

Business Tips - Business Model



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Key Performance Indicators Infographic

THE KPI INSTITUTE



www.kpiinstitute.org
office@kpiinstitute.org
+61 3 9028 2223

KEY PERFORMANCE INDICATORS INFOGRAPHIC

Learn more.
Get certified.



Functional Areas

- Accounting**
 - % Billing accuracy
 - \$ Cost of goods sold
 - % Client cash net revenue
 - % Invoices under query
 - # Days in accounts receivable
- Compliance and Risk**
 - \$ Loss expectancy
 - % Operational risk
 - # Corporate governance index
 - # Frequency of inventory audit
 - # Turnaround time for audits
- Customer Service**
 - # Speed of answer
 - # Complaints received
 - # Call handling time
 - % Complaints resolved
 - % Call abandon rate
- Finance**
 - # Berry ratio
 - % Capital acquisition ratio
 - % Basic earning power ratio
 - # Labor multiplier
 - % Return on funds employed
- HSSE**
 - # Lost time injury frequency rate
 - \$ Energy consumption cost
 - # Hours of OHS training conducted
 - # Operational spills
 - # Lost workdays due to accidents
- Human Resources**
 - # Employee engagement index
 - # Time to fill a vacant position
 - % Employee turnover
 - % Employee satisfaction
 - # Training hours per FTE
- Information Technology**
 - # Defects removed efficiency
 - # SDLC exceptions granted
 - % LAN server availability
 - # Time to market
 - # Time for service request fulfillment
- Marketing & Communication**
 - % Brand awareness
 - % Net promoter score
 - % Customer retention
 - \$ Customer acquisition cost
 - \$ Lifetime value of a customer
- Procurement & Distribution**
 - # Inventory to sales ratio
 - % Slow moving stock
 - % On-time delivery
 - % Perfect purchase order rate
 - % Inventory carrying rate
- Production**
 - % Production schedule attainment
 - # Units per man-hour
 - # Maintenance backlog
 - % Production schedule adherence
 - # Production uptime
- Project Management**
 - # Earned man-hours
 - # Schedule performance index
 - \$ Cost avoidance savings
 - \$ Profit per project
 - % Delivery deadlines met
- Quality Management**
 - \$ Cost of poor quality
 - % Scrap rate
 - % Process efficiency ratio
 - % Production first time yield
 - % Rework cost
- Research & Development**
 - \$ Cost savings due to R&D
 - # Payback period of new products
 - % New product success rate
 - # Time to break-even
 - # First to market products
- Sales**
 - % Share of wallet
 - % Sales growth
 - % Sales quota attainment
 - % Lead conversion rate
 - \$ Sales per labor hour

Terminology

KPI
Definition: A measurable expression for the achievement of a desired level of results in an area relevant to the entity's activity.

SMART Objectives

SMART Objective =

- Objective → Increase customers base
- + KPI → % Market share
- + Target → 20%
- + Timeframe → By Financial Year End
- + Responsible → Sales Director

Increase customers base to reach 20% market share by FY end under Sales Director leadership

KPI naming standards

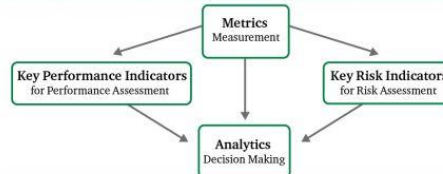
KPIs – start with symbols

- Value of \$ Net Profit
- Number of # Defects
- Percentage of % Budget Variance

Value added by KPIs

- Clarity**
Paint a clear picture of strategy
- Focus**
Focus on what matters / requires attention
- Improvement**
Monitor progress towards the desired state

