

# ***The Performance Metrics Dashboard – A Powerful Executive Management Tool***

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By  
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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.

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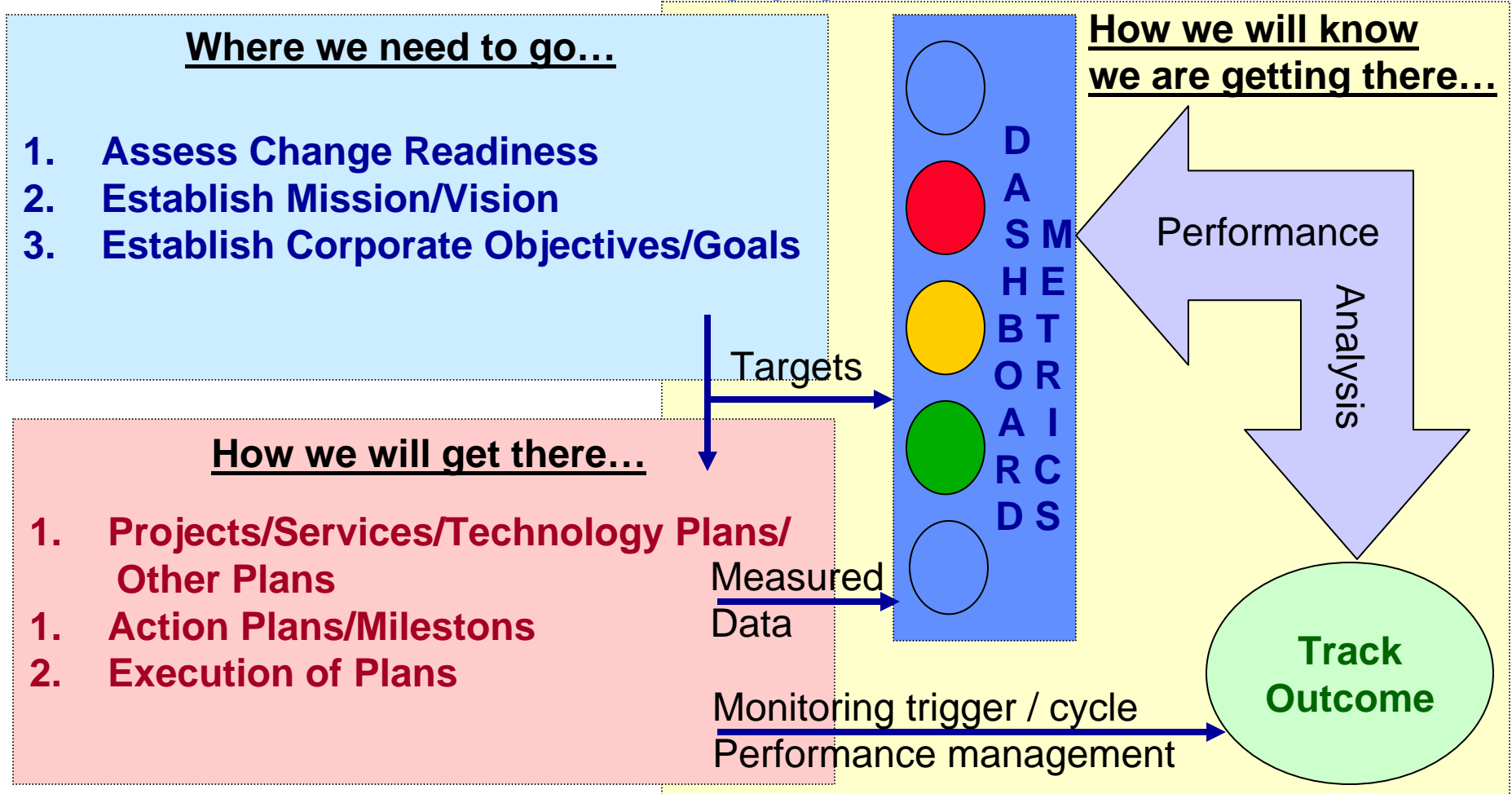
# Why a Dashboard? contd...

- **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



# 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**

<ul style="list-style-type: none"><li>➤ CRM systems</li><li>➤ Projects</li><li>➤ Finance &amp; Accounts</li></ul>		Weekly, fortnightly, monthly, quarterly, half-yearly
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- **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



