

# SNAP SHOT<sup>®</sup>



WHAT'S YOUR PICTURE?

ACCELERATE YOUR  
BUSINESS PERFORMANCE



**BY EDWIN MILLER**  
Entrepreneur & 4-Time CEO



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BUSINESS PERFORMANCE

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# DEDICATION

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I remember the moment I realized there were financial themes that are very important levers in any financial model of any size company. The person that had included me in a meeting had no idea at the time, but by allowing me to be in that room at that moment, it afforded me the opportunity to form my first thought around Touch, Volume, and Margin in a business. Later, when engrossed in an acquisition process, the 3x3 grid came into being on a white board. Tim Meyers is this person. Not only was he there at the genesis of this work and thought, he was also instrumental in my pursuing the first book 9Lenses, the development of the company 9Lenses itself, and the validation of the platform in conjunction with brilliant minds at George Mason University. Tim, thank you for everything you have done in my career and for believing in 9Lenses very early. I would also like to thank Paul Gallagher for being right there with me as we fashioned this media and software platform. Paul, you have been instrumental in the foundation of what 9Lenses is creating. As always, thank you Kimberly for loving our children and providing me the wind in my sails to press forward, challenge myself, and become what GOD would have me become in life.

# TABLE OF CONTENTS

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	Dedication .....	03
	Table of Contents.....	04
	Prologue: The Crash .....	08
<b>01</b>	<b>AN OVERVIEW OF THE 9LENSES</b> .....	12
	Connecting Content Knowledge with the <b>9Lenses</b> .....	17
	Connecting Social Knowledge to Systems Knowledge with the <b>9Lenses</b> .....	18
	<b>Snapshot9</b> .....	25
<b>02</b>	<b>UNDERSTANDING THE GRID</b> .....	28
	An Overview of <b>Snapshot9</b> .....	29
	Definitions of Touch, Volume, and Margin.....	34
	Connecting Learning to Action With <b>Snapshot9</b> ....	36
<b>03</b>	<b>UNDERSTANDING THE IMPACT OF TOUCH, MARGIN, AND VOLUME</b> .....	40
	A Snapshot of Two Best of Breed Companies .....	42
	Always Room To Improve .....	52
	<b>INTERLUDE: THE HOSPITAL</b> .....	56
<b>04</b>	<b>DISCOVERING YOUR SNAPSHOT</b> .....	60
	What's Your Snapshot? .....	63
<b>05</b>	<b>BE KIND, REWIND—A SNAPSHOT9 CASE STUDY</b> ....	92

<b>SHIFTING YOUR SNAPSHOT</b> .....	128
Snapshot Diary: Day 1.....	130
Snapshot Diary: Day 5.....	131
Snapshot Diary: Day 11 .....	132
Snapshot9 Diary: Day 56 .....	133
Snapshot9 Diary: Day 73 .....	135
Snapshot9 Diary: Day 92 .....	136
Snapshot9 Diary: Day 115 .....	138
Snapshot9 Diary: Day 134.....	139
Snapshot9 Diary: Day 189.....	140
Snapshot9 Diary: Day 189.....	140
Snapshot9 Diary: Day 197.....	141
Analyzing a Real World Model Shift.....	141
<b>EPILOGUE: THE RECOVERY</b> .....	150
<b>INDEX</b> .....	154

# THE 9LENSSES



SUBLENSSES



THEMES



DIAGNOSTICS

# PROLOGUE: THE CRASH

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On a beautiful summer afternoon a few years back, my phone buzzed with a text message from my wife: "Hey honey, just checking in, going rollerblading with Ellie." Nothing out of the ordinary. Ellie is my daughter, and she's in perpetual motion, jumping from one activity to another. My wife Kimberly is always investing in our children's lives, so this was yet another experience the two of them would share. I was pretty sure Kimberly had never been rollerblading before, but she's a good athlete so I figured she would learn quickly. For a moment, I did think to ask her whether she knew how to stop, but I thought that was overly protective and maybe a little paranoid. Ellie would teach her everything she needed to know. So my reply text was simply, "Have fun!"

