

Scaling New Heights 2014

San Antonio, Texas



Building a Customer Focused Business Dashboard

*What you can measure
you can manage.*

Presenter: Edi Osborne,
CEO Mentor Plus
Business Intuitive

What we'll cover:

You'll learn how to:

- Communicate the value of having a balanced perspective on the business
- Develop key performance measures to populate any dashboard
- Facilitate a Cycle of Customer Interaction (CCI) session with your clients and your own firm.
- How to elevate mission critical activities to the level of performance standards.

“If you can measure that of which you speak, and can express it by a number, you know something of your subject; but if you cannot measure it, your knowledge is meager and unsatisfactory.”

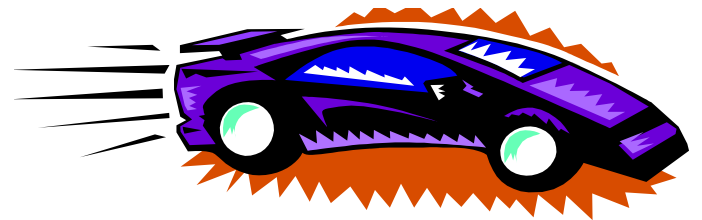
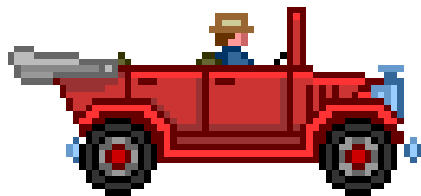
- *William Thomson, Lord Kelvin*
1st Baron Kelvin of Largs (1824–1907)
British physicist, Kelvin scale of temperature
quoted in Stigler, The History of Statistics, p.1

Building Your Business Dashboard

Presented by:

Insert your name here

Over the years, with the introduction of super highways, more cars on the road, and consumers demanding to drive more reliable vehicles, dashboards have gotten much more sophisticated.



Similarly, today's businesses being operated on the information super highway, along with ever increasing competition and demands from consumers, has lead to the development of a more sophisticated business dashboard.

What is a Business Dashboard?

Ideally, it is a centralized reporting mechanism that provides real-time performance feedback about activities that are critically important in helping a company achieve specific goals.

*Real-time feedback gives decision makers the opportunity to react to issues **BEFORE** they become problems.*

Today's business dashboard not only provides for more indicators than its early predecessors, it also provides a balance of both leading and lagging indicators.

Here's what we mean . . .

Traditional Management Dashboard Model

If you want to measure success
the focus is on:

Revenue – Expenses = Profit

(Lagging Indicators)

Today's Management Dashboard Model

If you want to impact success
the focus needs to be on:

People X Process = Profit

(Leading/Predictive Indicators)

It's the difference between
focusing on what has *already happened*
and what *needs to be done*.

Another way to think about it . . .

Analysis VS. Planning

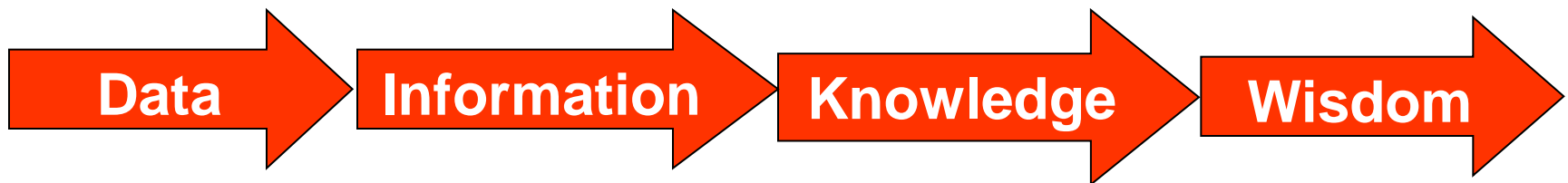
Analysis is necessary to understand the past.

Planning is necessary to influence the future.

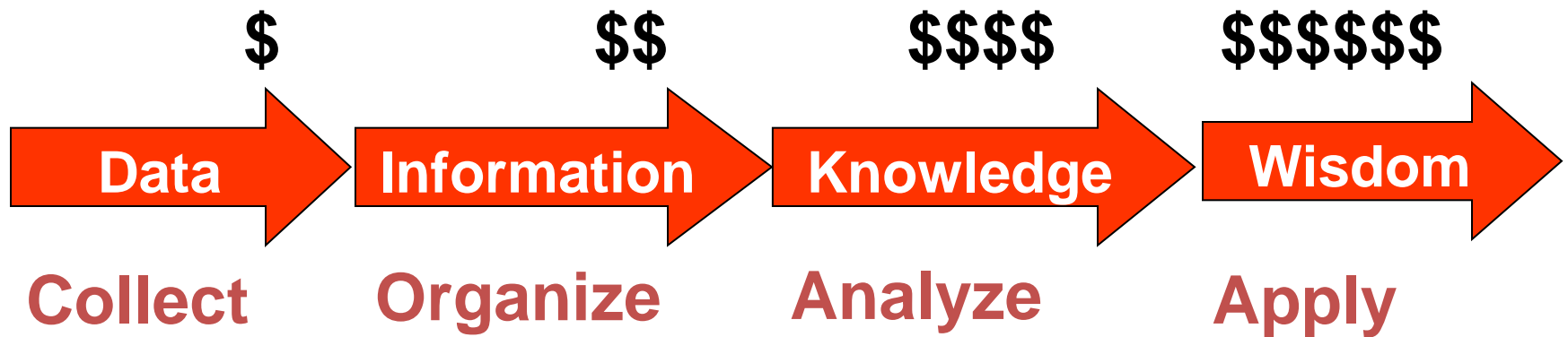
Building Your Business Dashboard

Establishing a Plan

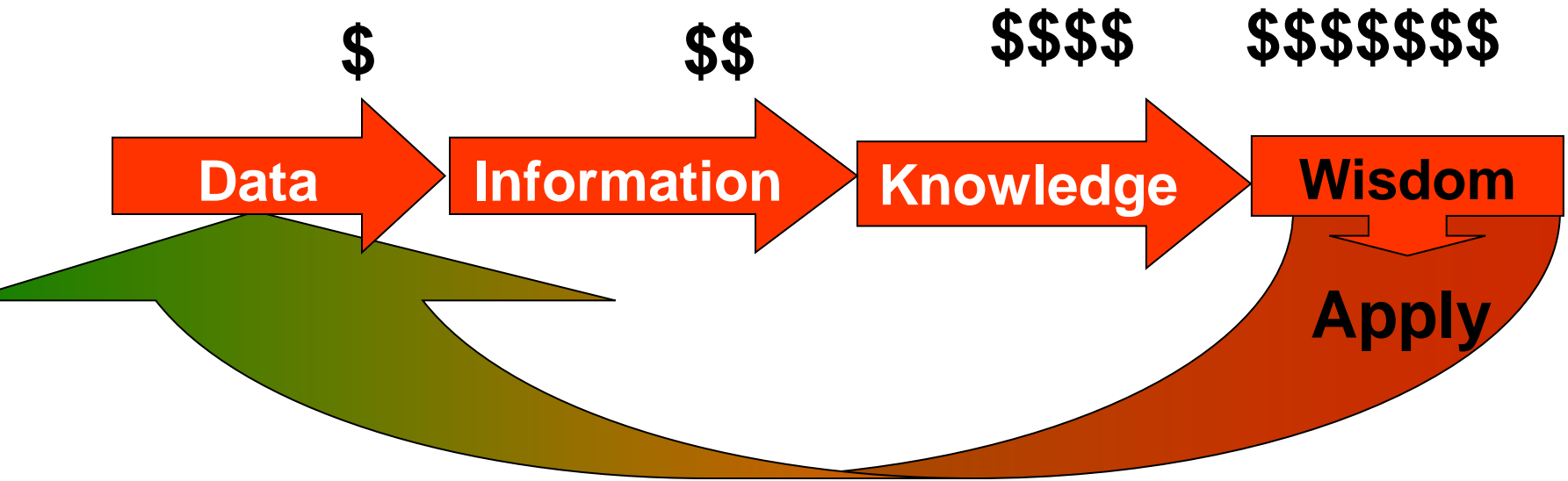
- 1) Collecting **Data**
- 2) Organizing **Information**
- 3) **Knowledge** through Analysis
- 4) Applied **Wisdom**



Moving Up the Value Chain



Value to the Organization



Establishing a Plan

Starting with the question:

In five years you'll arrive,
the question is where?

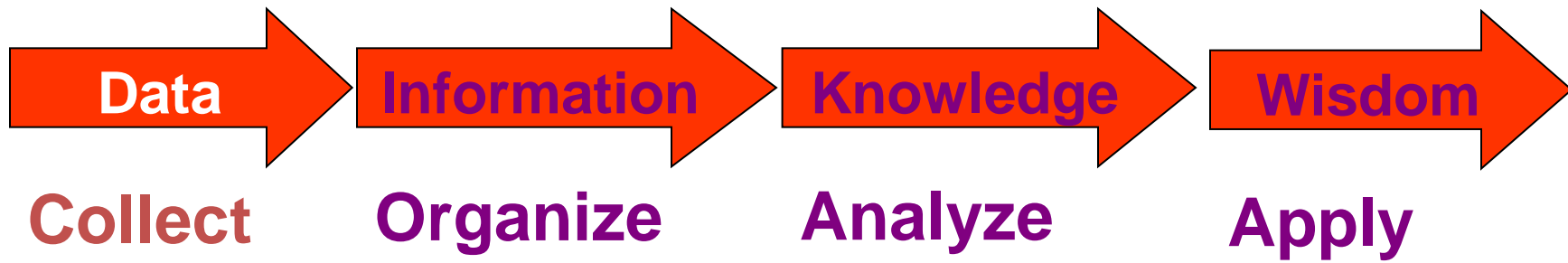
What is your vision?