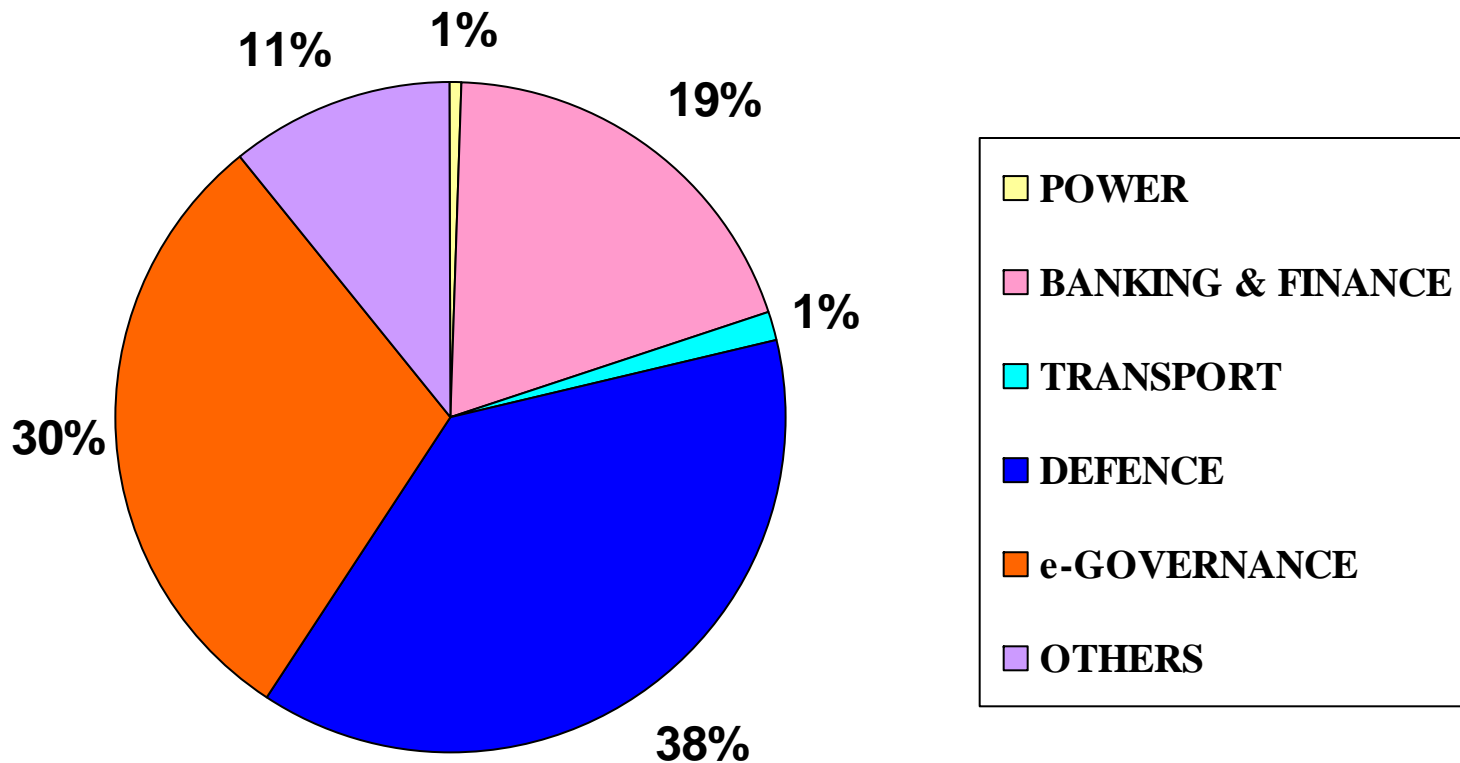
# Power of the Dashboard



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# IP Wise – Sales 2003-2004



*Need... transport and power sector need to be reviewed*

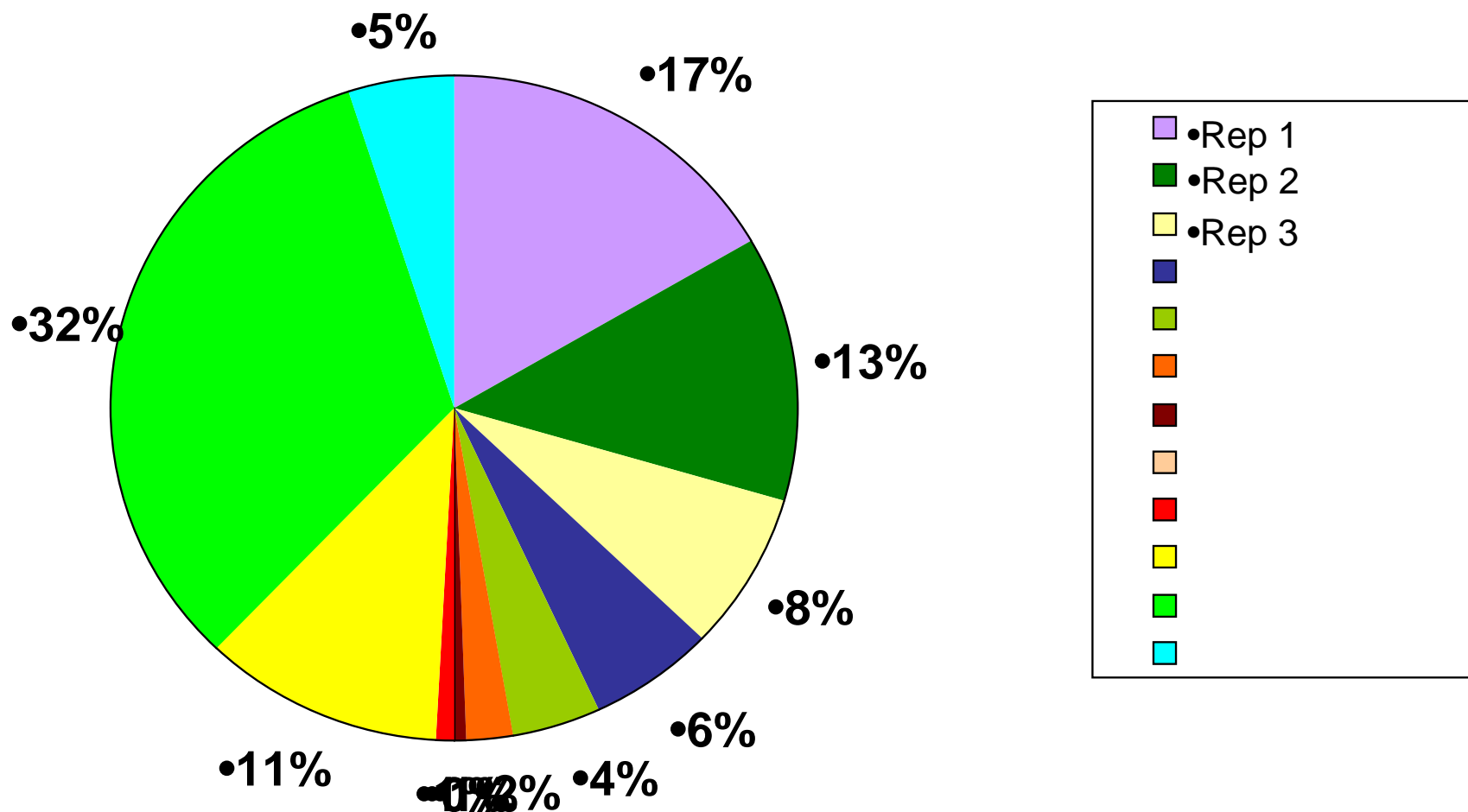


