

# LIFE CYCLE INSIGHT™

Assessment Report for  
***ABC Corporation***

## SAMPLE REPORT

**PREPARED BY:**

**F A U S T**

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## Life Cycle Assessment

Each item on the questionnaire represents a clue to what is happening in the organization and helps us determine two things: Where the organization is in its Life Cycle development and what it needs to do to improve as a successful organization. The Life Cycle graph (Figure 1) indicates the relative strength of the clues for each Life Cycle phase. The letters A-G are used to represent the phases on this graph.

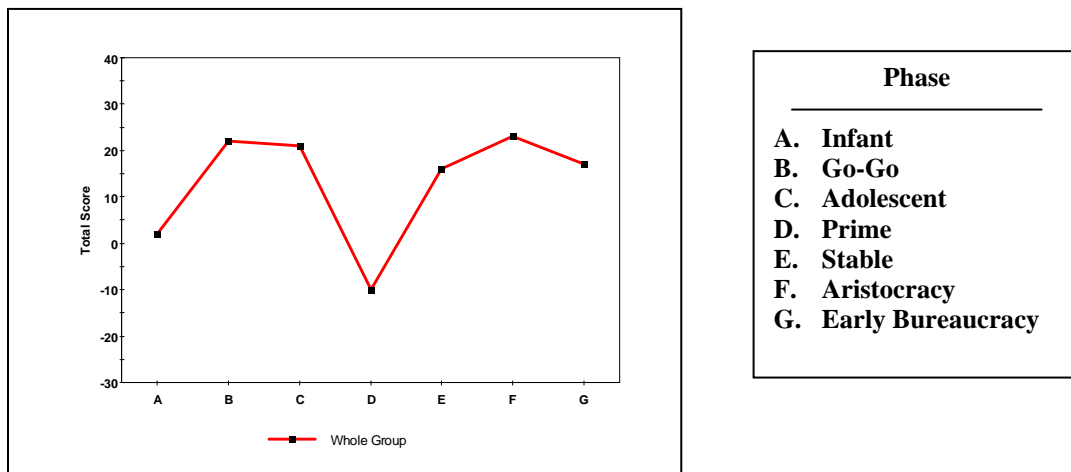


Figure 1. Relative Strength of Clues to Life Cycle Position.

As can be seen in the graph above, the Go-Go (B), Adolescent (C), and all three aging phase scores (E, F, G) are high and the Prime phase score is low.

The high Go-Go and Adolescent scores are both impacted by reports of some positive characteristics typically found in growing organizations. These include a general sense of optimism and results orientation, and a growth in revenues. However, each of these scores is also impacted by reports of challenges which are typical of these phases.

The high **Go-Go** score is primarily driven by six patterns of typical Go-Go phase challenges.

1. Short Term/Reactive.
  - We hire tomorrow those we needed yesterday.
  - We are short-term oriented.
  - We are reactive rather than proactive.
  - We throw people at jobs without proper introduction/training.
2. Unclear Plans and Goals.
  - Goals are unclear.
  - We set goals we can't achieve.
  - We do not have a clearly defined long-range plan.

3. Lack of Focus.
  - We have too much firefighting.
  - We are doing too many different things.
4. Management and Employees Spread Too Thin.
5. Lack of Empowerment/Delegation, Participation.
  - One person show.
  - Decision making is not delegated.
  - All ideas must come from the top.
6. Problems with Implementation and Follow-through.
  - We regularly shoot ourselves in the foot.
  - Systems started, but we don't follow them.
  - Too many projects started that fail.

It should be pointed out that delegation related items were reported by about 20 - 35% of respondents while the other items above reflect even stronger agreement, 45 - 75%.

The high **Adolescent** score is also driven by the lack of clarity on plans and goals as well as reports of conflict and a lack of teamwork in the organization.

1. Too much unproductive conflict/lack of teamwork.
  - Backbiting.
  - We spend too much time fighting one another.
  - Departmental or divisional parochialism.
  - Too much we-they.
  - Too many scapegoats.
  - Too many unproductive meetings.
  - Top management split on where to go and what risks to take.

It is also impacted by some challenges in the alignment of strategies, structure, and reward and recognition systems.