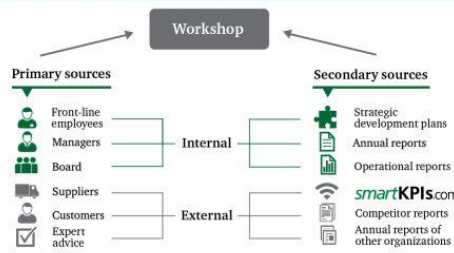
Metrics - KPIs - KRIs - Analytics



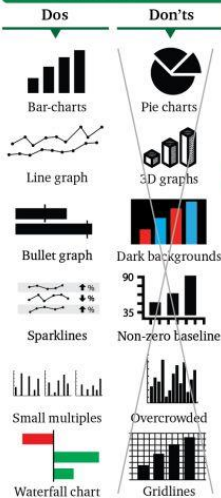
KPI selection criteria

- Relevant**
Aligned with organizational strategy; Significant for the specific domain of services
- Clearly defined**
KPIs should be described by using clear and intelligible terms. Avoid the use of management jargon
- Balanced**
Quality / Quantity; Efficiency / Effectiveness; Subjectivity / Objectivity

KPI selection workshop input



Data visualization



KPI selection technique: Value flow analysis



KPI documentation

Name % Hospital bed occupancy rate

Definition
Measures the percentage of beds in the hospital that are occupied by patients, from overall number of hospital beds.

Calculation
Subordinate measures used for calculation
A = # Hospital beds occupied B = # Hospital beds

Calculation formula	Formula type	Trend is good when
$(A/B) * 100$	Rate	Within range

Target
Threshold example
Red: < 80% ; > 95% Yellow: 80 - 85% ; 90 - 95% Green: 85 - 90%

Industries

- Call Center**
 - % Call setup success rate
 - % Agent utilization
 - % Call completion rate
 - % First call resolution rate
 - % Call drop rate
- Customs**
 - # Arrival processing time
 - # Entry clearance referrals
 - # Work permits issued
 - # Immigration refusals
 - % Hit rate on high risk cargoes
- Education & Training**
 - # National examination score
 - % Attendance rate per course
 - # Students to professor ratio
 - % Drop-out rate
 - % Student satisfaction rate
- Financial Institutions**
 - # Insurance underwriting time
 - # Insurance claim processing time
 - % Cash collection rate
 - % Risk coverage ratio
 - # Liquidity ratio
- Government - State/Federal**
 - \$ Gross National Product per capita
 - # Healthy life expectancy
 - # Unemployment rate
 - # Water scarcity index
 - % Health insurance coverage
- Healthcare**
 - % Hospital bed occupancy rate
 - # Daily census
 - % Medication error rate
 - \$ Cost per discharge
 - # Laboratory test turn-around time
- Hospitality & Tourism**
 - \$ Revenue per available seat hour
 - \$ Total revenue per available room
 - \$ Revenue per available customer
 - % Capture rate of hotel guests
 - # Length of stay in hotel
- Infrastructure Operations**
 - % Berth occupancy rate
 - # Container dwell time
 - # Turnaround time
 - # Container throughput
 - # Arrival processing time
- Real Estate/Property**
 - % Rent collection rate
 - % Cash-on-cash return
 - % Occupancy rate
 - % Repairs completed on time
 - % Capitalization rate
- Resources**
 - % Drilling rig utilization rate
 - % Non productive drilling time
 - % Drilling success rate
 - % Mining equipment availability
 - # Carbon dioxide vessel efficiency
- Retail**
 - % Same store sales growth
 - # Stock rotations
 - # Reorder point
 - # Safety stock
 - \$ Sales per unit area
- Telecommunications**
 - \$ Subscriber acquisition cost
 - % Answer seizure ratio
 - \$ Subscriber retention cost
 - % Data network availability
 - % Block error rate
- Transportation**
 - \$ Freight cost per tonne shipped
 - # In flight shutdown rate
 - # Revenue tonne kilometers
 - % Transport capacity utilization
 - # Transit time
- Utilities**
 - # Power plant load factor
 - # Water quality index
 - % Electricity demand growth
 - % Wastewater treated
 - % Capacity utilization factor

10 Popular Startup Revenue Models

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Coca-Cola Walt Disney World

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NETFLIX Spotify

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- **Examples:** LinkedIn, MailChimp.

