

Biz-Pulse.com

Guide to determining performance indicators and scores



Customers	←most recent	Business Management	←most recent
Products and Services	○ ○ ○ ○ ○	Leadership	○ ○ ○ ○ ○
Product Quality	○ ○ ○ ○ ○	Business Plan	○ ○ ○ ○ ○
Customer Satisfaction	○ ○ ○ ○ ○	Long Term Plan	○ ○ ○ ○ ○
Marketing and Growth	○ ○ ○ ○ ○	Financial Management	○ ○ ○ ○ ○
Website	○ ○ ○ ○ ○	Performance Management	○ ○ ○ ○ ○
Sales Management	○ ○ ○ ○ ○	Strategic Risk	○ ○ ○ ○ ○
Product Availability	○ ○ ○ ○ ○	Income and Pricing	○ ○ ○ ○ ○
Customer Retention	○ ○ ○ ○ ○	Costs and Margins	○ ○ ○ ○ ○
Product Innovation	○ ○ ○ ○ ○	Trading Profit	○ ○ ○ ○ ○
Image and Media	○ ○ ○ ○ ○	Financial Reserves	○ ○ ○ ○ ○
		Insurance	○ ○ ○ ○ ○
		Comparative Performance	○ ○ ○ ○ ○
Operations Management	←most recent	Employees	←most recent
Partnership	○ ○ ○ ○ ○	Employees	○ ○ ○ ○ ○
Production and Delivery	○ ○ ○ ○ ○	Recruitment	○ ○ ○ ○ ○
Operational Performance	○ ○ ○ ○ ○	Diversity	○ ○ ○ ○ ○
Asset Management	○ ○ ○ ○ ○	Terms and Conditions	○ ○ ○ ○ ○
Quality Assurance	○ ○ ○ ○ ○	Skill Levels	○ ○ ○ ○ ○
Legislation Compliance	○ ○ ○ ○ ○	Equal Opportunity	○ ○ ○ ○ ○
Business Support	○ ○ ○ ○ ○	Induction	○ ○ ○ ○ ○
Supplier Relationships	○ ○ ○ ○ ○	Employee Development	○ ○ ○ ○ ○
Utility Consumption	○ ○ ○ ○ ○	Employee Satisfaction	○ ○ ○ ○ ○
Waste and Recycling	○ ○ ○ ○ ○	Absenteeism	○ ○ ○ ○ ○
Pollution	○ ○ ○ ○ ○	Employee Turnover	○ ○ ○ ○ ○
Community Involvement	○ ○ ○ ○ ○		

Management Summary % Score Position dates current: 23 Aug 2007 2 ago: previous 4 ago: 3 ago: M.I.S.

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Biz-Pulse.



This guide addresses the four perspectives of Customers, Business Management, Operations Management and Employees within the Biz-Pulse small business template. Within each perspective are up to 12 indicators. These indicators are described and prompts given for your self-assessment of your position based on a traffic light scoring system.

Use the guide to determine:

1. If all the indicators are included or if you need to delete or add any
2. To understand what you should be considering when assessing your position on each indicator

Small Business Template

To be measured against

Effective and improving 	Reasonable but improvement needed 	Problem area Improvement priority 	
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Template Sector		Small Business
Perspective		Customers
Management Indicator		Management Indicator Target and Associated Guidance
1	Products and Services	The products and services offered by the business meet the needs of customers in the target market with unique features.
		Without a customer there is no business. The needs of the customer should be a priority consideration. The level of sales, repeat business, word of mouth recommendation and customer feedback are all important in understanding what the customer requires.
2	Product Quality	High product and service quality is demonstrated by low levels of credit notes and satisfied customer feedback.
		The quality of either the product or the service or both must meet, or exceed, the customer's expectations if the needs of the customer are to be met. Internal inspection processes, customer surveys and feedback all play a part in measuring the level of quality. The level of credit notes being issued will often indicate quality problems that need resolving.
3	Customer Satisfaction	Customer satisfaction from feedback is high, complaints are low and new customers are obtained from recommendation.
		Satisfied customers return in the future and make recommendations to others. It is important to know the level of satisfaction. Customer surveys are an important management tool with the level of complaints and new customers obtained from recommendation also indicate the level of customer satisfaction.
4	Marketing and Growth	Marketing is cost effective in gaining new customers and business growth is driven by obtaining new customers.
		Unless there are very special circumstances a business will have to promote its good and services through appropriate marketing activities. These may take the form of advertising, direct mail, Internet site or telesales. Marketing is expensive and it is important to measure the impact of various forms of marketing in obtaining new customers so that the most cost effective method can be established
5	Website	The business has a well designed, up to date website to promote its products and services.
		A good Internet site provides concise information about the business, its products and its services. It is a valuable marketing tool. The site clearly needs to be well designed but it should also respond well to search engine queries. Data which includes the daily number of visitors to the site and the most viewed pages are all available from website providers.