What are your goals?

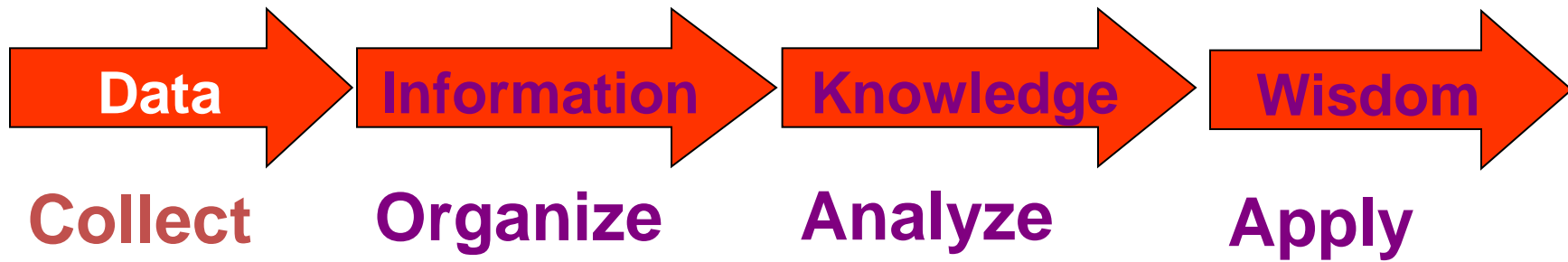
What strategy will you employ to
achieve your goals?

**Vision without action is merely
a dream. Action without
vision just passes the time.
Vision with action can change
the world.**

- Joel Barker



Step 1 Collecting Data

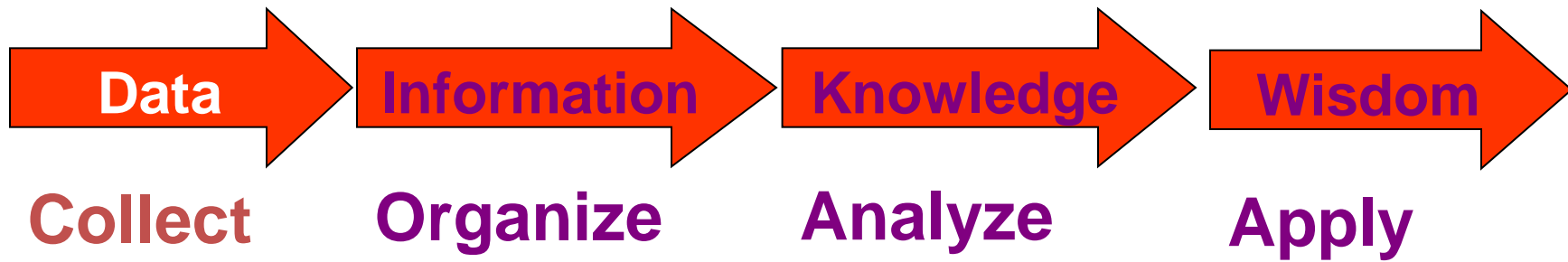


Collecting Data Through a Filter

Which data should we collect?

Once you have a clear vision and a plan to achieve your vision, you then have a filter to help you sort through the enormous amount activity data generated everyday.

This allows you to focus in on the data that is most critical to your company.



Without a collection filter, it is easy to become overwhelmed with the volume of data being generated in your business.



Improve Cash Flow

Cost of Capital

Net Profit

New product development

Throughput

On time arrivals

Mgmt Advancement

Employee Turnover

Sales

Acquisition Rate

R & D

Cost of Acquisition

Product Mix

Shrinkage

Customer Complaints

Productivity

Gross Margin

Safety Violations

Customer Frequency

Cycle Time

Attrition Rate

Backorders

Vendor Reliability

Training Costs

Credit Memos

Customer Mix

Service Mix

Inventory Turnover

Billing Accuracy

Quality Control

Morale

Average Sale

Sales per person

Order Entry

Market Share

Rework

Return on Equity

Bad Debt write-offs

Accounts Receivable

Waste/Scrap

Management Effectiveness

Return on Assets

Customer Referrals

Innovation Quotient

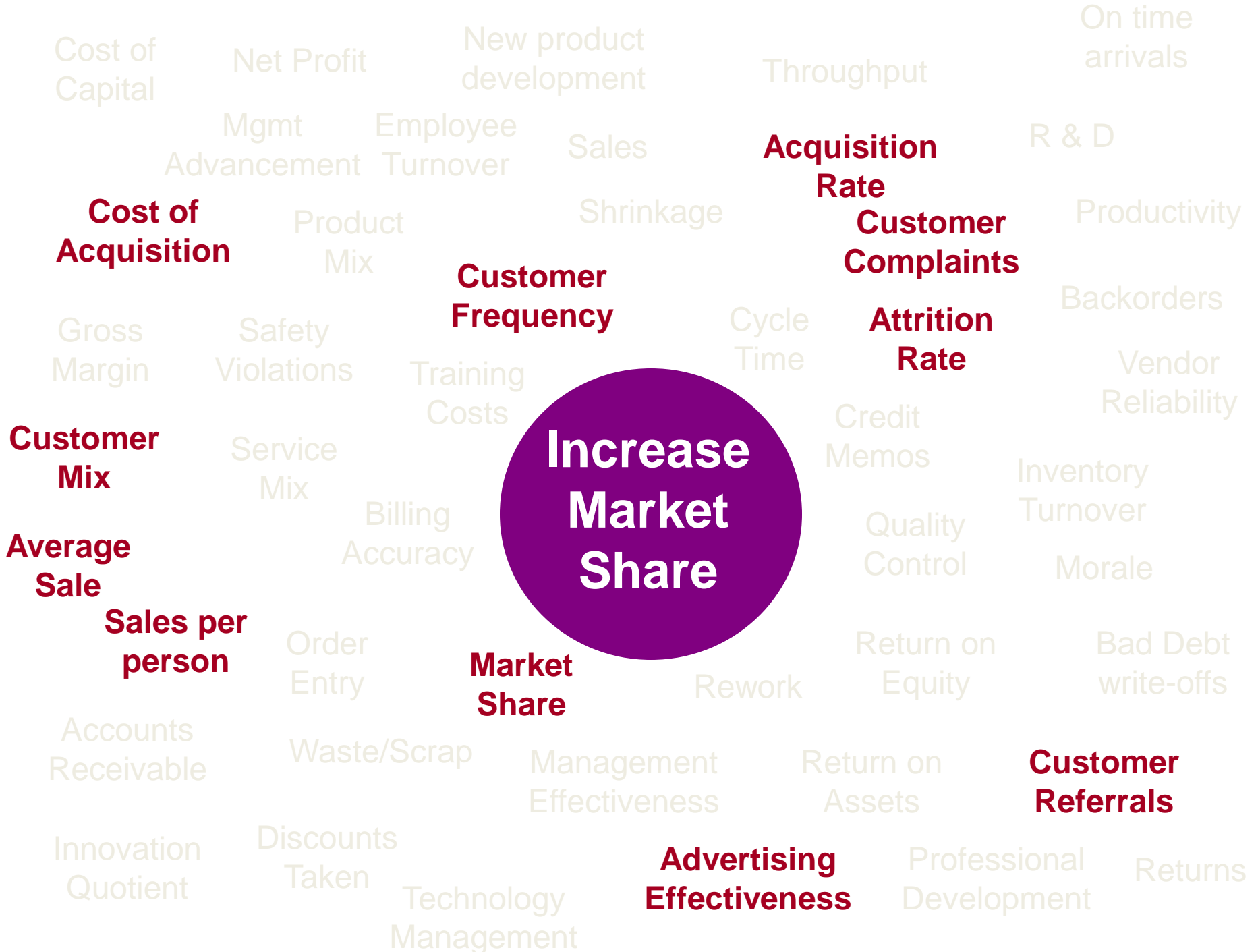
Discounts Taken

Technology Management

Advertising Effectiveness

Professional Development

Returns



**Improve
Production**

**New product
development**

Throughput

**On time
arrivals**

R & D

Productivity

Backorders

**Vendor
Reliability**

**Inventory
Turnover**

Morale

**Bad Debt
write-offs**

**Customer
Referrals**

Returns

Rework

**Credit
Memos**

**Quality
Control**

**Return on
Equity**

**Return on
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Taken**

**Cost of
Capital**

**Cost of
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**Customer
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person**

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Productivity

Backorders

**Vendor
Reliability**

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Referrals**

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Rework

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Margin**

**Customer
Mix**

**Average
Sale**

**Sales per
person**

**Accounts
Receivable**

**Innovation
Quotient**



**The bottom line is . . .
most companies are data rich and
information poor.**



Our job is to help clients
sort through the
mountain of data to
identify measures that
are critical to their
company's success.