LinkedIn mailchimp



Source: Financial Institute

How To Scale by 10X

Strategy

- **Refine the Business Model for Hypergrowth:**
 - Develop a business model that can sustain rapid expansion and has been validated in the market.
 - Leverage network effects if applicable, where each new user adds value for others.
 - Identify and focus on high-margin products or services that have the potential to scale quickly.
- **Strategic Partnerships and Alliances:**
 - Forge strategic partnerships that can accelerate growth, such as with distributors, technology providers, or co-marketing agreements.
 - Look for opportunities to integrate your product or service into larger ecosystems where you can tap into existing customer bases.
- **Disruptive Innovation:**
 - Invest in research and development to create innovative solutions that disrupt the market and create new opportunities for growth.
 - Consider using cutting-edge technologies like AI, blockchain, or IoT to offer differentiated products or services.

People

- **Build a Scalable Team Structure:**
 - Structure the organization with scalability in mind, with clear hierarchies and roles designed for a larger scale.
 - Hire leaders with experience in managing and growing teams in high-growth environments.
- **Incentivize Performance and Retention:**
 - Implement incentive programs such as stock options or profit-sharing that align the team's interests with the company's growth goals.
 - Establish clear career paths and promote from within to retain top talent and reduce turnover.

Execution

Financial Engineering for Growth:

- Engage in financial planning that supports hypergrowth, such as aggressive reinvestment of profits or securing growth capital at favorable terms.
- Employ a financial buffer to sustain operations through rapid scaling phases or unexpected challenges.

Optimize for Speed and Efficiency:

- Invest in automation and technology to handle increased transactions or operations without a proportional increase in headcount.
- Adopt agile methodologies across the organization to enable quick pivots and fast execution.

Scale-up Marketing and Sales:

- Scale marketing efforts through digital channels that allow for rapid testing, measurement, and scaling of successful tactics.
- Develop a sales infrastructure that can handle a larger volume of leads and conversions without losing quality or personal touch.

International Expansion:

- Prepare for global scale by adapting products or services for international markets.
- Establish operations in new regions that show potential for high growth and have less competition.

Customer Success and Support:

- Scale customer support capabilities using technology like chatbots, AI-driven help desks, and self-service portals.
- Focus on customer success to ensure high retention rates, which is critical for sustainable growth.

Created by
Alessandro Marianantoni

Credit: Kyle Poyar

New Playbook for Modern Software Businesses

The New User Journey

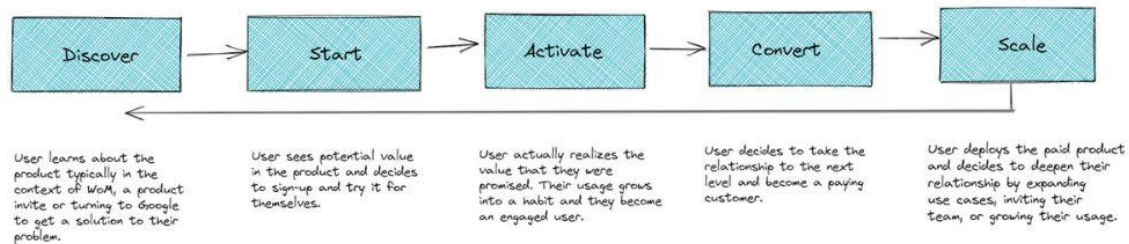
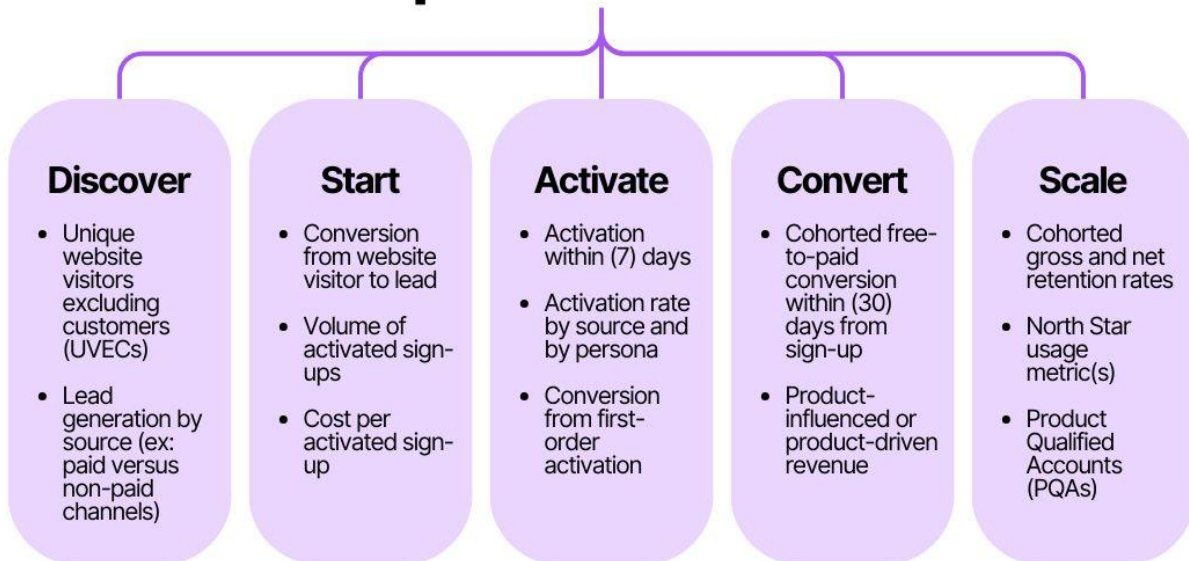