2. Strategic Alignment issues.
  - We don't have a clearly defined long-range plan.
  - Top management split on where to go and what risks to take.
  - Organizational structure is not right for our mission.
  - Organized around people, not functions.
  - Incentives not in sync with company goals.

The low **Prime** score is partly an artifact of the high scores on all the other phases and the related reports of non-prime symptoms as much as it is the absence of Prime characteristics. In fact, several Prime characteristics are reported. These fall roughly into three patterns and include:

1. Encouragement of Risk Taking, Openness and Change.
  - Risk taking is encouraged.
  - Key executives respect one another.
  - Key managers are willing to support change.
  - We regularly create new products, businesses, and/or profit centers.
  - Employees are encouraged to voice problems, concerns and opinions.
2. Systems and Controls.
  - Our long-range plan is well coordinated with annual plans and budgets.
  - We regularly measure actual versus planned performance.
  - We follow systems and policies.
  - Management is in control of the organization.
  - Expenses are under control.
3. Predictable Performance.
  - We regularly meet or exceed our goals.
  - Our performance is predictable.

The three **Aging** phase scores are generally driven by the same factors. However, the Stable and Aristocracy scores are more driven by patterns of responses that represent positive characteristics of mature organizations. These characteristics of a mature organization generally revolve around the topic of Organization and Control and include:

- We follow systems and policies.
- We generally meet or exceed our goals.
- Our performance is predictable.
- Our long-range plan is well coordinated with annual plans and budgets.
- We regularly measure actual versus planned performance.
- We get enough information to make decisions.
- Our billing procedures are sound and well followed.
- We have good credit policies.
- Expenses are under control.

The scores on the Aging phases also indicate the presence of more challenging characteristics of an Aging organization including:

1. Difficulty in Facing Tough Issues.
  - We don't discuss the difficult issues.
  - Too many excuses.

2. Weaknesses in Performance Management.
  - We reward getting along more than producing results.
  - There are no negative consequences for poor performance.
  - We accept mediocrity.
  - We don't challenge our people.
  - Too much deadwood.
3. Growing Bureaucracy.
  - Too many unproductive meetings.
  - Too many systems.
  - Too many rules.
  - Too many managers, not enough action.
4. Outdated Products and Technology.
5. Unresponsive to Markets.
  - We are slow to respond to market needs.
  - We don't worry enough about our competitors.
  - Our prices are too high.
  - Outdated products and programs.
6. Declining Results.
  - Too many customer complaints.
  - Low productivity.
  - We are losing market share.
  - We are losing profitability.

### Life Cycle Position

Taken together this data indicates that ABC Corporation is in the middle of its Adolescent phase. It is still growing and still suffers from some Go-Go challenges in addition to the typical Adolescent challenges. This double burden appears to be retarding the company’s progress to Prime and it is beginning to show signs of prematurely Aging. The company appears to have lost momentum in its drive to Prime and is moving on a premature Aging course. A focused effort to address the Aging characteristics and their causes (key Go-Go and Adolescent problems) will be needed to bring ABC Corporation back on the road to Prime.

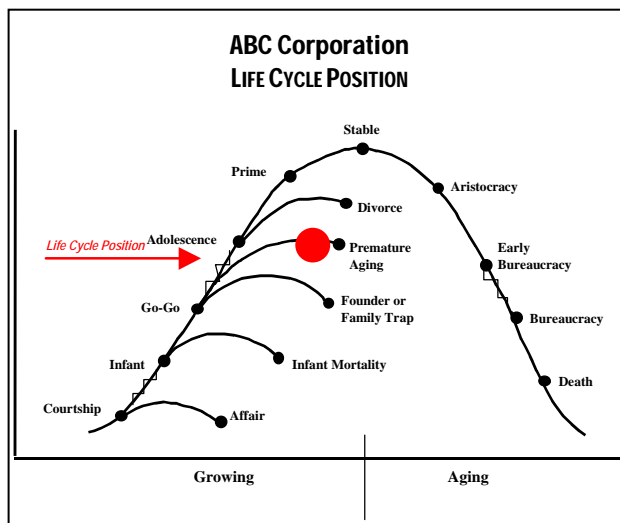


Figure 2: The current Life Cycle Position of ABC Corporation.