When gathering and organizing measures there are four things to keep in mind:

1. Baseline Measurement

- Hawthorne Effect

2. Standardized Data

- Performance Standards
- Documented Procedures

3. Multi-dimensional approach to identifying critical measures

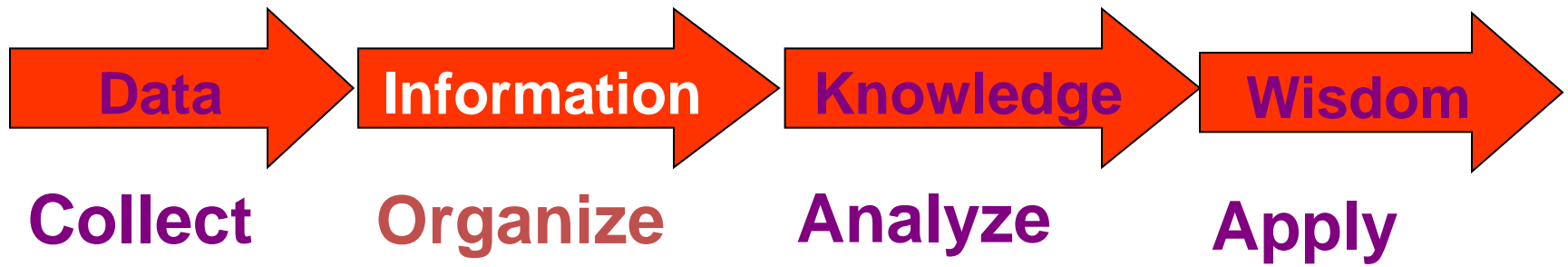
- Cycle of Customer Interaction
- Process Mapping
- Hierarchy of Measures
- Benchmarks

4. Ownership

- Involved
- Accountable
- Easy to understand
- Empowered to Innovate

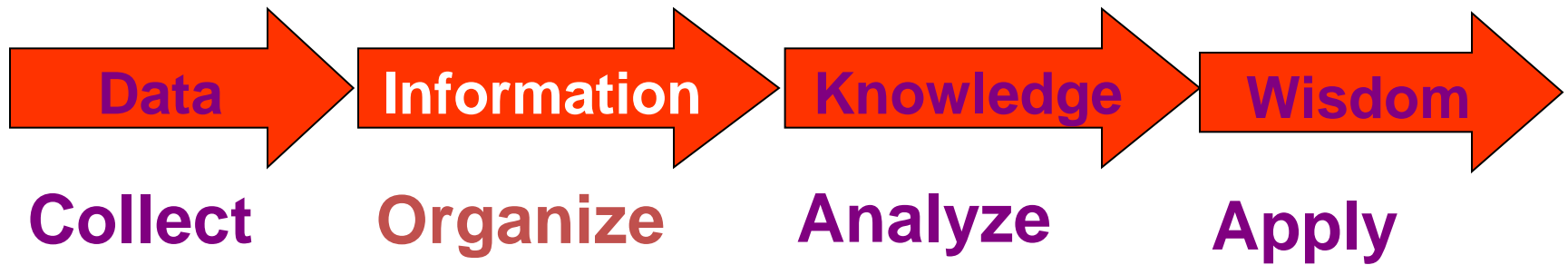
You don't grow companies. You grow people and people grow companies.

author unknown



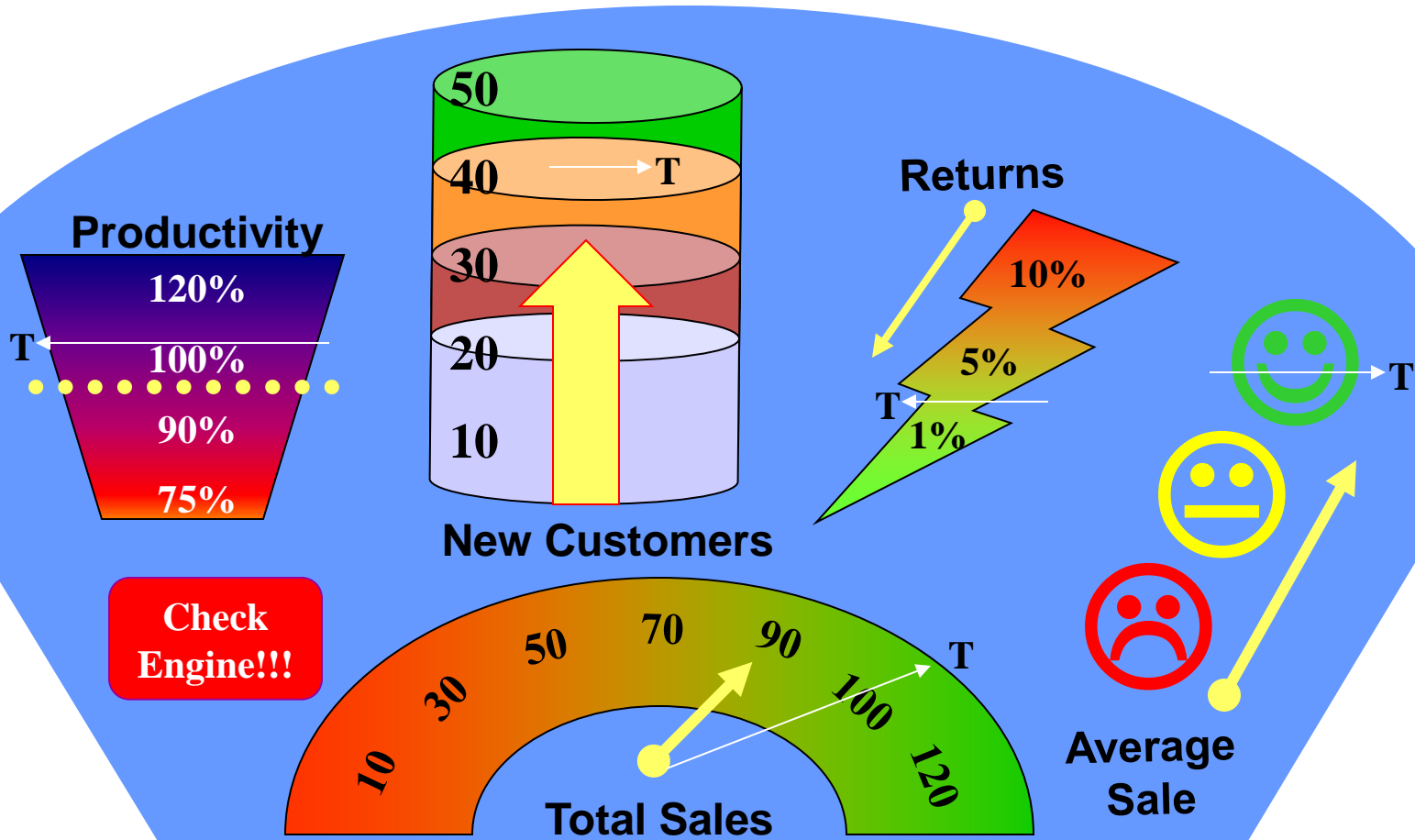
Step 2

Organizing Information



Once we've figured out which data is most relevant to the specific goals of your company, the next step is to construct your business dashboard so you can access the information you need to manage your business more effectively.

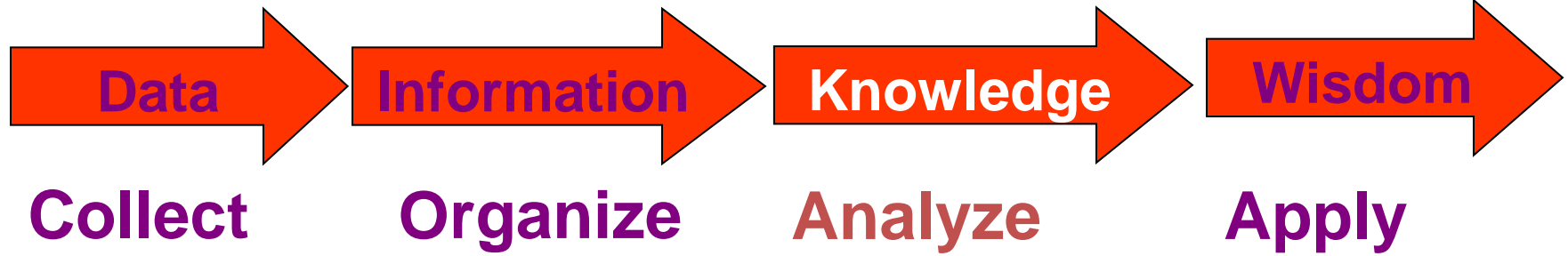
Your Business Dashboard



Today's Critical Numbers

Regardless of the nature of the dashboard the bottom line effects are the same:

- Centralized View VS. Fragmented View
- Balanced view
 - leading VS. lagging indicators
 - financial VS. non-financial indicators
 - customer oriented VS. operationally oriented



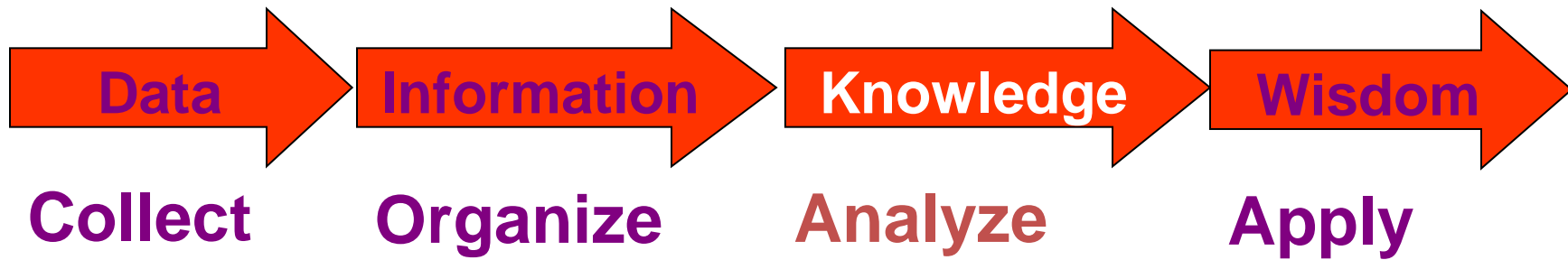
Step 3

Knowledge through Analysis

Asking questions will get you the performance
you are after far better than dictating
demands.

