What Good Looks Like

and how the best companies get there.

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About me – Dennis O'Connell

- 20 years with Hewlett Packard, 5 years with MSPs, 5 years in the Air Force, 3 years Owner
- Application developer, project manager, pre-sales technical analyst, Sales
- Husband, Father and Author

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Lessons Learned

- Clean and Simple is the key to performance
- Your problems are not unique
- Share financial info – they are assuming worse
- Communicate a few things over and over
- The best way to grow your business is to grow your people – show appreciation because they are all going through something
- You never "get there" - curve jumping

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Know Your Numbers

- Financials
  - Monthly financials
    - Income Statement
    - Balance Sheet
    - Cash Flow
  - Properly categorized
  - Understand what good looks like

Know Your Numbers

- Service
  - 50% margins – all service related salaries included (Really 47%, 47%, 53%)
    - How is your service efficiency, process, management?
      - » CW boards – forest for the trees
    - How are you priced?
    - How consistent/current are the environments you're supporting?

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Know Your Numbers

- Product
  - Product
    - 22% margin (cloud higher)
      - How is your process and management?
      - What is your value proposition with your clients?

Know Your Numbers

- SG&A
  - Expenses as a % of revenue – 27%
  - Sales and Marketing
    - 5.5% labor
    - 1.5% non-labor
  - Inconsistent revenue makes this hard to manage
  - Too much or too little is bad for sales and marketing

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Know Your Numbers

- EBITDA
  - 18% = Best in Class
  - 11.3% = average for all HTG companies
  - 7.9% = average for MSPs reporting to SLI.

Plateaus We See

- Service
    - Hiring a person
    - Hiring a Dispatcher
    - Hiring a Service Manager
    - Dedicated Project Person
    - Can't figure out escalation and SLA's metrics are not met
    - Process of Hiring and managing people (HR)
- Sales/Account Management
    - Entrepreneurial Led – can't get out of it
    - Hiring first sales person – when… and how? And pay?
    - Sales Management?
- Marketing
    - Get leads beyond referrals
- Back Office
    - Hiring Accountant/bookkeeper
    - HR – help hiring and then managing people and benefits

- Cross Departmental
    - Sales can't bring on new clients because we're not taking care of our existing ones
    - Existing clients are PITA and we (service department) can't take care of them
    - Not getting timely information so can't close out the month
- Leadership
    - Not enough next level leaders – only as big as the owner can keep afloat
    - Clear strategy for where we're going
    - How to get/keep everyone on the same page with aligned priorities

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About HTG

- Peer Groups – Legacy, Life, Leadership, Business
  - Online
  - Face to Face
  - Service Executive
- Coaching & Consulting

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Questions?

- HTG – Peer Groups, Coaching, Consulting
  - Financial Benchmarking
  - Best Practices
  - Operational Maturity

- Dennis O'Connell – doconnell@htgpeergroups.com
- Whitepapers and blog posts – give me your card or email me

Life Cycle Curve

Introduction   Growth   Maturity   Decline

Irrelevance

Time