Fifteen minutes later I received a second text message. This one read simply: "911." My wife was badly injured. She did learn how to stop on the rollerblades, but only on a flat surface, and Ellie had taken her down a long sloping hill on a street nearby our house. That hill is a lot steeper than it looks. Kimberly tried to fall onto a grass lawn at the bottom, but didn't make it and went straight into the pavement. You can imagine my panic. I worried for her pain and suffering. I worried she had landed on her head. I worried she might have some other injury that could result in permanent damage before the ambulance arrived. I worried that the whole thing would be traumatic for Ellie. As it turned out, the impact was so severe that Kimberly had broken her leg in three places. It was a terrible crash.

There are some things we just can't predict. Kimberly probably wouldn't have injured herself this way if she'd just gone out for smoothies with Ellie like she did the week before, but then again it's not like they were jumping out of an airplane. As a husband, and especially as a father, there have been lots of times that my worries turned out to be nothing to worry about. But you're never sure until after the fact. The same has been true in my business career. I've worried about some crashes

that never came, and I've been blindsided by some I never saw coming. Every day is an ordinary day, until it's not.

This book won't teach you to stay inside and never take risks, to never try something new. And it won't teach you how to predict the future. But it might teach you how to read the incline of a slope better, how to hit the brakes when you need to, and how to steer for that soft grass. And it will definitely give you a new way to dial 911, a better way to quickly diagnose the nature of an injury, and a rehab program to make you stronger and more agile the next time you hit the road.



# AN OVERVIEW OF THE 9LENSES

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The business world becomes more complex, chaotic, and nonlinear every day. I'm sure you hear that kind of statement all the time. But what does it really mean? As a practical demonstration, let's compare the *Forbes Global 2000* list from the year 2005 to the list published five years later in 2010. We'll just focus on the top 25 to keep things simple. These five companies fell out of the top 25 during the five year period:

- **IBM** – sold its personal computing division and transformed itself into a consulting company
- **Verizon** – got slammed in *USA Today* for turning over millions of customer records to the FBI and the NSA
- **Pfizer** – closed major plants in Michigan, Ireland, and Japan and showed up in WikiLeaks for performing clinical trials without consent in Nigeria
- **Nippon Telephone** – was hit by a catastrophic 9.0 earthquake
- **Altria** – sold both Kraft and Philip Morris

These seven companies experienced even more turmoil, falling out of the top 300 entirely.

- **Citigroup** – bailed out by TARP
- **ING** – bailed out by the Dutch government
- **Toyota** – recalled 8 million vehicles
- **UBS** – reported the largest single year loss in Swiss history
- **Royal Bank of Scotland** – bailed out by the British government
- **Fannie Mae** – delisted from the NYSE
- **AIG** – reported the largest quarterly loss of any corporation ever, and bailed out by the U.S. government twice

These thirteen companies remained in the top 25. But every one of them underwent major changes.

- **GE** – sold its flagship appliance business
- **Berkshire Hathaway** – made its largest acquisition ever (BNSF Railway), bought and sold a huge slice of Goldman Sachs, and split some of its stock for the first time ever
- **Bank of America** – bailed out by TARP
- **Barclay's** – bailed out by the British government
- **BNP Paribas** – was the first major bank to write down its subprime holdings and lost \$350 million to Bernie Madoff
- **BP** – explosion at its Deepwater Horizon rig caused the largest accidental oil spill in the history of the world
- **ExxonMobil, Shell, Chevron, Total** – saw the price of crude oil double, then get cut nearly in half, then double again
- **JPMorganChase** – bought Bear Sterns and Washington Mutual
- **Wal-Mart** – survived the largest class action lawsuit in U.S. history
- **HSBC** – saw its stock price drop 24% to a decade low over a span of *five* seconds on March 9, 2009, causing one of Hong Kong's most respected financial experts to burst into tears on a live television broadcast

If twelve companies fell out of the Forbes list top 25, that means twelve new companies joined the list. Nearly half of the list turned over in just five years! Let's think about where each of these companies was in 2005. Wells Fargo, E•ON, Banco Santander, PetroChina, and Petrobras were already members

of the Forbes top 100. But what about the remaining seven companies?