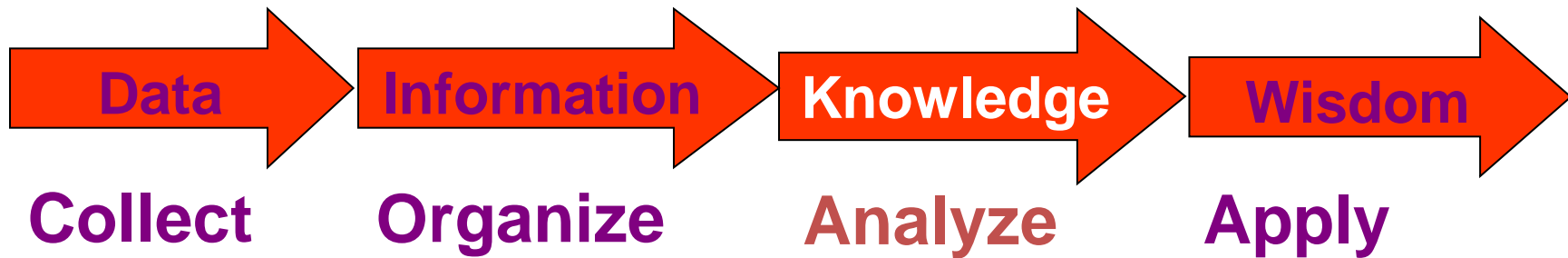
- Dan James

(1951–) American Entrepreneur, Composer, Inventor, College
Educator, Sales Manager



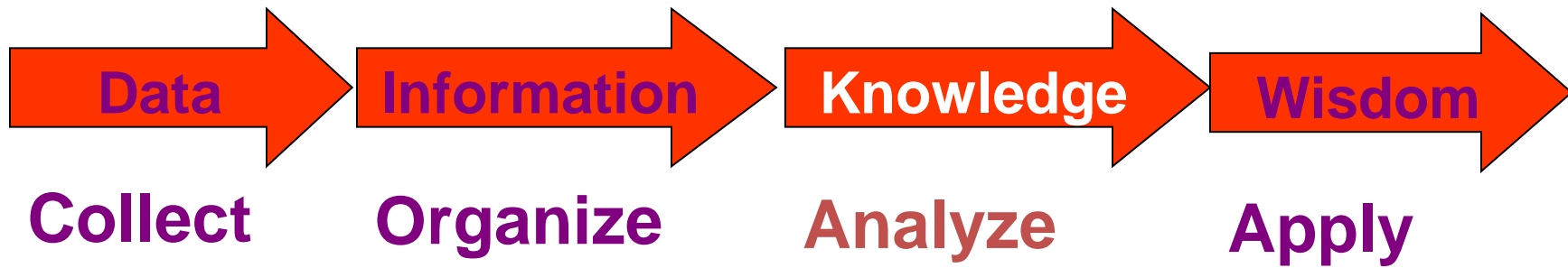
Are we on target to
achieve our goals?

If not, why not, in which areas of
performance?

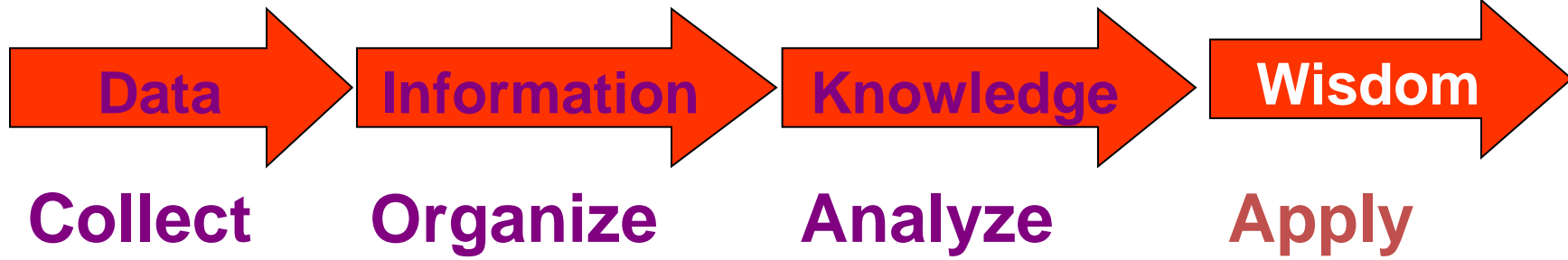


Is it a People or Process Issue?

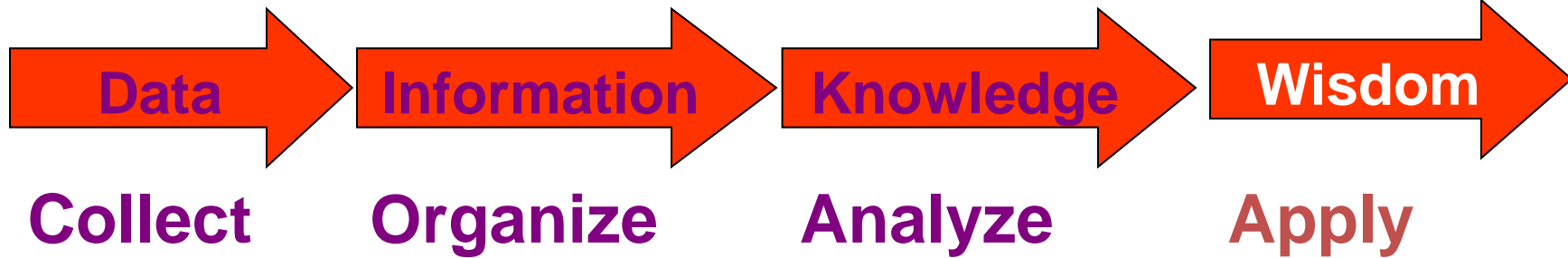
Information gleaned from the company dashboard helps managers quickly determine the source and nature of an issue.



Armed with specific knowledge to address a given issue the next step is to respond to the issue **BEFORE** it becomes a problem.



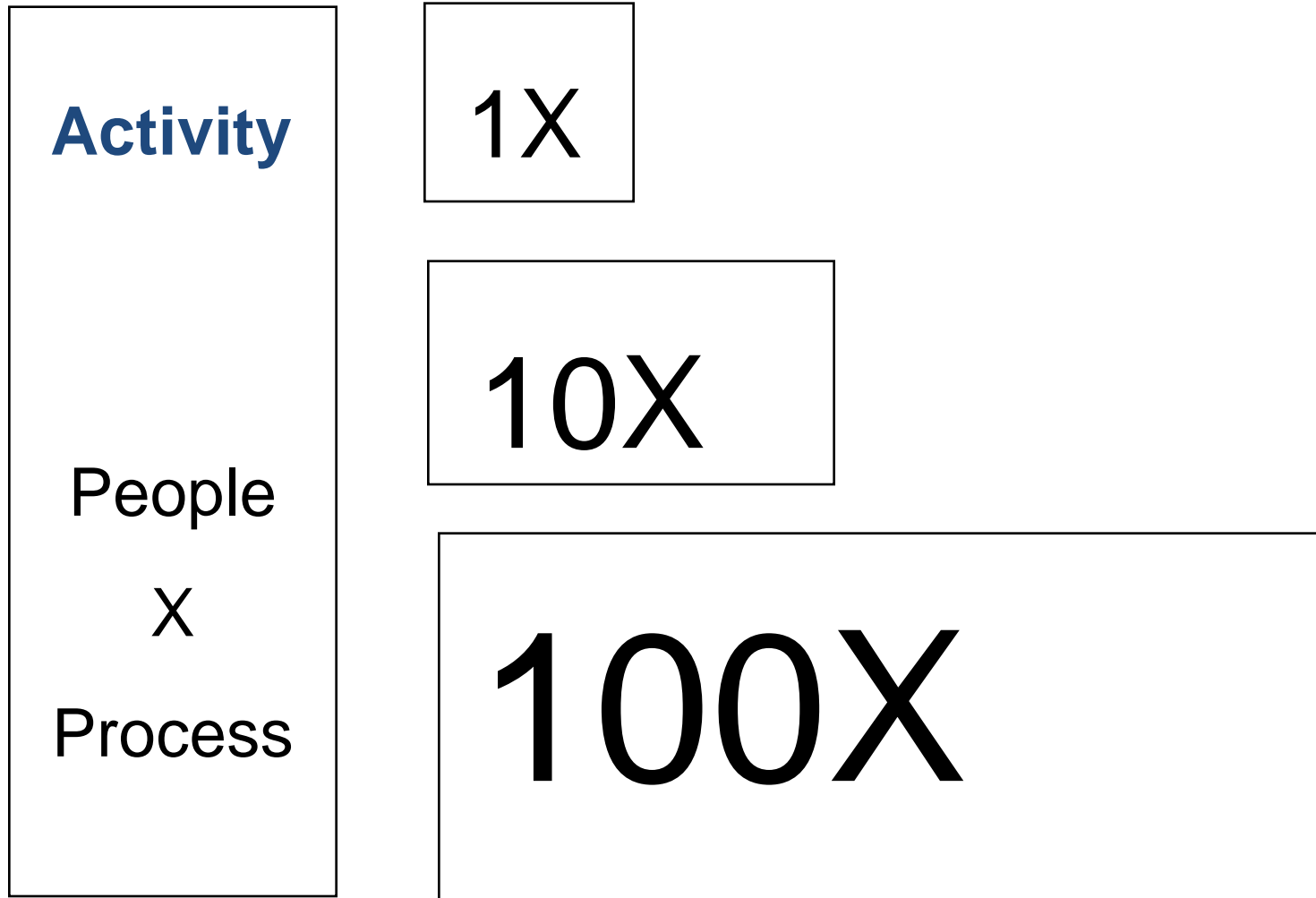
Step 4 Applied Wisdom



Applied Wisdom employs experience, innovation, and science.

