The TAME™ Analysis — Diagnose Operational Problems When Data is Scarce

Description

Between $5 million and $50 million in revenue, companies often find themselves in a precarious position. They're past their infancy, but not yet full-fledged enterprises yet, and they're certainly not out of the woods for becoming a statistic — one of the 65% of businesses that fail within the first 10 years and one of the 75% that fail within the first 15. (BLS)

Why is this growth stage so perilous? Because the business is large enough to be operationally complex … **but not large enough to have an abundance of operational data.**

Operational data is like an X-ray examination of the business — it allows you to peer inside and see strengths and weaknesses that weren't obvious on the outside … including potentially terminal weaknesses.

Of course, the more data you have, paired with the right analytical support, the more accurate a picture it paints. Mid-sized businesses either don't have the transactional volume to generate a dataset of meaningful size — one from which conclusions can be drawn — *or* they don't have the resources to collect and analyze their data effectively.

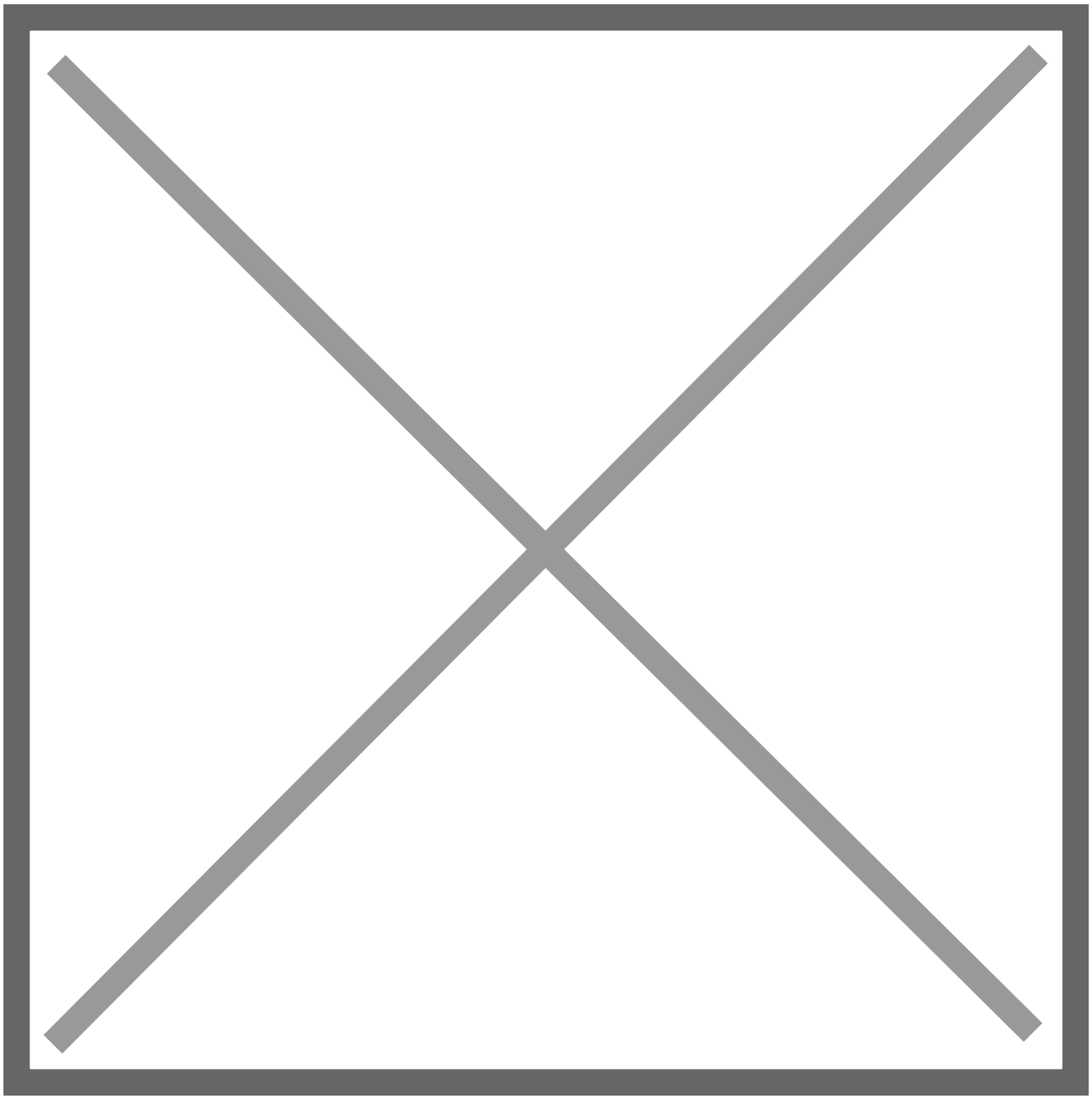
Newpoint Advisors set out to solve this problem — opaque operations due to lack of data — and our solution, the **TAME Analysis,** is helping companies with $5-$50 million in revenue make it over that crucial hurdle beyond which lies sustained revenue growth, longevity, and legacy.

