



# How to Build a Successful Operational Review Program

A Toolkit for Breaking Down Silos  
and Achieving Big-Picture Goals

# Are Silos Crippling Your Business?

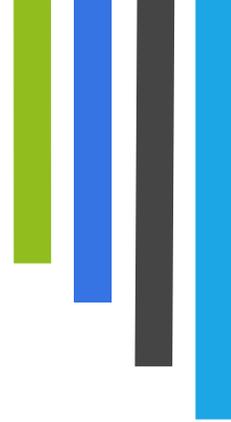
So much suffers in the shadow of organizational silos. Employee performance lags. Redundancies are rampant. Internal competition thwarts innovation. And a general lack of motivation leads to diminishing morale.

But these are all symptoms of the silo effect, not root causes. The silo mentality starts at the top.

That means it's the responsibility of executive management to recognize the formation of silos, embrace the need for change at the root level, and implement an action plan to break them down. Only then can the organization truly make progress toward its goals.

**Our operational review program toolkit offers an approach to break down silos and get traction on organizational goals.**





**Inside, you'll find a plan that encourages progress toward goals through teamwork, common goals & collaboration.**

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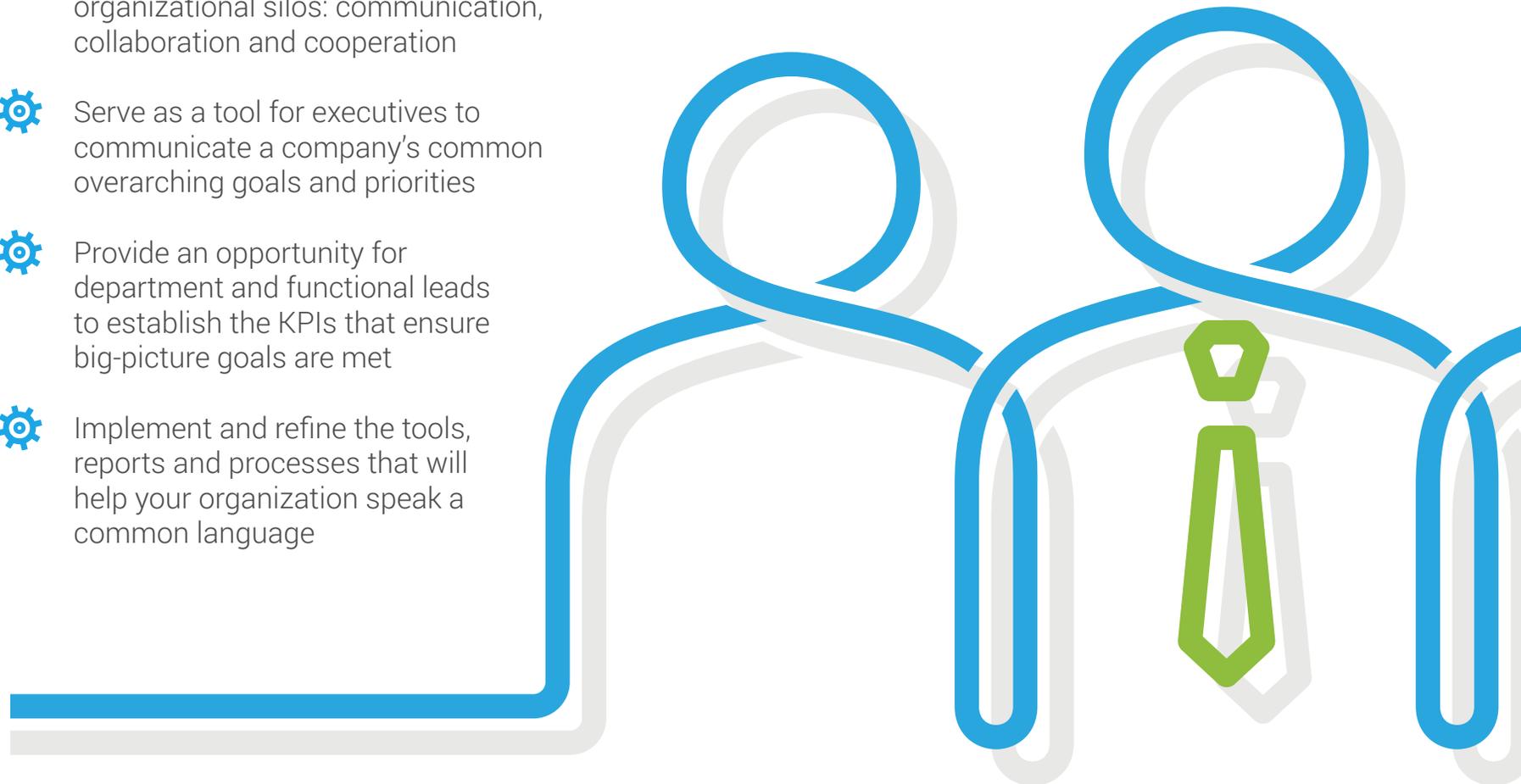