- **Experience** serves as a reference for what has happened in the past.
- **Innovation** stimulates the opportunity to do it better in the future.
- **Science** determines which approach will yield the greatest leverage.

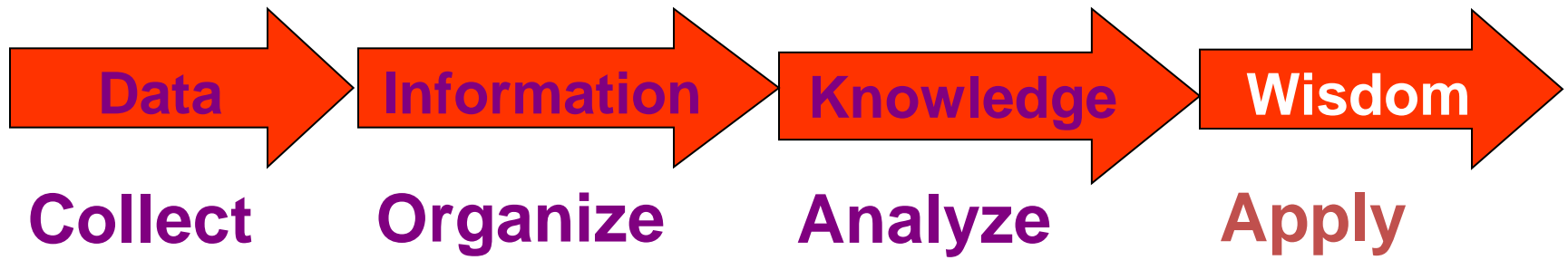
The objective is to leverage specific activities that are critical to company goals.



A Scientific Approach to Business Management

- 1. First we quantify the “control” or baseline performance.**
- 2. Then apply wisdom to test new strategies to improve on the control.**
- 3. Once we identify a better strategy, it becomes the new control or performance standard.**
- 4. Then we continue to improve (Kaizen) by repeating steps 2 and 3 over and over.**

Only then, can we answer the question “how high is high”?

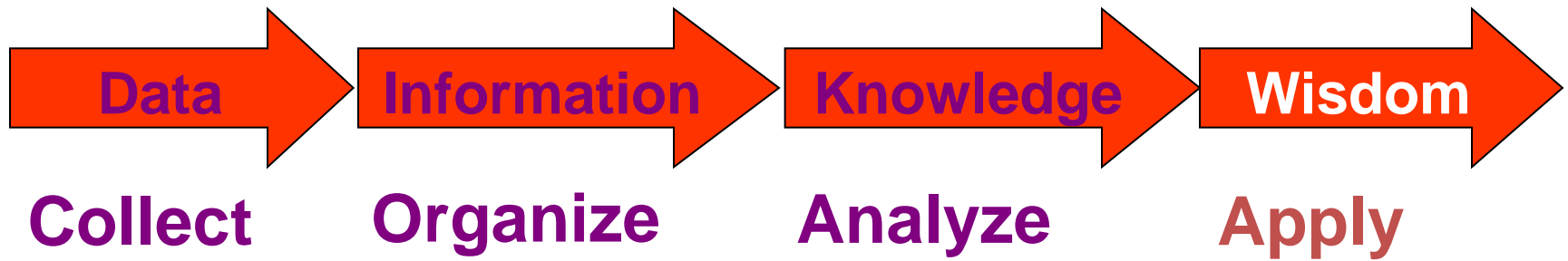


Applied Wisdom serves as a platform for Kaizen (Continuous Improvement).

This ultimately serves to leverage both the people and processes of an organization.

If you find a good solution
and become attached to it,
the solution may become
your next problem.

- Dr. Robert Anthony
American management educator,
author, US assistant secretary of defense



If you can't measure it, you can't manage it.

If you can't manage it, you can't leverage it.

That which gets measured, gets done.

That which gets rewarded, gets done again.

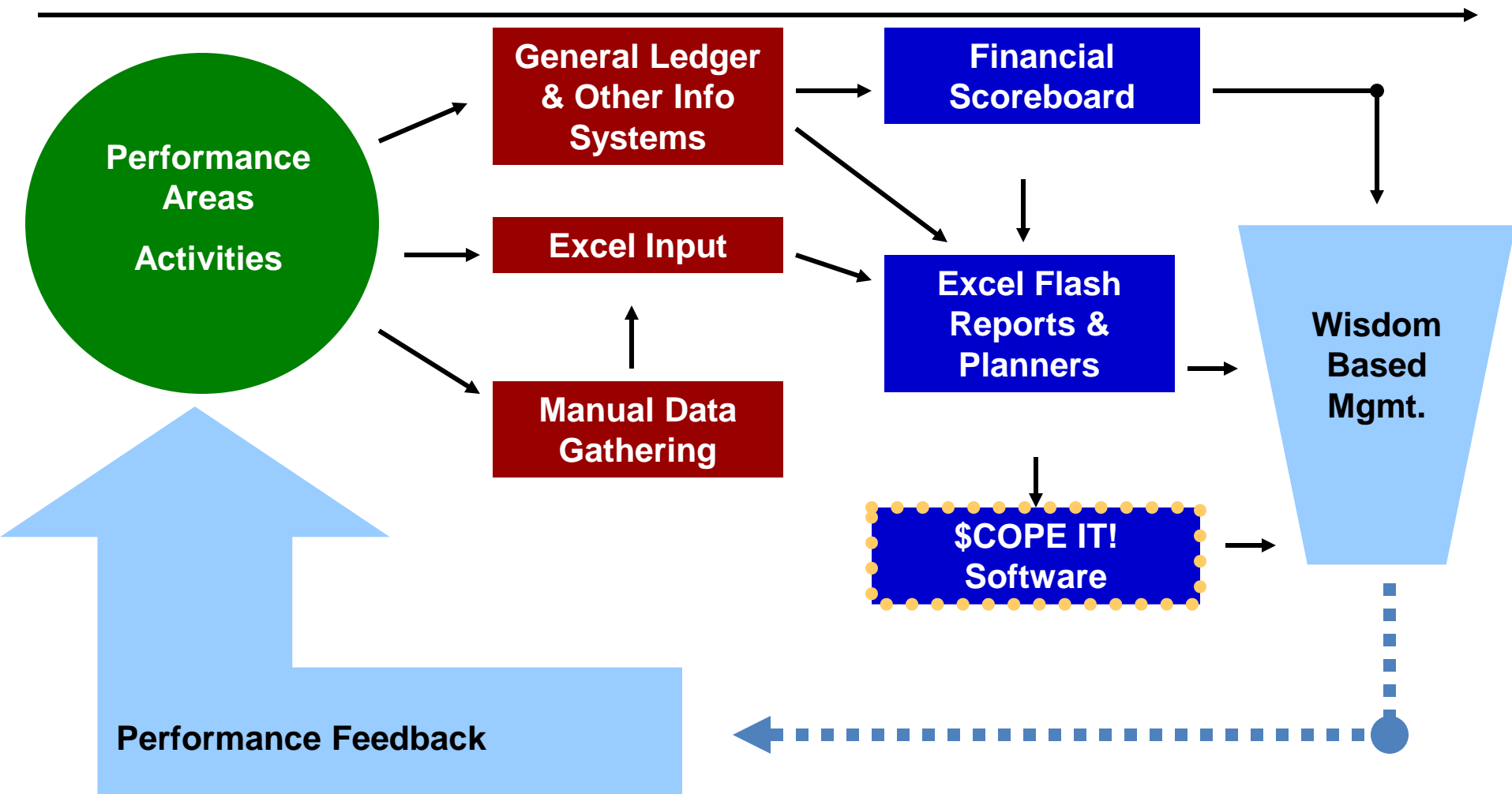
The Business Dashboard Performance Measurement System

