



The
80/20
CEO

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in **100 Days**

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| | | Urgent | Not Urgent |
|----------------------|------------------------------|---|-----------------------------|
| Important | I (Manage) | <ul style="list-style-type: none"> • Crisis • Medical emergencies • Pressing problems • Deadline-driven projects • Last-minute preparations for scheduled activities | II (Focus) |
| | Quadrant of Necessity | Quadrant of Quality & Personal Leadership | |
| Not Important | III (Avoid) | <ul style="list-style-type: none"> • Interruptions, some calls • Some mail & reports • Some meetings • Many "pressing" matters • Many popular activities | IV (Avoid) |
| | Quadrant of Deception | Quadrant of Waste | |

Figure 02-01

| | | Products | |
|------------------|----------------------------|--|--|
| | | A = 3,416 Products | B = 31,419 Products |
| Customers | A = 248 Customers | 1 | 2 |
| | | Total sales = \$429,169,262 Sales % = 67.2% Gross Margin = \$211,849,951 GM % of Sales = 49.4% Customers = 248 Products = 2,692 | Total sales = \$82,195,533 Sales % = 12.9% Gross Margin = \$5,705,875 GM % of Sales = 6.9% Customers = 233 Products = 19,866 |
| | B = 2,062 Customers | 3 | 4 |
| | | Total sales = \$83,319,117 Sales % = 13.1% Gross Margin = \$39,073,677 GM % of Sales = 46.9% Customers = 1,300 Products = 1,193 | Total sales = \$43,558,715 Sales % = 6.8% Gross Margin = \$19,931,076 GM % of Sales = 45.8% Customers = 1,776 Products = 14,100 |
| | | Total revenue for 2009 - 2014 was \$638,242,627 with a Gross Margin of \$276,560,579. | |

Figure 02-01

[Redacted]

Benchmarks for Success

Evaluation Plan

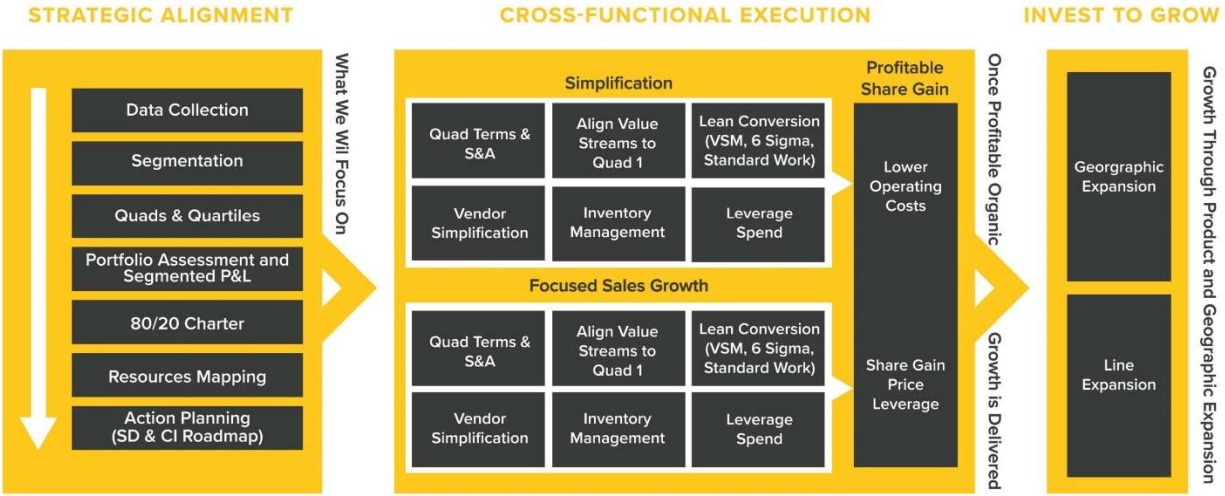
| Strategic Action Descriptions | Party / Dept Responsible | Date to Begin | Date Due | Resources Required | Potential Hazards | Desired Outcomes |
|-------------------------------|--------------------------|---------------|----------|--------------------|-------------------|------------------|
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |

Additional Notes

Figure 09-01

| | | Items | |
|------------------|---------------------|--|---|
| | | A = 875 Products | B = 10,397 Products |
| Customers | A = 93 Customers | 1 | 2 |
| | | Net Sales = \$353,162,402 (64.7%) Material Margin = \$236,311,094 Material Margin % of Net Sales = 66.9% Customers = 93 Items = 875 | Gross sales = \$99,069,165 (15.5%) Net Sales = \$83,335,746 (15.3%) Material Margin = \$54,042,606 Material Margin % of Net Sales = 64.8% Customers = 93 Items = 9,654 |
| | B = 1,005 Customers | 3 | 4 |
| | | Gross sales = \$95,639,992 (14.9%) Net Sales = \$83,757,081 (15.3%) Material Margin = \$54,884,733 Material Margin % of Net Sales = 65.6% Customers = 998 Items = 93 | Gross sales = \$29,109,923 (4.5%) Net Sales = \$25,581,984 (4.7%) Material Margin = \$15,022,407 Material Margin % of Net Sales = 58.7% Customers = 988 Items = 9,007 |