# What is a Operational Review Program and How Can It Help?

An operational review program is an internal process designed to help teams, across all departments and geographies, work together toward common organizational goals. Much of this is accomplished through a strict meeting regiment that allows cross-functional teams to collaborate, make actionable decisions and collectively take a forward look at the business.

## Your operational review program can help achieve the following:

-  Foster the 3 C's that break down organizational silos: communication, collaboration and cooperation
-  Serve as a tool for executives to communicate a company's common overarching goals and priorities
-  Provide an opportunity for department and functional leads to establish the KPIs that ensure big-picture goals are met
-  Implement and refine the tools, reports and processes that will help your organization speak a common language



# Step 1: Identify Meeting Attendees

Operational review meetings are typically led by the highest-ranking executive of your organization. For example, for an area operation with multiple regions, the meeting should be led by the Area General Manager or President. Companies in multiple regions should hold multiple meetings (on the same day).

In addition to executive support, attendees should be comprised of senior managers/area leads who will serve as regular spokespeople for their respective divisions and/or locations.



**Who:** Finance Lead

**Role:** Presents financial forecast data. Collects data and commentary from all departments as required by a standard reporting package. Prepares and distributes operational review package with reports for all departments. Finalizes actions from each review and oversees their completion.

**Tip:** For more help, get our [financial forecasting process guide](#). It offers best practices to help enterprises improve the predictive value of their financial forecasts.



**Who:** Business & Department Leads

**Role:** Serves as the primary decision maker from each business or functional area. Speaks to how company goals will be met through KPIs. Business leads will vary by company and industry, but typically include: Human Resources, Sales, Marketing, Production, Quality Control, Information Technology, Facilities.

**Tip:** Once your Review Program is well-established, think about including a “next-in-line” senior resource for training purposes. That person will be well-poised to take over if needed in the future.



**Who:** Executive Assistant or Non-Departmental Lead

**Role:** Serves as the single, dedicated source to manage meeting invitations and recurring calls or meetings. Handles logistics, including emailing all participants (across multiple regions) within 24 hours of the last scheduled call for that day, giving area leadership time to address any unresolved, time-sensitive actions from the meetings. Records notes and action-step commitments, then carries them into the next month’s reporting package.

**Tip:** Set meetings for the same day and time each month; up to 6–12 months in advance.

## Step 2: Implement Standard Reporting Measures

### Apple to Oranges?

If different regions, business units or divisions measure results in different ways, how can you possibly roll them up and track progress against a common goal?

### Standardization is Key

To ensure all teams are thinking outside of their silos and “speaking the same language,” it’s critical to implement standardized reporting measures. This includes:

-  **A Reporting Dashboard** (also referred to as a “balanced scorecard”) that provides a real-time, consolidated overview of the top-level metrics that will help achieve organizational objectives. This is especially helpful in giving executives a snapshot of different business regions/units as they set high-level goals.
-  **A Standardized Reporting Package** that works behind your reporting dashboard to give each area of your business the ability to drill down to more detailed reports and evaluate specific metrics. This helps provide rationale for decisions and action items that arise in the operational review meeting.