Template Sector		Small Business
Perspective		Customers
Management Indicator		Management Indicator Target and Associated Guidance
6	Sales Management	The ratio of genuine sales enquiries converted to sales is as high as possible.
		Enquiry conversion is an important aspect of sales. Repeat or potentially new customers making a sales enquiry are very likely to purchase and procedures need to be in place to ensure that such enquiries are recognised wherever they arise and dealt with competently to ensure the highest possible conversion rate, which should be measured.
7	Product Availability	Product and service availability meets customer demand and expectations with few orders lost due to unavailability
		Customers placing an order for a product or service expect that their order will be able to be serviced according to the terms quoted. Failure to deliver to time or to the quality expected will cause customer dis-satisfaction, which may impact on the image of the business. Regular customer surveys measure the extent of customer dis-satisfaction.
8	Customer Retention	Customer retention is high with frequent repeat business and little loss to competitors.
		Customers can be difficult, and expensive, to attract in the first place. It is therefore important to maintain contact with them so that they place repeat business if it is available. The extent that sales are repeat business can easily be measured. It is more difficult to measure the loss of potential business to competitors.
9	Product Innovation	New, good quality products and services are developed and introduced with innovative qualities at frequent intervals.
		Consistent innovation in the products and services being offered are the lifeblood of product development and business growth. Failure to innovate may lead to business being lost to competitors. Innovation can be in the form of improved technical design, meeting the needs of the customer better, improved quality, etc.
10	Image	The business is well respected in the marketplace, has a professional image and favourable comment in the media
		The image of the business in the marketplace is important. A strong image will help attract enquiries from new customers.
11		
12		

Perspective		Business Management
1	Leadership	The business has effective leadership and a balanced and competent executive team.
		The success of a business is almost always dependent on the quality of leadership and the executive team. Those who own a business, and are concerned for its success, should ensure that there is effective leadership and a balanced and competent executive team.
2	Business Plan	There is a short term business plan with detailed business performance targets that are reviewed regularly
		Every business needs a short-term business plan which is usually orientated towards sales, purchases and cash flow. It may also include plans for recruitment of staff and acquisition of new assets for production.
3	Long Term Plan	There is a long term strategic plan to deliver the results expected by interested parties including an exit strategy
		Those who own and lead a business should give consideration to the longer term objectives for the business that meet the expectations of all interested parties. Where possible this should include an exit strategy.
4	Financial Management	The business has strong accountancy and financial management with an effective IT management information system.
		Competent accountancy and financial management backed up by an effective IT management information system is fundamental to the smooth running of a business. Procedures need to be appropriate for the size of the business with the management information keeping track of the indicators which are key to the success of the business.
5	Performance Management	The business uses key performance indicators to regularly measure and record performance in all important areas.
		Monthly, or in some cases weekly or even daily, indicators measure different aspects of business performance, e.g. sales, staff absenteeism, machine productivity, etc. Keeping these measurements up to date provide important information to the executive team.
6	Strategic Risk	Leaders identify market, operational and security risks facing the business and know how to respond to issues arising.
		All types of business face strategic risks that are often not considered. A well-managed business will give thought to risks associated with its business and legislative environment as well as identifying risks associated with its operations. It may be possible, and appropriate, to insure against some risks. For some major risks, e.g. a fire, it will be appropriate to have a contingency plan.
7	Pricing	Competitive, balanced pricing optimises the sales mix to maximise profitability and maintain growth at a sustainable rate
		The pricing of goods and services is very important in persuading customers to trade with the business. However, there is a need to balance the attractiveness of the price to the customer with the need to provide adequate income to the business to cover the direct costs associated with supply and provide a contribution to overall business costs. The optimum price is the price that a customer would reasonably expect to pay for the product or service.