What Is the TAME Analysis?

"TAME" is an acronym for **Turnaround Action Matrix Evaluation.** It's a series of roughly 120 questions across ten categories that we use to create a sort of "alternative X-ray" — to tease out answers to questions that can usually only be answered with data analysis at scale and in doing so, reveal operational issues that need to be addressed.

In a way, the TAME Analysis is a specific form of SWOT analysis (**S**trengths, **W**eaknesses, **O** pportunities, and **T**hreats). It helps show a company where they are strong and weak and what operational issues need immediate attention. It also helps the company understand where they sit concerning their competitors.

Here's a breakdown of some of what's included in a TAME Analysis …



The graph points to the Base score and TAME score. The goal is to identify areas with a score of less than 5.0. Suggesting systemic operational issues that are an immediate threat to the business.

The TAME Analysis gives the company a score for *each* of the roughly 120 questions, based on an index we created over decades of observations and input from other reliable data sources.

This makes identifying strengths and weaknesses a matter of simple math — the company is strong in areas where it gets a higher score on the index; weak in the areas where it scores low.

If top operational priorities receive low scores, the TAME Analysis acts as a “no-brainer” map of where to direct remedial efforts and resources.

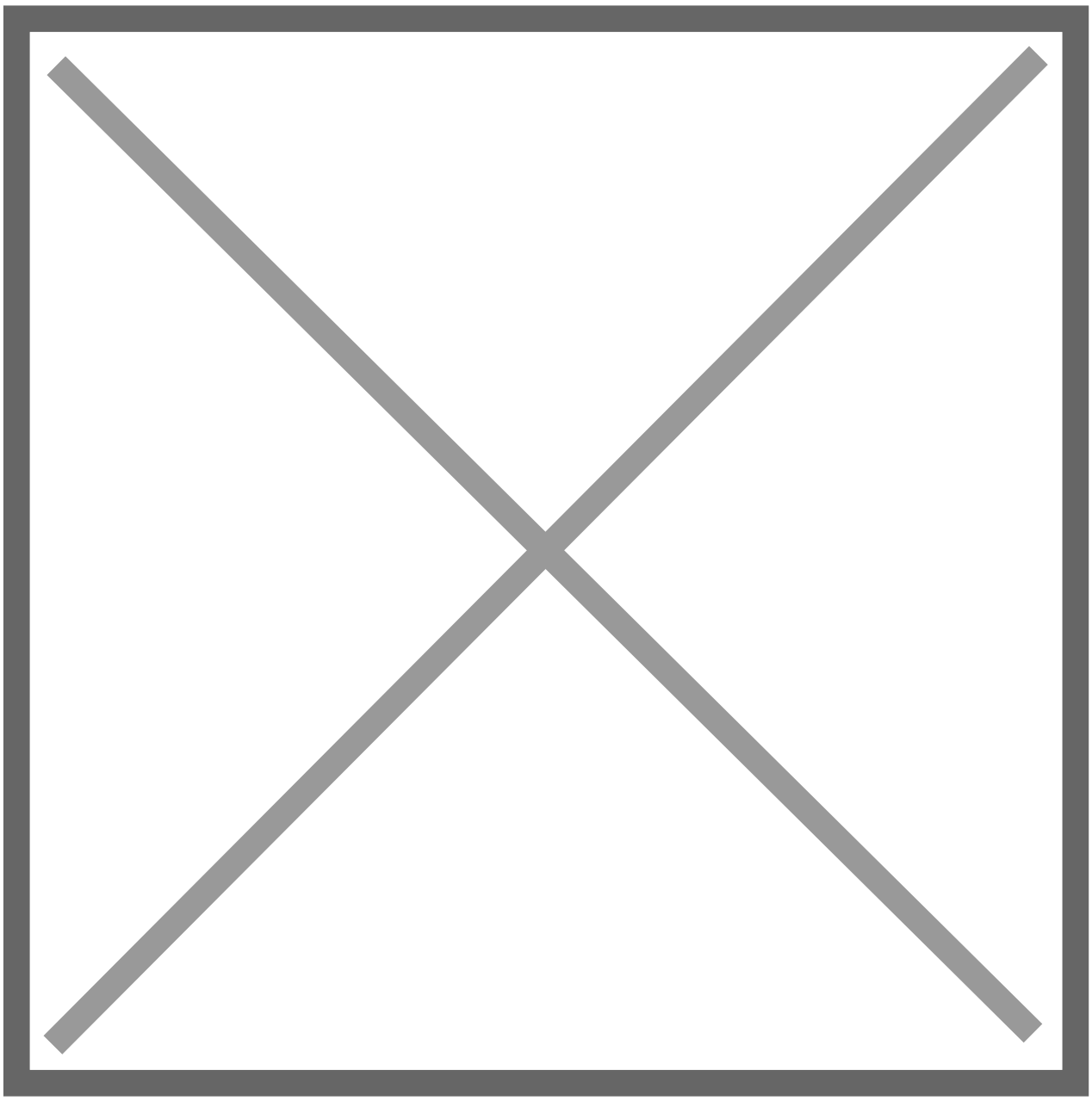
Despite the relative simplicity of the test, the scoring uses conjoint analysis that can produce over 100 trillion possible outcomes, producing results with a high degree of precision. The rigor of the results separates the TAME Analysis from any other attempt by consultants to reach into data-starved companies, isolate issues, and point clearly to solutions.