Image: Growth Uninged

Operational KPIs



9 Behaviors That Sabotage-Innovation

9 BEHAVIORS That Sabotage Innovation

Do your managers unintentionally kill off good ideas that could help solve organizational challenges?

1 Discouraging Creativity
Don't tell your staff to "be creative," but then quickly quash new ideas.

2 Not Evaluating Carefully
Plan to commit resources, systems, and processes to properly evaluate innovative ideas.

3 Pushing a Top-Down Approach
Nurture innovation and generate buy-in with a bottom-up approach.

4 Forcing Structure
Understand your organization needs both color-outside-the-lines creatives *and* by-the-book executors.

5 Confining Innovation to R&D
Draw new ideas from across the whole organization.

6 Criticizing First
Praise creative ideas first to send a pro-innovation message.

7 De-Risking
As ideas travel through layers of management, they're often scaled back so much the real innovation is lost. Don't let that happen.

8 Rejecting Ambiguity
If it's a sure thing, it's not innovative. Learn to tolerate ambiguity.

9 Acting Like a Know-It-All
Model humility to encourage your employees' creative ideas.

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6 Business Innovation Models

Six Innovation Models


CREATOR	SOLUTION BUILDER	LEVERAGER	EXPANDER	DEFENDER	FAST FOLLOWER
					
We know best	We're listening	We do it best	Seeking share to steal	Protecting our turf	Ready to react
Typically led by a visionary, creators disrupt markets and make focused, big bets.	Solution builders win by understanding and delighting customers.	Leveragers innovate their core business model to drive ongoing advantage.	Expanders use a core capability to enter and dominate adjacent markets.	Defenders focus on points of advantage in mature or slow-changing sectors.	Fast followers optimize their capabilities to react rapidly to competitive innovations.
Key Characteristics					
<ul style="list-style-type: none"> • A closed innovation approach • Deliberate life cycle management • A limited number of big bets 	<ul style="list-style-type: none"> • Excellence in customer insight • A focus on the full purchase experience • Centralized governance to keep the customer at the center of innovation 	<ul style="list-style-type: none"> • Concentration on innovations that can speed the expansion of the model • A focus on continuous improvement of core model • Emphasis on transferring expertise and staff continuity 	<ul style="list-style-type: none"> • A mandate for growth • A focus on one or two advantaged capabilities • Consistent in-market experimentation • An open, empowering innovation culture 	<ul style="list-style-type: none"> • Continuous improvement to maintain edge of current offerings • Rigorous defensive monitoring of potential disruptions • Use of M&A and partnerships to keep pace 	<ul style="list-style-type: none"> • A focus on sensing and speed to improve on competitive innovations and lower risk • Investment in go-to-market excellence • Flat organization to facilitate rapid decisions
Examples					
<ul style="list-style-type: none"> • Apple • Tesla • Netflix • Lululemon Athletica 	<ul style="list-style-type: none"> • Nike • Starbucks • GoPro • Target • Under Armour 	<ul style="list-style-type: none"> • Zara • Toyota Motor • Costco 	<ul style="list-style-type: none"> • Amazon • Gilead • Danaher 	<ul style="list-style-type: none"> • AIG • Pfizer • Allstate Insurance 	<ul style="list-style-type: none"> • Reckitt Benckiser Group • Tencent • JPMorgan Chase