Perspective		Business Management
8	Costs and Margins	Employment and business costs are constantly reviewed so that average trading margins are maintained or bettered.
		<p>The gross trading margin is: $\frac{(\text{Sales Income}) - (\text{Direct Cost of Sales})}{(\text{Sales Income})} \times 100$ The higher the trading margin the greater the contribution from sales to covering overhead costs and generating a trading profit.</p> <p>The direct costs of trading need to be reduced wherever possible, but without affecting quality, whilst overhead costs need to be kept to a minimum to maximise profitability. Controlling the costs of both direct and indirect employment are often the most important area of cost control.</p>
9	Trading Profit	The business achieves the trading profits appropriate to the income generated and the capital employed.
		The trading profit is $(\text{Sales Income}) - (\text{All Business Costs})$. It can be expressed as a % of Sales Income (Net trading margin) or as a % of the capital employed in the business (Net return on capital). The expectations of the owners of a business will vary significantly depending as to whether they owner managers or external investors.
10	Financial Reserves	Accumulated financial reserves are able to support growth opportunities and ensure financial stability
		The profits that result from trading are the proceeds of trading that are available to the owners of a business. They can be distributed as dividends or as bonus payments. When the owners come to decide their policy on distribution due consideration should be given to the needs of the business in terms of the finance required to support growth opportunities and investment in operating assets. With time most businesses accumulate financial reserves as part of their capital base.
11	Insurance	Current insurance policies are in place to cover all appropriate risks to the business, its people and its assets
		Legislation requires that a business has an insurance policy to cover basic business risks. This may cover employment protection, fire and theft. Beyond the insurance required by legislation, however, a business may need to insure itself against other risks, e.g. professional indemnity or loss of business as a result of fire. A business should review its insurance policies regularly.
12	Comparative Performance	Leaders compare the nature and performance of the business to competitors and make change as necessary.
		Most businesses can directly compare their practice and performance to competitors. The leaders of a business should know who is in a position to offer similar goods and services to their customers and the extent that their offering is potentially better than that provided by the business. Comparative performance should stimulate continual development in the business either through product innovation, price advantage or both.

Perspective		Operations Management
1	Partnership	Leaders seek out and build creative, innovative partnerships and alliances that add value to the business.
		In today's business environment it is often appropriate for organisations to work in partnership to provide an improved product or, more often, an improved service to the customer. Those who lead a business should consider whether an appropriate partnership will enhance the potential customer experience and, if so, seek out and build one, or more, effective partnerships
2	Production and Delivery	The processes, resources and IT used for production and/ or service delivery ensure specification and timely delivery.
		To ensure that products and services are provided to the defined specification and are delivered to time, all as expected by the customer, the business must invest in the property, equipment, information technology and people that are essential. It must also determine the processes that will be employed to use the resources to ensure quality production and timely delivery.
3	Operational Performance	Operational costs and utilisation ratios are at the levels required to meet target profitability
		The resources employed by a business create consistent operational costs. It is important that the processes employed are effective in their continual use and coordination. The levels of employee activity and machine utilisation are illustrative. Operational performance in terms of trading profitability is directly dependent on effective resource utilisation.
4	Asset Management	Buildings, equipment, ICT and materials are organised efficiently and securely, and meet all legislation, including H&S.
		In addition to effective utilisation a business needs to ensure that its material assets are secure and meet all legislation regarding their use, particularly those concerning health and safety.
5	Quality Assurance	There are quality control and customer feedback processes that ensure high levels of customer satisfaction
		In both manufacturing and service businesses there should be processes to ensure that specified levels of quality, as expected by the customer, are maintained. In addition all businesses should operate customer survey and feedback procedures to ensure that the actual level of customer satisfaction is measured and corrected where necessary.
6	Legislation Compliance	Management ensures that the business complies with all relevant legislation, including VAT, PAYE, Security and H&S.
		In addition to legislation that controls the use of material assets, e.g. health and safety legislation, all businesses are required to comply with legislation concerning employment, data security, business records and statutory returns, and, if applicable Value Added Tax.

Perspective		Operations Management
7	Business Support	Leaders seek out and identify appropriate, and available, business support and grant funding.
		Government in the UK is concerned to provide appropriate business support and in some cases grant funding. Those who lead a business should be aware of the agencies that exist to provide support and grant funding for their business sector and of the detailed support that they offer. This support may be employed if it will add value to business operations.
8	Supplier Relationships	Leaders work with appropriate suppliers to add value to customer relationships and business performance.
		Good suppliers are important to a business. Whilst it is important that the cost of their goods or services is competitive it is also important that their quality meets the necessary criteria and that they have the flexibility to adjust their supply to better meet customer requirements. In some cases there it may be necessary to have a close relationship with a supplier in order that innovative, competitive products can be developed.
9	Utility consumption	Units of electricity, gas and water consumed in relation to business output is progressively reduced
		All businesses consume electricity and water with some consuming gas and other utility supplies. Whilst the use of these utilities carries a cost, which can be significant, the extent of their use also impacts on the environment. The reduction of the use of these utilities to an absolute minimum provides positive benefit both to operating costs and to the environment.
10	Waste and Recycling	Waste is consistently reduced and recycled wherever possible with increased use of recycled products
		All businesses create waste and have the opportunity to use recycled products. Reduction of waste provides cost savings and the both the reduction and recycling of waste, and the use of recycled products wherever possible will benefit the environment and may benefit operating costs.
11	Pollution	Any form of pollution caused by the business is reduced and eliminated wherever possible, including transport options
		The operating activities of some material assets within a business create pollution in their waste, emissions or noise. It is in the interests of both the local community and the environment that all pollution is reduced and eliminated wherever possible. It is of course necessary that any appropriate legislation regarding pollution is complied with.
12	Community Involvement	The business is involved with its community and provides appropriate support.
		Every business is a constituent part of its local community. The business will benefit by being involved in appropriate local activities and building an image as a caring part of that community. It may be appropriate to provide some form of support.

