

Business...What a Great Game!

Last week my company, Efficiencie, went on our annual retreat. This is where we take a few days to get away from the office and plan out our year, define our focus and strategize around threats and opportunities.



We held our retreat in a cabin just outside of Gatlinburg, TN in the beautiful Smoky Mountains. We headed up Wednesday afternoon, and just as we settled in to do our SWOT Analysis before dinner, it began to snow...a lot. It was a beautiful setting for us to get away and just unplug so that we could get our minds right and focus on the tasks at hand.

I've recently mentioned the [Great Game of Business](#) team, as we've been working with them to define our critical numbers and set in motion a profit sharing program with our team. What we discovered with our coach Bill is that our key critical number is our gross profit margin. In our financials, we're tracking the cost of building software as the cost of our team in India, US employees not including partners, servers and software to run operations. As most of you are aware, the difference between these expenses and our revenue gives us our gross profit, from which we derive our gross profit margin as a percentage.

Why this is important is that we've created a profit share based on a schedule that begins as soon as we start making a

profit. For each level of profit, a number of hours are distributed to each person (the same number). As profit goes up, the number of hours goes up. Breaking their salary down to an hourly rate, multiplied by the number of hours given, is how they determine what their share will be.

The best thing about this is that it drives productivity...since the higher the profit margin is, the more money they all make. Suddenly things like how to be more productive and efficient become top priority, since hiring more people, adding more servers, or purchasing more software that we may or may not need directly affects their income.

My first impression after presenting the plan was that the team was really enthusiastic. They were excited to have more than just a set amount if profit went higher than we planned...then so would their bonuses! Not to mention they are all able to see how their efforts can grow the company. I'll keep you updated as we continue down the entrepreneurial path together...