

So How's Business? (Setting Key Performance Indicators.)

Please imagine you are on holiday and someone else is running your business. Whilst you are away, you get offered a fantastic opportunity to stay out there for longer. Can you take up this opportunity? Will you still have a healthy business to come back to?

Obviously, you'll need to ring in and ascertain whether the business is being run correctly and is in a good enough position today and tomorrow sufficiently that you can take up the opportunity. If you simply ask, "So how's business?" and the receiver just says "Yeah great." Would this be enough to convince you that your business was sufficiently stable?

Generically you need to be asking questions such as;

1. What are we doing to attract new customers?
2. How successful have we been securing future business from the enquiries received from both existing customers and non customers?
3. How many customers do we have (Currently purchasing or within relevant time frame)? Are we too exposed, reliant upon too few customers?
4. Are customers buying the right products & services to the value required and profit levels needed, filling capacity etc? Are spend patterns and amounts consistent, are levels going up or down?
5. Is the frequency of our customers spend inline with their frequency or are we losing them. Are there any patterns, trends or seasonal variations?
6. Do we have enough business of the right sort now and do we have enough visibility of future work.
7. Breakeven – at what point of the week/month do we start making profit?
8. Profit – Are we making money, is the return on our investment on our team, equipment, goods and services a good one?
9. Are we on track with business at the desired levels and profitability to say we are "A commercial profitable enterprise"?
10. Finance – cash flow, cash gap, debtor days, creditors, bank balance etc. Namely are we in a good space, can we pay our current and pending bills, VAT etc? Is there enough capacity to meet potential outlays, investments required to deliver future business? Financially – how secure are we?
11. Team – are they happy, productive and motivated? Are they hitting their job specific targets that determine your investment in them has a positive outcome?
12. Delivery – Are we doing what we say we will? Are customers happy, their interpretation is ultimately the one that counts? Are delivery costs as estimated?
13. Systems – are these being adhered to?
14. Test & Measure – are we hitting the desired levels?
15. Strategic – are we on par with the goals we have set our business?

KPIs are a balance scorecard that should reflect how your business is doing. Don't get too analytical, avoid paralysis by analysis. See KPIs as a non emotional sanity check and use this as a template document from which to create your own personalised version.

To your success...