## Life Cycle Warning Factors

The questionnaire also provides some preliminary data on three Life Cycle Warning Factors. The scores on these factors are represented in Figure 3. Low scores represent strength while high scores on these factors indicate a problem. Scores over 5 are in the area of concern. Scores from 0 to 4 are mild, and negative scores indicate strength.

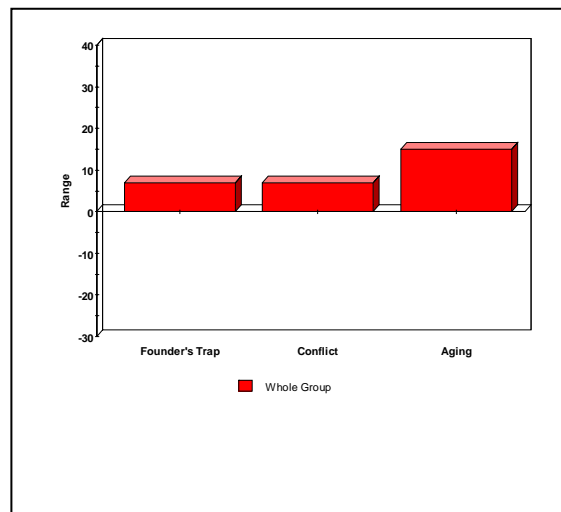


Figure 3. Life Cycle Warning Factors for ABC Corporation.

**Founders Trap:** The founders (leaders) trap score indicates the extent to which the organization is overly dependent on the skills and/or is under the over-control of the founder a strong leader or an owning family. High scores indicate a lack of delegation of authority or decision making, and/or limited participation in idea generation and decision making by people throughout the organization.

The Founder's Trap score for ABC Corporation is in the area of concern. Most respondents report that key managers and employees are involved in planning and decision making and the company is open to input, ideas and expressions of concern from employees. These reports represent strengths. However, there are also reports the organization is a one person show where decision making is not delegated and all ideas must come from the top. There appears to be too much blaming and scapegoating when problems arise, and insufficient teamwork in top management.

**Conflict:** The Conflict score focuses on the level of unproductive conflict and the lack (or lack of quality) of teamwork in the organization.

The Conflict score for ABC Corporation is also in the area of concern. Although there are strong reports that key executives respect one another, there are also reports that top management is split on where to go and what risks to take and does not work together well enough. Most (75%) of respondents report too much we-they, and departmental/divisional parochialism as barriers to teamwork. 25 – 40% of respondents also say we spend too much time fighting one another and backbiting.

**Aging:** The Aging score is supportive of the Life Cycle analysis and focuses on identifying the presence of general Aging tendencies even in growing organizations.

As would be expected from the Life Cycle data the Aging score for ABC Corporation is well into the area of concern and represents a real challenge for ABC Corporation. Key areas of challenge were identified in the Life Cycle Analysis section of this report. They include challenges with performance management, growing bureaucracy, market responsiveness, and overall performance.

The aging at ABC Corporation is reversible. Focused, well directed efforts to build the company's customer and market responsiveness, to clearly define key performance indicators, and to manage to them, should help significantly to put ABC Corporation back on the road to Prime.

## **Analysis of Clues**

An effective and efficient improvement effort should focus on areas the organization can control and which are causes not symptoms. The Executive Insight® Guide Sheet (attached) can help you understand the cause and effect relationships between strengths and weaknesses at ABC Corporation. It shows the 11 categories that clues can be divided into, provides a general description of each category of clues and illustrates the cause-effect relationship between categories.

Generally cause-effect runs left to right, top to bottom on the Executive Insight® Guide Sheet. Culture issues are both effects and causes. That is, as companies begin, a culture emerges (effect) and thereafter that culture begins to color all we do. It colors our decisions, how we react, what we reward, how we treat customers, etc.

The Life Cycle Clues and Strengths list are provided to indicate key areas of strength and weakness at ABC Corporation in cause – effect order and by category and sub pattern. The same categories are used as are presented on the Executive Insight® Guide Sheet. You will notice that sometimes both weaknesses and strengths appear in the same areas (patterns). This is because of the subtle differences in the item or because different people in the organization had different opinions regarding what are strengths and weaknesses based on the items they selected on the questionnaire.