## Which detailed reports should I use?

This will vary based on your company's specific goals, but here are some common examples broken out by department.

### Finance

*Forecast should contain:*

- Year-to-date actual; year-to-go forecast
- Trended income and expense report
- Comparisons of Actual-to-Budget; Forecast-to-Budget; Year-over-Year
- Other time periods deemed

### Sales

*Report should contain:*

- Review of Sales metrics by category, sales channel, product, service sales rep, etc.
- Review of Sales pipeline and forecast as related to the financial forecast
- Identification of requirements and risks that impact forecast, hiring needs, facilities, resources, etc.

### Human Resources

*Report should contain:*

- Employee Attrition data
- List of open positions, hiring pipeline, or any issues impacting placement
- Headcount summary (i.e., department, position, level)
- Recruiting analytics (i.e., number of days resume to hire, cost to hire, candidate sourcing channel metrics/productivity)
- Forecasted spending (i.e., training, meetings, recruiting costs)

### Marketing

*Report should contain:*

- Review of forecasted campaigns
- Update on existing marketing programs and campaigns
- Review planned programs

### Other

- Facilities: review forecasted projects and expenditures (i.e., facility, people, materials)
- IT: review forecasted projects and expenditures, and any new requests for IT support and/or systems
- Quality Control: review metrics for prior time periods; special requests for resources; identification of risks
- Production: review of labor and equipment utilization; identification of issues impacting business

## Step 3: Evaluate Key Performance Indicators

Key Performance Indicators (KPIs) measure the quality of your organization's performance, helping to benchmark progress and bridge the gap between goals and results. Before you set your review process into motion, be sure you clearly identify your KPIs across each business unit to ensure they align with your company's high-level goals.



### Which KPIs should I use?

There are no hard and fast rules on the best metrics to use, since your KPIs should be unique to your company's goals. The following chart touches on just a few common examples of KPIs, by department.

Finance	Human Resources	Sales & Marketing	Facilities & Production	IT Operations
Trended sales summary (last 12 month actual with company goal)	Employee turnover rate (by region, role, level, years of service, etc.)	Sales pipeline	Energy performance	Cost per employee, customer, etc.
Gross margin (\$ and %)	Recruiting cost as a percentage of revenue or HR budget	Revenue and gross margin from products/services sold (e.g., region, sales rep, business unit)	Overall equipment effectiveness and utilization	Summary of IT Projects with cost/headcount requirements
Operating profit (\$ and %)	Average training hours per employee	Sales & marketing cost as a percentage of revenue	Lost time due to accidents per total hours worked	
Net profit (\$ and %)		Customer or product profitability	Repairs & maintenance cost as a percentage of revenue	
Days sales outstanding		Customer lifetime value	Production backorder summary	

## Step 4: Set Your Meeting Agenda

You've assembled the right players, developed a standardized reporting package, and established KPIs to keep everyone on the same page. Now it's go time! Your operational review meetings, which should be scheduled as a regular, mandatory occurrence, should follow a similar regiment each time. Here is a framework to help you get started.

### Meeting Introduction

Executives or company/areas leads typically kick things off by presenting high-level metrics, which set a collective goal (or goals) for the company.

For example: "Our overall sales for the company are projected to fall short of our goal by \$XX this year due to a decline in sales in your area. This shortfall will decrease net profit for the year by \$XX. Let's discuss immediate steps to get sales back on track and/or cut expenses so we can meet our net profit goal..."



## Departmental Reviews and Presentations

This next portion, which will be the bulk of your operational review meeting, is a forum for team leads to discuss potential solutions to reach that common goal. Each team should access pertinent data from their reports to support their ideas; then collaborate with other departments on the feasibility of those ideas.

 **For example:** To boost sales and reach our net profit goal, can we hire additional sales reps for that area? Are other factors, like outstanding invoices or production delays, also impacting net profit? What are the reasons contributing to outstanding invoices or production delays?

