



...solve thorny business challenges in the time it takes to drink a cup of tea

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The heartfelt success of your business depends on your rapid response to the right measures...

The experience of early 20th-century miners signposts how you can create a healthier and more successful business.

Had you worked underground as a miner, what would you do if your canary stopped singing and fell off her perch?

You'd get your mates the heck out of the mine, of course.

Just 6 minutes to survive...

...13 minutes if they were lucky.

The emergency breathing masks that miners used at the start of the 20th century contained between 6 and 13 minutes of air.

So, when a canary fell off its perch, miners were **fast** to put on their masks. Then they all legged it out of the mine, and **fast!**

Here are the 2 key insights:

- Canaries **MEASURE THE RIGHT THING**
- Miners **ACT FAST**

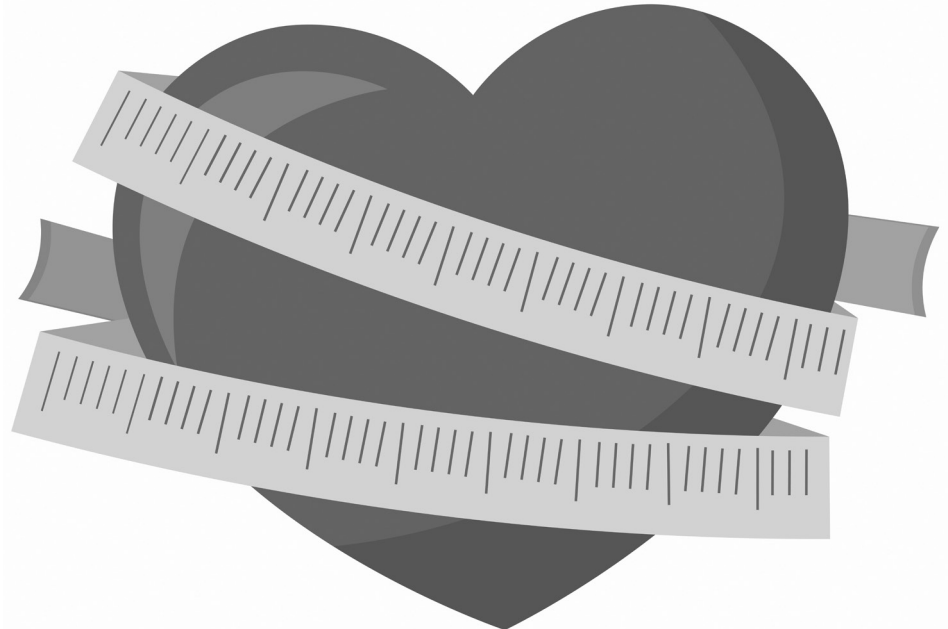
And, like the miners, you'll want to take appropriate action to ensure your business is healthy and successful.

The right business measures help...

Measures, like canaries, bring focus.

The right measures focus your mind and your actions on improving what matters most to your business success.

Measure the wrong KPIs and you focus on the wrong things. Focus on the wrong things and your success



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is in doubt. Stating the blatantly obvious:

"What gets measured gets managed, what gets managed gets better."

Therefore, it pays to be sure you're measuring and improving the things which will build a more successful business.

IN A NUTSHELL:

Measure what really matters to your business and then act fast to improve these measures, and the heartfelt success of your business will be safe and secure.

Too many measures?

Because the measurement possibilities for your business are almost endless, it pays to sense-check that you're measuring the right things.

Cash, revenue, profits, key costs, capital value, team engagement, team absence and churn, customer loyalty, productivity, product quality, speed of delivery, stock levels, etc., etc., etc.

But to ensure you **stay focused**, you need to focus on just a handful of the right measures.

To **avoid KPI overload**, you'll need to minimise the number of KPIs, but first let's investigate what you could measure for sustainable success.

What are the right things to measure?

Before we get to the heartfelt KPIs, let's consider what most businesses measure:

- the cost and cash KPIs for the business to ensure, quite rightly, that they're financially thriving
- the operational measures to ensure the flow of work through the business is healthy
- sales measures to ensure sales grow consistently

Human KPIs are fundamental...

What often gets lost in the world of KPIs is the importance of how people feel. By people, we mean your customers and your team:

1. Measure what matters to your customers to **improve CUSTOMER loyalty**
2. Measure what matters to your team to **improve TEAM engagement**

Yes, measure what matters to your business – costs; cash; operations; sales.

But be sure that you're winning the hearts and minds of your customers **AND** your team by focusing on the right heartfelt human KPIs.

Without an emotional commitment to your business from your customers and team, you'll lose out to competitors who take customer and team metrics seriously.