A look at the key patterns for ABC Corporation would indicate that:

### **Culture**

Strong in optimism, willingness to stretch to achieve goals, and encouragement of risk taking and change.

Needs work on becoming more proactive, managing for high levels of performance, facing and tackling tough issues, and building teamwork on the management team and between departments.

### **Strategic Factors**

#### *Purpose and Direction*

Leadership of the organization is strong, respected and in control. The goals and budgets are well communicated. However, there are concerns that long-range plans are poorly defined, goals are unclear and overly optimistic, and the organization is unfocused (e.g., everything is a priority).

#### *Structure and Delegation*

Jobs and responsibilities are clear and key people are involved in planning and decision making. Still there seems to be room for improvement in terms of building a structure that is better designed for the company's mission, delegating to individuals, and building individual accountability and responsibility.

*Information and Controls*

There appear to be strengths in budgets, controls and processes. The company measures budget to actual variances, and people make decisions and take corrective action based on the information they receive. The company appears open to input and generally communicates well.

Challenges lie in the accuracy and timeliness of information and balancing individual with team effort (e.g., too much management by committee and too top down in terms of idea generation).

*Rewards and Recognition*

Strengths lie in pay, benefits and recognition though some are concerned incentives are not in sync with company goals.

**Strategic Factors***Customer Interface*

Work needs to be done to make the company more market and customer oriented. Work on building better understanding of and responsiveness to the market in terms of strategies, products, programs, and improving the management of the sales effort all appear to be indicated.

*Transformation*

The company is strong in systems, including efficiency of work flow and preventive maintenance. Weaknesses lie in follow-through on systems, adequacy of facilities (to accommodate growth). There are conflicting views on the appropriateness of inventory levels and concerns about waste in manufacturing processes.

*People*

People believe we hire well, but too late. They like the performance reviews, but management for performance is reportedly too lax.

People are spread too thin and there are reports that not everyone is contributing equally to the effort.

*Money*

Accounting and credit and expense controls are strong. However, cash management systems and the availability of capital are areas of concern.

**Results**

The company is growing and its results are predictable. Yet there are too many projects started that fail, and productivity is reported to be low. Some feel we have too many customer complaints, morale is low, stress is increasing, and the company's profits and market share are in decline.

**Suggested Activities:**

The challenge in any organization is to create change by working on weaknesses while using or enhancing the strengths.

Based on this, and the preliminary assessment, it appears that the improvement efforts at ABC Corporation should focus on:

- a) Helping the organization become more preplanned, proactive and focused.
- b) Building clarity of and agreement on plans and directions.
- c) Improving teamwork (especially between departments).
- d) Becoming more market responsive.
- e) Building accountability, responsibility and managing for higher levels of performance.

The following activities would help to achieve these results:

1. By starting with a customer focused, team-based strategic planning process it appears that ABC Corporation could make progress in all of the above areas. Key areas of this process would include:
  - Analysis of key areas (especially markets and customers) by cross functional teams (e.g., one team focuses on “Current and Future Customers and their Needs,” another team on “Competitors and their Strengths and Weaknesses,” etc.).
  - Solid discussion and strategic thinking to clarify and create agreement on the company’s positioning and strategy for the future and a few (e.g., 3-6) major thrusts and assignments for the coming year. *Note: decide what not to do while deciding what to do.*
  - Regular monitoring of project progress through the next year.
2. Improve meeting, decision making and problem solving processes.
  - More structured processes.
  - More concern about group process
3. Regular management meetings that focus on review of performance, identifying gaps between plans and performance and involve problem solving and decision-making activities that create action plans will help maintain focus, improve performance, and reinforce accountability.<sup>1</sup>

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<sup>1</sup> Recommend reading:

“How to Turn your Monthly Meeting into a RAP (Review and Action Planning) Session.” Faust Management Corporation Management Briefing #112, 1990.

“Responsible Managers Get Results,...” by Faust, Lyles, Phillips, (Amacom) 1998.