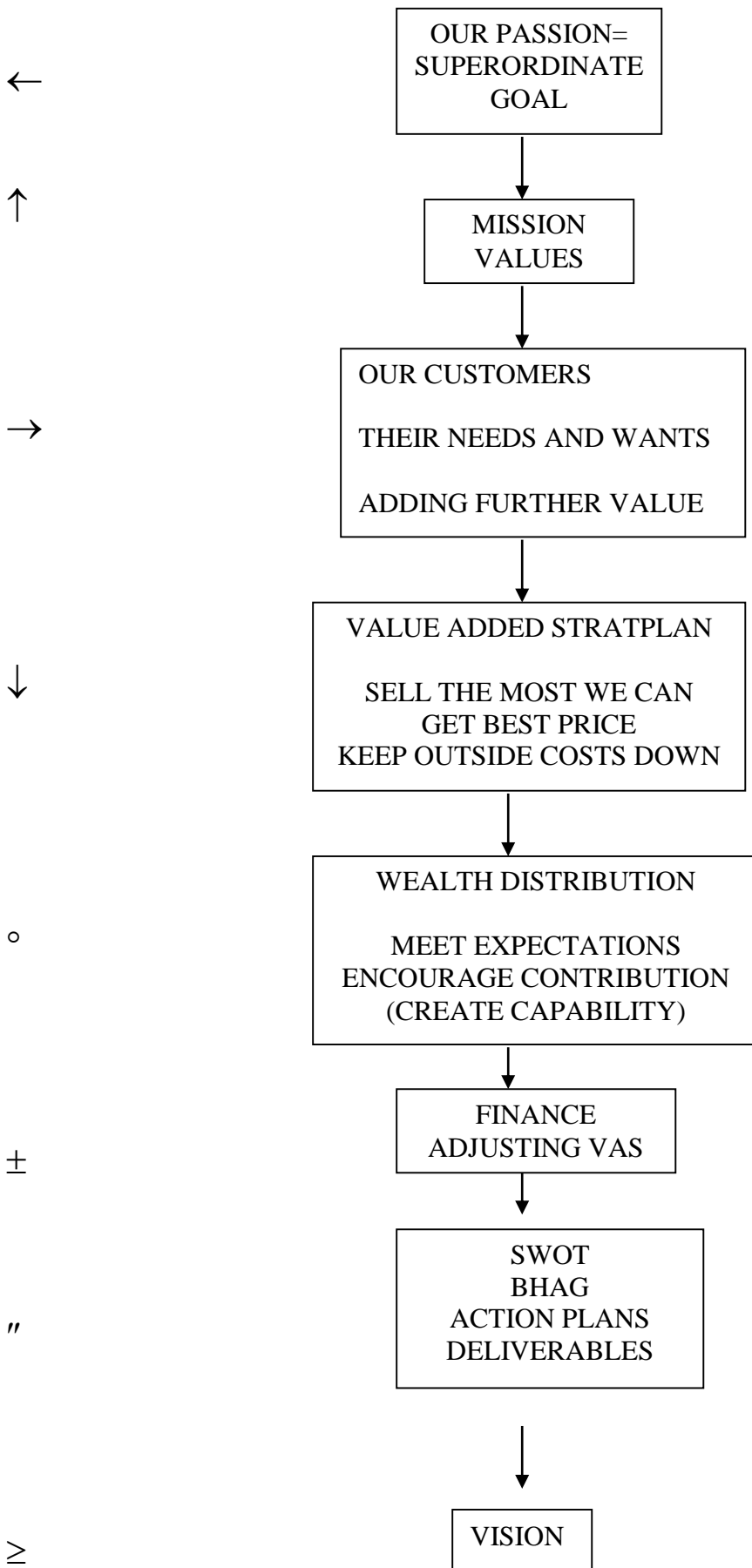


## **USING CONTRIBUTION ACCOUNTING<sup>®</sup> AS COMPANY OR DIVISIONAL/TEAM STRATEGY.**

**The pro's of using a Contribution Account<sup>®</sup> as a strategic and operational scoring template.**

- A method of sensibly and understandably linking the smallest operational activity to the overall performance of the company.**
- Forging a common fate focus on service excellence.**
- A total coherence in all measurements translating into strategic objectives and the company's mission and vision.**
- A practical way holding people accountable to measurements that make sense.**
- Enrichment of operational meetings.**
- An easily understood convention for employee reporting and information sharing.**
- Forming the base for a flexible pay system such as gain- or fortune sharing.**
- And many others.**

# VALUE ADDED STRATEGY TEMPLATE







**SECTION ONE ACTION:**

(Defining what we are or can be passionate about.)

