



Key Performance Indicators:

Effective service management calls for a new generation in capturing, monitoring and reporting relevant data.

By Tony Petrucciani, CEO Single Source Systems, Inc.

Picture this: A large desk that's been passed down from generation to generation of company owners. On the desk there is a picture of the family, mug with the company logo and invitation to a golf outing. A laptop sits front and center. Next to it there's a worn file marked "KPIs" in bold letters. This desk could belong to any CEO, any industry.

Industry-wide

Although companies vary greatly, some CEO traits and tools are universal. One CEO's desk could be of mahogany, in a corner office of his chain's high-rise headquarters, overlooking a bay with sailboats. An equally successful CEO may be sitting at a dingy desk in the corner of a manufacturing floor near a window overlooking a bay of 30 service trucks.

Owners of both profitable organizations, a manufacturer with global distribution and a regional installation/service company, share some essentials: they both rely on Key Performance Indicators when formulating strategies for growth.

Challenges

Bill Pollock, analyst for Aberdeen Group, estimated in a recent benchmark report (Service Benchmarking and Measurement: Using Metrics to drive Customer Satisfaction and Profits, June 2009) 41% of surveyed companies have not fully implemented service metrics. The top reasons? Other programs require completion first, database integration challenges, lack of implementation resources and lack of ongoing support resources.

Short-term priorities often prevail. Plus, performance management reports, sales projections and trend analysis have been industry buzzwords for so long they risk becoming trite and irrelevant. Reports become methodically routine and often overlooked because of their generalities. Mean time to

repair (MTTR), one of the most commonly tracked indicators for a service organization, is a small fraction of the data a service manager needs in order to pinpoint and correct the true cause of productivity dips.

Foundation for growth

Despite challenges, there are best-in-class organizations reaping impressive benefits from their metrics strategies. When reports capture real-time service performance and immediately alert management of any critical exceptions, the merit of the data is obvious—and, therefore, consulted daily, if not more. The effort pays off. According to Service Benchmarking and Measurement: Using Metrics to drive Customer Satisfaction and Profits, best-in-class organizations fully utilizing metrics strategies have achieved up to 88% customer satisfaction rate and 60% service profitability.

A formal process for automatically collecting, disseminating and monitoring data provides a strong foundation for sustainable growth. Long-term, steady tracking can save an impetuous CEO from making expansion plans based on a one-time jump in profits. Nonchalant, superficial or sporadic uses of Key Performance Indicators waste opportunities. Worse, they can be misleading, even lulling C-Suite executives into a false sense of security. A competitor taking full advantage of multi-layer metrics and user-based reports may sneak up from behind with the extra performance boost that separates the number-one player in the market from a distant number-two.



Company-wide access to performance data gives users the ability to monitor key influencing factors and take preemptive steps to keep small problems from escalating into large, costly ones.



Real-time performance metrics give managers the ability to respond quickly to exceptions and maintain customer satisfaction.



Key Performance Indicators: The new generation

Competitive advantage

In the current economy, second-place can be a life-threatening position. In order to avoid this treacherous ledge, service-focused organizations need to dig deeper and get a tighter grasp on KPIs that are truly relevant, company-wide and aligned directly to business goals. For example, measuring field workforce utilization down to the technician level will help identify if an anomaly in the trend can be tied to one technician. But, this isn't enough. Perhaps the technician's performance is affected by a dispatch error, insufficient parts, fleet malfunction or geographic area of the worksite. Such details are required to make a sound, fact-based improvement to the process.

This example also reinforces the need for director-level and manager-level report access. A CEO may make the hasty assumption that a particular technician is responsible for a shortfall in productivity goals. A direct manager or mid-level manager is more likely to have a closer perspective on the various factors involved, including a one-time incident that may taint the accuracy of the report.

Focus on Success

Flexibility in reporting is key. Especially as KPIs are monitored according to business goals, a department's plan and an individual's contribution, there should be the ability to create reports at a user level while still maintaining a centralized service performance database.

An enterprise-wide repository of data which can be analyzed in detail is essential for the service organization wanting to maintain -or improve- its productivity and profitability. Without the data, the company is susceptible to slowly eroding revenue -or may miss a subtle opportunity to leverage a strength. In a highly competitive service industry, details demand attention.



KPIs are no longer just for chief officers. Access to performance data empowers employees down through the ranks to monitor and improve individual productivity.



About the author:

Tony Petrucciani, CEO of Single Source Systems, Inc., faithfully monitors company KPIs through automatic reports emailed to him each morning. The user-defined workbenches and flexible reporting capabilities Tony values have become the foundation for several recent enhancements to Single Source products, including SM-Plus 3.20 and Single Source Workbenches for Infor SyteLine ERP.



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