Perspective		Employees
1	Employees	The business has all the people required to meet the needs of the business with appropriate knowledge and experience.
		Every business requires human resources to provide the products and services offered. It is important that the business is able to attract people with the knowledge, experience and personal characteristics that it requires. The operating performance of a business is directly dependent on the capabilities of the people that it employs.
2	Recruitment	The business is able to recruit people with appropriate expertise and qualifications for full, or part time, employment. .
		From time to time the business will need to recruit the people it requires due to people leaving or due to business expansion. To attract the people required to the best possible quality that is available, professional recruitment processes should be employed both to attract applications and to determine who should be employed.
3	Diversity	The mix of people employed meets legal, and any contract, requirement for gender, ethnicity or disability
		Businesses of a specific size are required by law to employ a specific % of people with disability. There is also legislation to protect equality of employment regarding gender, ethnicity and disability. Some types of business, e.g. Social Firms are set up to employ a specific % of disabled people and some public sector contracts, in parts of the UK, require specific practice regarding employment. Businesses should be aware of what is expected of them in their area of operation and recruit, and employ, accordingly.
4	Terms and Conditions	Employment terms and conditions are legal, appropriate and reflect acceptable work - life balance arrangements.
		Every person employed should have a contract of employment which sets out the terms and conditions of their employment, as required by legislation. There should also be a job description which sets out the required activities of each person, their required skill levels and their expected level of performance. Legislation also sets out what is required regarding arrangements between work and their private and family life. Fair and accurate terms of employment and job descriptions, which are respected by all employees, are an important aspect of employee satisfaction.
5	Skill Levels	95% or more of employees have the skills or qualifications required to discharge their responsibilities
		Each employee requires a different set of skills, possibly with qualification, to discharge their responsibilities. These may be defined in their job description. It may be possible to recruit people with what is required or people will need to be trained to the level of skill required. Experience over time will enhance their expertise. Long serving, experienced people with the skills required are a significant business asset.
6	Equal Opportunity	Equal opportunity is provided for all employees and, where appropriate, for clients in certain types of business.
		Every business is required by legislation to provide equality of opportunity by gender, ethnicity and disability. Legislation includes remuneration, job opportunity and training. A business should be aware of its legal responsibilities regarding equal opportunity, set out people's rights in their terms of employment and act accordingly.

Perspective		Employees
7	Induction	Effective induction is provided for all employees new to a job with any necessary training being provided.
		Every newly employed person or an employee whose responsibilities have changed needs to know exactly what is expected of them, the skill levels required and appropriate information about their employer. Every business should have a defined induction programme for new recruits and for people changing jobs. Any necessary training should be identified and provided as quickly as possible. Effective induction is an important aspect of team working and employee satisfaction.
8	Employee Development	Employee performance is assessed, regularly, with training needs being identified and training provided where necessary.
		The work performance of all employees should be regularly reviewed, possibly on an annual basis, against what is set out in their job description. This assessment may identify the need to update their job specification for the future, provide training to address shortfall in skill levels or new skills required or the opportunity to move advance the responsibilities of the employee. Careful regular assessment and subsequent development of each employee is an important aspect of job satisfaction and management of human resources.
9	Employee Satisfaction	Employee surveys show that 75% or more of all employees are satisfied with their employment conditions
		It is important for a business to know the level of employee satisfaction as this will impact on absenteeism, employee turnover and the quality of service given to customers. Many businesses survey their employees annually, in confidence, with an appropriate questionnaire to assess their views with regard to their employment terms, their management, their personal development and their impression of the business. Most businesses will seek for 75% of the employees to be 'Satisfied' or 'Very Satisfied'.
10	Absenteeism	Employee absenteeism is less than 4% and not more than 6%
		Every full-time employee is entitled to a number of days on holiday. Frequently, however, employees are absent through actual or feigned illness or unauthorised holiday. Illness and unauthorised absence from work should be measured. In a business where employee satisfaction and business loyalty is high absenteeism may be below 3%. Absenteeism represents a significant, unnecessary, cost to the business and should be reduced wherever possible.
11	Employee Turnover	The level of employee turnover is acceptable and better than average for the business sector.
		The length that people remain with the same employer varies extensively. Job satisfaction, remuneration, development opportunity, employer location are all factors. There is a cost in recruiting and training new people to replace those who leave but there are also benefits in attracting new blood into an organisation. A business will find it beneficial to minimise the costs of recruitment whilst attracting new blood.
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