Data

Information

Knowledge

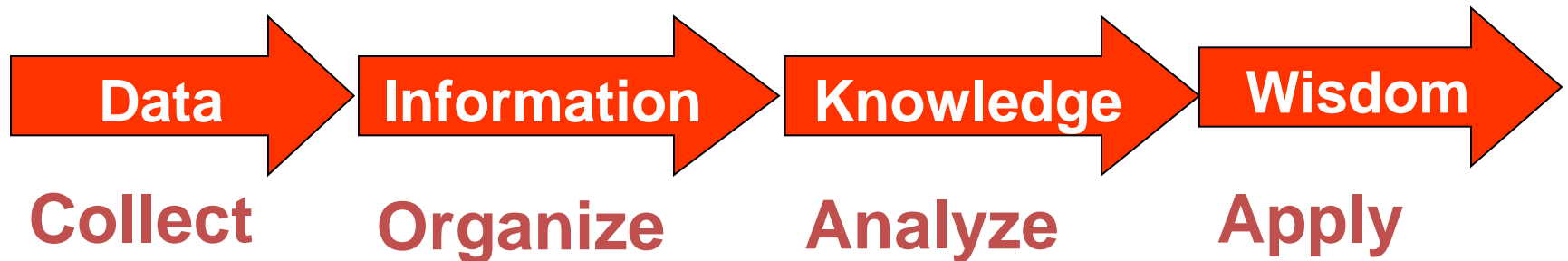
Wisdom



The Process Reviewed

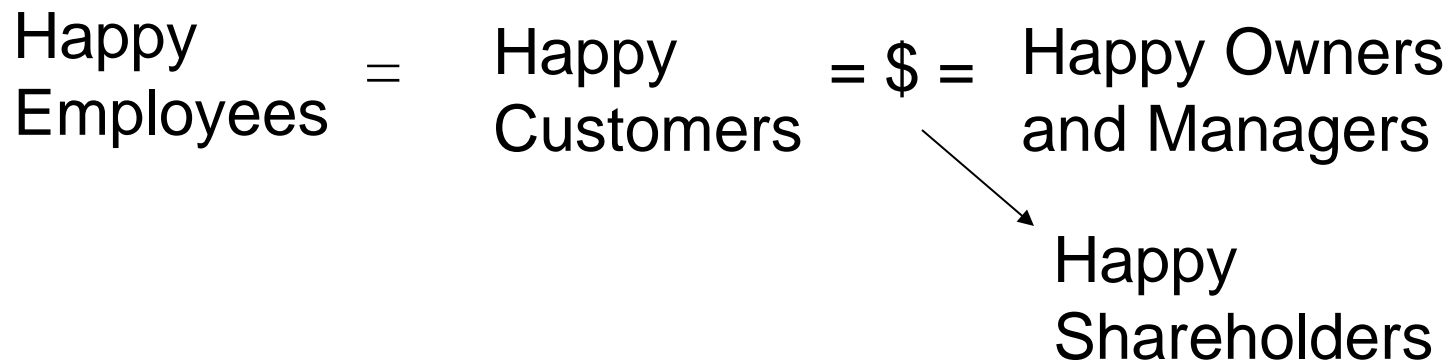
Establishing a Plan

- 1) Collecting **Data**
- 2) Organizing **Information**
- 3) **Knowledge** through Analysis
- 4) Applied **Wisdom**



Ultimately, a performance measurement dashboard provides benefits to:

- Team members
- Customers
- Owners and Managers



*The people side of
performance measurement . . .*

People perform best when they understand the “rules of play” and the scoring method is clear.

*The customer side of
performance measurement . . .*

**Customers can expect a
consistently positive
experience from an
organization where the
“rules of play” are followed.**

*The owner/manager side of
performance measurement . . .*

A business that provides clear expectations and real-time performance feedback can be managed on a real-time basis and therefore, has greater control over its destiny.

*The shareholder side of
performance measurement . . .*

**Businesses that operate with
leading indicators are better
predictors and managers of
future outcomes.**

**Where performance is measured,
performance improves. Where
performance is measured and reported,
the rate of improvement accelerates.**

**- Thomas S. Monson
(1927–) American religious leader, advertising executive,
MBA & honorary doctorate from BYU**

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Mapping the Customer Cycle of Interaction

Your client's perspective
is the only reality that matters.



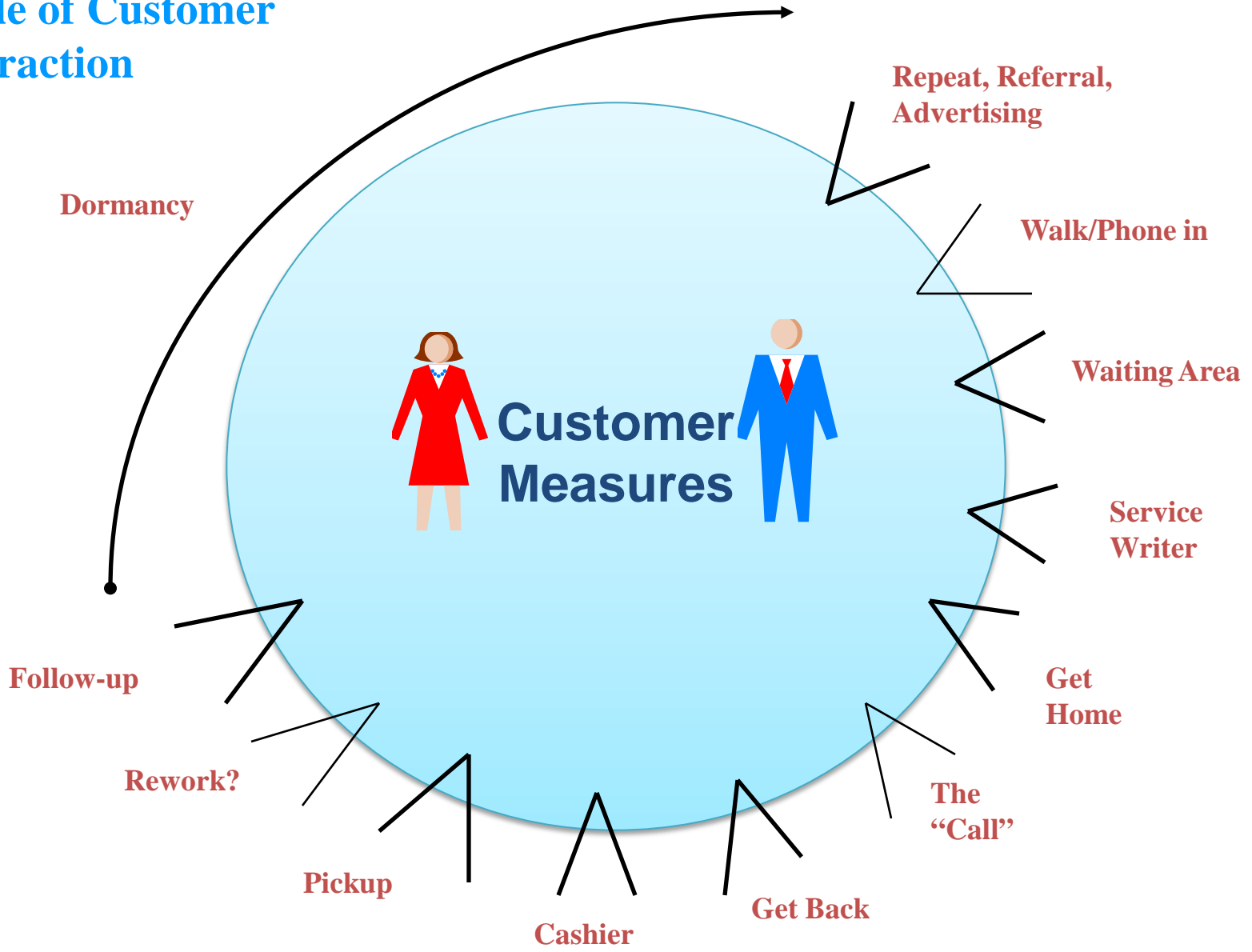
Facilitation Benefits:

- Learn to map the customer experience
- Get everyone on the “same page”
- Optimize growth opportunities
- Eliminate wasted efforts
- Create a WOW experience!
- Create a great lasting impression