STOP – thinking that your existing **Key PERFORMANCE Indicators** are good enough. It suggests you're stuck in the old way of managing your performance.

START – measuring what matters most to your customers and your team. Then take regular action to improve these human **Key PREDICTIVE Indicators**.

Customer loyalty KPIs are proven....

Without customer loyalty, revenue growth, cross-sales, price increases and customer recommendations are less and less likely.

But surprisingly, most businesses fail to **measure what matters to customers!**

Before Facebook, Google, Amazon and Apple became household names, the route to business success through customer obsession was already proven by Gordon Bethune.

Customer KPIs save a business...

Prior to 1994, Continental Airlines had filed for bankruptcy twice. They used a complex set of measures for their business (primarily focused on cost reduction).

Then Gordon Bethune took over. He quickly turned Continental into one of the most profitable airlines in the sky in the late 1990s.

He theatrically burned their complex employee manual of measures in their car park. And then he ensured that every one of their 10,000 employees focused on 3 simple customer KPIs:

- Less lost luggage
- Fewer complaints
- More on-time arrival

Bethune managed to convince all Continental employees to take regular action to improve these 3 KPIs, and he helped everyone see how their job contributed to this improvement.

Notice how these 3 measures take into account quality, speed and customer care – all of which are of critical importance to customers.

And like a miner's canary, these 3 KPIs helped direct action – daily action that helped Continental survive and then thrive.

What 3 KPIs really matter to your customers?

NOW you need team KPIs too!

To survive and thrive in the 21st century, customer KPIs aren't enough.

Measuring what matters to your team so that they are engaged and motivated to help your customers and your business is now also key. (**NB** It always has been, but it matters now more than ever.)

We're now in a world that values and legislates for *Diversity, Equity & Inclusion (DEI)* and *Environmental & Social Governance (ESG)*. This means that you also need to decide which of these human and emotionally-charged KPIs are relevant to your business.

Even Amazon's Jeff Bezos, in a 2020 letter to shareholders, acknowledges the importance of 'team' in achieving future success:

"We have always wanted to be Earth's Most Customer-Centric Company. We won't change that. It's what got us here. But I am committing us to an addition. We are going to be Earth's Best Employer."
– Jeff Bezos

Does team buy-in really influence your business performance? Check out the video by Dr Alex Edmans in the downloadable resources linked below. Edmans shares decades-long hard research on how employee satisfaction fuels superior financial performance.

Complexity challenges...

Turning these team engagement insights into one or two KPIs is a challenge. It's a challenge because of the unique, complex and multi-faceted nature of individuals and teams.

One way to go about it is to seek out an overview KPI that shows your focus on team first. Consider adopting a regular sounding board check on your team's views.

A few well-researched and proven ways to do this are the **Gallup Q12**, the **Great Places to Work survey** and the increasingly popular **BCorp certification**.

You can find links to these surveys in the downloadable tools.



Making the complex simple

The Gallup Q12 survey inexpensively gives you a single KPI measure for team engagement.

It also provides you with 12 KPIs for possible improvement to help drive decisions and actions to create a more engaged team. You can't tackle 12 things at once, so Gallup also directs you to focus on the fundamentals of team engagement before you move on to other personal, team and growth improvements.

For more detail on this, please check out another of our Business Breakthrough Reports, *Improve Employee Engagement*.

Simple canary-like KPIs...

When you spread yourself too thin across too many KPIs, you and your team become more confused instead of more focused. As the saying goes, "less is more" when it comes to KPIs.

Just as the 3 customer KPIs worked for Continental Airlines in the 1990s, you must work out your own handful of human KPIs on which your whole business can focus.

When you work out a few KPIs that work for your customers and your team, you too can dramatically improve the sustainable success of your business. You will not want to ignore your business KPIs – cash; costs; sales; operations – but you will want to be clear about your primary canary-like KPIs.

Get it all on one page...

- Three primary business-wide – (canary-like) **customer KPIs** – to focus **everyone's** mind **every day**
- A handful (1 or 2 or 3) **team KPIs** that help your **leaders and managers** improve team dynamics, engagement and enthusiasm for the work they do **every week**
- A few functional and financial KPIs that ensure that the things you're doing for customers and with your team are commercially sustainable **every month**

This generates the daily, weekly and monthly momentum of KPIs and demonstrates what matters most in your business.

Research by the software company Exact suggests that businesses with a business plan are consistently more profitable (70%) than those without one (52%).

This one-page approach to KPIs helps you avoid the lethargy associated with complex business plans, while at the same time making sure all of your people have the right cadence, timely focus and commitment to the right measures.

Action and achievement...

