

Key Performance Indicators

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Questions to identify your KPIs

1. What are the functional areas of our operating model?
2. What result or outcome are we looking for in each area?
3. What “activities” or “actions” drive this outcome?
4. What “effectiveness” measures let us know how well these activities are being performed?

RESULTS



~~# phone calls~~
appointments booked
sales demonstrations



% who attend appointment
% who buy (conversion rate)



RED = Unacceptable performance standard

YELLOW = Watch closely. Need help?

GREEN = Target performance standard

Team / Functional Area KPIs (example)

Team / Functional Area name = (e.g. Sales Team)			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN
# New appointments booked	Hans	Daily average	20	-	25
% "No shows"	Hans	Weekly	25%	-	20%
# Sales Presentations delivered	Tyler	Weekly	55	-	75
% Prospects that purchased on the day	Tyler	Weekly	50%	-	60%
\$ Weekly Sales Revenue	Jenny	Weekly	\$45,000	-	\$55,000

KPI Hierarchies (roll ups) (example)

Team / Functional Area name = (e.g. Sales Team)			Performance Thresholds		
“Parent” Goal KPI Description	Person Accountable	Measurement Frequency	RED		GREEN
# Sales presentations – total team	Tyler	Weekly	55		75
“Child” Goals	Person Accountable	Measurement Frequency			
# Sales presentations - Jeff	Jeff	Weekly	15		20
# Sales presentations - Marie	Marie	Weekly	15		20
# Sales presentations - Sergey	Sergey	Weekly	15		20
# Sales presentations - Arzu	Arzu	Weekly	10		15



RESULTS
C O M

for CEOs AND BUSINESS LEADERS
OF FAST GROWTH SMBs

WHO

*are trying to take control of their
business, engage their workforce,
and achieve extraordinary results*

*our
PRODUCT
is a*

**RESULTS focused management dashboard
harnessing the power of KPIs and live data**

**THAT
PROVIDES**

*transparency into your entire
organization from company-wide
strategic goals to individual tasks*

UNLIKE

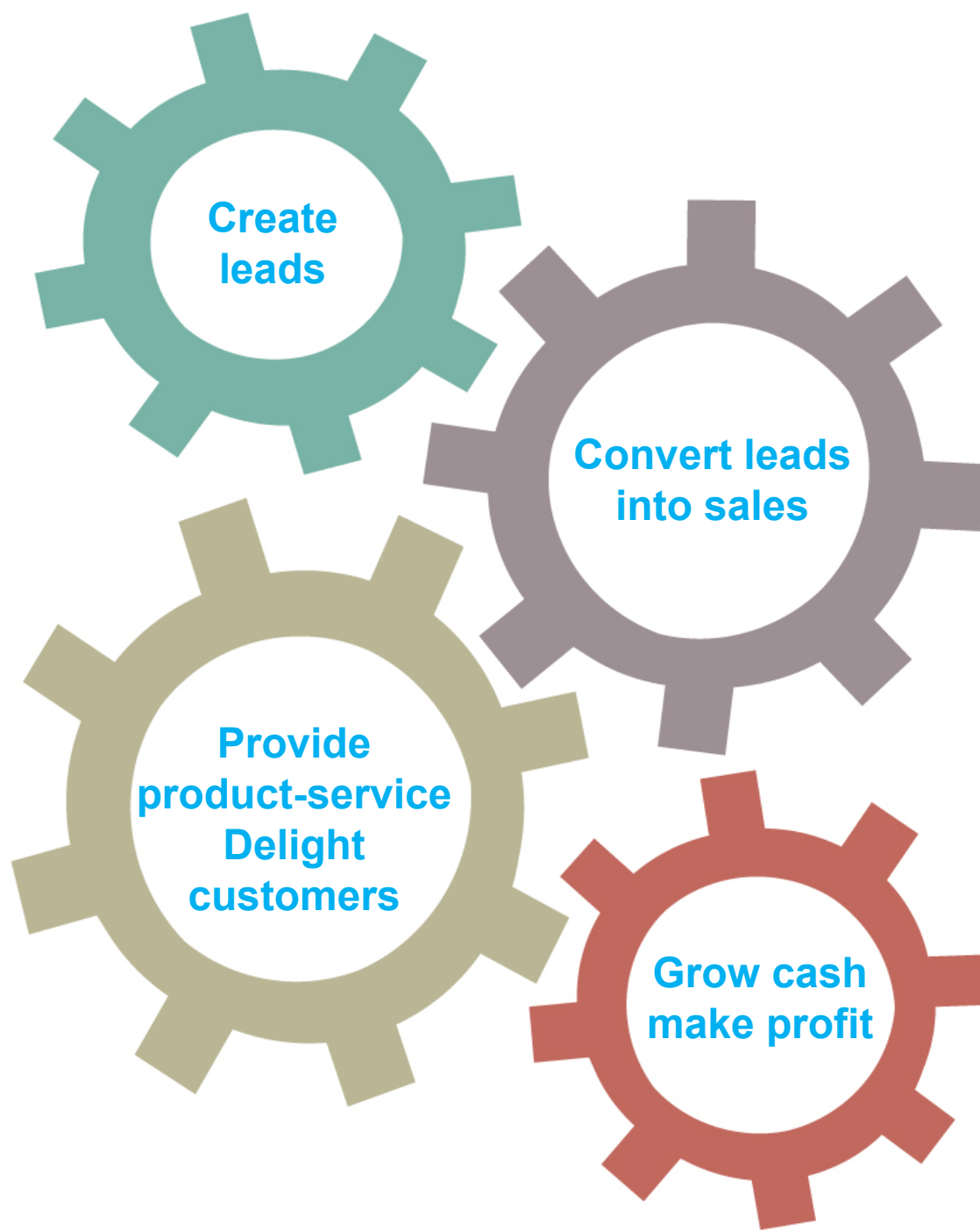
*OTHER SOFTWARE PROVIDERS,
WE OFFER SMBs THE COMPLETE SUITE
OF TOOLS TO MANAGE THEIR
BUSINESS AND ENGAGE THEIR TEAM*