Unified Score

In addition to the question-by-question scores, the TAME Analysis distills the results down to one big unified score — a single number that tells the company how it compares its overall performance to competitors. Maybe not to the Googles and the Microsofts of the world, but at least to peer companies with similar footprints and in similar stages of development.

This unified score helps the subject company understand the *size* of the turnaround effort that is needed to get them on equal footing with — or even surpass — its direct competitors.

Heat Map



A company is rated on every question based on a 1-10 continuum. From best in class (10) to immediate threat (1). Ultimately this non-bias scoring system delivers an overall score, a key area score and specific recommendations.

Another tool within the TAME Analysis we use to help companies understand their position within the market is a “heat map,” a color-coded visual representation of how the company is doing in different areas compared to their peers. This can provide valuable insight for how to “triage” a turnaround.

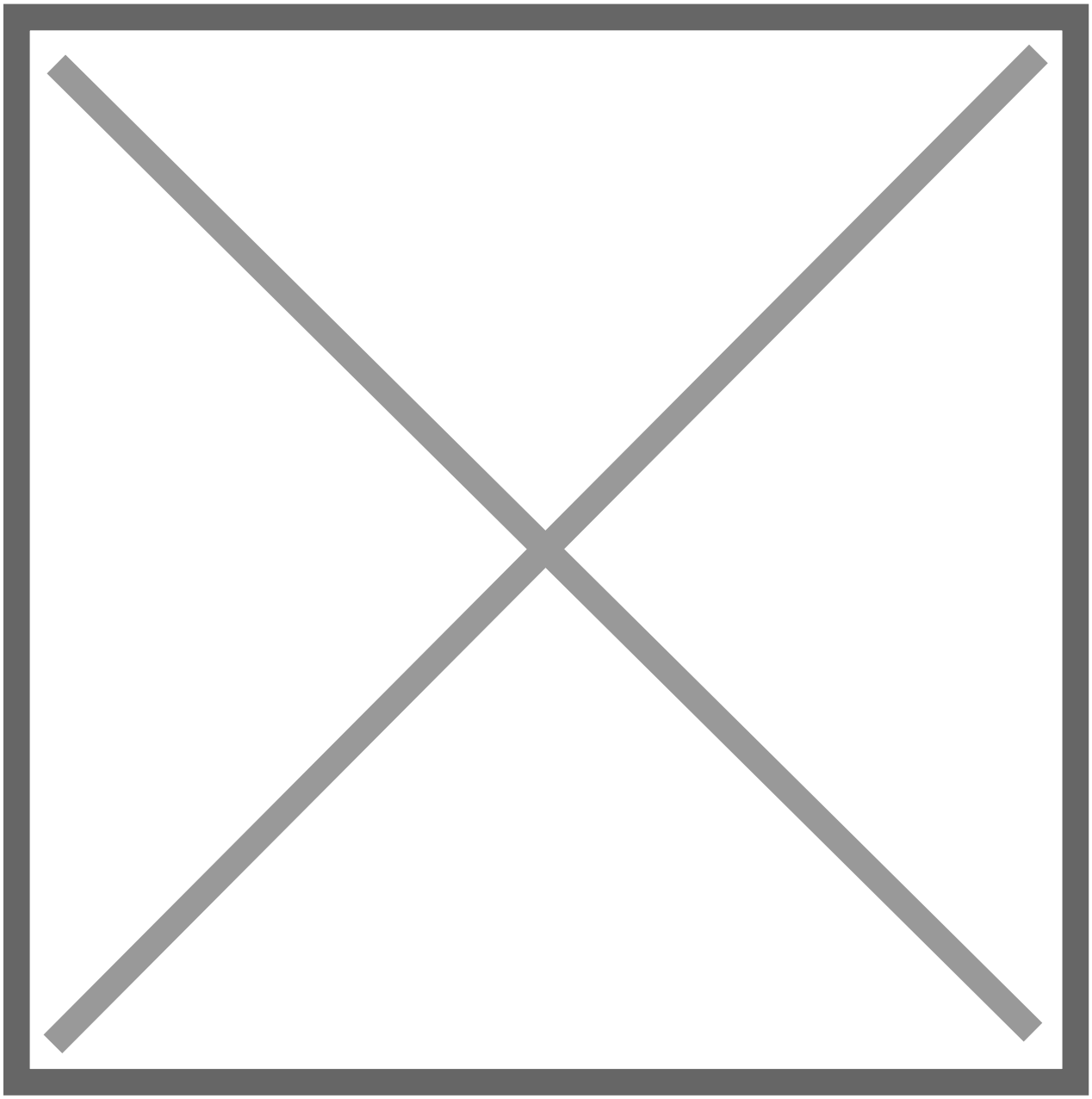
“Immediate Threat” Identification

On the subject of triage, you can treat all the minor bumps and bruises you want … but if the patient is bleeding to death, none of it will matter unless you can stop the life-threatening bleeding.

Many companies fail before the 15-year, 10-year, or even 5-year mark because they have “internal bleeding” that goes undiagnosed — an operational weakness big enough to take them out. But it’s invisible, a “silent killer,” because the company doesn’t have the data to see it.

