

Choose right for your business

Part two of a two-part explanation of Key Performance Indicators (KPIs); learn how to build metrics to benefit your business.

Let's continue the conversation about key performance indicators (KPIs). In the last issue of *Hereford World*, I made the case that adding a process of measurement, such as selecting KPIs, would benefit your farm or ranch business. Now, let's get started.

Four action steps to using KPIs

Action step one: Select the KPIs to track

Especially if you're new to building metrics, begin by taking an assessment of your current systems and practices. You could also begin by making notes about areas of the business you want to improve.

Perhaps, you want to improve efficiency in an area or decrease the time it takes to get paid, and you need a better invoicing system. Once you have that, it may make sense to determine how to create a KPI to monitor that area.

If you're stuck, look around for bottlenecks in your office or operational workload.

Action step two: Plan to track

Once you've selected a few areas you'd like to measure, next determine what actual data points you need to track. Also, determine how you will collect the data. Where will that information



originate? Is the data something you already have access to through the American Hereford Association (AHA) or a product supplier, or is it something you'll need to input yourself in order to monitor? That said, do you have a system to collect your information? This could be done manually with a spreadsheet you complete on a regular basis or in some automated form, such as a report you can pull from AHA.

Action step three: Get buy-in

KPIs should not be a secret and these are two main objectives when implementing this step.

Number one, determine who in your business is actually responsible for tracking and analyzing the information. They may or may not be the same person, but it does need to be a live body! Secondly, be sure to share your KPI objectives with key people such

as supply partners, employees and potentially, even customers.

Action step four: Make a review and revise process

Lastly, don't come up with indicators and then never review or adjust them! In fact, answering the following questions will help your business stay on track.

- What worked?
- What did you learn?
- What changes can you make based on the results?
- What else do you need to evaluate?
- Are you evaluating frequently enough?

With this start, be sure to use your KPIs and adjust over time. Schedule time on your calendar well in advance to evaluate and assess your KPIs. Your review doesn't have to be complicated—you're in charge of your performance and creating your own metrics can take your farm and ranch business to the next level. **HW**

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