- **AT&T** – number 556 on the *Forbes 2000*
- **Gazprom** – was not yet controlled by the Russian government
- **Allianz** – had yet to reincorporate in its current form
- **GDF Suez** – was two separate companies, Gas de France and Suez
- **Bank of China** – core business was not listed on any public exchange
- **China Construction Bank** – was not listed on any public exchange
- **ICBC** – was not listed on any public exchange

Finally, consider that the majority of these gargantuan corporations appearing in the *Forbes Global 25* operate in the banking and energy sectors. For various reasons they can be considered too big to fail. Can you imagine the level of churn when we move below the top 25, or when we move into media, technology, and consumer goods? Can you imagine what the picture looks like for small and medium sized businesses?

Leading a business and making good decisions requires an understanding of the specific context in which these decisions occur. But this context varies from one situation to the next, and from one moment to the next. Given an operating environment in which more and more variables effect our daily situation, and each of these variables becomes more and more volatile, how are we supposed to find the right context for analysis? How do we understand, predict, and plan for something that is constantly changing? How are we supposed to be smarter and

more prepared than the people running the most successful companies in the world? How do we even manage to get ourselves out of bed in the morning with all this chaos going on?

The easiest way to explain all the complexity in our 21st century world is to say that everything has become more tightly connected to everything else. We could state this point in a variety of academic vocabularies. We could attempt to prove it in all sorts of ways, and we could debate whether it is a good thing or a bad thing, whether it makes our lives more fragile or more secure. But that's not why you're reading this book, and that's not why I'm writing it. You and I know that complexity means interconnection and interconnection means complexity because we experience it in our daily work. We wake up in a cold sweat thinking about it at 4:00 in the morning. We get the business equivalent of my wife's 911 text message and have to think quickly about what to do. We're thinkers, but we're also doers, and we want a way to survive and thrive.

The solution I devised for myself is called 9Lenses. It began as a series of makeshift tools that I developed while I was serving four different companies as CEO. I then worked on making these tools more robust and integrating them into a complete cloud software application suite for enterprise performance management. I was so excited to share this system that I even wrote a book called *9Lenses: Insight to Action*. So to my new readers, welcome. And to my returning readers, welcome back; the next several pages will be a brief recap of the previous book, but then we'll set off on a new adventure.<sup>1</sup> The 9Lenses is a comprehensive and cohesive strategic planning framework that is designed to be sensitive to the unique context of a company and flexible to its daily transformations. The system gives us a way to view particular aspects of a business in close focus, but also to connect them together

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<sup>1</sup> Those familiar with the 9Lenses system can feel free to skip to the section titled "Snapshot9" that begins at page 25.

into a complete whole so we can identify when problems or opportunities arise.

## CONNECTING CONTENT KNOWLEDGE WITH THE 9LENSES

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The main idea behind the 9Lenses is connection; the lenses are nine different areas that every business considers on a daily basis: its market, its people, its finances, its strategy, its operations, its execution, its expectations, its governance, and its legal entity. But in most businesses these nine areas tend to be taken separately. We have specialists in each, but they don't have a common vocabulary that allows them to work toward common goals. Executive leaders tend to defer to one discipline or another on the basis of their own specialized training and experience. The truth is that our impulse to slice a problem into distinct categories of analysis and then consider those in different siloes is not too different from our impulse to bury our head under the pillow when we have a tough day ahead of us and we can't bear to get up when the alarm goes off. We know it's irrational and won't accomplish anything, yet we do it anyway. A more connected world needs more connected solutions. Indeed the companies we see moving up the *Forbes 2000* list tend to be the ones that understand this and the ones we see moving down tend to be the ones that don't. My goal is not to pretend that I can wave a magic wand and invent unprecedented business insights out of thin air. Instead, I want to consolidate the best knowledge we find in practice and in theory, and make it connected, repeatable, and automated so that you can spin it on your fingertips like a Harlem Globetrotter spins a basketball.