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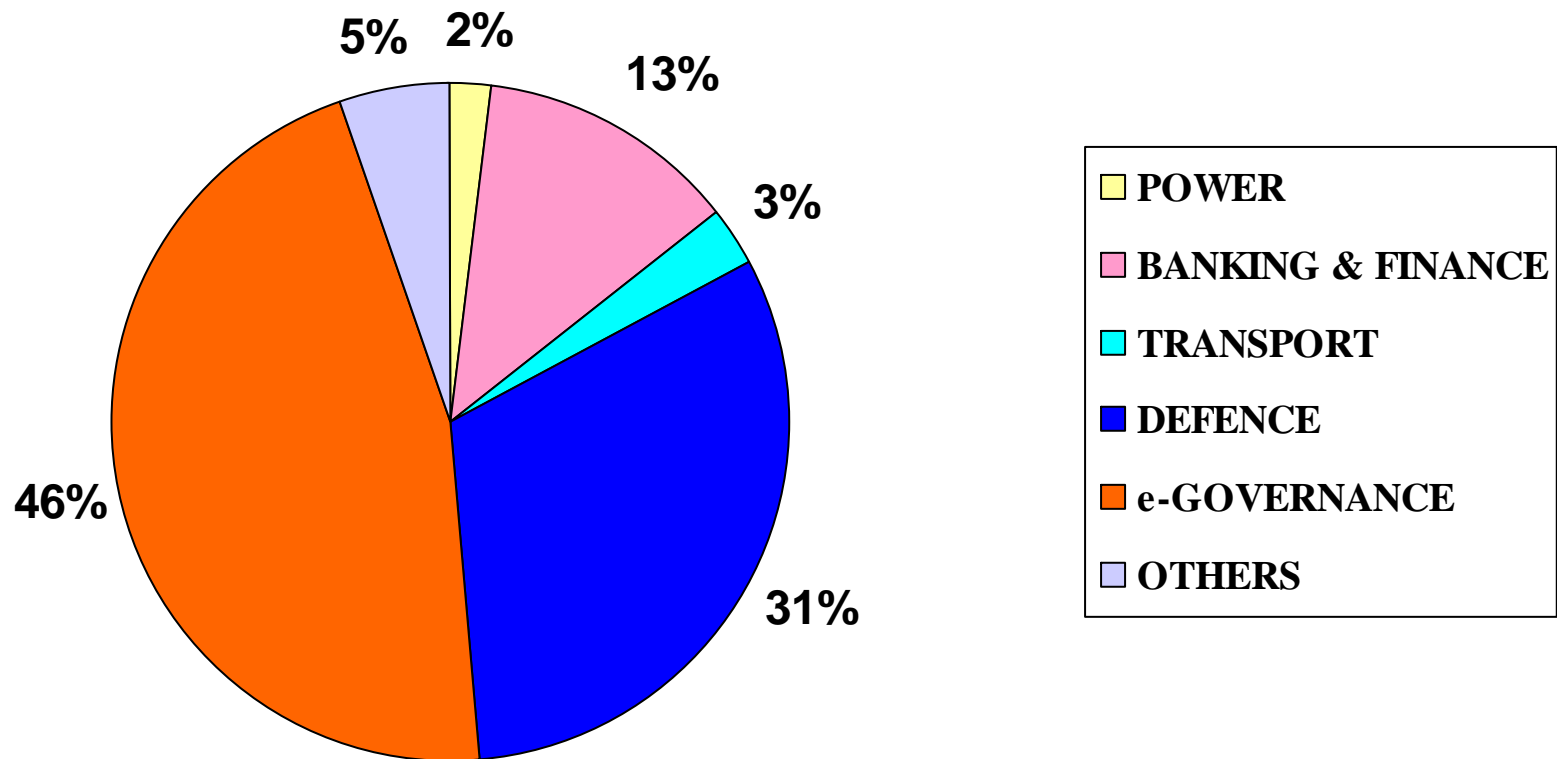
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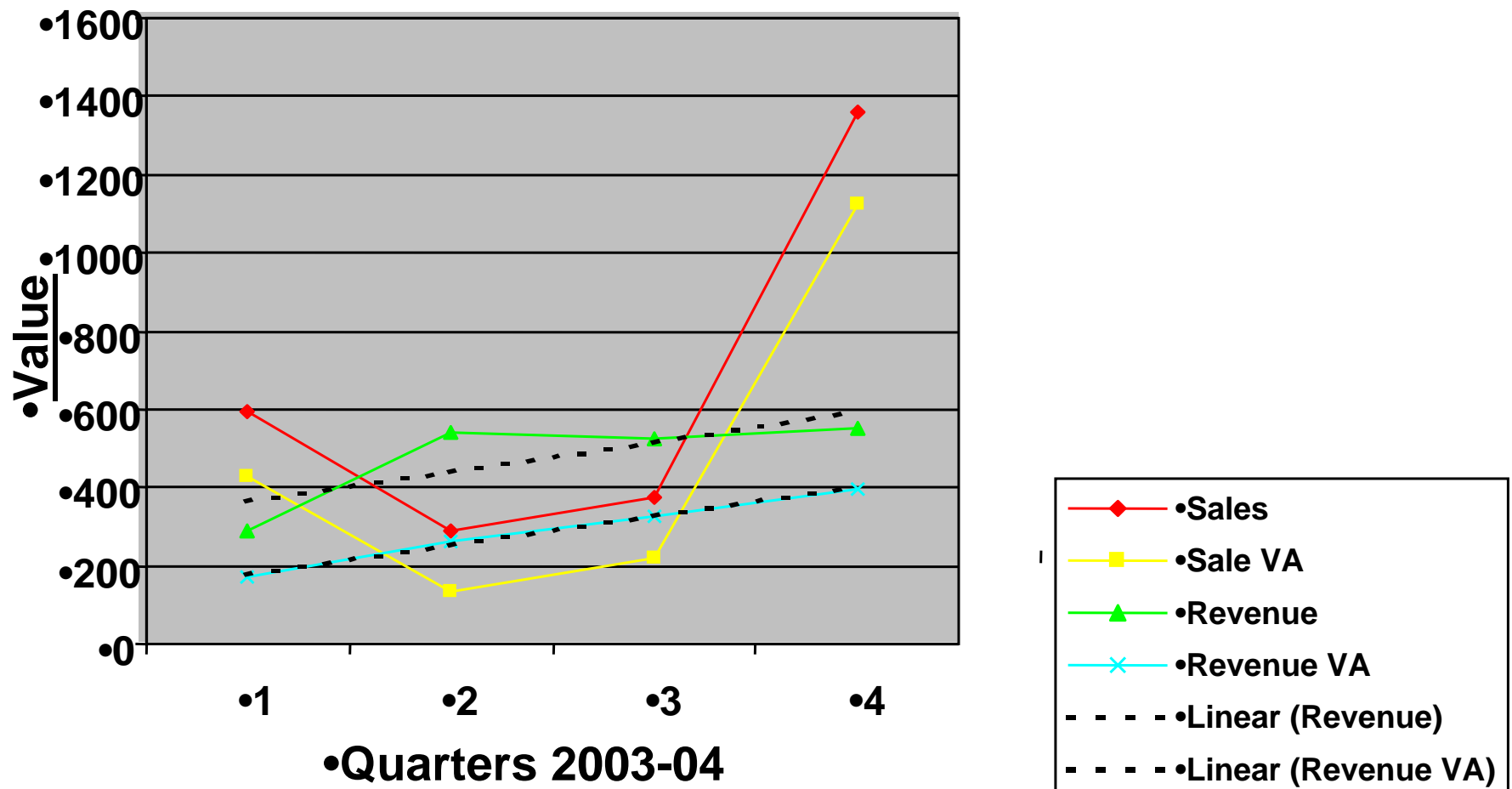
# Sales Rep Performance 2003-2004