Having your KPIs show up on one page every day or week for everyone builds trust through transparency. As your KPIs improve, this one-page approach also builds a sense of achievement across your team. And if the right KPIs are heading south, like the canary falling off its perch, your KPIs get team buy-in to focusing on fast action that will resolve the challenges.

Frequently referring to one page of KPIs predicts your future success – one page to steer the actions you take, one page of KPIs you can share with your people so that you're all taking decisions and action to improve your results.

TIME TO DISAGREE: "Business is more complex than reducing what we do to a handful of numbers."

It is easy to be tempted to focus on financial numbers (Key **Performance** Indicators), but these are outcome measures rather than input or activity measures.

All 3 of the Continental Airlines KPIs are input/activity measures that drive results/output KPIs (Key **Predictive** Indicators).

It's like Ron Baker says in his masterful book on KPIs:

"...ultimately the success of any business is a result of loyal customers who return."

As Baker's book title suggests, when you *Measure What Matters to Customers*, you measure the few things that can steer you towards your future success.

In another landmark study on KPIs – *The Balanced Scorecard*, by Kaplan and Norton – the authors argue for a balanced set of KPIs in your business.

Yes, measure KPIs that matter to your customers AND team members AND the functional and financial numbers as well. But keep a simple 'one-page business plan' approach. Long and complex is to be avoided – keep it simple and short, on one page.

NB If you want any help on nailing down your business KPIs in this way, please get in touch.

"It's almost impossible to get our people to take KPIs seriously."

The Gallup Q12 engagement score for the UK reports that just 11% of workers are engaged in their work. The opportunity to get more of UK PLC engaged and enthused about their work is massive.

Even if you've got a better engagement score than 11%, you can build a greater sense of achievement in your business. If every person, in every role, every function, every team, in every business were focused on a handful of KPIs that truly matter to their workplace, results would improve – just like they did for Continental Airlines, who used just 3 KPIs – less lost luggage, fewer customer complaints and more on-time arrivals to:

"...help pilots, flight crews, baggage handlers, or food service caterers fulfil the goals and objectives of the airline on an hour-by-hour timeline."
– Ron Baker, *Measure What Matters to Customers*

Involve your team in a discussion about Key **Predictive** Indicators – the numbers that matter to your customers – and you'll stand a good chance of getting their support. As Michael Basch (co-founder of FedEx) suggests – *"People don't mind change. They mind being changed."*

GET YOUR BITESIZE SUPPORT TOOLS NOW

<https://businessbreakthrough.online/sustainable-success-from-kpis-tools-and-resources/>

“Some things are hard to measure. Wouldn't we **be** better off measuring the easier stuff?”

Yes, it is difficult to get an exact measure of customer loyalty or team engagement. And it is easy to obtain exact figures for fuel costs. But as Ron Baker suggests:

“Exact measurements of the wrong things can drive out good judgements of the right things.”

If you like the idea of greater certainty over your future business success, then you'll be willing to do the harder work of measuring the 'less exact' customer and team-focused KPIs

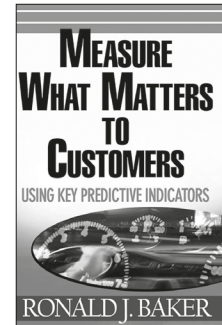
ULTIMATE ARGUMENT:
“How do I know this will work for me and my business?”

Until you test these new-style human-focused KPIs (**Key Predictive Indicators**) on your business, you won't know.

You can keep your existing measures, but if you build one page of KPIs to improve everyone's decision making and subsequent actions, you'll change the way your customers and your team feel about your business. When you do, you improve your chances of achieving sustainable success.

Tell me more...

If you need further convincing about the power of measuring what matters most to your customers, check out Ron Baker's power-packed book, *Measure What Matters to Customers*. It's well worth your attention if you are committed to growing your business.



And if you would like to know more about the power and success you can achieve from stronger team engagement and enthusiasm, dive into *The Employee Advantage*, by Stephan Meier.



4 helping hands for you...



It's easy to accept the status quo and continue to measure what you've always measured in your business.

Why not put these 4 things to work so that you can improve your KPIs and the actions you take – and improve your business results as well:

1. Get your team involved and discuss what KPIs matter most to your customers.
2. Identify a handful of KPIs you think will be good enough to measure what matters to customers.
3. Commit to KPIs that demonstrate to your team that you're as committed to them as you are to your customers.
4. Build one page of KPIs and share with everyone regularly to drive the right action throughout your business.

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Please use these tools and resources to measure what really matters in your business, then act to build a sustainable future for you and your team.

FOR MORE EDITIONS OF BUSINESS BREAKTHROUGHS, PLEASE GO TO:
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