Flipchart all of the points raised in Section 1 (A&B) and by vote or repetitive count condense them to no more than 5 for A&B.

Through discussion arrive at one broad concept that these five points represent. If there is more than one, prioritise into one single concept. Ideally try and fit the concept into one word. Examples are “innovation”; “invent”, “quality”, “serve”, “etc.”

Or arrive at a phrase such as: “quest for zero-defect”; “intolerant of mediocrity”; “determined to add value to others”; “driven by others’ needs”; etc.

In many cases the result may appear to be a cliché, or some statement associated with another company. As long as the result represents a concept about which all are, or can be passionate, then the statement can be redefined or put in a different way. It does not have to detail the product or service that you offer.

The result of this exercise can be moulded into a slogan that should authentically represent the “Super-ordinate Goal” of the company.

**SECTION TWO: (A)**  
**DEFINING MISSION. (Individual Exercise)**

Refer to the five points of passion that the group has defined, and take out the points (if any) that refer to self-interest or profit motive (e.g. make lots of money). Retain only those points of external interest, market or customer driven, or benevolent motive (e.g. authentic care, innovation, quality, and zero defects. Etc.) You may also omit “passions” that more appropriately fit individual behaviour (e.g. honesty, etc) or individual values. These will be accommodated in the company values.

Take the points remaining and by relating them to the product or service your company offers, create a Mission statement of not more than three or four lines.

OUR MISSION: (individual)

Now in sub-groups of 3-5 discuss each individual mission statement and arrive at a sub-group consensus of an appropriate mission statement. Again not more than 3-4 lines.

OUR MISSION: (sub-group.....)

Now representatives of each sub-group meet to design the group consensus of an appropriate mission statement for the company.

OUR MISSION: (Whole Group)

SECTION TWO (B)  
DEFINING VALUES.

Make a list of all of the most important things that you feel should constitute individual values in the way we behave towards each other, suppliers and customers. Some of these should be drawn from the list of passions that has been flip-charted. Remember “values” by their very nature have a benevolent motive. In other words they are not based on your own self-interest but on your behaviour towards others or how you would expect them to behave towards you..

INDIVIDUAL





SECTION 3 (A)

MARKET IDENTIFICATION:

WHO ARE OUR CUSTOMERS AND POTENTIAL CUSTOMERS?: (Sectoral. Need not be specific company names.)

Divide group into sub-groups of 3-4 or more as appropriate

OUR CUSTOMERS: SUB GROUP

Representatives of subgroups meet as group to list customers and potential customers.

OUR CUSTOMERS: GROUP

SECTION 3 (B)

MARKET IDENTIFICATION:  
WHAT DO OUR CUSTOMERS NEED AND WANT THAT WE HAVE TO OFFER OR CAN OFFER AS ADDED VALUE TO THEM?

Divide group into sub-groups of 3-4 or more as appropriate

OUR CUSTOMERS NEEDS AND WANTS: SUB GROUP

Representatives of subgroups meet as group to list customers' needs and wants.

OUR CUSTOMERS NEEDS AND WANTS: GROUP

SECTION 3 (C)

**MARKET IDENTIFICATION:**

**WHAT CAN WE OFFER FROM CURRENT OR NEW PRODUCTS AND SERVICES THAT CUSTOMERS MAY NEED OR WANT, BUT MAY NOT EVEN BE AWARE THAT THEY MAY NEED OR WANT THE PRODUCT OR SERVICE?**

Note: This requires some lateral and creative thinking. The best approach is to put yourself in the customer's shoes and by imagining how they add value, or transform the world around them, conclude how you can help them in this process.