Through interactive content and interlinked web applications that sit atop a high-powered Insight Engine™, 9Lenses allows you to develop an analysis of your company that generates specific data for each lens and integrated analytics for all of them together. Most of the business books and business assessment software currently available in the market tend to diagnose problem areas that are narrowly focused in specific functional domains. We know these domains from our MBA classes. There's marketing, HR, finance, operations, law, strategy, accounting, and so on. Did you understand how these areas actually related when you were in school? Did the professors even understand that? I sure didn't. And I was surprised to see that this lack of connection in specialized content continued when I saw what real businesses do. So many times one hand doesn't know what the other is doing. Even if you have rich knowledge in a particular area of focus, if you lack a complete and holistic perspective, it can be difficult to bridge the gap between knowledge and action. Think for instance about how a change in strategy impacts every other area of your business. Suppose we want to develop a new product. How often do we assume that it will be relatively simple to align our market positioning, our sales process, our IT, our capital structure, our patents and contracts, and relatively simple to train and hire the staff we need for the project? But it never is. And usually our response when it doesn't work is... to develop a new strategy.

## CONNECTING SOCIAL KNOWLEDGE TO SYSTEMS KNOWLEDGE WITH THE 9LENSES

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The other type of "connection" that the 9Lenses approach emphasizes is the social dimension. We've all poured a ton

of our company's hard earned cash into either external consultations or assessment software. Perhaps both. These solutions can generate valuable ideas, but the problem with both of them is that the inputs are done only once, usually by a very small assessment team. In the case of the consultants, we're getting an outside view of the company that might very well tell us what we already know, or even less than we already know. In the case of the software program, we're often limited to a quantitative input of financial or operational data, or a simple one-time survey. The 9Lenses cloud methodology allows for continuous assessment and monitoring of progress that empowers social transactions and is empowered by them. This makes for a much less invasive, cumbersome, and disjointed strategic planning process.

Did you ever wonder why your employees are always clicking off that Facebook window in their browsers when you walk by the desk, or jamming their smartphones into their pockets? Of course everyone likes to have an occasional break from work, and it's fun to stay in touch with friends and family, but the core appeal of social networking applications is that they let you contribute something to the discussion. They also provide a structure or framework that puts those contributions into a relevant context. It's easy to understand the impulse to read restaurant reviews on Yelp or hotel reviews on TripAdvisor, but to understand what compels people to take time out of their busy schedules to write reviews that will be read by anonymous strangers, we need to consider what Paul Ford calls the "Why wasn't I consulted?" factor. I don't think it's unrealistic to say that if we consulted our people before or even alongside our consultants, and provided them a real forum to contribute and collaborate with what really matters at their workplace, they might get glued to it in the same way, not only to make their contributions but to check up on everyone else's. Why not channel this impulse instead of thwarting it? And why not extend this logic beyond your employees to your other stakeholders?

Figure 01



This dream of social business optimization through automated enterprise performance management inspired the development of the 9Lenses. The goal is to render complex and potentially overwhelming business decisions comprehensible and actionable by facilitating a collective learning approach that generates continuous measurement and flexibly incorporates new insights. By connecting the nine major areas of every

business, 9Lenses helps each stakeholder understand how his or her actions relate meaningfully to everyone else's. Taken together, the 9Lenses encompass the assets, processes, and structures that drive business success, as seen in *Figure 01*. Each of the nine lenses contains sub-lenses for more granular analysis, and each of these sub-lenses is further divided into key themes. The themes open into thousands of diagnostics that allow you to adapt and evolve the 9Lenses outputs to the unique situation of your business, so the leadership team can address areas that require precise intervention, while staying focused on the big picture. For instance, one of the nine lenses is the market lens. This is an asset lens that encompasses some of what is traditionally classified as “marketing.” But it also includes

