

Greenport-Topic of the month

### You Can't Manage What You Can't Measure

Performance is a powerful word. In business context, it is used to describe a number of things; from the output of a piece of machinery, how able an employee is at fulfilling their duties, the action of carrying out a process or to describe opinion of how successfully a business is operating. Performance is the word used to describe the accomplishment of a given task measured against known standards of accuracy, completeness, cost and speed.

Nothing new there then!

So rather than considering what performance is, let's consider how well your business deals with its performance. How well it measures, manages, reports and reviews. We've all heard the phrase '*you can't manage what you can't measure*' but what happens if you can't measure it because you have no way of doing so?

Business growth, as we all know, is all about a step-by-step approach to reducing outgoings whilst increasing incomings. Business Owners often review this using profit & loss reports, but surely this is only one way to review performance? We see time and time again that a top priority in all high-growth businesses is to have robust and accurate performance measurement, management and reporting, and they invest heavily to ensure this happens.

#### 1. Identify your Performance Points

It's all very well measuring every single output within your business (and many businesses do this) but does this create reams of data and figures that simply are not meaningful? Are you data-rich but information-poor? Are your management team drowning in data and cannot see the woods for the trees? Or alternatively, is all this data out there but no one knows what to do with it (and therefore does very little)? Quality over quantity rings true here...knowing what to measure and knowing what performance data is important, and what isn't, is vital. Knowing your processes and joining them in a linear fashion helps you to understand where required performance points should be. Performance points may be milestones within your customer journey, internal turnaround or handover points, manufacturing targets or other junctures in your operational activities that require you to stop, reflect, report and review.

#### 2. Capture the right Data

These performance points need to be meaningful with fit for purpose data recorded, in efficient ways, resulting in robust evidence for you to use when decision making. *Much less 'finger in the air' or 'gut feel' and much more sound evidence!* Consider your current methods of data capture; does your business have many homegrown data collection forms, spreadsheets and databases? Perhaps you experience large numbers of duplicated data-recording processes, systems that don't talk to each other and very manual and limited reporting capability? So what you need are simple methods of capturing the right data, with systems that support one another, with efficient processes for doing so....sounds so simple when we write it down doesn't it? In actual fact, high performance businesses invest serious time and money into ensuring they get this part of their business right. There are as many systems to record and monitor data as there are businesses themselves, however no matter how much (or little) you have to invest, there will be ways that you can improve your performance data. There are low-cost options, high cost, simple and complex methods out there...but the key to finding the one for your business is to understand what data you want to capture, and what you want to do with it before you go shopping!

#### 3. Data Visibility

Of course, having a system with efficient and effective processes that collate your data is one thing, but don't forget its then the organisation, sorting and visibility of this data that will lead your business to make really effective decisions and manage risks pragmatically. Ask yourself, how easily can I get the data I need? How is it presented? Is it simple or is it a labour-intensive task? It is the answers to these questions that will begin to

help you identify the levels of performance visibility that you need and want. Do you need to establish better reporting processes within your business? Do you hold regular management reviews (and actually review performance at each of these performance points)? Do your teams/employees know which of the performance points they are contributing to and responsible for? Consider how up to date your information is...you may have very well-established reports arriving on your desk every month from your departmental managers, but are these featuring historic data that, due to the nature of your business, are now out of date and will not help you with high level decisions? Do you need up to the minute data, or even future forecasting?

Once again, until you know the answers to these questions, you will find it very difficult to go shopping for the system that will fit your needs!

Of course, we could go on and consider what to do with the information once you do have effective levels of data capture, measurement and reporting, how to effectively manage the performance of your people and operation, how to *improve* performance...but we will save that for another time!

To come back to the topic of PERFORMANCE, performance can only really be explored and increased if you have a robust and structured approach to the measurement and visibility tools within your business. Of course, your approach needs to be fit-for-purpose, be suitable for the size and complexity of your business and the information it records. It needs to have the ability to give you the information YOU require, at the time and way that YOU want it. It needs to be suitable today, and suitable for tomorrow; whatever your business growth strategy entails

Take time to understand and identify what you want before you go shopping..... you'll thank us later!

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