OUR PURPOSE
**end disengagement
by reprogramming
management**

Review KPI performance thresholds every quarter

Review **RED** and **GREEN** thresholds every quarter to make sure they are SMART – especially “Achievable” and “Relevant” based on your current strategic reality / seasonal factors / other trends

Confirm goal owner “buys-in” to the new performance threshold and is willing to be held firmly accountable for keeping their KPI being “in the **GREEN**” as part of a continuous weekly / monthly review of their performance



Team / Functional Area KPIs

Team / Functional Area name = MARKETING			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN

Marketing KPIs (sample)	What it is
Total Leads	Lead shows the total raw number of leads being created by your marketing endeavors
Marketing qualified leads	Marketing Qualified Leads (MQL) tracks the number of Leads that meet the qualifying criteria as being an ideal target market customer for your offering, based on information known about the lead
Sales qualified leads	Sales Qualified Leads (SQL) tracks the number of Leads that have been qualified as interested in your offer, and potentially "ready to buy" within the desired timeframe
Cost per sales qualified lead	Cost per Sales Qualified Lead measures the average cost required to get a lead to the sales team for further contact from the sales team. It is calculated by dividing total marketing spending by the number of new SQLs generated.
Sales by lead source	Sales by Lead Source measures the sales generated by each available sales source (e.g. reseller, affiliate marketer, search engine, client referral). :
Click-Through Rate	Click-Through Rate measures the rate at which an ad or link on a landing page is clicked relative to the number of times the ad or page is shown (impressions). It can also measure the success of an online advertising campaign for a particular website as well as the effectiveness of an email campaign by the number of users that clicked on a specific link. .
Cost per conversion	Cost per Conversion measures the average cost incurred to acquire a lead or sale through an advertising campaign.
Total Impressions	Total Impressions measures the total number of times an ad is displayed, whether it is clicked or not. Each time an ad is displayed it is counted as one impression.
New Subscribers	Subscribers tracks the number of new subscribers to defined media content.
Website Visits	Visits tracks the total number of visits to a website. One visitor can account for multiple visits.
Visitor bounce rate	Visitor Bounce Rate the percentage of visitors who enter the site and "bounce" (leave the site) rather than continue viewing other pages within the same site.
Page views	Page Views tracks the total number of times a web page is viewed by visitors to a website.

