The Performance Metrics Dashboard – A Powerful Executive Management Tool

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Objectives

- The Performance Metrics Dashboard Concept
- The Dashboard Design
- Dashboard Implementation
- Business Value Obtained
- Critical Success Factors
- Common Pitfalls
The Dashboard

* A simple way for executives to monitor key performance metrics from across the business*

- **Visual representation of key business areas**
  - Warning lights to signal the current status of key business areas being monitored – green, yellow, red status

- **Targeted to CEOs, managers, and anyone else in the company**
  - Contextual usefulness (interpretation) of data/performance results (role-based dashboards)
Why a Dashboard?

- A well-proven performance management practice – provides an organization wide perspective of business performance across multiple dimensions.
- Business objectives/goals and management expectations are clearly articulated
- Standardize data sharing and performance measurement practices – brings all performance data from various sources and locations before the decision makers.
- Serves as a performance diagnostic tool – facilitates decision on fact rather than judgmental inference.

contd…
Why a Dashboard? contd…

- Establishes a platform for business and operational excellence – uses performance metrics to drive productivity
- Directs process improvement efforts – converts business data into action-oriented information; helps coordinate actions amongst diverse stakeholders and align execution with strategic goals
- Establishes the foundation for benchmarking organizational processes – through goal alignment across the organization

*Align People, Implement Strategies, and Measure Performance*
The Performance Management Model

Where we need to go…
1. Assess Change Readiness
2. Establish Mission/Vision
3. Establish Corporate Objectives/Goals

How we will get there…
1. Projects/Services/Technology Plans/Other Plans
   1. Action Plans/Milestones
   2. Execution of Plans

Performance management

How we will know we are getting there…

Targets
Measured Data
Monitoring trigger / cycle
Performance management

Track Outcome
The Dashboard Design
Requirements of a Dashboard

• **Identification of Key Performance Indicators (KPIs)**
  - Reflect the Management Philosophy
  - Targets all levels of the organization
  - Summarization at various levels – Organization /Department /Division /Business Area (IP/SP)
  - Drill down through the connecting levels and links of the key business area

• **Categorize information / identify data sources**
  - CRM systems
  - Projects
  - Finance & Accounts
  - Weekly, fortnightly, monthly, quarterly, half-yearly

• **Target setting**

• **Review mechanisms and cycle**

• **Proactive correction through recommendations based on current performance and trends**
Dashboard Perspectives

- Financial Performance
  - Business results
  - Market growth
  - Sales force performance
  - Strategic partnerships

- Customer Service
  - Customer satisfaction
  - Customer retention

- Learning and Growth
  - Organizational effectiveness (survey)
  - Technology penetration
  - Training alliances

- Internal
  - Project performance (Quality)
  - Business excellence enablers

A balanced scorecard approach
Target Setting - Business Objectives

- **Financial Performance**
  - Revenue/BDE/Profitability
  - Revenue from new customers
  - VA/pm
  - Revenue from overseas projects

- **Customer Service**
  - Customer satisfaction
  - Customer retention

- **Learning and Growth**
  - Advanced certification for Employees
  - R&D projects/year
  - Reusable component/project

- **Internal**
  - Test Effectiveness
  - Attrition
  - Salary
  - World Class Infrastructure
  - Manpower Utilization
  - Schedule Slippage
Typical Performance Indicators

• Financial
  - Sales Performance – Target vs Achievement
  - Sales Productivity – Prospect Conversion Ratio, Cycle Time
  - Business from New Customers/Total Revenue
  - Revenue from Acquired Strategic Partnership

• Customer
  - Customer Satisfaction Index
  - Customer Retention Index
  - Rolling 12 month Outstanding to Revenue Ratio

contd...
Typical Performance Indicators contd..

• Internal
  ➢ Productivity
  ➢ Defect Density
  ➢ MTTR/MTTS
  ➢ Manpower Utilization
  ➢ Employee Satisfaction Index
  ➢ Training Effectiveness
  ➢ Schedule Variance
  ➢ Effort Variance

• Learning and Growth
  ➢ Number of professional certifications in line with business strategy
  ➢ Number of R&D products and revenue from such products
Dashboard Implementation
Pre-requisites

- Clearly articulated organization objectives
- Organizational Measurement Program
- Quantitative management insight – statistical analysis and interpretation
- Basic technology infrastructure
  - Fixed data sources, access and consolidation mechanisms
  - Performance results publishing

Sound measurement and improvement processes
Dashboard Implementation

- Simplistic
  - Easily usable, adaptable and accessible
- Defining the rules for access/update
- Live data feeds / real-time data
- Ownership for data
- Data analysis (also includes trends)
- Organization performance baselines
Key Players

- Executive Management
- Senior Management
- Sales Manager(s)
- Project Manager(s)
- Test and QA Manager(s)
- Data Manager(s)
Dashboard Evolution

- Initiated for systems engineering processes
- Spread to sales processes
- Enhanced for business (financial) perspective

