

Simple Tools to Track Success

Part one of a two-part deep dive in Key Performance Indicators (KPIs), or tools used to measure activity for success.

What if I told you, I have a secret technique to make you rich and solve all your customer service issues?

Well, I don't; not exactly, anyway. But, keep reading because this is part one of a two-column series about developing tools to streamline your business, make more money and make your life altogether easier. We're talking about how to implement key performance indicators (KPIs). This may sound very corporate-like, but don't be afraid of it. Actually, KPIs are simply areas of your business you would like to track and measure success or failure by using data. You may even have a start using KPIs and not realize it. As of right now, how do you ...

- Track sales?
- Measure success?
- Evaluate disappointing results?



- Debrief failures?
- Set expectations for yourself?
- Set expectations for others?

These are all examples of KPIs. You might be thinking of tracking sales, which is a perfect place to start. You likely do some of this already by knowing your revenue and your net profits. Yet, there are other areas you could consider adding such as:

- Marketing
- Operations
- Finance
- Human resources
- Customer service

ABCs of KPIs

So, what are the tangible benefits of setting up a key performance indicator? Let's talk the ABCs of KPIs. **Accelerate**, **Benchmark** and **Clarify** are what I consider the three major benefits to KPIs.

Accelerate. By selecting areas of the business to focus on improving, you can better direct your sales trajectory. You're really more in charge of your own growth — and the ability to achieve faster growth — if you know your numbers. Again, numbers aren't just sales. You may find your business grows faster (accelerates) if you shorten your delivery window or payment collection time after each sale by

evaluating the number of days you allocate to the task.

Benchmark. Setting specific measurements, such as the example above to shorten the number of days after a sale before payment and delivery, allows you to research and compare that item with that of other people or companies in the business. Basically, you are able to benchmark yourself against the competition or even benchmark your own numbers from year to year. It's with benchmarks that you can see trends — either positive or negative — and adjust with that knowledge.

Clarify. Clarity is powerful in any aspect of business, and KPI measurements can really help with this. Again, using the example above, let's say you set out to create a KPI around the idea of delivery time and you're tracking that. Now, it's one thing if you're the only one involved, but even for small operations, that's usually not the case. You may have a spouse that handles invoicing or an employee or contractor you put on the road to do the trucking. If you are the only one who knows the KPI for delivery time is being measured, how will you get accurate information? Or, how can others help to see the real picture? Don't forget to inform others in the business about the process and explain what you hope to accomplish!

Next month, we'll continue the conversation with how to choose the right KPIs for your farm or ranch and some tips to get you started. Let's continue the conversation! **HW**

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