Team / Functional Area KPIs

Team / Functional Area name = SALES			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN

Sales KPIs (sample)	What it is
Appointments booked	Appointments books tracks the number of appointments made with Sales Qualified leads in the period (typically per week).
Sales presentations given	Sales presentations tracks the number of sales presentations your sales team actually delivered to Sales Qualified leads in the period (typically per week)
Sales made	Sales tracks the number of sales made, or the \$ value of sales closed in the period (typically per week)
Average Sale Value	Average Sale Value shows the average amount spent by customers
Sales Qualified Leads (SQL) to Sales conversion	Sales Qualified Leads (SQL) to Sales Conversion measures the number of sales as a percentage of Sales Qualified Leads.
Presentations to Sales conversion	Presentations to Sales Conversion measures the number of actual sales made as a percentage of sales presentations given
Cost of Customer Acquisition	Cost of Customer Acquisition measures the cost to acquire a new customer. It takes into account both the marketing and sales costs, divided by the number of sales made.
Sales Pipeline	Sales Pipeline displays the estimated \$ value of Sales Qualified Leads in the pipeline that are expected to purchase within the desired timeframe - based on existing sales qualified leads conversion rates
Sales vs. Last year	Sales vs. Last year compares last year's sales to this current year's sales over the same weekly or monthly period, typically expressed as a %
Customer orders	Customer orders shows the number of orders placed , or the \$ value of orders placed
Upsells	Upsells shows the value of sales made to existing customers during the period.

Team / Functional Area KPIs

Team / Functional Area name = OPERATIONS			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN

Operations KPIs (sample)	What it is
Customer Satisfaction	Customer satisfaction is a survey measure of how well your customers are satisfied with your product / service by aggregating the results of satisfaction surveys sent to customers. Net Promoter Score is commonly used here
Lost customers	Lost customers shows the number of customer accounts that have been lost due to other competition, dissatisfied customers, or any other reason.
Customer retention	Customer retention measures the proportion of contractual customers or subscribers who remain customers during a given time period. It can be based on the % of customer accounts retained, or % of "existing customer revenue" that is retained
Customer churn	Customer churn measures the proportion of contractual customers or subscribers who were lost during a given time period. It can be based on the % of customer accounts lost, or % of "existing customer revenue" that is lost. In the case of revenue churn it is possible to have "negative churn" if upsells to existing customers exceed lost revenue from customers who terminate
Complaints	Complaints show the number of customer complaints
Support Tickets	Support tickets show the number of customer requests for support
Average response time	Average response time measure how quickly you respond to customer support requests
Deliveries In-Full and On-Time	DIFOT shows what percentage of orders has been fulfilled successfully
Return Rate	Return Rate shows the rate at which products returned to due to damage or dissatisfaction
Cost of Inventory on Hand	Cost of Inventory on Hand shows the current cost of the inventory owned by the company in its various stages. The inventory stages are Raw Materials, Work-In-Process, Finished Goods, and In Transit.
Inventory Turnover	Inventory Turnover shows the number of times inventory is sold or used each month during the period. Inventory turnover is also known as inventory turns, stock turn, stock turns, turns, and stock turnover.
Labor Costs	Labor costs is usually calculated as a percentage of revenue. It includes all expenses associated with employees, including wages, insurance, taxes, and benefits

Team / Functional Area KPIs

Team / Functional Area name = FINANCE			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN

Finance KPIs (sample)	What it is
Gross Profit Margin	Gross Margin measures difference between revenue and the cost of making a product or providing a service, before deducting overhead, payroll, taxation, and interest payments.
Net Profit Margin	Net profit margin is the percentage of revenue remaining after all operating expenses, interest, taxes have been deducted from a company's total revenue.
Accounts Receivable Days	Accounts Receivable Days (also known as Days Sales Outstanding or DSO) shows the average number of days that a company takes to collect revenue after a sale has been made.
Monthly Recurring Revenue	Monthly Recurring Revenue (MRR) is a measure of the predicable and recurring revenue components of your subscription business. It will typically exclude one-time and variable fees.
Annual Recurring Revenue	Annual Recurring Revenue (ARR) is a measure of the predicable and recurring revenue components of your subscription business. It will typically exclude one-time and variable fees.
Customer Lifetime Value	Customer Lifetime Value (LTV) assesses the average financial value of a customer. The present value of the future cash flows attributed to a customer during their relationship with the company
Average Subscription Days per Customer	Average Subscription Days per Customer shows the average number of days customers have been subscribing to the product / service
Cash Balance	Cash Balance measures the amount of cash contained in company bank accounts.
Cash Burn rate	Cash Burn rate is a term synonymous with "negative cashflow". It is the additional capital that needs to be injected per month to finance operations. For example, a burn rate of 1 million would mean the company is spending 1 million of capital per month to stay afloat.
Cash Runway	Cash Runway is the amount of time until your cash runs out, assuming your current income and expenses stay constant. Typically calculated by dividing the current cash position by the current monthly burn rate. For example, if a firm that's not generating profits is burning \$20,000 per month and has \$100,000 in the bank, it has a "runway" of five months.
Revenue per employee	Revenue per employee is a measure of how efficiently a particular company is utilizing its employees. Divides revenue by the number of employees.
Revenue growth	Revenue growth represents the percentage growth in a company's revenue, often measured over the trailing 12 months