The TAME Analysis is specifically designed to identify these critical weaknesses. We call them “immediate threats,” and like a life-threatening internal injury, these immediate threats require the most immediate attention.

Recommendations for a Turnaround



A base score of 5.7 indicates the Company can be viable, but will require material operational changes. Implementing the TAME recommendations are expected to result in a stronger score of 7.4

The TAME Analysis doesn't just point at problems — it also suggests solutions, making detailed, "rubber hits the road" recommendations for a turnaround effort to quickly address the weaknesses, especially the "immediate threats," revealed by the analysis.

This gives the company a new set of priorities to address problems – some they may have known about but lacked the tools to manage, others they did not know about at all, still others that they knew about but didn't realize how serious they were. It also prevents the company from over-committing resources to business processes that may actually be doing just fine, allowing them to reallocate those resources to newly-identified problem areas.

The TAME Analysis is a powerful tool for the durability and longevity of a company. With this sophisticated form of qualitative analysis, we can come to conclusions and identify problems usually reserved for quantitative analysis — essentially simulating the presence of data when no data exists.

In doing so, companies can identify their strengths and weaknesses, identify major problems before they become fatal, and implement turnaround efforts quickly enough to empower the company to do what *all* sound companies ought to do — survive and thrive.

Category

1. Business Insights

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