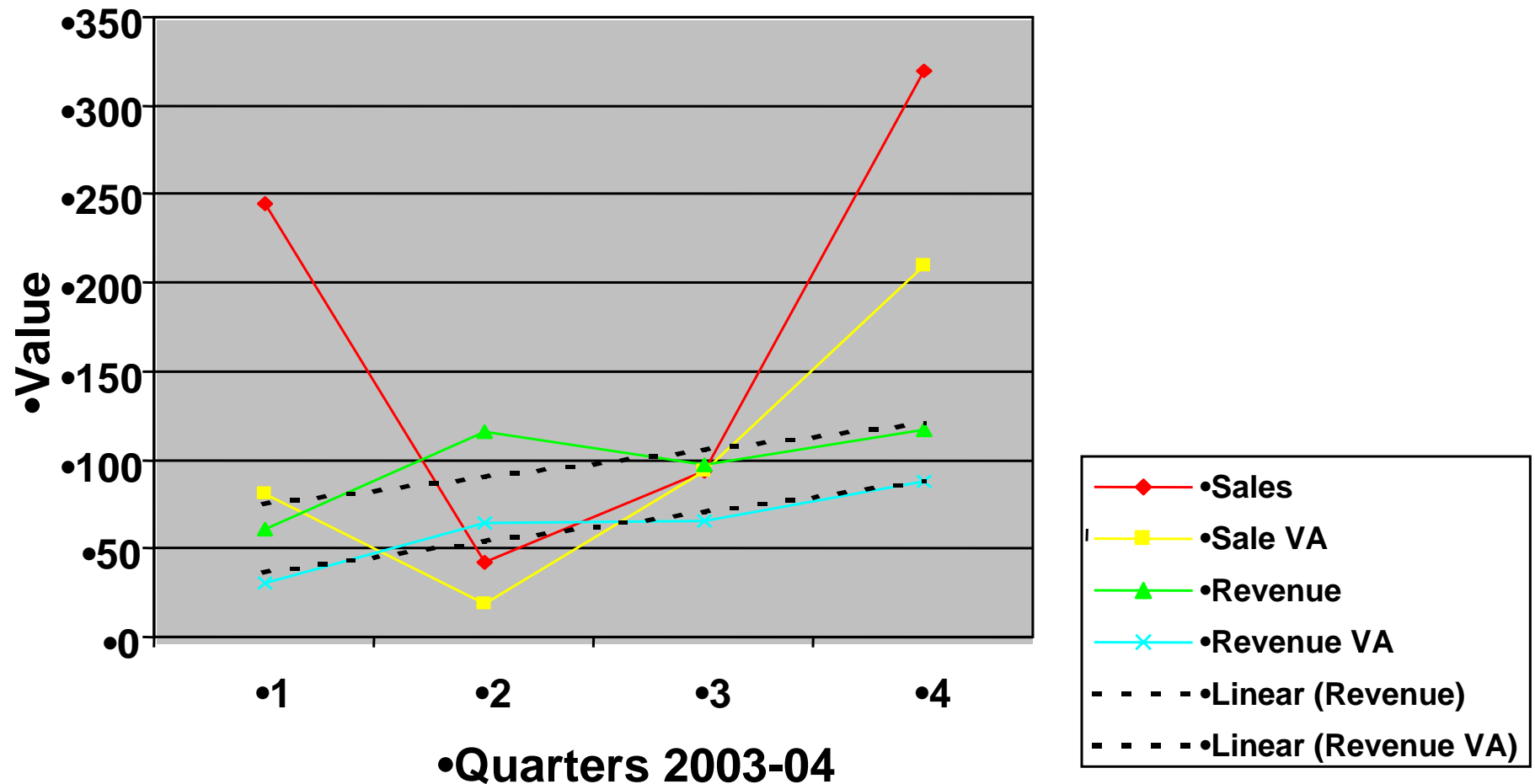
# IP Wise – Rev-VA 2003-2004



# Regional Performance : 2003-04

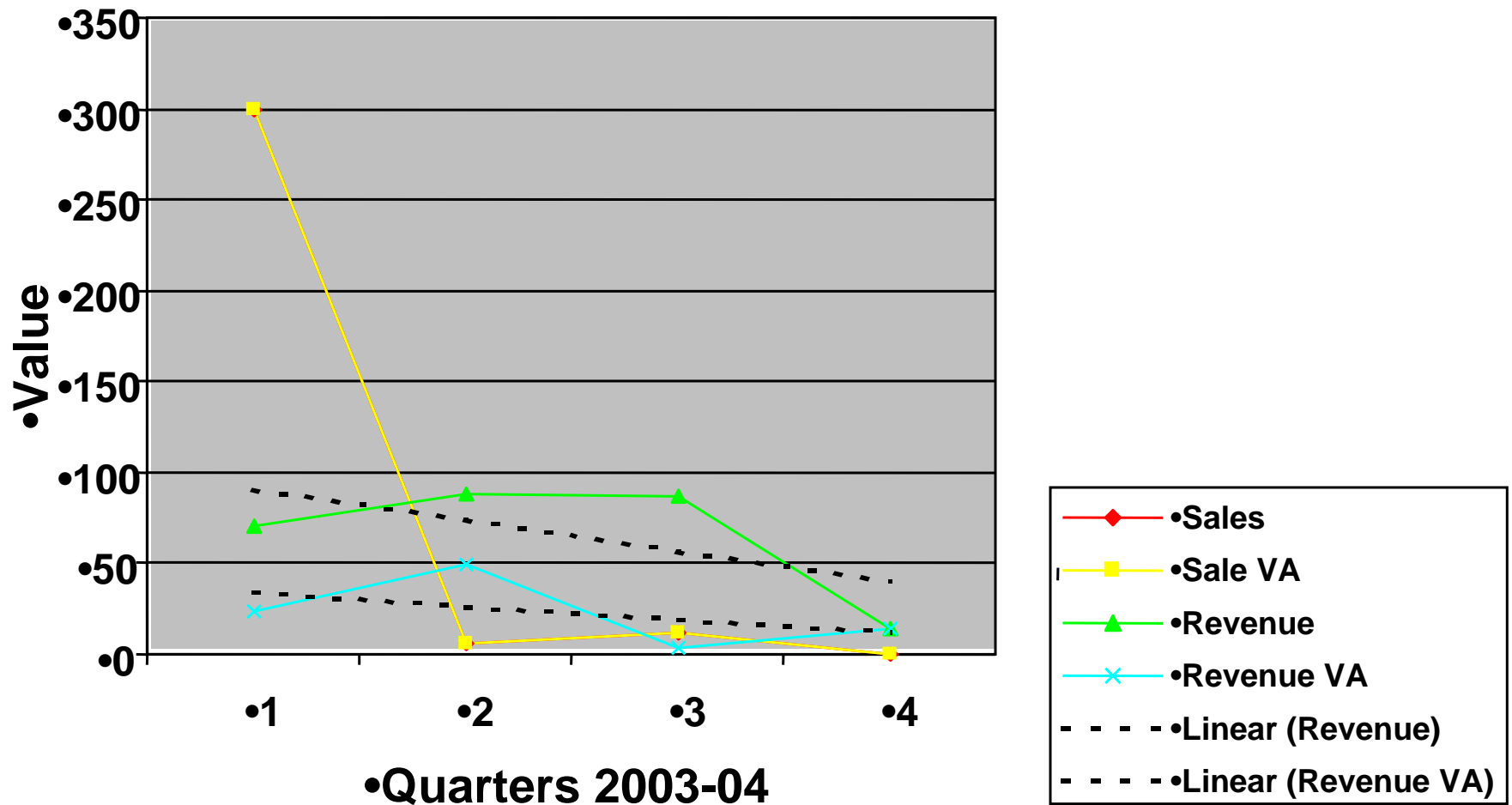


# Drill-down – Location 1 / Quarter-wise Performance : 2003-04

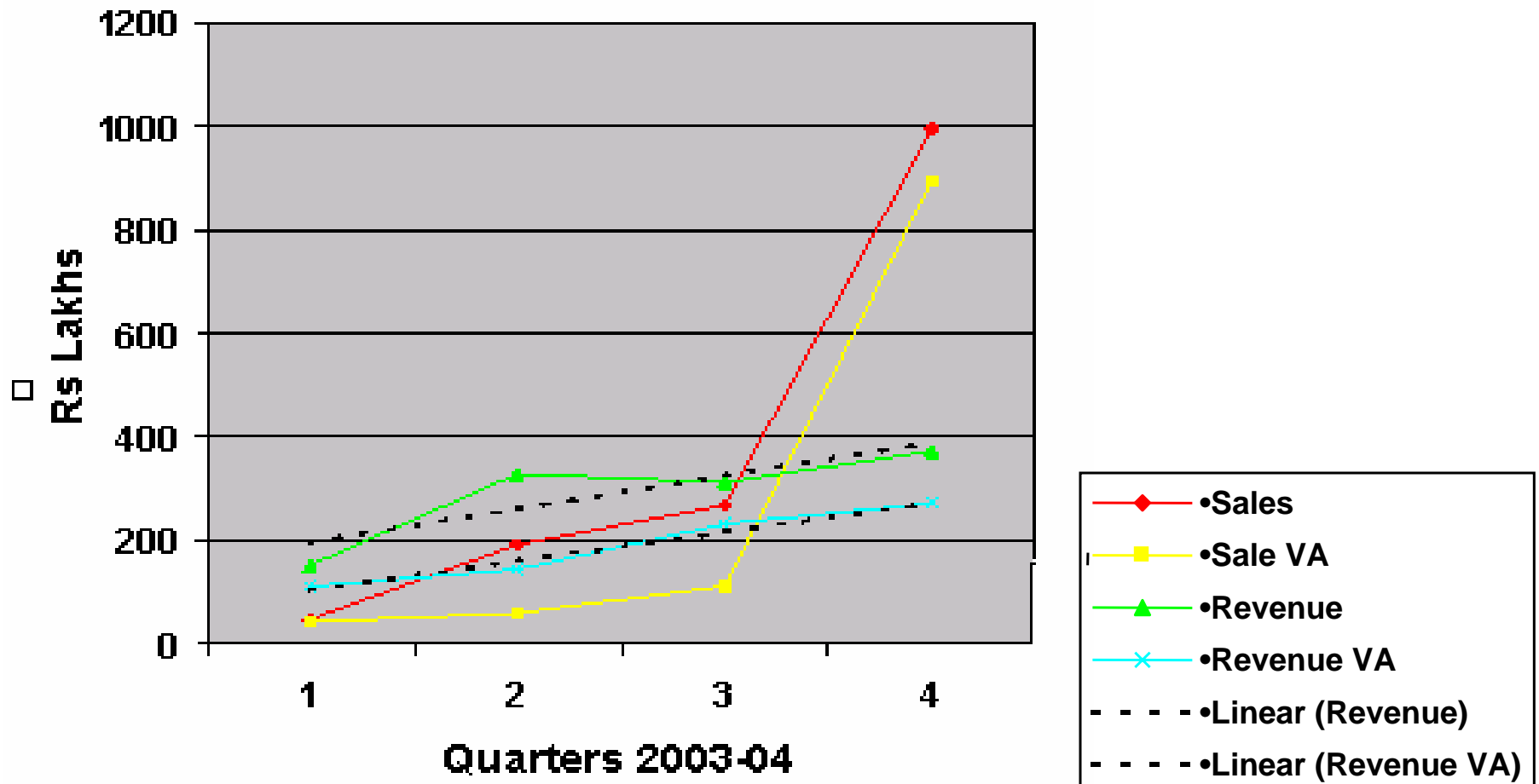