Team / Functional Area KPIs

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Imagine this...

- You are on an extended holiday in the tropics....
- All you can receive is a weekly text from your business that contains a small handful of numbers (5 max) that tell you how well your business is performing as a whole
 - If the KPI's are "green" you can go back to reading your book
 - If the KPI's are "yellow" you need to ring the office to see what is going on
 - If the KPI's are "red" you need to cut your holiday short and return home
- What are the "**critical success factors**" for your organization?

Business Model - Critical Success Factors

(example)

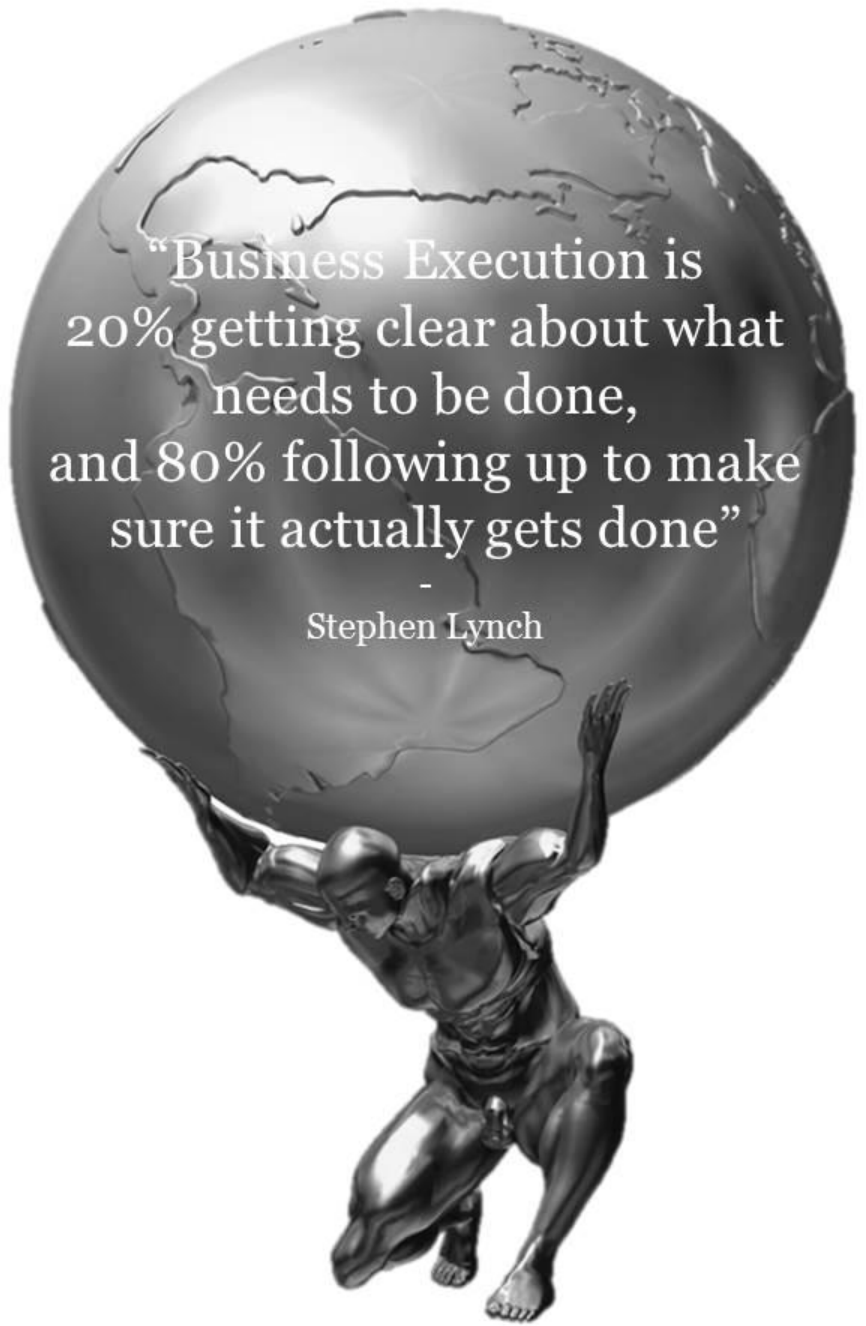
Industry Type = (e.g. Restaurant)			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN
# Customers	Chloe	Weekly	2700		3000
\$ Average spend per customer	Rajesh	Weekly	\$35		\$40
# Complaints	Rajesh	Weekly	10		5
\$ Revenue per available seat hour (RevPASH)	Mark	Weekly	\$12		\$15
Labor cost as % of revenue	Mark	Weekly	35%		30%

