

— A SELF-ASSESSMENT

The Sensing & Feedback Loop *Diagnostic.*

A fifteen-minute look at whether what your business already knows is reaching the people who can act on it — and what's quietly going unsaid.

— WHAT YOU ALREADY KNOW

The hardest problems are usually the ones *someone in the business already saw.*

The business problems that are hardest to solve are usually not the ones that snuck up undetected. They're the ones that were visible to someone in the business yet never made it to a moment of decision. A bookkeeper sees the margin compressing. A long-tenured employee notices a vendor's quality has slipped. A salesperson hears the same objection from three different prospects in a quarter.

Someone in your business knows where the problems are. The question is whether what they know reaches the people who can act, and whether it surfaces clearly enough in time to matter. That movement is the *feedback loop*, and when it breaks, the business stops learning and doesn't notice it has.

Every functioning feedback loop in a business does three things. It generates a signal — something changes, and that change becomes legible somewhere. It transmits the signal — the information reaches a person who can interpret it and decide whether it matters. And it produces action — something changes in the business as a result, sometimes the deliberate choice to do nothing. When any of those three breaks, the loop breaks. A broken loop is often invisible. You don't notice the signal you didn't receive, the meeting that didn't happen, the decision that didn't get made.

The questions that follow walk through five domains and ask, in each: are signals being generated, are they being received, and does anything happen with them? Give yourself about fifteen minutes, or more if you want to dig deeper. There is no score. The point is to think intentionally about your business, not to be measured.

HOW THE RATING WORKS

Each question gives you *three options*.

For each question, pick the option that describes your business *today* — not the version you're working toward, and not the version you'd describe to a client. Trust your first instinct. If you catch yourself hedging between two options, that hesitation is usually a more useful signal than whichever one you eventually pick. The pattern across your answers matters more than any single one — particularly the difference between the domains where your loops are strong and the domains where they aren't.

 BLIND

Blind

The loop is broken or absent. Signals are not being generated, are not reaching the right people, or are reaching them and producing nothing.

 AWARE

Aware

Signals reach the right people, but action is inconsistent. The loop functions, but slowly or unevenly.

 ADAPTIVE

Adaptive

Signal and action are coupled. The business reliably learns and adjusts based on what it sees, and the loop runs fast enough to matter.

FOLLOW ALONG WITH HEART STRONG

A fictional business, Heart Strong Coffee, shows up at the end of each domain. It's an area coffee shop with a corporate catering arm and a break-room supply business serving downtown office buildings. Use Heart Strong to follow along, then turn the same lens on your own business.

DOMAIN ONE

01 Customer & Market Reality

What are customers actually experiencing? What's the market doing? Most businesses have *rich information available* about both — through reviews, through staff conversations, through buying behavior, through what prospects are saying. The question is whether that information moves.

1.1 When was the last time something a customer said or did changed how your business operates — not in a one-off response, but a structural change in how you work?

- BLIND** I can't recall, or the answer is "rarely."
- AWARE** Occasionally, when a complaint or compliment is loud enough to break through.
- ADAPTIVE** Regularly; we have ways for customer signals to reach decisions, and they do.

1.2 What do you know about why customers leave? Not what you assume — what you actually know.

- BLIND** We don't systematically capture why customers leave; we have theories.
- AWARE** We capture why customers leave, but what we learn rarely changes how we operate.
- ADAPTIVE** We have a deliberate practice for understanding why customers leave, and what we learn shapes decisions.

1.3 If your competitive position weakened — a new competitor, a shift in customer expectations, a market move — how long would it likely take you to notice?

- BLIND** We would probably notice in revenue numbers, after the damage is done.
- AWARE** We track competitive signals informally; we'd catch a meaningful shift within a quarter or two.
- ADAPTIVE** We actively monitor the market; meaningful shifts surface quickly enough to respond.

HEART STRONG COFFEE

A new specialty coffee shop opened four blocks away eighteen months ago. Heart Strong's owner noticed but didn't think much of it — the new shop is smaller, more expensive, and has a different feel. What the owner hasn't noticed is that three of Heart Strong's regular catering clients have started ordering from the new shop for their executive meetings — not for everything, just for the meetings that matter most. The signal exists. It lives in the catering crew, who set up at offices and see other coffee being served. Nobody has built a path for that observation to reach the owner.

WHERE TO POINT YOUR ATTENTION

Customer reality is usually well-known somewhere in the business. The question is rarely whether the signal exists — it's whether the path between the people who see it and the people who can act on it has been *deliberately built* or left to chance.

NOTES FOR THIS DOMAIN

DOMAIN TWO

02 Financial & Operational Reality

The financial loop is the one most businesses think they have figured out. Books get reviewed, reports get produced, numbers get watched. But watching the numbers closely is not the same as breaking them out by client, by service line, by segment — the dimensions where drift would actually show.