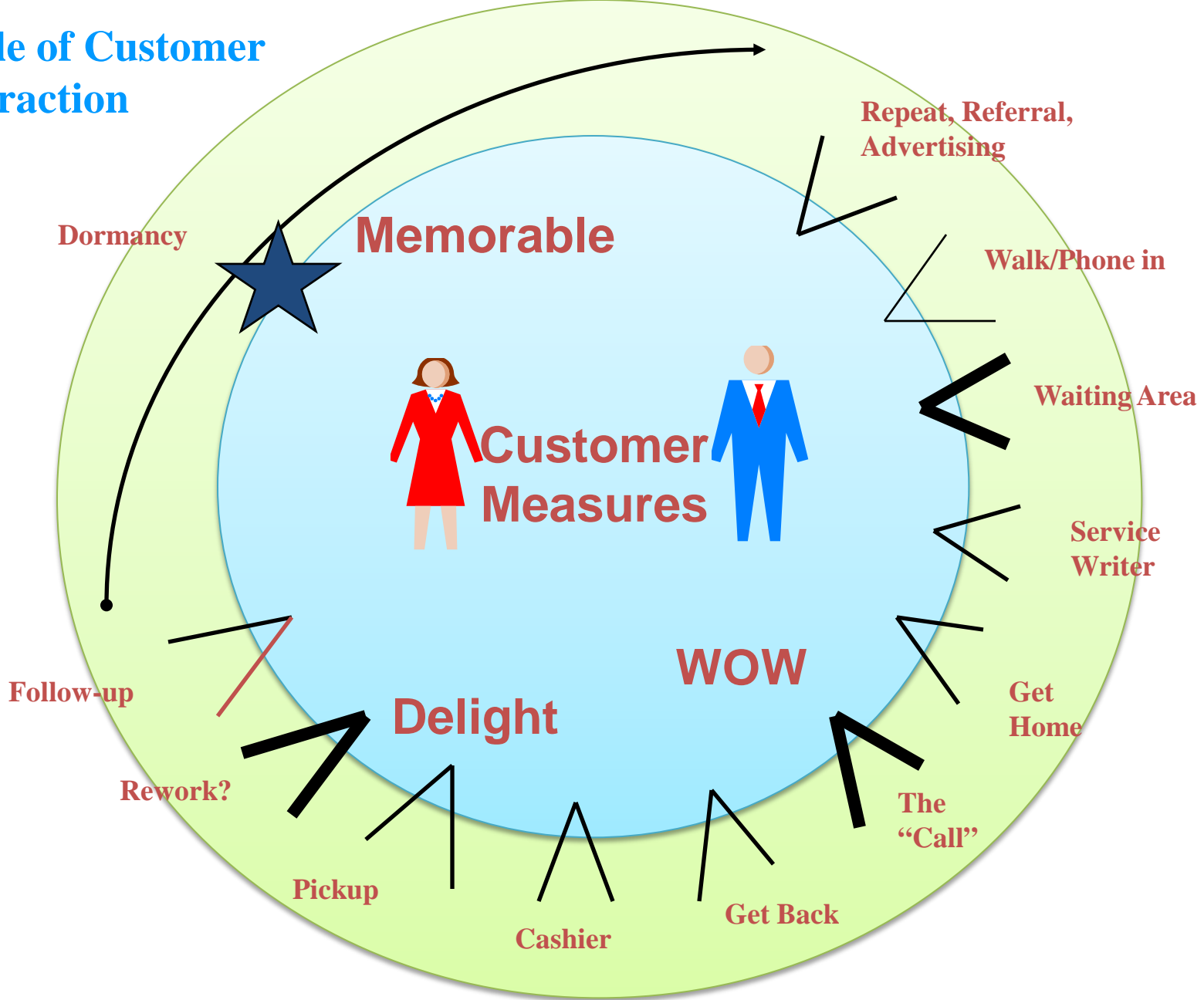
Cycle of Customer Interaction



Cycle of Customer Interaction

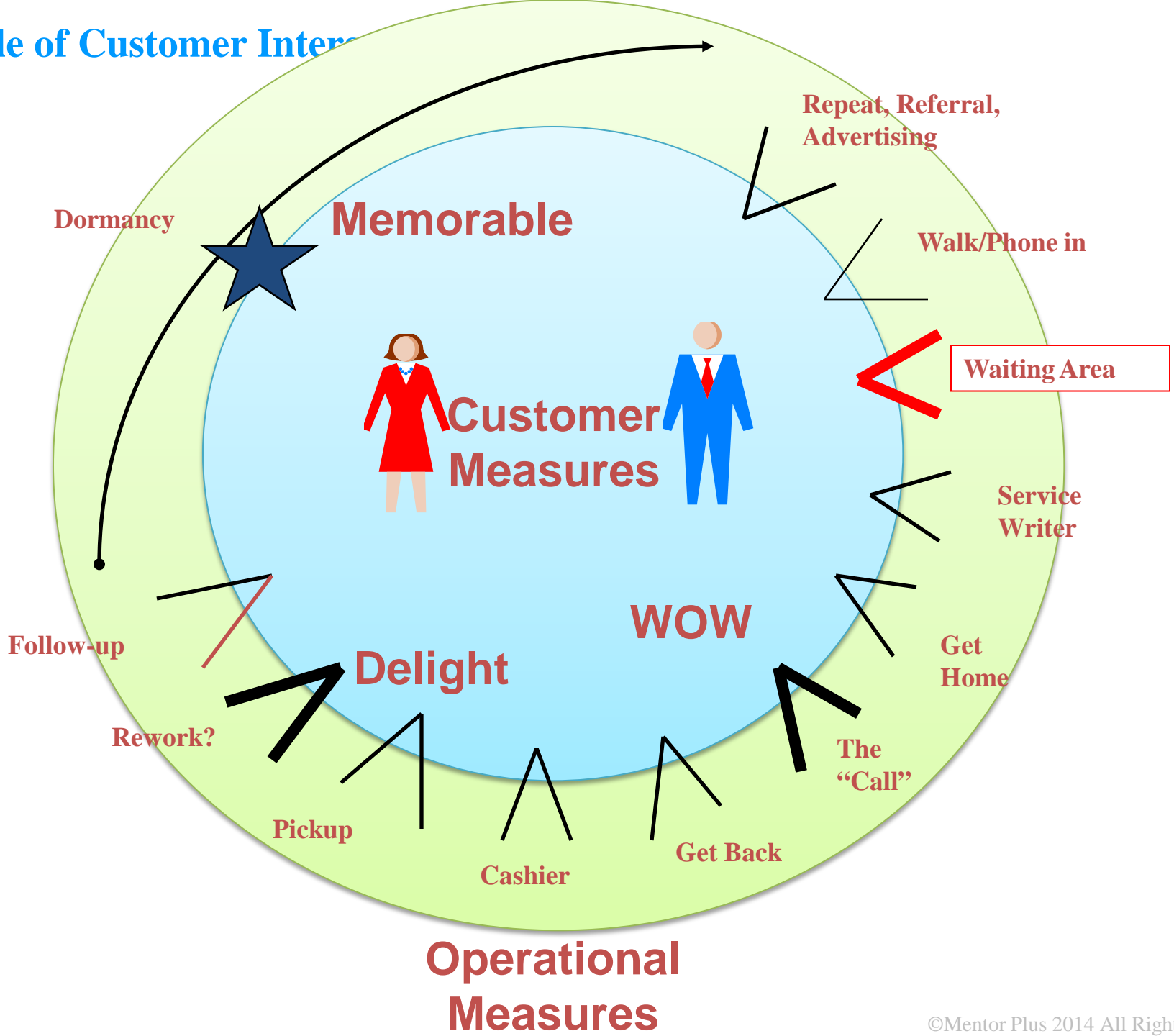


Cycle of Customer Interaction

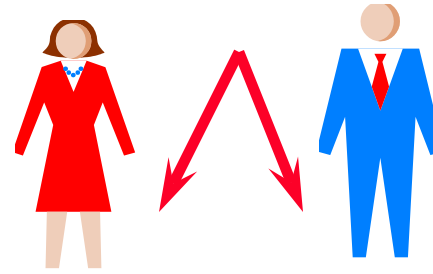


Operational Measures

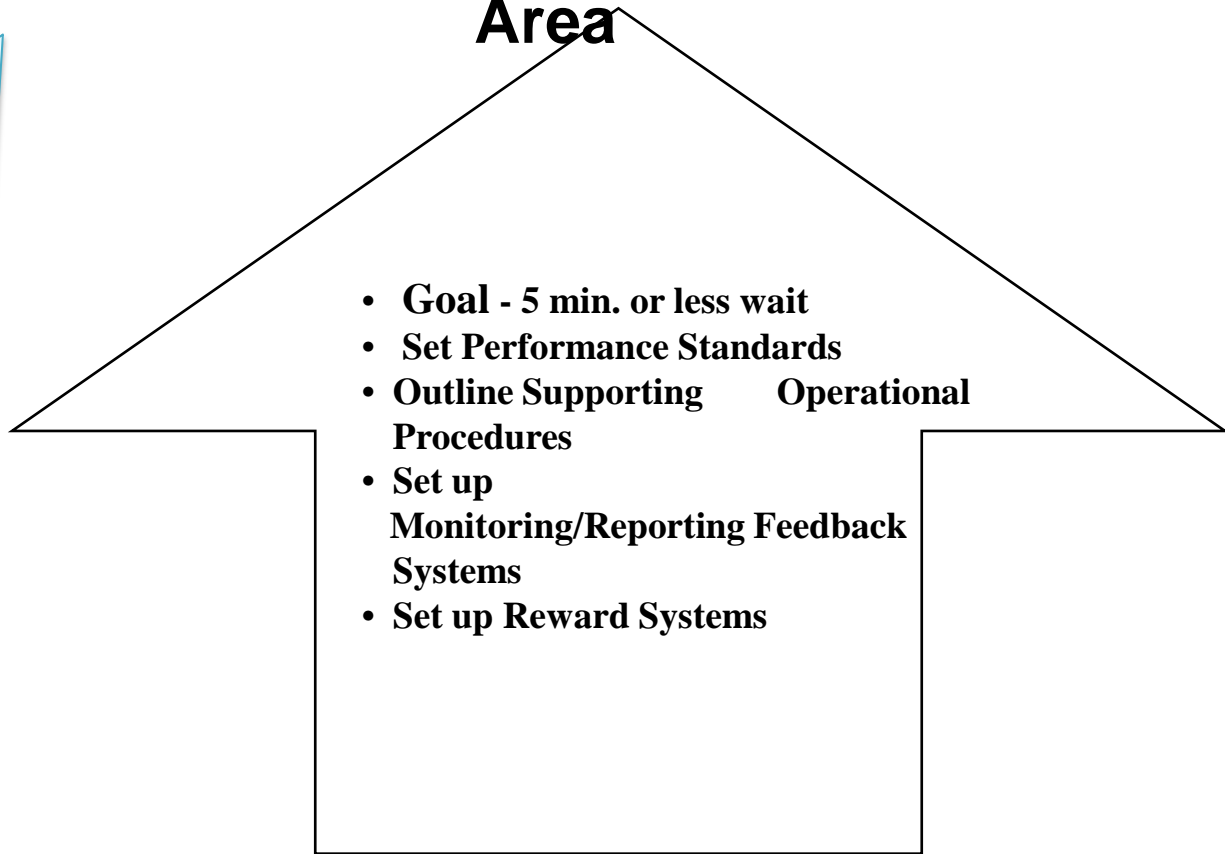
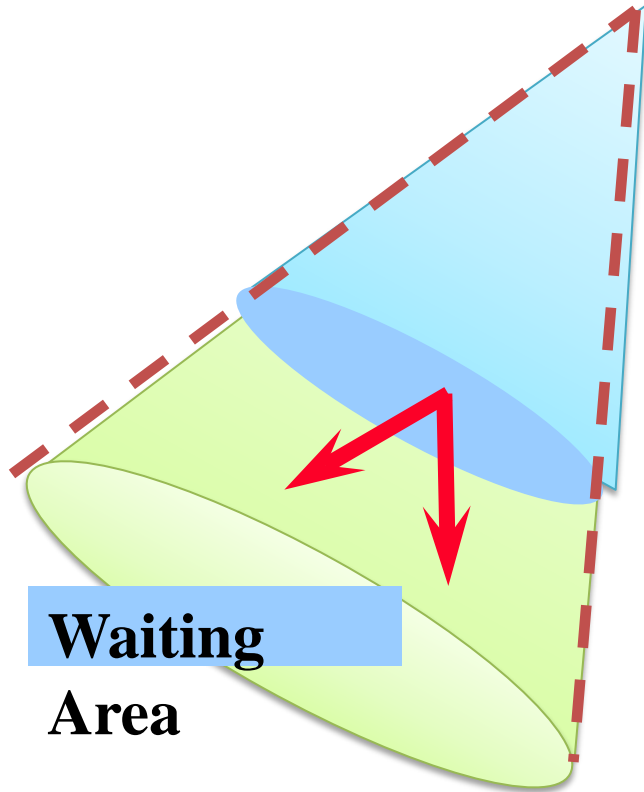
Cycle of Customer Interest