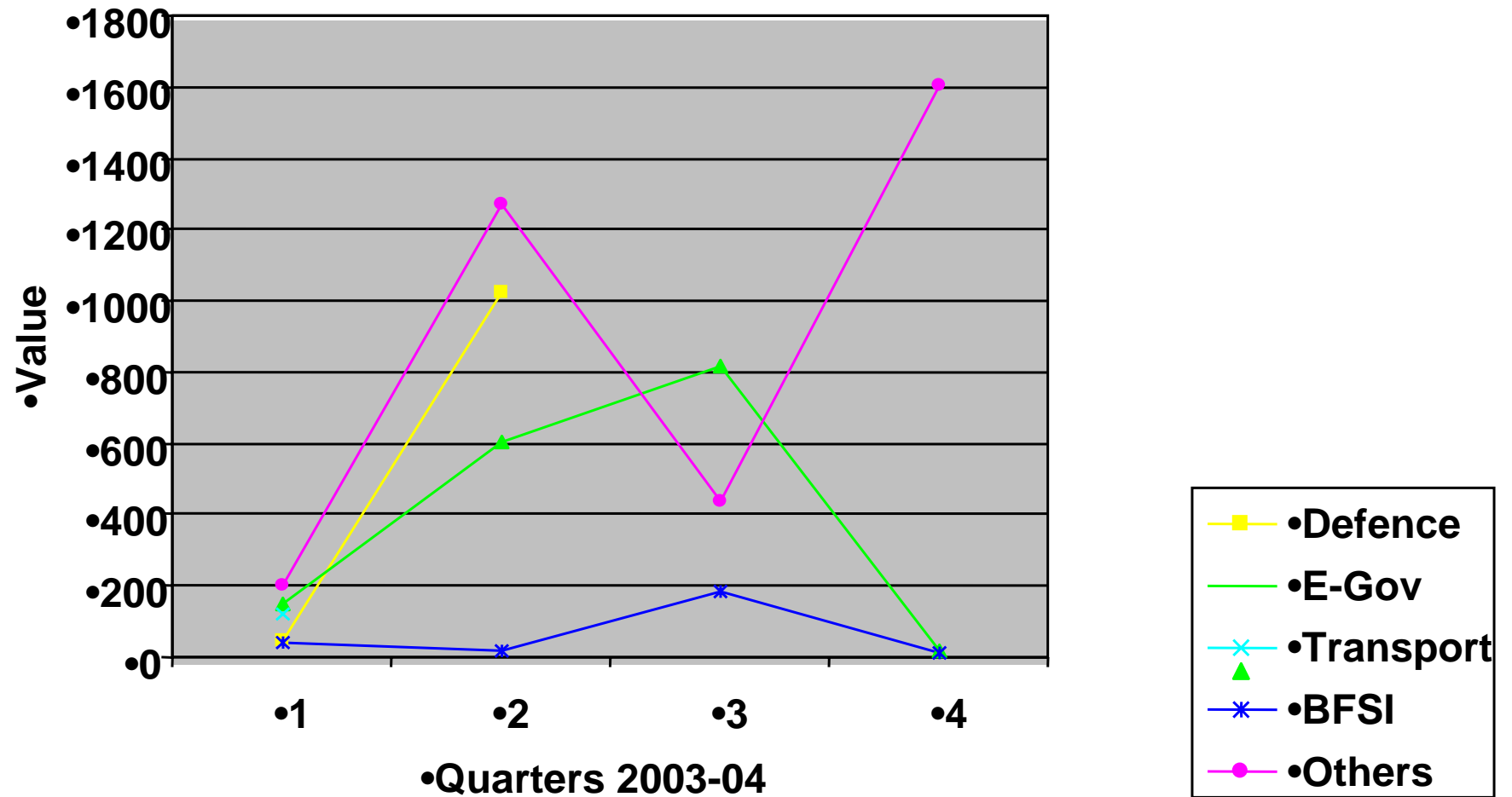
# Drill-down – Location 2 / Quarter-wise Performance : 2003-04



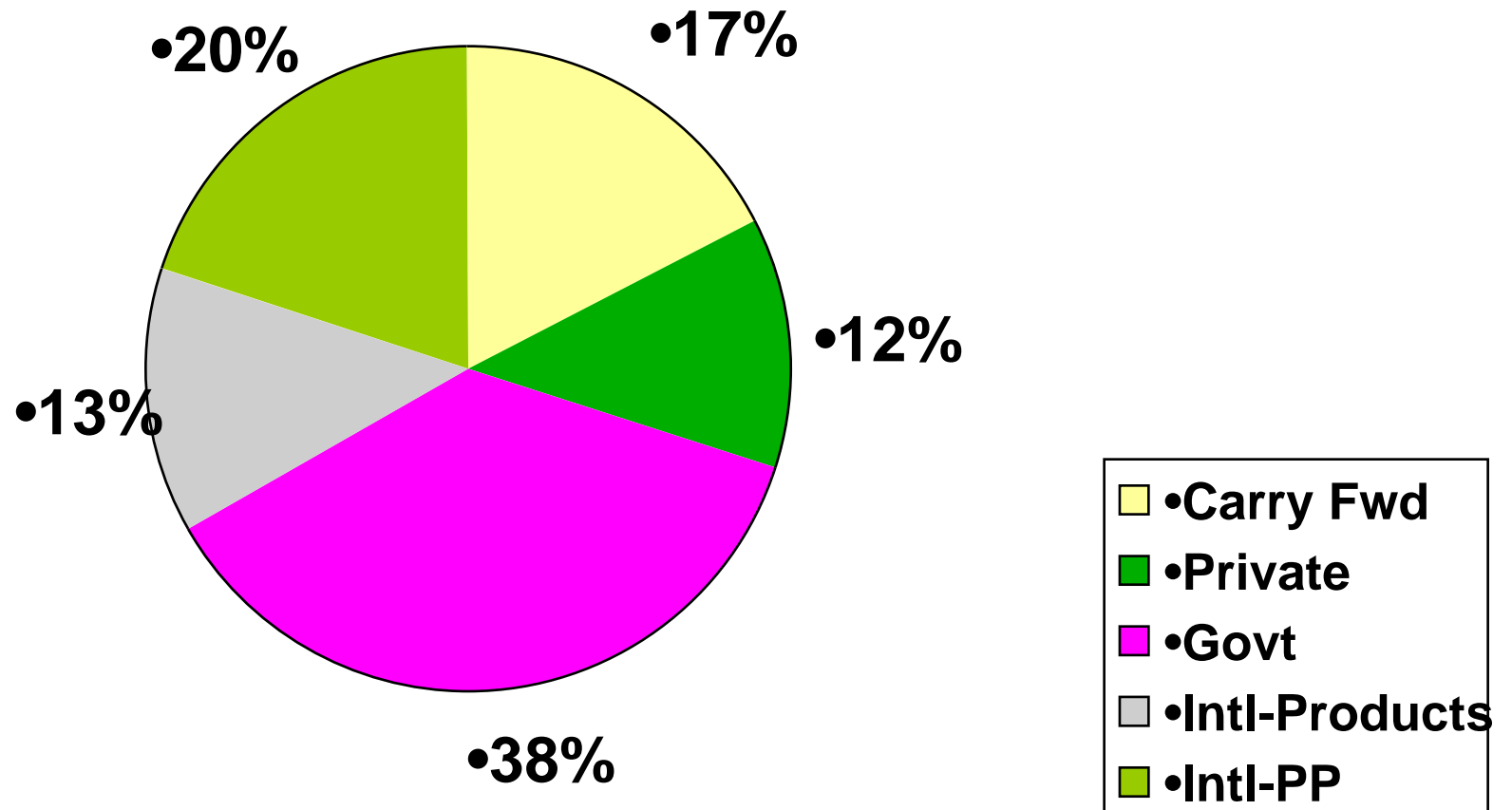
# Drill-down – Location 3 / Quarter-wise Performance : 2003-04



