IMPACT System Tool

By Drew Yancey, Operating Partner, Vuelo Investments

One of the most critical questions middle-market business owners face is, “Do I have the right person in the right seat?” While this question is simple on the surface, it’s often misunderstood, especially compared to smaller businesses. Middle-market organizations operate with much greater complexity, requiring a dynamic and results-driven approach to leadership and talent management.

In early-stage businesses, roles are fluid, with team members wearing multiple hats. Systems like EOS help define these roles, but middle-market companies need more flexibility. As businesses grow, static frameworks become insufficient, stifling growth and creating inefficiencies. Leaders must focus on outcomes rather than tasks, aligning roles with the company’s strategic objectives.

Traditional job descriptions emphasize static responsibilities, focusing on activities rather than results. This approach can be detrimental in a middle-market context, leading to inefficiencies and a misalignment between roles and company goals. Performance and results—not just tasks—must drive the leadership agenda.

At Teleios Strategy — a firm I founded to empower leaders to bring their vision to life — we recognize that middle-market performance leadership requires a fresh approach. Based on our book Leading Performance, we’ve developed the IMPACT system, a five-step process that aligns role-specific responsibilities with organizational results. This process ensures that skills, passions, and unique values are fully leveraged to move the business forward and achieve the highest impact.

Step 1: I - Identify the “Sweet Spot”:

Every role should be grounded in an employee's "sweet spot," where three key elements intersect:

- **Skills**: What is this person excellent at?
- **Passion**: What do they enjoy doing?
- **Unique Value**: What distinct contribution can they bring to the organization?

The goal is to have at least 80% of a person's role aligned with their sweet spot, ensuring that their strengths are fully leveraged to drive organizational results.

Team Member Name: ___________________________

Skills (What is this person excellent at?):

____

Passion (What do they enjoy doing?):

____

Unique Value (What distinct contribution can they bring to the organization?):

____

Is 80% or more of this person's role aligned with their sweet spot? Yes / No

Step 2: M - Map Out Key Responsibilities:

Once the sweet spot is identified, map out the 3-5 key areas of responsibility that will allow the individual to maximize their strengths. These responsibilities should be aligned with both the individual's skills and the company's strategic needs. Importantly, they must focus on outcomes, not just activities.

Responsibility 1: ____

Responsibility 2: ____

Responsibility 3: ____

Responsibility 4: ____

Responsibility 5: ____

Step 3: P - Pinpoint Quantifiable Annual Goals:

Each responsibility must have clear, quantifiable goals. These should be specific, measurable, and directly linked to the company's overarching objectives. Ambitious but achievable, these goals drive accountability and focus.

Goal for Responsibility 1: ____

Goal for Responsibility 2: ____

Goal for Responsibility 3: ____

Goal for Responsibility 4: ____

Goal for Responsibility 5: ____

Step 4: A - Assign a Weighted Value to Responsibilities:

Recognize that not all responsibilities are created equal. Assign a weighted value to each, reflecting its relative importance to the organization (total weights should add up to 100). This allows leaders to prioritize efforts and ensure that time and resources are focused on the most critical areas.

Responsibility 1 Weighted Value: ____

Responsibility 2 Weighted Value: ____

Responsibility 3 Weighted Value: ____

Responsibility 4 Weighted Value: ____

Responsibility 5 Weighted Value: ____

Step 5: C - Create a Performance Objective Scale:

Each responsibility should be translated into measurable objectives on a 1-5 performance scale. A score of 3 indicates the goal was met, while a score of 4 or 5 signifies that the individual exceeded expectations. This scale ensures clarity and provides a transparent, objective measure of performance.

Responsibility 1 Scale:

1 (Low Performance) to 5 (Exceeds Expectations)

Responsibility 2 Scale:

1 (Low Performance) to 5 (Exceeds Expectations)

Responsibility 3 Scale:

1 (Low Performance) to 5 (Exceeds Expectations)

Responsibility 4 Scale:

1 (Low Performance) to 5 (Exceeds Expectations)

Responsibility 5 Scale:

1 (Low Performance) to 5 (Exceeds Expectations)

Step 6: T - Track Results and Progress Continuously:

Continuous tracking is vital to ensure ongoing alignment with organizational objectives. The traditional model of annual performance reviews is too static for the dynamic environment of middle-market businesses. Instead, we recommend a cadence of monthly, quarterly, and biannual check-ins to ensure real-time course corrections.

A key part of the **IMPACT** system is ensuring that performance is tracked continuously and not just at the end of the year. Traditional performance management, which often focuses on annual reviews, is too static for the dynamic needs of middle-market companies. At Teleios, we use a cadence of monthly, quarterly, and biannual check-ins to ensure real-time progress.

Here's how continuous performance tracking works:

1. **Monthly Progress Marker (20 minutes)**:
   A monthly check-in between a manager and their direct report is crucial to reviewing progress on performance objectives. At least 24 hours before the meeting, the direct report self-evaluates and scores their progress. The manager reviews these scores to identify achievements and challenges. Using software tools like Monday.com or Asana to track objectives ensures an efficient meeting focused on assessing progress and identifying necessary adjustments. During the check-in, the manager asks:
   - What were your biggest accomplishments this month?
   - What challenges did you face?
   - How can I support you in the coming month?
2. **Quarterly Reflection (60 minutes)**:
   A quarterly check-in broadens the focus to a 90-day trend analysis of performance and progress indicators. This meeting combines an assessment of key performance objectives with employee well-being, development opportunities, and any additional support required. It's a chance to step back and view the bigger picture.
3. **Biannual Evaluation (90 minutes)**:
   This involves a mid-year evaluation that reviews year-to-date performance against objectives, assessing what's working well and what needs realignment. At the end of the year, a more in-

depth assessment examines goal achievement, personal development, and sets new performance objectives for the following year.

By maintaining this structured yet flexible approach to performance tracking, middle-market businesses can ensure their teams stay focused on results, allowing for course corrections when necessary without waiting for the end of the year. This system provides the transparency, accountability, and support that growth-oriented organizations need to succeed.

Example: The COO of a Middle-Market Manufacturing Company

To illustrate the **IMPACT** system, let's consider an example of a Chief Operating Officer (COO) in a middle-market manufacturing company.

1. **Identify** the COO's sweet-spot: The COO is excellent at operational efficiency (skill), passionate about implementing technology to streamline processes (passion), and brings unique value in managing complex supply chains (unique value).
2. **Map** Out Key Responsibilities:
    - Improve operational efficiency across all manufacturing plants.
    - Implement an enterprise resource planning (ERP) system to automate processes.
    - Manage and optimize supplier relationships.
3. **Pinpoint** Quantifiable Annual Goals:
    - Achieve a 10% reduction in operational costs by the end of the year.
    - Fully implement the ERP system across all plants within 12 months.
    - Improve supplier satisfaction scores by 15%.
4. **Assign** Weighted Responsibilities:
    - Operational efficiency: 40%
    - ERP system implementation: 35%
    - Supplier relationship management: 25%
5. **Create** a Performance Objective Scale:
   A score of 3 for operational efficiency means achieving a 10% cost reduction. A score of 4 could reflect a 12% reduction, while a score of 5 might represent a 15% or greater reduction.

Once performance objectives are created for all key areas of responsibility, the COO would begin a monthly/quarterly/bi-annual cadence of check-ins with his or her leader (i.e. the CEO). This approach ensures that the COO's performance is not evaluated based on activities or arbitrary assessments but on clear, measurable outcomes that align with the company's strategic goals.