Figure 02

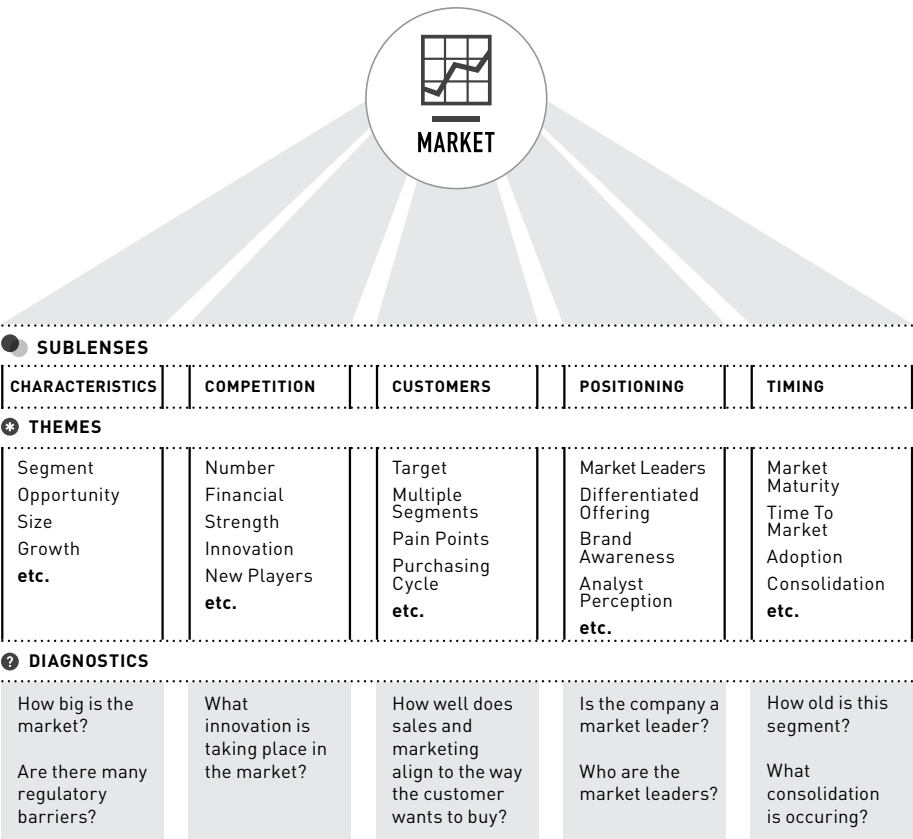
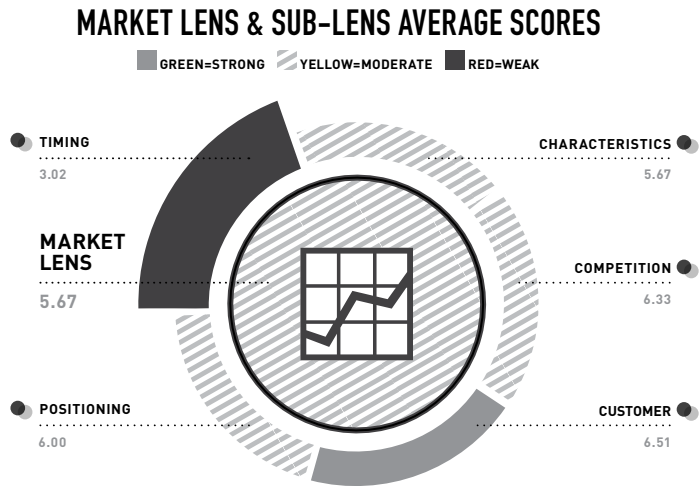