Figure 12-01



A FRAMEWORK TO ACHIEVE PROFITABLE SHARE GAIN THROUGH 80/20 FOCUS

Figure 07-01



Figure 08-02

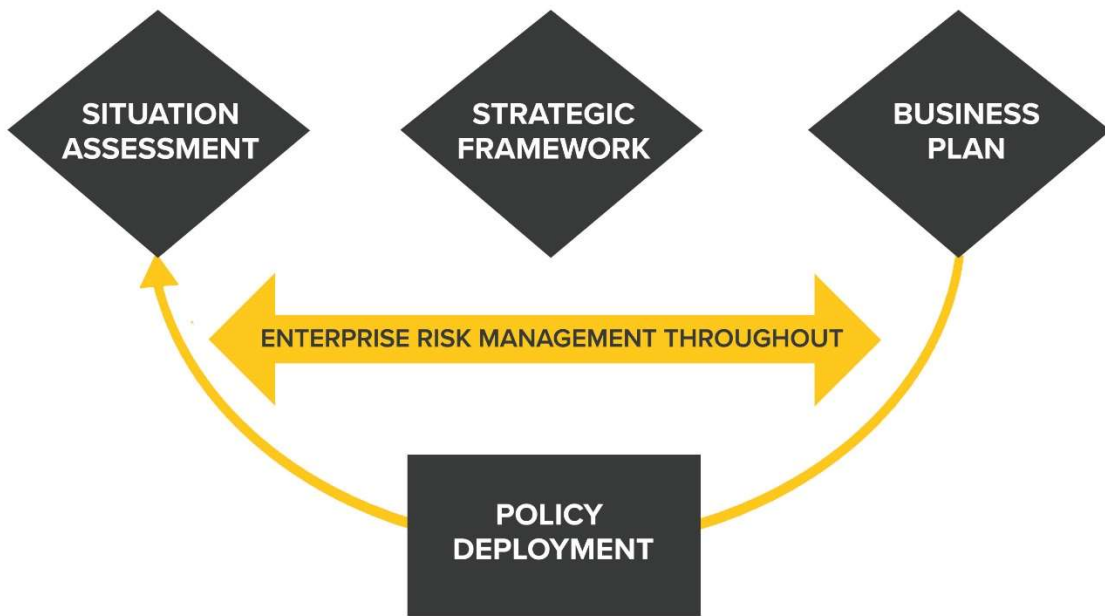


Figure 10-01

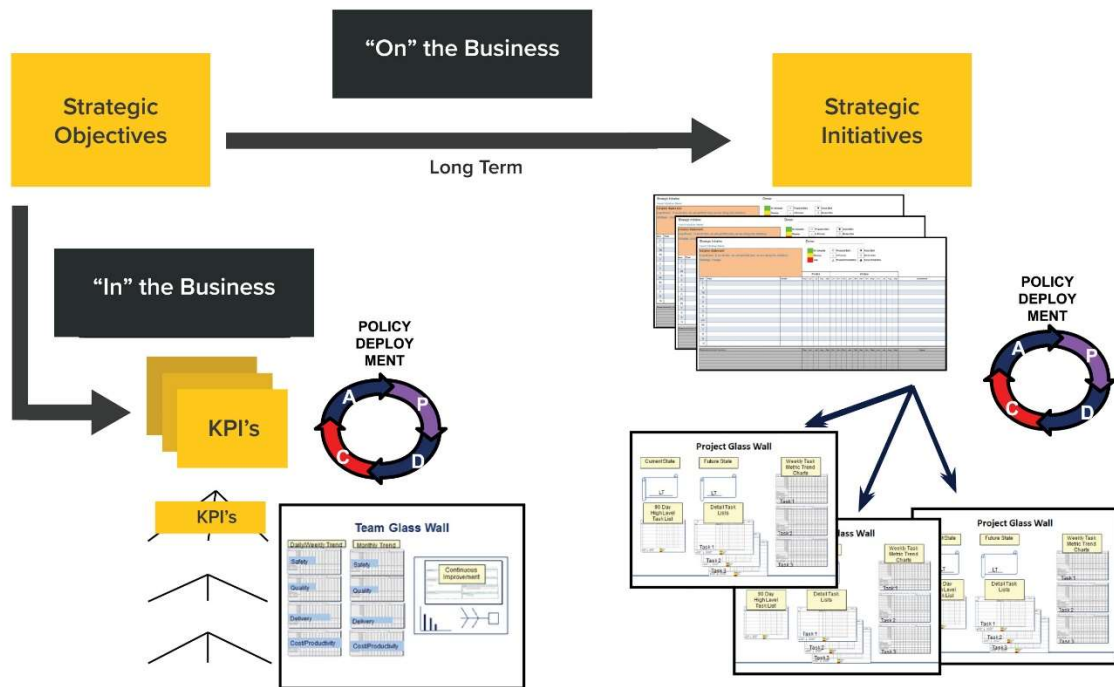


Figure 13-01



Figure 16-01

| Metric | Description | Goal "What does good look like" | Rule of Thumb | Operational Levers | Pay Attention To | Tools | Comments |
|--|--|---|---|---|--|---|--|
| Revenue | Sales | 200 bps > market growth annually > 8 % annual organic target | Mid- to high-single-digits annual organic growth; exceed market growth | Market & geography expansion, pricing, channel strategy / commissions, NPD, M&A | Order intake, backlog, deal pipeline, GM%, price/mix, % rev from target markets & geography; recurring revenue | Portfolio management, PVM analysis, M&A, NPD, SMP, PD | Needs to be higher than market. Shows we are taking share from competitors. |
| EBITDA | Earnings before interest, taxes, depreciation and amortization | Improve EBITDA margin by > 100 bps annually | Low- to mid-double-digit annual growth Need a "path to 25%" and beyond | Growth, pricing, cost reductions, operating expenses | Margins, productivity, capacity utilization, quality, backlog, headcount | Lean, 80/20, talent, PD, operating budgets | Growth % needs to be higher than revenue. Shows we are efficiently leveraging assets. |