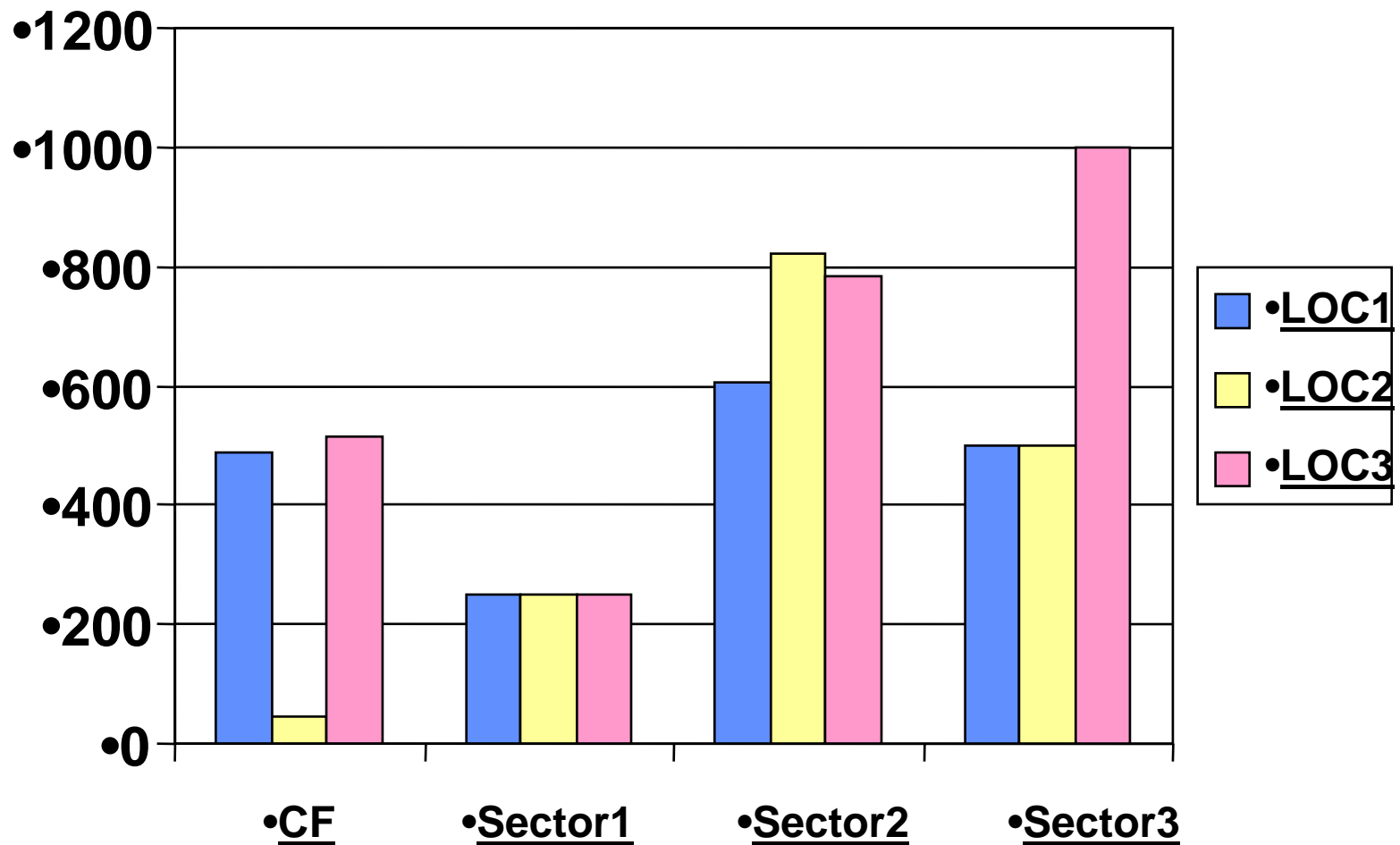
# Qtr-wise Sale Plan



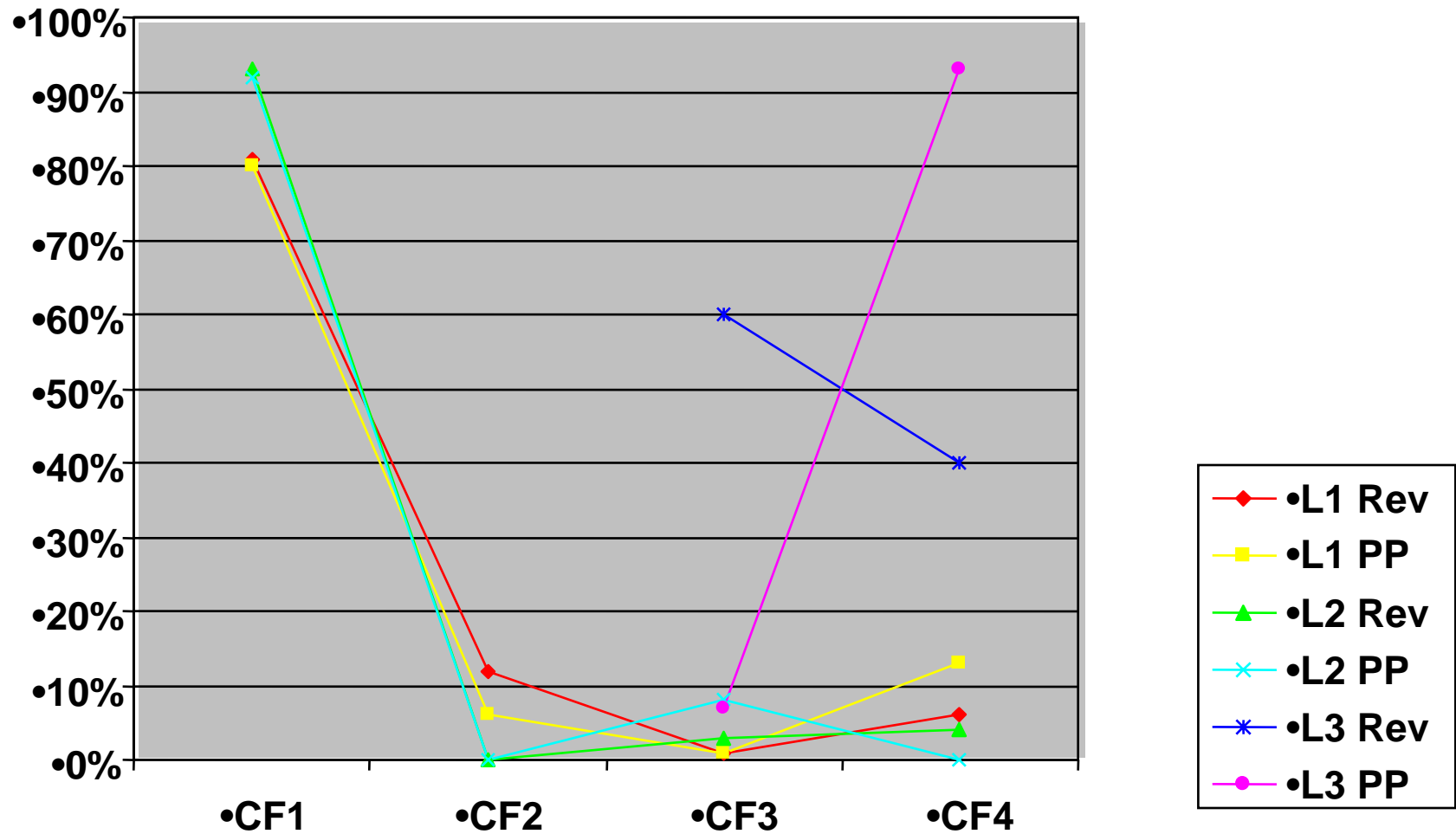
# Revenue Generation



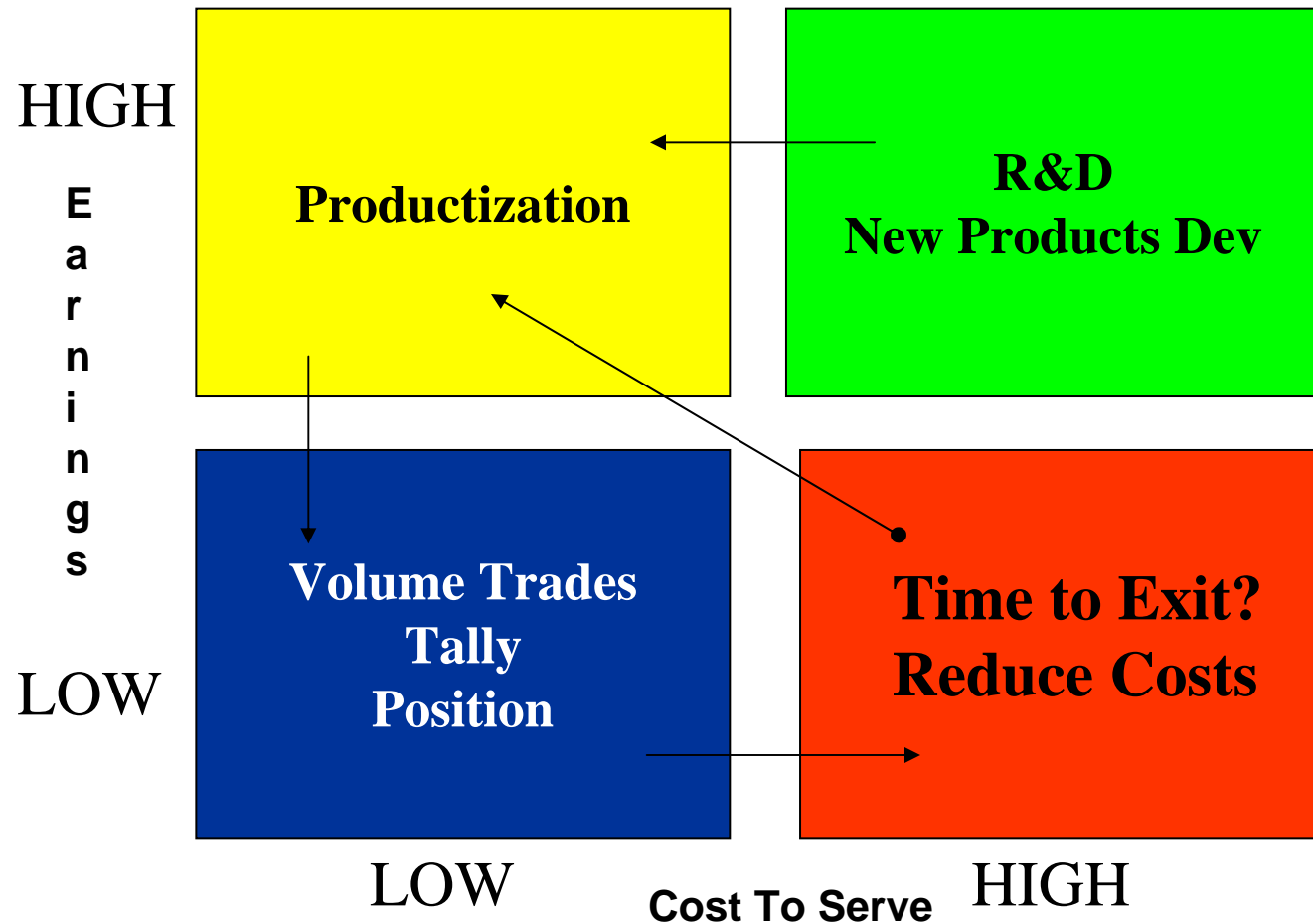
# Revenue Generation



# CF Revenue versus PP Deployment

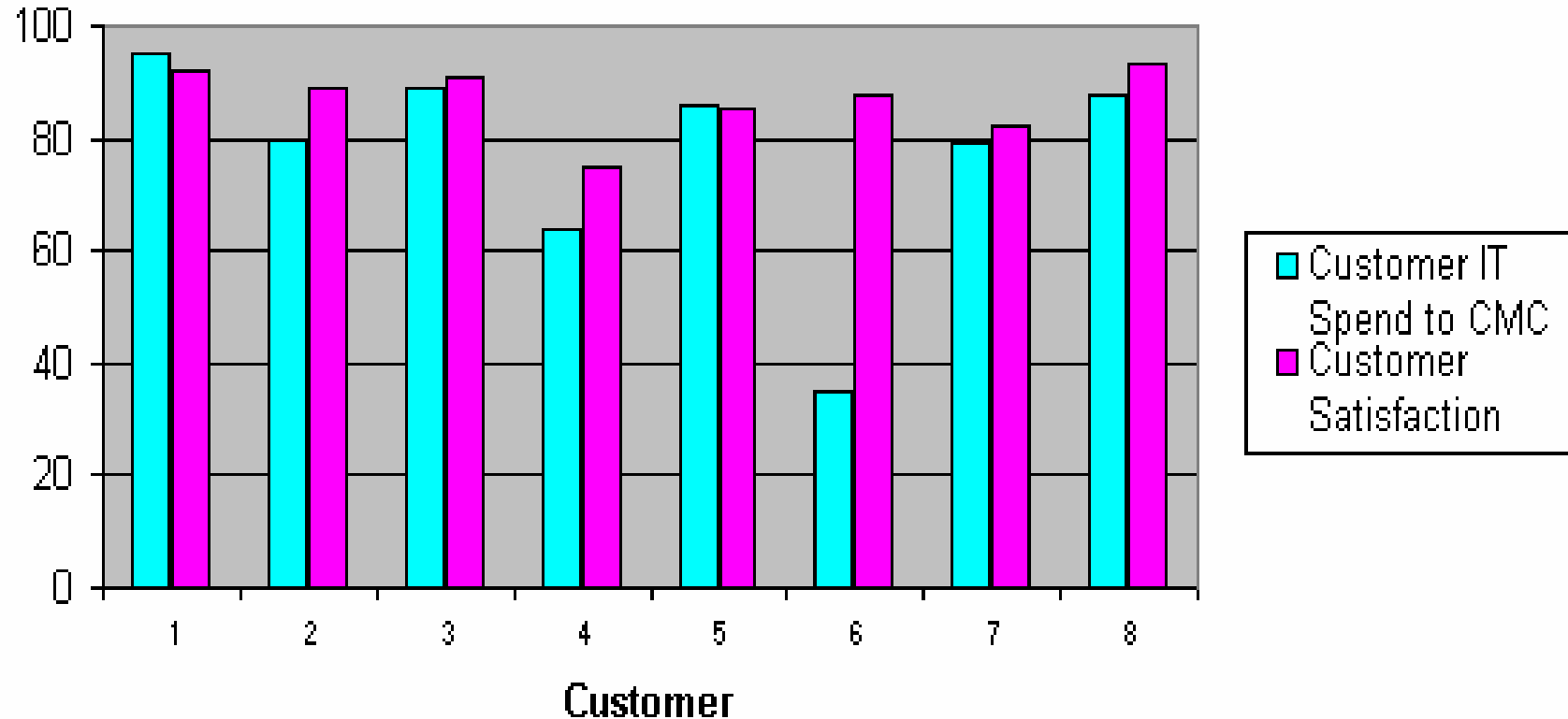


# Earnings versus Cost



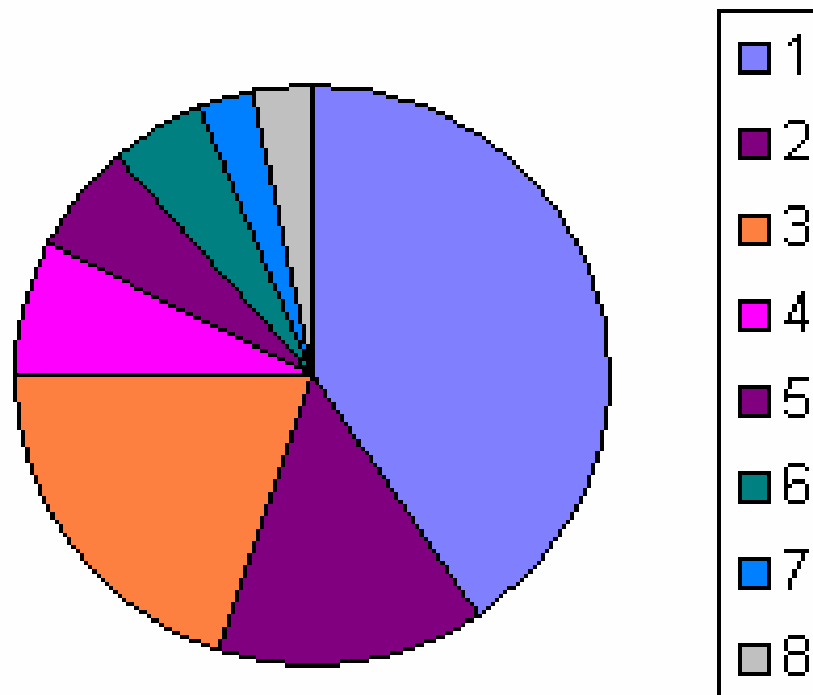