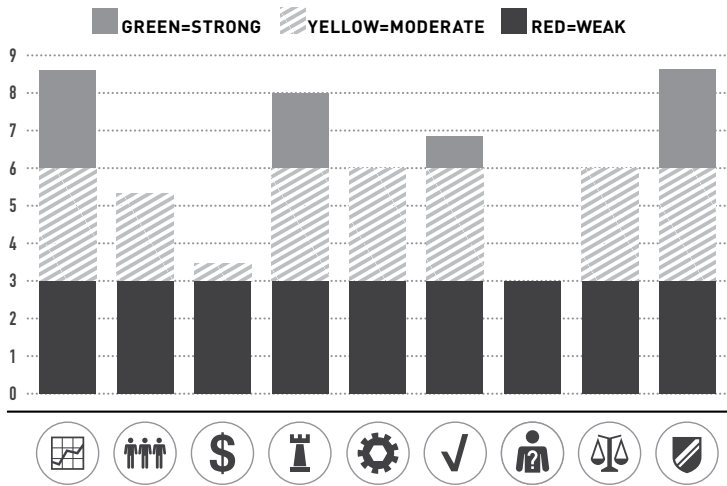
Figure 03



other areas that are often categorized differently, and reserves some elements of marketing for connected areas in the people, financial, strategy, operations, and execution lenses. The five sub-lenses within the marketing lens are timing, positioning, customer characteristics, market characteristics, and competition. Each sub-lens has a variety of themes. And each theme is broken down into diagnostic questions and metrics that help generate the program’s analytics, visualizations, and recommendations. There are so many diagnostics even for just one lens that *Figure 02* shows only a few of them. Every sub-lens is given a “green,” “yellow,” or “red” score (*Figure 03*) to indicate how much uncertainty, disagreement, or misalignment this area is causing within the business. The sub-lens scores are then aggregated into lens scores (*Figure 04*), which are quantitative, but also descriptive and interactive.

Multiply what you see in these illustrations by nine, you’ll get some sense of the scope of the system as a whole. 9Lenses delivers a rich portrait of the insights and perceptions that are already latent within your organization, making it easy for you to pinpoint training, communication, and process bottlenecks

Figure 04



that prevent it from realizing its full potential. Thus a social approach to business optimization and enterprise performance management allows us to achieve many of the basic objectives we pursue as leaders. We can generate an inter-disciplinary, cross-functional, and multi-level view that allows us to evaluate and improve our projects, programs, and product lines. We can incorporate the ideas of employees, customers, partners, and other stakeholders to create a dynamic overview that captures the unique nature of our business in a way that no external analysis could hope to. Finally, we can quantify our employees' understanding and guide their focus toward targeted improvement and continued success. This nurtures participation, collective learning, and accountability, giving us true group thinking instead of just groupthink. Imagine an orchestra conductor who's never met his musicians for rehearsal, and then shows up at intermission during the performance to announce that they are going to play a different symphony they'd never even seen before. Would that work? But we conduct our businesses like this all the time.

I refer to the 9Lenses alternately as a media content pipeline,

a metadata structure, a web software application suite, and a data platform, because it is all of these. But above all it is a process of transformation that you lead within your organization, and that you tailor to its unique strengths. The 9Lenses social enterprise performance management occurs in three stages, though after the first round of diagnostics these become a continuous feedback loop:

- 01.** In the social discovery phase, we assess and understand all 9Lenses of any business, division, group, or program.
- 02.** In the social design phase, we build our strategy, operations, and execution processes.
- 03.** In the social assurance phase, we communicate our expectations and affirm that our governance and entity structures are aligned to meet our objectives.

You might not believe this until you see it for yourself, but with the right social enterprise tools, business optimization can actually be fun. The 9Lenses coordinate sales, marketing, finance, operations, and IT so they can work seamlessly together and drive our business forward. And they give us the clarity we need to become more focused as leaders, not by reinventing the wheel but by articulating a cutting edge metadata structure that captures, in one streamlined platform, a comprehensive and cohesive view of any organization, division, group, or program. By assessing the specific dilemmas and opportunities your business faces at any given moment, you can drive execution that aligns your investment in the company's cultural ecosystem with the necessities of its bottom line.