Divide group into sub-groups of 3-4 or more as appropriate

OUR CUSTOMERS' <b>NEW</b> NEEDS AND WANTS: SUB GROUP



## SECTION FOUR (A)

### ADDING MORE VALUE OR CREATING MORE WEALTH.

#### GENERAL ECONOMIC CONDITIONS\*

1. International Scenario
2. Domestic Scenario.
  - a. Latest bank forecasts.
  - b. Exchange rate movements.
  - c. Interest rate movements.
  - d. GDE predictions.
  - e. Consumption Expenditure predictions.
  - f. Socio economic factors.

\*Researched and presented by Schuitema Associates, or independent economist/forecaster.

#### SECTORAL MARKET CONDITIONS\*.

1. In the light of general conditions, what are the prospects for our sector?
2. Latest trends in sales.
3. Latest trends in pricing.
4. Latest trends in competitiveness.
5. Market share analysis.

\*Researched and presented by Schuitema Associates in collaboration with client.















**SECTION FOUR (B):**

**HOW CAN WE SELL MORE?**

**Estimated Financial Implications:**

<b>SALES</b>	
<b>Action</b>	<b>Amount</b>
<b>Total sales</b>	

SECTION FOUR (B):

HOW CAN WE SELL MORE?

Estimated Financial Implications:

OUTSIDE COSTS	
Action	Amount
Total Outside Costs	





## SECTION FOUR (B):

## HOW CAN WE SELL MORE?

## Estimated Financial Implications On Wealth Distribution:

CAPEX				
Action	Amount	Interest	Depre- ciation	Equity ROI
Totals				





SECTION FOUR (B):

HOW CAN GET A BETTER PRICE?

Estimated Financial Implications On Wealth Distribution:

EMPLOYEES	
Action	Amount
Total Employees	

## SECTION FOUR (B):

## HOW CAN GET A BETTER PRICE?

## Estimated Financial Implications On Wealth Distribution:

CAPEX				
Action	Amount	Interest	Depre- ciation	Equity ROI
Totals				







SECTION FOUR (D):

HOW CAN WE REDUCE OUTSIDE COSTS?

Estimated Financial Implications On Wealth Distribution:

EMPLOYEES	
Action	Amount
Total Employees	

SECTION FOUR (D):

HOW CAN WE REDUCE OUTSIDE COSTS?

Estimated Financial Implications On Wealth Distribution:

CAPEX				
Action	Amount	Interest	Depre- ciation	Equity ROI
<b>Totals</b>				

## SECTION FOUR (D):

## ADJUSTED WEALTH CREATION ACCORDING TO PROPOSALS:

## Current Wealth Creation:

A

Sales	=	R_____
Less Outside Costs	=	R_____
Interest_____		
Gives Value Added	=	R_____

## Adjustments:

B

Sales	+/-	=	R_____
Less Outside Costs	+/-	=	R_____
Interest +/-_____			

## New Proposed Wealth Creation

C = A+B

Sales	=	R_____
Less Outside Costs	=	R_____
Interest_____		
Gives Value Added	=	R_____

SECTION FIVE:  
WEALTH DISTRIBUTION:

Company Latest Value-Added Statement

Sales	=	R _____
Less Outside Costs	=	R _____
Gives Value Added	=	R _____
Which is Shared:		
Employees	=	R _____ %
Savings (a + b)	=	R _____ %
a) Depreciation		_____
b) Retained		_____
Tax	=	R _____ %
Dividend	=	R _____ %

An analysis of Value-added statement by a member of Schuitema Associates against broad benchmarks.