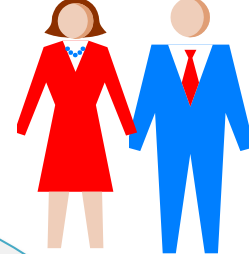
Cycle of Customer Interaction



Waiting Area



Cycle of Customer Interaction



Operational Measures

Customer Measures

Financial Indicators
Lagging Indicators

Spectrum of Reporting/Feedback

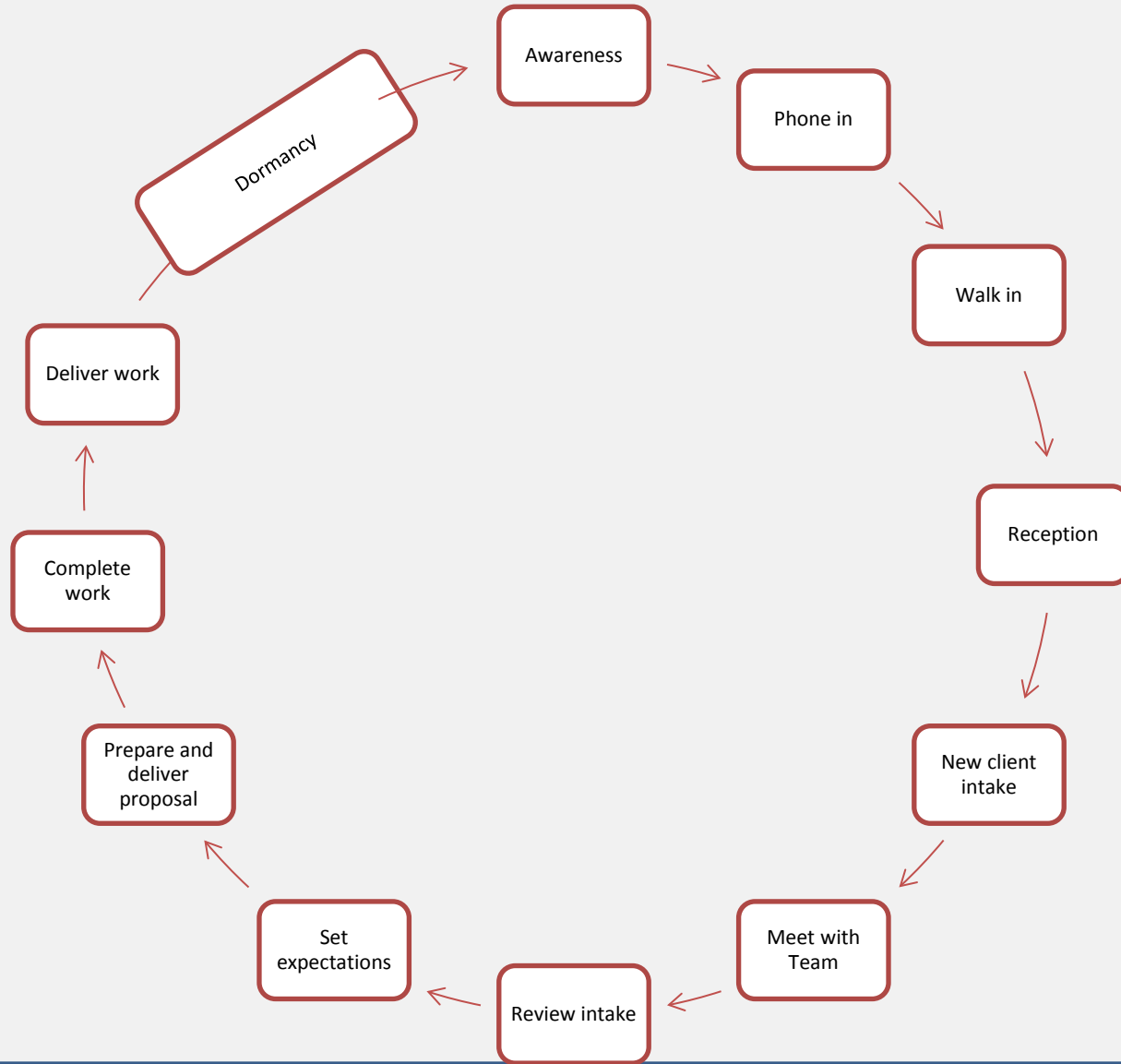
Performance Indicators
Leading Indicators

Management

Business Intelligence Dashboards

Front Line Team

Cycle of Customer Interaction



Cycle of Customer Interaction

Focus on Customer, first and foremost

Ripples in a Pond – impacts all aspects of the operation

The Domino Effect – identifies lead dominos

Good check and balance in monitoring changes

Illuminates the Lifetime Value of a Customer and Cost of Acquisition

Pipeline of leading indicators

Measures interaction of steps

Taking the Cycle of Customer Interaction
a step further . . .

We can help clients translate critical activities
into company performance standards. This
creates an environment where the “rules of
play” are very clear.

Science and Standards

Performance Standards lead to more consistent, reliable performance measures.

The key to implementing successful Performance Standards is getting “buy-in” from the team.

The team needs to take ownership of the process. Their performance needs to be measured, recognized, and appropriately rewarded.

Performance Measurement without Performance Standards is of limited value.

Performance measurement, like ripples in a pond, ends up effecting every aspect of an organization (operationally and culturally).

Without the team's involvement and support, all the measures in the world will fail to stimulate the desired effect.

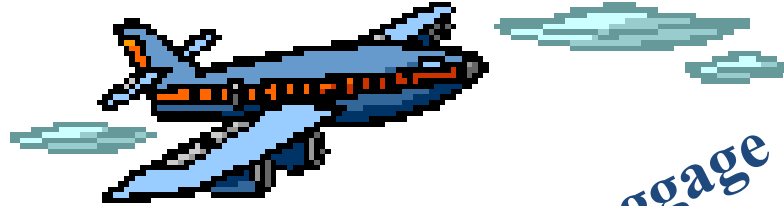
How is it that some airlines out
perform others?

Is it their people or their process?

What measures might an airline employ to gauge its success?

Customer satisfaction

Capacity utilization



Canceled flights

On-time

Lost luggage

Fuel economy

Time in check-in line

Repeat business

Turn-around time

It's Both People and Process

People and Process are a reflection of the values of an organization. The values are the (the unspoken rules) heart of company culture.

Happy Employees Yield Happy Customers

Any given team will value their customers only as much as they feel valued by their teammates and their leaders.

The key to consistently delivering Fabled Service* resides with the team.

“We support their efforts by establishing clear and meaningful Performance Standards and giving the tools and training needed to act on them.”

*Betsy Sanders, “Mother” of Nordstrom Customer Service

Author: Fabled Service

Standardizing Performance

Humanize the 10% Exceptional

+3

+2

+1

0

**Baseline of Measurable
Performance Standards**

-1

-2

-3

Systematize the 90% Routine

Employees are very good at living up to our lack of expectations.

Who is at fault?

Examples of Performance Standards

- Painting contractor's "List of Permissions"
- Accounting Firm Audit "List of Permissions"

**You don't grow companies.
You grow people and
people grow companies.**

author unknown

Moments of Truth

Jan Carlzon

“Our goal is not to make one thing 1000% better but to make 1000 things 1% better.”

Take Away Tools

- Step-by-Step how to conduct a Cycle of Customer Interaction instructions
- Sample CCI based Key Performance Indicators for Dentist and Plummer

Session Wrap-up

- A Balanced approach to business management yields sustainable growth
- Business dashboards can be applied to any business, any industry
- We facilitate the process, the client and their team drive the content
- Start with the Cycle of Customer Interaction – elevate 3-5 points of contact to Performance Standards

Scaling New Heights 2014

San Antonio, Texas



Your questions?

My question: What will
you take away from this
session?