| Working Capital | Current assets – current liabilities | Mature < 20% of revenue Stable 20% - 25% New/expanding > 25% | Mature < 23% Stable 23% -27% New/expanding > 27% | Payment terms and conditions, inventory levels | Primary working capital metrics: DSO, DPO, DIOH | 80/20, lean, B/S ownership, daily meetings | Balance between providing good "service" and managing cash. Generally takes good process to fix |
| Capital Expenditure (CapEx) | Funds used to acquire or upgrade physical assets | | | | | | |
| Free Cash Flow | Net Income – (CapEx + ΔWC) + D&A | 150% Net Income | Needs to be > NI 125% is okay | Growth: Sales Efficiency: Margins, NWC, Fixed Capital | Sales, SG&A, CapEx, Inventory, DSO | 80/20, lean, PD & operating reviews, OpCo authority | It's the fuel that we use to grow the business; comprehensive assessment of performance. Cash is king! |
| Investment Leverage (IL) | EBITDA / Gross PP&E + WC | | | | | | IL is used at the operating-company level. |
| Cash Return on Investment (CRI) | Net Income + D&A – Maintenance CapEx / Gross PP&E + WC | | | | | | CRI is used at the enterprise level. |

Financial

Fig. 17-02: What Financial KPIs look like: financial metrics

Figure 17-02

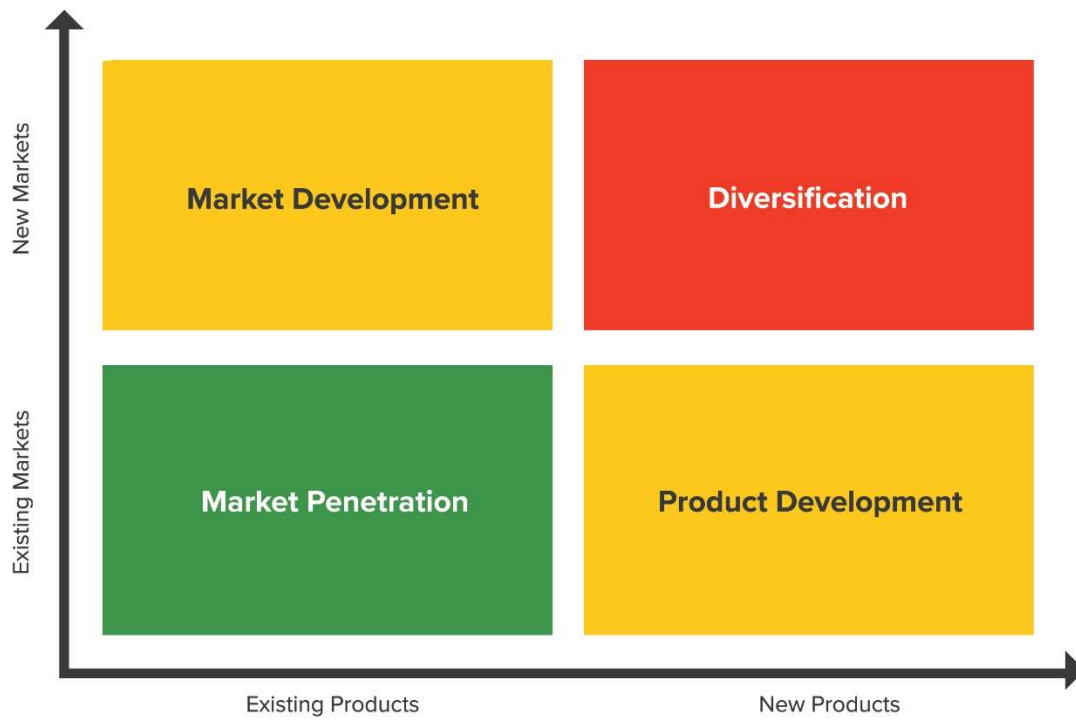


Figure 17-03