2.1 When you review your financials, what level of detail do you usually look at — top-line totals, or breakdowns that would reveal which clients, services, or segments are quietly degrading?

- BLIND** Mostly top-line; I would not catch slow drift in any one segment.
- AWARE** I look at meaningful breakdowns, but not on a regular cadence.
- ADAPTIVE** I review breakdowns that would reveal degradation routinely, and act on what I see.

2.2 How quickly does an operational problem — a missed deadline, a quality issue, a process breakdown — become visible to someone who can address it?

- BLIND** Often slowly, or only when the problem repeats enough to be noticed.
- AWARE** Reasonably quickly for major issues; smaller patterns can take a while to surface.
- ADAPTIVE** Fast enough that we catch patterns early, before they compound.

2.3 Do the reports and dashboards you maintain help you *produce decisions*, or are they mostly used for reviews?

- BLIND** Mostly review; I'm not sure I could point to recent decisions that came from them.
- AWARE** Sometimes decisions, sometimes review; it varies by report.
- ADAPTIVE** Reports earn their place by producing decisions; ones that don't, get cut.

HEART STRONG COFFEE

The owner reviews the P&L monthly with his bookkeeper. The break-room supply line has been quietly losing margin for four years. Each month it looks fine because the line is small relative to the catering business and the overall numbers are growing. The signal would be obvious in any review that broke margin out by line of business and looked at the trend. That review has never been built — not because anyone resisted, but because the existing report works fine for the question it was originally designed to answer, and nobody asked a different question.

WHERE TO POINT YOUR ATTENTION

A report that produces no decisions is not a sensing tool; it's a habit. The discipline is to ask, of every recurring report and dashboard, whether the next decision is more likely to come from looking at it more carefully — or from breaking the data out differently.

NOTES FOR THIS DOMAIN

DOMAIN THREE

03 Employee & Team Reality

Employees see a great deal that owners and managers don't. Whether any of it travels depends on a relationship strong enough that the employee will speak, a channel that carries what they say, and a process that makes surfacing it a routine expectation.

3.1 If something were going meaningfully wrong on your team — a slow erosion of morale, a quiet conflict, a developing concern about a leader — would you know? How early would you know?

- BLIND** Probably not until it became serious or someone left.
- AWARE** Possibly; signals exist but I'd need to be looking for them.
- ADAPTIVE** Yes; the relationships, channels, and habits are in place such that drift surfaces while it's still small.

3.2 When was the last time an employee changed how the business operates by surfacing something that hadn't been visible to leadership?

- BLIND** I can't recall recently.
- AWARE** Occasionally, in major moments.
- ADAPTIVE** Routinely; we have built the conditions where this happens, and we treat it as a sign of health.

3.3 Do your people feel safe surfacing things that contradict leadership's view of the business?

- BLIND** Honestly, probably not — disagreement is rare.
- AWARE** For some people in some situations; it's not consistent.
- ADAPTIVE** Yes, and we treat dissent as information rather than challenge.

HEART STRONG COFFEE

The catering crew has known for a year that Tuesdays are the worst day to schedule corporate events — turnaround from the morning rush is too tight, and the crew is consistently stressed. Every Tuesday produces small quality slips that nobody on the crew flags formally because the existing channel for feedback is a quarterly survey nobody believes is read. The owner thinks Tuesday catering is fine because the events go out and the bills get paid. The signal exists. The path doesn't.

WHERE TO POINT YOUR ATTENTION

Employee sensing is mostly a relationship, channel, and process design problem — not a data problem. The most useful loops are usually informal and frequent rather than formal and rare. But informal is not the same as unplanned. A weekly conversation that reliably happens, and that someone genuinely answers honestly, is worth more than a quarterly survey nobody trusts.

NOTES FOR THIS DOMAIN

DOMAIN FOUR

04 Vendor & External Reality

Vendors and partners are continuously sending signals — pricing changes, response time drift, communication patterns. Most never surface deliberately, partly because vendor relationships fade into the background once stable, and partly because we tend to absorb the slip by placing orders earlier, following up more often, planning around the delay until the drift disappears due to our compensation.

4.1 For your most critical vendors and partners, do you have any deliberate way of noticing when something has changed — pricing, responsiveness, quality, organizational stability?

- BLIND** No; I would notice when something became a problem.
- AWARE** Informally; a sharp change would surface, but slow drift we've adjusted around might not.
- ADAPTIVE** Yes; we deliberately track vendor health and notice drift early, before we've absorbed it.

4.2 When was the last time a partner relationship or vendor situation changed in a way that prompted you to actively rethink the relationship?

- BLIND** Rarely; we tend to react when forced rather than reassess proactively.
- AWARE** Occasionally, when something becomes too visible to keep absorbing.
- ADAPTIVE** Regularly; we treat vendor reassessment as a discipline, not a response to crisis.