Business Model - Critical Success Factors

Industry Type =			Performance Thresholds		
KPI Description	Person Accountable	Measurement Frequency	RED		GREEN

**When (specifically) will the KPI scores be posted?
Who is the 1 person accountable to ensure ALL data is posted?**

List your answers below:



“Business Execution is
20% getting clear about what
needs to be done,
and 80% following up to make
sure it actually gets done”

-
Stephen Lynch

Someone in “The Red”

What’s happening here?

What 1 thing can we do this week to improve this?

How can I help? What support do you need?

Accountability is meaningless without consequences

What positive consequences can the person accountable expect if their KPI is consistently in the “**GREEN**”?

What negative consequences can the person accountable expect if their KPI is consistently in the “**RED**” ...

- For 1 month?
- For 2 months in a row?
- For 3 months in a row?
- For 4 months in a row?

Review your performance thresholds NOW

Be conservative in the beginning

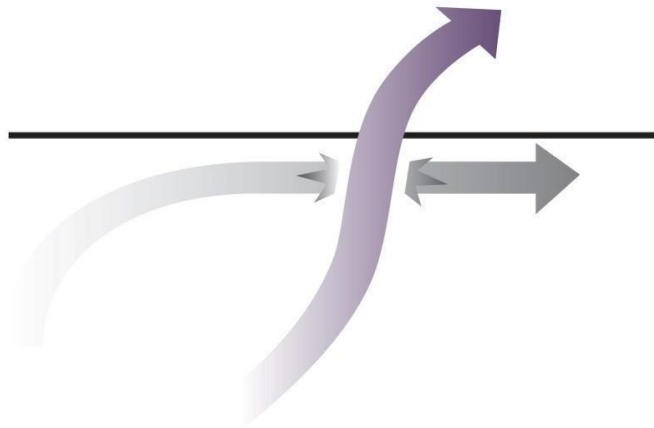
Get everyone used to “winning”

You can always raise the bar later

Accountability – getting it right

Growth maximized by:

- *Right person in the role*
- *Right KPIs*
- *Realistic “green” performance thresholds – adjusted regularly*
- *Goals and Tasks kept current and visible every week*
- *Weekly team and 1-on-1 meetings to discuss results*
- *Each person held firmly accountable for performance*
- *Good performance and progress praised and recognized*



Growth inhibited by:

- *Wrong person in the role*
- *Wrong KPIs*
- *Too many Goals*
- *Unrealistic performance thresholds*
- *Not keeping Goals and Tasks current and visible every week*
- *Not running weekly meetings to discuss results*
- *Not holding each person firmly accountable for performance*
- *No consequences for poor performance*
- *Waiting too long to address poor performance*

10 Benefits of KPI Dashboards

1. Radical Transparency - motivates action
2. Drive your operating model (Business as usual)
3. Keep people focused critical success factors
4. Communicate “what” needs to be done
5. Delegate authority to staff to figure out “how”
6. Recognize progress when things going well
7. Early warning indicator when things going wrong
8. More effective meetings
9. Objective decision making based on data
10. Drive business execution and RESULTS

BUSINESS EXECUTION FOR RESULTS

A PRACTICAL GUIDE FOR LEADERS
OF SMALL TO MID-SIZED FIRMS



STEPHEN LYNCH

SMALL BUSINESS

Winner

Book Awards

Thank you for your time!