## Examples: Sound Bites from an Operational Review Meeting

We just laid out the framework for an operational review agenda. But when it comes to Departmental Reviews and Presentations, what, exactly, is discussed?

The following sample narrative offers a deeper look at the nature of those collaborative discussions. To jump ahead to tips for after the meeting, click below.

[Jump Ahead](#)





### Executive/Area Lead of a Manufacturing Firm

“Our overall sales for the company are projected to fall short of our goal by \$XX this year due to recent decline in sales in your Area. This shortfall decreases net profit for the year by \$XX. Let’s discuss immediate steps to get sales back on track and/or cut expenses to meet our net profit goal. Let’s also assess the ease of implementing these strategies and potential risks to the overall business as well as impact on each department, business unit, quality, product, safety and so on.”

Jump Ahead



## Finance

“Looking at the Sales & Marketing metrics for your Area, you are forecasting to spend 5% of revenue for sales and marketing, which is on par for the annual plan. But I see you’re underspending this year. I looked at your headcount summary in the reporting package this month and see no plans to hire a replacement for the budgeted sales rep who left 4 months ago. Can we hire this additional sales rep immediately to start pushing sales in your Area?”

“Also, I see Facilities costs are still trending up. We are forecasting to spend \$XX more than we budgeted for due to equipment repairs that weren’t in the budget. Can we cut these expenses by 50%? Looking at the cost to hire employees in your area, you are projecting to spend twice as much per new-hire and average salaries are projected to be 10% over the budgeted salaries for these roles. Let’s stick to the plan, reduce our cost to hire and comply with the budgeted salaries for production roles.”

“Finally, I’d like to call everyone’s attention to the Days Sales Outstanding Report. Our collection issues are causing this metric to increase. Looking at the Accounts Receivable details, we have two big customers who have had invoices outstanding for 180+ days – if we do not collect, it will affect our profit goal. What’s going on? Are they going out of business, or will they pay us this year?”

Jump Ahead



## Business Development

“We are actively seeking to hire a new sales rep for our Area. Our Average Time to Recruit Report shows it will take at least 3 months. We made an offer last month who declined the offer.

“To make matters worse, we are nearing the end of the calendar year and most sales reps will stay put until end of December to get their bonus payout at their current company. And by the way, the same applies to our staff; we usually lose 1-2 of our best reps at the end of the year. It will be harder to retain our Biz Dev staff next year if we don't hit our company net profit -- as this will significantly reduce their bonus. So I think we need to plan on hiring more sales reps if we have a lot of attrition at year end.

“But the real issue for sales has been not being able to ship product to our customers due to our short-staffed manufacturing department and equipment. The Backorder Report shows that if we step up production and ship 90% of the back orders, we can hit our sales goal for the year.

“Regarding the outstanding invoices: those two customers will not pay until we deliver on our promise to fix the defective products we sent them, so we need to get this fixed soon. I know production is short-staffed but can we outsource or bring in contracted help?”

Jump Ahead



## Human Resources

“As you can see in the KPI Dashboard, employee turnover for your Area has been trending up this year. The summary report shows that we are having trouble keeping people in production, and 92% of those who left voluntarily did so because of pay. I don’t think hiring more people to make up for the higher turnover rate is the way to go, and I don’t think we should bring on contractors.

“Look at the cost to recruit employees for production and the cost to train them. Moreover, we know that most of the lost time due to accidents in the workplace has been with employees under one year of employment with our company and contractors. Our metrics show that it takes 1 month to hire and train an employee for production. The cost for contractors is about 50% more than full-time permanent hires and turnover with contractors is extremely high. We attributed 80% of our product defects to work performed by contractors.”

“For those reasons, I don’t think we should be outsourcing our work. We should hire more production staff now, and run a third shift to get those back orders out and fix the defects. But we may run into an issue once we are caught up; unless we have higher demand next year, we’ll have to lay some employees off or labor utilization will go down and cost per product will go up. If we are hiring production staff at a higher wage just to get them in the door, our turnover rate will improve which will further diminish our productivity. We need to consider the cost for laying people off next year.”