4.3 Do you know what your vendors and partners would tell you if they were being fully candid about how the relationship is going from their side?

- BLIND** Not really; we don't have those kinds of conversations.
- AWARE** Sometimes, with some partners.
- ADAPTIVE** Yes; we have built relationships where candor flows in both directions.

HEART STRONG COFFEE

Their primary roaster has been responding to orders 2-3 days slower than they used to, on average. The shift happened gradually over eighteen months. Nobody flagged it because no single order was egregiously late, and the operations manager has gotten in the habit of placing orders earlier to compensate. The signal exists in the data — order date versus delivery date, plotted over time — but it has never been examined that way. The compensation has hidden the underlying change.

WHERE TO POINT YOUR ATTENTION

Vendor sensing fails most often through compensation. We adjust our own behavior to mask the vendor's drift, and the drift becomes invisible because we've absorbed it. The discipline is to periodically look at the raw signal — not what we've made the relationship feel like through accommodation, but what it would look like if we weren't compensating.

NOTES FOR THIS DOMAIN

DOMAIN FIVE

05 Strategic & Environmental Reality

These are the slowest signals — regulatory shifts, technological change, the trajectory of your industry. They unfold over years. But the harder failure isn't missing them. It's the opposite: *noticing a shift, even discussing it, and still never converting that awareness into a decision.*

5.1 For the major forces shaping your industry — technological, regulatory, economic, demographic — do you have any deliberate way of staying current, or is your awareness mostly incidental?

- BLIND** Mostly incidental; I rely on what I happen to encounter.
- AWARE** A mix; I track some forces deliberately, others incidentally.
- ADAPTIVE** Mostly deliberate; I have built sources and habits that keep me oriented.

5.2 When was the last time something in the broader environment — outside your business — changed how you make decisions inside it?

- BLIND** I can't recall a clear example.
- AWARE** Occasionally, for major shifts.
- ADAPTIVE** Regularly; I treat environmental sensing as part of operating the business.

5.3 If your industry were entering a meaningful transition — technological, structural, generational — would you be more likely to notice early, around the same time as peers, or after the transition was already obvious?

- BLIND** Probably after; I would catch up rather than lead.
- AWARE** Around the same time as peers.
- ADAPTIVE** Earlier than peers; I have the habits and sources to see trajectory rather than just current state.

HEART STRONG COFFEE

Three trends have been visible in food and beverage for years: the rise of more rigorous ESG and supply chain transparency expectations from corporate buyers, the consolidation of office occupancy patterns post-2020, and the emergence of subscription-style office coffee programs from larger players. Heart Strong's owner is generally aware of all three. None of them has yet shaped a strategic decision. The signals are received. The loop stops there.

WHERE TO POINT YOUR ATTENTION

Strategic sensing usually fails not at perception but at the conversion of perception into decision. Many owners have a reasonable sense of where their industry is going. Far fewer have built the kind of regular conversation — with themselves, with advisors, with peers — that turns environmental awareness into actual strategic moves.

NOTES FOR THIS DOMAIN

AFTER THE DIAGNOSTIC

Look across the domains. Look at the *shape* of your answers.

Most businesses sense well in the places they've built deliberate attention, and poorly in the places they haven't. That asymmetry is information. So is a pattern of breaking at the same step across domains — signal not generated, signal not transmitted, signal received but no action — because that usually points to something about how the business is run, not about any one loop.

Of the answers you marked *Blind*, which one bothered you most?

Not the largest consequence — the one something in you recognized the moment you read it.

Where are you getting useful signal but it isn't *going anywhere*?

A loop that's broken in the middle — sensing is fine, action is fine, transmission isn't.

Where might you have *too much information* rather than too little?

A dashboard of fifty metrics is often less useful than one of three.

The *one loop* you'll watch for the next few weeks —

Is the signal being generated, is it reaching the person who can act, and does anything happen when it does?

— A CLOSING THOUGHT

The deepest idea inside sensing is *movement*.

Knowing isn't enough. The businesses that learn are the ones where information travels from where it lives to where it can be used — quickly, routinely, without needing to be heroic about it. Most of the loops that matter aren't broken because the signal is missing. They're broken because the path between sensing and acting was never built, or has quietly fallen out of use.

The most useful move from here is rarely to redesign all your loops at once. Pick the one that surfaced in your reflection. Watch it for a few weeks. Ask the three questions a loop asks of itself: is the signal being generated, is it reaching the person who can act, and does anything happen when it does?

A Most businesses know more than they act on. The discipline is closing that gap.

— IF SOMETHING SURFACED

If working through this raised questions you want to think through with someone, *I'd be glad to grab coffee*.

No pitch — just a conversation about what came up and what it might mean.

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