The 9Lenses analysis platform is much more than an internal survey. It proposes suggestions and recommendations for

improvement, as well as an outline of possible tactics for implementation. This connection of learning to action bolsters the strategic planning for the business, indicating important trends and key areas of focus, and suggesting performance and measurement targets. Most importantly, the discovery, design, and assurance cycles can be repeated over time and reassessed across different groups of participating stakeholders. The process is neither intrusive nor time consuming. It engages leaders at every level of your company to participate in a comprehensive, sustainable, and scalable collaboration that can flexibly respond to both expected and unexpected challenges.

## SNAPSHOT9

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As the first add-on program to the 9Lenses enterprise performance web application, as well as the first sequel to the 9Lenses: Insight to Action book, Snapshot9 occupies a unique place. It fits within the wide scope of the system as a whole – its specific focus is one of the five sub-lenses within the financial lens, which is just one of 37 total sub-lenses. But this one sub-lens is extremely important. Indeed it is the one that is usually top of mind for business leaders. My own experience backs this up; the analysis of the financial model sub-lens within the financial lens that we will discuss in Snapshot9 is critical to the success of any business. Understanding three simple themes and the picture of our business is fundamental to us truly understanding the current and potential value of our business.

Like the 9Lenses, Snapshot9 is a business web application that can help you move from insight to action in your organization through the process of socially empowered alignment and

optimization. Snapshot9 is also a perfect gateway into the world of 9Lenses. I've found that a lot of our readers and users can be somewhat overwhelmed by the complexity of the lenses when they get started using the platform. Snapshot9 has the advantage of being relatively straightforward. The idea behind the application is to approach the financial model, which is really an incredibly complicated issue that interacts with the other 36 sub-lenses, through a simple and intuitive framework that centers on its three major themes: touch, margin, and volume. The outcome is an incisive, high-level overview of the position of the business, which can then become a catalyst for further thought about your firm's market and strategy orientation, along with all its other lenses.

Like the 9Lenses as a whole, Snapshot9 gives you powerful metrics and visualizations that can be easily explained to other stakeholders in your organization. Thus although Snapshot9 is engineered to leverage the 9Lenses social discovery, social design, and social assurance platform, it also gives you a way of communicating your insights to colleagues who are not familiar with the 9Lenses software. We've all been in the kind of business situation where we want to make a change. Obviously there are different stages and levels of urgency. We could be rollerblading on a smooth road, we could already be careening downhill, or we could be face down on the pavement in a tangled heap. But regardless, we've decided that now is the time to act, and we've made a plan. Maybe it calls for a change in strategy or positioning; or an internal reorganization of people or processes; or an acquisition, merger, or exit sale. In any of those scenarios, we often feel like we know what the problem is and how we want to approach it, but our hands are tied and we can't actually do anything about it. In my experience, the two main reasons for that predicament are: A) we can't explain our plan to the other people who we need to approve it and implement it, and B) we don't actually have clarity about what we want to achieve and how we want to achieve it, but

instead just a plan for a plan. And when you think about it, A and B are really the same. If we could really grasp the essence of our business dilemma, we could get everyone else to grasp it as well. But how tough is that?

The “snapshots” in Snapshot9 are like the snapshots of your kids that you carry around in your wallet or on your phone. You might be proud of your kids. You might be worried for them. You might be frustrated with them. You might be the kind of person who likes to show those pictures to everyone, or they might be there just to help you feel closer to home when you’re too far away for too long. You know that a picture can’t possibly convey everything there is to know about your son or daughter, but you chose that particular picture because you think it represents them in some basic way, and because when you look at it yourself, it calls all of their other qualities to mind. The difference is, you can’t change your kids. All you can do is give them the social and moral tools we all share, and help them find their own path to maximize their God-given talents. So those pictures will change over time as they grow bigger and older, but the process is mostly out of your control. Not so with your financial model snapshot. You can’t change it overnight, and if you’re not careful you might change it for the worse. But you can definitely change it for the better if you have the right tools. Let’s get started and see how.



## Connect With 9Lenses

We empower business leaders to use this data as a road map to drive improvements and help employees acquire the knowledge and skills to make business excellence sustainable. Whether you want to take your business to the next level or grow sales and customers, the Lenses provide the focus.

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