Jump Ahead



## Facilities

“You can hire all the people you want and add that third shift, but that’s not going to do any good unless we can get these repairs done. I don’t have staff to make all these repairs to ensure equipment can run efficiently and uphold our quality standards. I would need to bring in an outside company to repair machinery immediately.

“I estimate it will cost \$XX to do this, but we could be up and running with that third shift in three weeks. I also need to train all new employees on safety procedures and do a refresher class for existing employees: one day for the former and half day for the latter. This will impact production for about a week, but I can do most of that in the next three weeks before the equipment is repaired.”



Jump Ahead



## Marketing

“We cannot just scrap our Marketing Campaign for the new product. We have contracts with outside agencies which we can’t get out of. And furthermore, we still need to focus on this campaign or our new product will fail. I can push the start of the campaign work with our agency back two months which will save us \$XX; however, that will just push the expense into next year.”



Jump Ahead



## Information Technology

“We have two projects which we funded for this year, but I do not have staff to complete them. Neither of these projects impact future sales, service or quality as they are simply focused on just giving us all better tools to forecast sales and expenses. We can continue using the tools we have for now and move those projects into next year. It will save us \$XX.”



Jump Ahead

# What happens after the meeting?



## Review of Preliminary Action Step Commitments

Typically, no hard decisions are made by the conclusion of the meeting. Business leads review all suggestions and collaborate with their team on actions needed. They should then read back their notes to the group so everyone is clear on their preliminary actions.

 **Note:** If there are multiple regions (and therefore, multiple meetings), it's best to get through ALL calls in one day so all ideas can be considered at the same time.

## Follow-Up: Distribute Final Actions

To arrive at your final actions, additional analysis and cost reviews will likely determine the financial impact, risk and feasibility of each strategy.

 **Note:** Follow-up instructions should be sent out as soon as possible. Ideally, the day after your operational review meeting.



## Step 5: Enforce the Ground Rules

Just like with any new process, follow best practices when implementing your operational review program. The closer you stick to these rules, the sooner you'll see a shift in the silo mentality.

- ✔ Conduct one meeting (call or in-person), one hour, per month, per region.
- ✔ For multiple regions, conduct all operational review meetings on the same day.
  - i.e., If your company has 8 regions, stick to one-hour calls per region and allow an hour at the end of the day for the Finance and Area Leads to review results and adjust actions
- ✔ Set the same day of each period for the meeting.
  - i.e., the 7th business day of each month
- ✔ Send participants a standardized reporting package in advance, at least one day before.
- ✔ Schedule all meetings 6–12 months in advance to give all attendees ample time to plan.
- ✔ Use a collaboration/knowledge-sharing tool if possible, like MS Sharepoint or Citrix Sharefile.
- ✔ Require the same department spokespeople to attend each month.
- ✔ Select department employees who are the top decision makers in their respective areas. Once your process is up and running, include additional senior department employees for training and succession planning purposes.
- ✔ Review the program every year and continually refine the process, reporting package, collaboration tools, meeting participants and so on.

## Staying Future-Focused

Deconstructing organizational silos takes time, persistence and a collective willingness to embrace change. The steps laid out here are intended to provide a starting framework for enabling that change.

We believe this framework can help keep all kinds of organizational processes moving effectively. (For example, we've found it helpful to encourage stronger [financial planning and analysis](#) within enterprises.)

Keep in mind, you don't have to go it alone. 8020 Consulting can help you build and manage your operational review program from the start, or apply the rigor and expertise needed to continually strengthen and refine your tools, processes, forecasts and reporting package.

[Click here to contact us!](#)

## Want More Insights?

If you're interested in more helpful content to help financial processes in your enterprise, then check out our financial forecasting process guide. It offers best practices for get more predictive value out of your forecasts.

[Get Our Free Financial Forecasting Process Guide](#)

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