**Driven by**

- A need for strong internalization of processes
- Quick ROI – aligned with PI initiatives CMMI/ITIL/Six Sigma/CMMI
- Availability and maturity of data
- Usefulness of data
- Maturity in quantitative analysis
Data Evolution

- Disparate data (and sources)
- Reactive analysis based on performance
- Data normalization techniques
- Standardization of data (and sources)
- Automated through systems
- Proactive analysis through targets
Power of the Dashboard
IP Wise – Sales 2003-2004

Need… transport and power sector need to be reviewed
Sales Rep Performance 2003-2004

- Rep 1: 5%
- Rep 2: 17%
- Rep 3: 32%
- Rep 4: 13%
- Rep 5: 11%
- Rep 6: 8%
- Rep 7: 6%
- Rep 8: 4%
- Rep 9: 2%
- Rep 10: 1%
- Rep 11: 0%
- Rep 12: 1%
- Rep 13: 11%
- Rep 14: 32%
- Rep 15: 5%

- POWER: 46%
- DEFENCE: 31%
- BANKING & FINANCE: 13%
- TRANSPORT: 5%
- e-GOVERNANCE: 3%
- OTHERS: 2%
Regional Performance: 2003-04

- Sales
- Sale VA
- Revenue
- Revenue VA
- Linear (Revenue)
- Linear (Revenue VA)
Drill-down – Location 1 / Quarter-wise Performance : 2003-04

[Graph showing sales, sales VA, revenue, and revenue VA across quarters 1 to 4.
Qtr-wise Sale Plan

![Graph showing Qtr-wise Sale Plan for quarters 2003-04 with categories: Defence, E-Gov, Transport, BFSI, Others.](image-url)
Revenue Generation

- 38%
- 17%
- 20%
- 13%
- 12%

Breakdown by category:
- Carry Fwd
- Private
- Govt
- Intl-Products
- Intl-PP
Revenue Generation
CF Revenue versus PP Deployment
Earnings versus Cost

- **Productization**
- **R&D New Products Dev**
- **Volume Trades Tally Position**
- **Time to Exit? Reduce Costs**

- **Low Earnings**
- **High Earnings**
- **Low Cost to Serve**
- **High Cost to Serve**
Customer Analysis

Top 20% Customer Analysis

Customer IT
Spend to CMC
Customer Satisfaction

Customer
Customer-Wise Revenue Distribution
Customer Satisfaction

Customer Satisfaction Index

MCL=85.00
Test Effectiveness

- MCL = 95
- UNPL = 92.54
- Median = 89.13
- Mean = 89.01
- LNPL = 85.72
Schedule Variance

Data points are moving average for 3 months

UNPL and LNPL are 0.5 sigma values

- Green: Within Management Control Limits and Natural Process Limits
- Red: Beyond Management Control Limits and out of Natural Process Limits - immediate corrective action required
- Blue: Within Upper Natural Process Limit but beyond Management Control Limit and within Lower Management Control Limit but beyond Lower Natural Process Limit - Call for an alarm
- Pink: Schedule Variance (Original)
- Dashed Pink: Schedule Variance (Revised)
General Benefits

- Focus on key business processes
- Transparency of operations and visibility to Executive Management
- Facilitates goal alignment across the organization through coherent action plans
- Induces peer pressure and healthy competition
- Facilitates a self-sustained process improvement culture
ROI from the Dashboard

- **Traditional productivity gains**
  - A highly productive sales force
  - Improved product/service deliveries (quality of deliveries, quality of service)
  - Easy monitoring of expenses, cash flows, operating profits

- **Second/third tier benefits**
  - Better (proactive) project tracking with timely action
  - Monitoring mechanisms are well-defined
Critical Success Factors

- Leverage existing technology infrastructure
  - Start simple, ensure usefulness, acquire buy-in
- A sound measurement foundation
  - Identifying the *right* metrics (all levels of the organization) – the selected metrics should be reliable indicators of performance
  - Interpreting metrics
- Ownership for (data) results
- Analyzing results
  - Contextual analysis through co-relations
  - Translate performance metrics into clear improvement opportunities
- A strong improvement process
  - Ownership for timely corrective action
  - Continuous process improvement

contd…
Critical Success Factors contd…

- **Training program** – targeting meatier returns
- **Ownership for results**
- **Effectiveness of the dashboard**
  - Contextual analysis through co-relations
  - Translate performance metrics results into clear improvement opportunities
- **A strong improvement process**
  - Ownership for timely corrective action
  - Continuous process improvement
- **Metrics for the monitoring process**
- **Periodic re-evaluation of organizational measurement program**
Common Pitfalls

- Misconceptions - dependent on the IT spend
  - Low-cost (MS-Office/HTML generator) as effective as High-cost (collaborative dashboard solutions from BI vendors)
  - Reconsider metrics rather than the tools
    - Right choice of KPIs
    - Right data (and source)
    - Correct dashboard representation
    - Ownership of data
Q & A?

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