Building a Customer Focused Business Dashboard

What you can measure you can manage.

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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

Data $ Collect
Information $$ Organize
Knowledge $$$$ Analyze
Wisdom $$$$$$$ Apply
Value to the Organization

Data

Information

Knowledge

Wisdom

Apply

$ $ $$ $$$ $$$$ $$$$$$$

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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.
CSF’s = Filters
Improve Profitability

- Net Profit
- New product development
- Throughput
- Acquisition Rate
- Customer Complaints
- Customer Mix
- Customer Frequency
- Cycle Time
- Attrition Rate
- Customer Referrals
- Sales
- Shrinkage
- Cycle Time
- Credit Memos
- Quality Control
- Return on Equity
- On time arrivals
- R & D
- Productivity
- Backorders
- Vendor Reliability
- Cost of Acquisition
- Product Mix
- Service Mix
- Training Costs
- Backorders
- Training Costs
- Customer Mix
- Accuracy
- Billing Accuracy
- Return on Assets
- Bad Debt write-offs
- Average Sale
- Sales per person
- Order Entry
- Market Share
- Rework
- Customer Mix
- Average Sale
- Sales per person
- Accounts Receivable
- Waste/Scrap
- Management Effectiveness
- R & D
- Technology Management
- Discount Taken
- Innovation Quotient
- Management Effectiveness
- Professional Development
- Returns
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

Productivity:
- 120%
- 100%
- 90%
- 75%

New Customers:
- 50
- 40
- 30
- 20
- 10

Total Sales:
- 10
- 30
- 50
- 70
- 90
- 100
- 120

Returns:
- 10%
- 5%
- 1%

Average Sale:

Check Engine!!!

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

Performance Areas

Activities

- General Ledger & Other Info Systems
- Excel Input
- Manual Data Gathering

- Financial Scoreboard
- Excel Flash Reports & Planners

- $COPE IT! Software

Wisdom Based Mgmt.

Performance Feedback

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The Process Reviewed

Establishing a Plan
1) Collecting **Data**
2) Organizing **Information**
3) **Knowledge** through Analysis
4) Applied **Wisdom**

Data → Information → Knowledge → Wisdom

Collect → Organize → Analyze → Apply
Ultimately, a performance measurement dashboard provides benefits to:

- Team members
- Customers
- Owners and Managers

Happy Employees = Happy Customers = $ = Happy Owners and Managers

Happy Shareholders
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

Customer Measures
Cycle of Customer Interaction

- Repeat, Referral, Advertising
- Walk/Phone in
- Waiting Area
- Service Writer
- Get Home
- The “Call”
- Get Back
- Cashier
- Pickup
- Rework?
- Follow-up
- Dormancy

Customer Measures
Cycle of Customer Interaction

- Operational Measures
  - Repeat, Referral, Advertising
  - Walk/Phone in
  - Waiting Area
  - Service Writer
  - Get Home
  - WOW
  - Memorable
  - Customer Measures
  - Delight
  - Follow-up
  - Rework?
  - Pickup
  - Cashier
  - Get Back
  - The “Call”
Cycle of Customer Interaction

Memorable

Delight

WOW

Customer Measures

Operational Measures

Repeat, Referral, Advertising

Walk/Phone in

Waiting Area

Service Writer

Get Home

The “Call”

Get Back

Cashier

Pickup

Rework?

Follow-up

Dormancy
Cycle of Customer Interaction

- Waiting Area
- Goal - 5 min. or less wait
- Set Performance Standards
- Outline Supporting Operational Procedures
- Set up Monitoring/Reporting Feedback Systems
- Set up Reward Systems
Cycle of Customer Interaction

Operational Measures

Financial Indicators
Lagging Indicators

Management

Business Intelligence Dashboards

Spectrum of Reporting/Feedback

Performance Indicators
Leading Indicators

Front Line Team

Customer Measures
# Cycle of Customer Interaction

<table>
<thead>
<tr>
<th>Process Step 2 Mapping the Measures</th>
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<tbody>
<tr>
<td>Focus on Customer, first and foremost</td>
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<tr>
<td>Ripples in a Pond – impacts all aspects of the operation</td>
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<tr>
<td>The Domino Effect – identifies lead dominos</td>
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<td>Good check and balance in monitoring changes</td>
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<tr>
<td>Illuminates the Lifetime Value of a Customer and Cost of Acquisition</td>
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<tr>
<td>Pipeline of leading indicators</td>
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<tr>
<td>Measures interaction of steps</td>
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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 outperform others?

Is it their people or their process?
What measures might an airline employ to gauge its success?

- Customer satisfaction
- On-time
- Lost luggage
- Capacity utilization
- Canceled flights
- Fuel economy
- Repeat business
- Turn-around time
- Time in check-in line
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

Baseline of Measurable Performance Standards

Systematize the 90% Routine

Humanize the 10% Exceptional
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
Your questions?

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