SECTION FIVE (A)  
WEALTH DISTRIBUTION (Cont)

Representatives of subgroups meet as group:

Shortfall on Expectations: Employees: Group			
CRITERIA	DESIRED AMOUNT	CURRENT AMOUNT	SHORTFALL
Totals			



**SECTION FIVE (A)  
WEALTH DISTRIBUTION (Cont)**

Representatives of subgroups meet as group:

Shortfall on Expectations: Shareholders: Group			
CRITERIA	DESIRED AMOUNT	CURRENT AMOUNT	SHORTFALL
Totals			









SECTION FIVE (B)  
WEALTH DISTRIBUTION (Cont)

Encouraging Continued Contribution: Employees: Financial Implications On operational costs.		
Action	Cost	
	Total	







SECTION SIX:  
FINANCE

First Adjustment To The Value-Added Statement:

Shortfall On Desired Distribution:

Group	From Pages 37&39	From Pages 43&46	Totals
(A) Employees			
(B) Shareholders			

Adjust To New Desired Distribution

Sales	=	R _____	
Less Outside Costs	=	R _____	
Gives Value Added	=	R _____	
Which is Shared:			
Employees (Current + A)	=	R _____	____%
Savings (a + b)	=	R _____	____%
a) Depreciation		_____	
b) Retained		_____	
Tax	=	R _____	____%
Dividend	=	R _____	____%
SHORTFALL: = _____			

(Calculate above distribution as follows:

Deduct New Employees figure and Depreciation from Value-added.

Apply Company tax rate to remainder and allocate this amount to Tax.

Apply dividend cover policy (or standard 2:1) to remainder and allocate to Ret Income and Dividend.



SECTION SIX:  
FINANCE

Second Adjustment To The Value-Added Statement:

Adjustments:

From Page	Sales	Outside Costs	Employees	Depreciation	Retained
22					
23					
24					
25					
28					
29					
32					
33					
47 (A)					
47 (B)					
Totals					

(Note 47 A+B may have to be adjusted further if previous recommendations affect staff numbers, pay, or capex etc.)

SECTION SIX:  
FINANCE

Second Adjustment To The Value-Added Statement:

Adjust current figures according to page 48.

Sales	=	R_____	
Less Outside Costs	=	R_____	
Gives Value Added	=	R_____	
Which is Shared:			
Employees (Current + A)	=	R_____	____%
Savings (a + b)	=	R_____	____%
a) Depreciation_____			
b) Retained _____			
Tax	=	R_____	____%
Dividend	=	R_____	____%
SHORTFALL: = _____			

(Calculate above distribution as follows:

Deduct New Employees figure and Depreciation from Value-added.

Apply Company tax rate to remainder and allocate this amount to Tax.

Apply dividend cover policy (or standard 2:1) to remainder and allocate to Ret Income and Dividend.)

**SECTION SIX:  
FINANCE**

Final Adjustment To The Value-Added Statement: To be completed at the end of stratplan session.

Adjust current figures according to page 48.

Sales	=	R	_____
Less Outside Costs	=	R	_____
Gives Value Added	=	R	_____
Which is Shared:			
Employees (Current + A)	=	R	_____ %
Savings (a + b)	=	R	_____ %
a) Depreciation			_____
b) Retained			_____
Tax	=	R	_____ %
Dividend	=	R	_____ %
SHORTFALL: = _____			

(Calculate above distribution as follows:

Deduct New Employees figure and Depreciation from Value-added.

Apply Company tax rate to remainder and allocate this amount to Tax.

Apply dividend cover policy (or standard 2:1) to remainder and allocate to Ret Income and Dividend.)









SECTION 7 C  
OBJECTIVES, PLANS AND DELIVERABLES.

*(ENSURE THAT COPIES ARE MADE OF THIS PAGE FOR THE NUMBER OF GOALS OUTLINED IN 7 B)*

Assign sub-groups to each goal to design objectives.

GOAL: \_\_\_\_\_

Objectives
Actions
By Whom
By When





**SECTION 7 D  
FINANCIAL ADJUSTMENTS OF BHAG**

Representatives of subgroups meet as group:

<b>BHAG ADJUSTMENTS TO VAS: SUB-GROUP</b>		
Adjustment	VAS component	How much

Now transfer the adjustments to the VAS template on page 50 and discuss fine-tuning as a group.

**SECTION 8  
VISION.**

Out of the B-HAG, and other relevant issues raised through the stratplan, design a short vision for the company of not more than 20-40 words. This should cover where the company would like to be. It need not necessarily be time bound.

Divide group into sub-groups of 3-4 or more as appropriate:

Our Vision: Sub Group

Representatives of subgroups meet as group:

Our Vision: Group