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Franklin Covey Co. F2Q09 (Qtr End 2/28/09) Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you very much sir. (Operator Instructions) Your first question comes from Hamed Khorsand.

Hamed Khorsand

Hi. Just a couple questions here. One is that where are you seeing the strength coming from your bookings that you're seeing the month over month increases?

Robert A. Whitman

The bookings are kind of – I mean, obviously given that we have 1,200 new ones, you know, they're coming from a lot of different places, but if you take I'd say there are four areas in terms of content areas or practice areas where we're having, you know, very significant growth.

One is in what we call the execution practice where organizations in these times are recognizing they've taken a bunch of steps, you know, they've got great plans for reducing expenses and doing other things and yet, you know, how do you get everybody in their organization moving toward the same, you know, on the same page toward that. And so this 4 Disciplines of Execution manager certification process takes, you know, medium and large size companies. Our clients tend to be a little larger typically, and where they might have, you know, 1,000 units. You know, 1,000 stores or hotels or whatever else. It helps to get everybody in the whole organization aligned around the one or two things they're going to do to execute on the plan. So that's been an area of significant growth this year.

Our customer loyalty practice interestingly although retailers of course have been perhaps, you know, some of the most hardest hit, they also recognize that, you know, one of our observations and analysis over the years is the biggest difference between great performers in customer loyalty and other areas and average performers isn't that they both have variability. Of course they do. But the best performers, their distribution curve of performance is righter and tighter. On average they're better and there's less variability among their operations.

And so while most managers and leaders just accept the variability they have as a given, just because they know there's going to be variability, they assume they have to accept the particular shape of their curve. We can show them how to move the needle significantly on the customer loyalty and other scores and that's been something where they recognize that it used to be the ones who were righter and tighter used to just be more profitable. Now the ones who are loose and left, you know, might not be in business. And so that's been something where despite the environment on

behalf of large private equity firms and others we're getting assignments to work on their portfolio companies.

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