# Customer Analysis

## Top 20% Customer Analysis

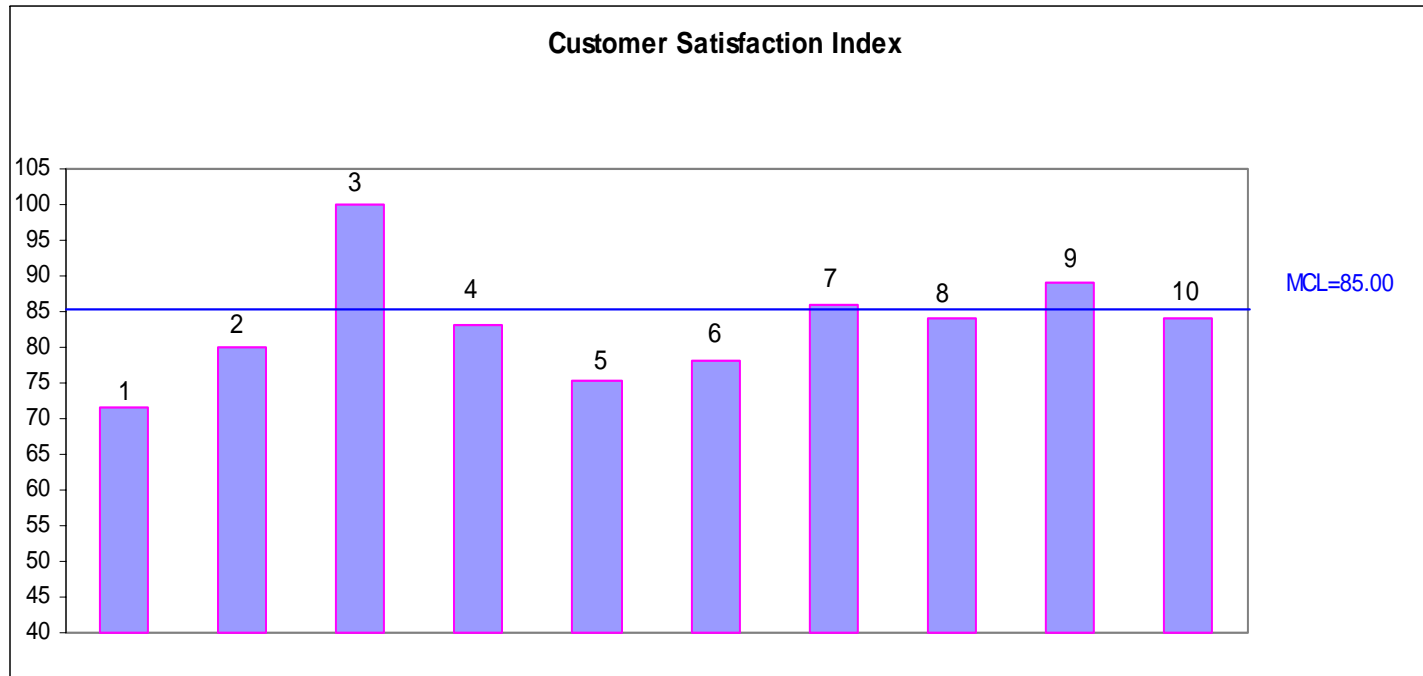




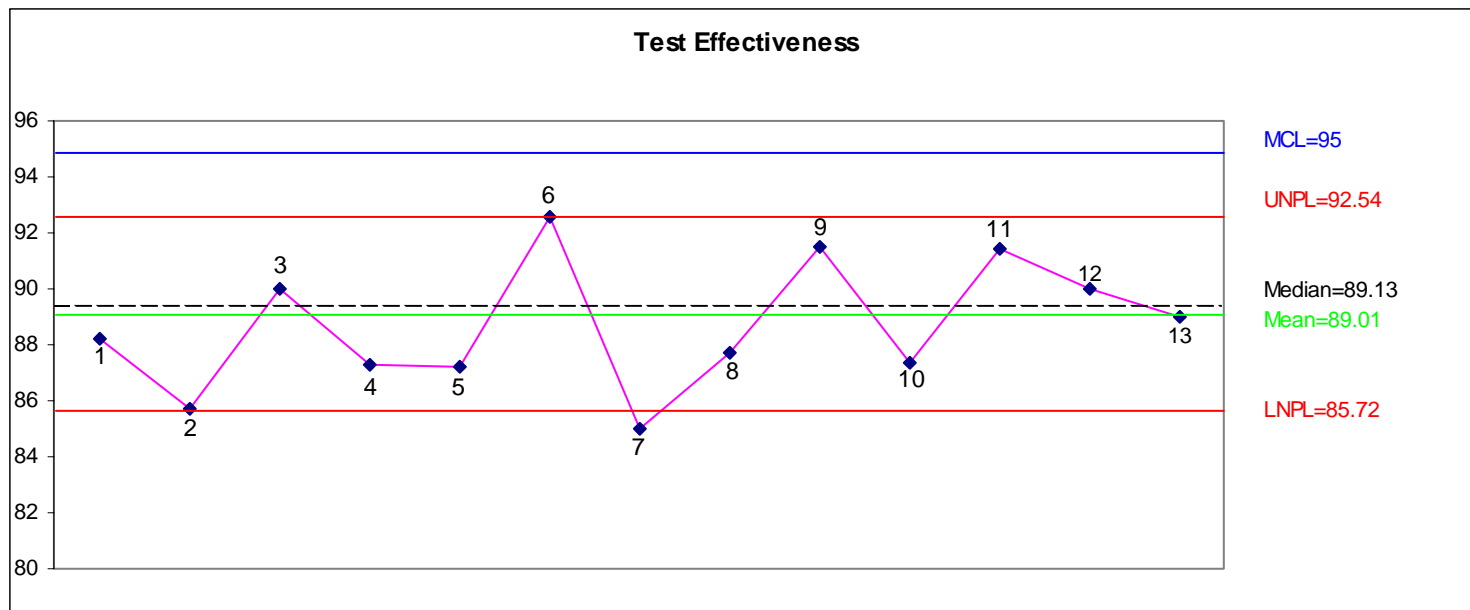
## Customer -Wise Revenue Distribution



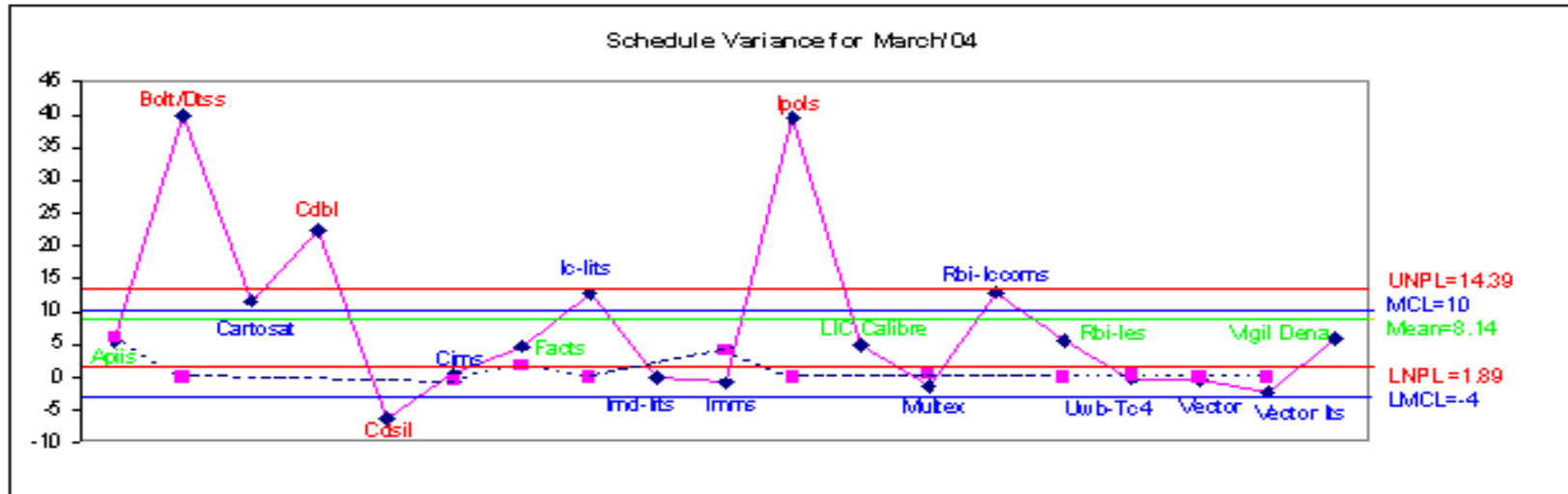
# Customer Satisfaction



# Test Effectiveness



# Schedule Variance



Data points are moving average for 3 months

UNPL and LNPL are 0.5 sigma values

: Within Management Control Limits and Natural Process Limits

: Beyond Management Control Limits and out of Natural Process Limits - immediate corrective action required

: 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

— : Schedule Variance (Original)

- - - - - : 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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