Source: BCG analysis.

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20 Things Creative People Do Differently

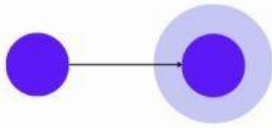
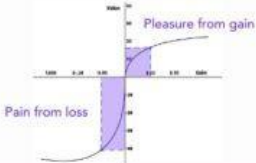



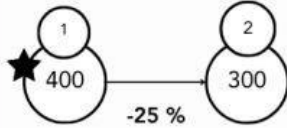
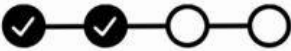
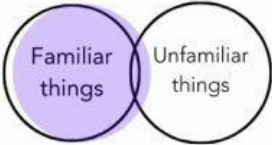
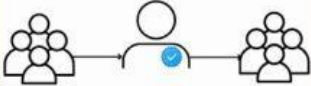

20 THINGS HIGHLY CREATIVE PEOPLE DO DIFFERENTLY

 <p>They have a mind that never stops working.</p>	 <p>They resist the status quo.</p>	 <p>They embrace themselves even if others don't.</p>	 <p>They have difficulty staying on a task for too long.</p>	 <p>Their creativity flows in cycles.</p>
 <p>They need alone time to feed their souls.</p>	 <p>They need their space to create.</p>	 <p>They focus intensely.</p>	 <p>They feel deeply.</p>	 <p>They live on the edge of joy and depression.</p>
 <p>They think and speak in stories.</p>	 <p>They battle with resistance every day.</p>	 <p>They take their work personally.</p>	 <p>They have a hard time believing in themselves.</p>	 <p>They are deeply intuitive.</p>
 <p>They often use procrastination as a tool for their success.</p>	 <p>They are addicted to a creative flow.</p>	 <p>They have difficulty finishing projects on time.</p>	 <p>They have difficulty finishing projects on time.</p>	 <p>They never grow up from their imagination.</p>

MINDJOURNAL MIND HELP

9 Psychology Concepts for Marketing

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<p>1.Halo Effect</p> <p>People's overall impression of a person or brand can influence their perception of specific traits or qualities.</p> 	<p>2.Loss Aversion</p> <p>People are more motivated by the fear of losing something than the prospect of gaining something.</p> 	<p>3.Social Proof</p> <p>People are more likely to trust a product or service if they see others using and enjoying it.</p> 
<p>4.Confirmation Bias</p> <p>People tend to seek out information that confirms their existing beliefs or attitudes.</p> 	<p>5.Scarcity effect</p> <p>When something is perceived as limited or rare, people are more motivated to obtain it.</p> 	<p>6.Anchoring Effect</p> <p>People rely heavily on the first piece of information they receive when making a decision.</p> 
<p>7.Goal Gradient Effect</p> <p>People are more motivated to complete a task as they approach the end.</p> 	<p>8.The mere-exposure effect</p> <p>People tend to prefer things that are familiar to them.</p> <p>Things I like</p> 	<p>9.Authority Bias</p> <p>People are more likely to trust and follow the advice of those in positions of authority.</p> 
<p>Author</p>  <p>+ Follow Pierre Herubel</p>	<p>Why Psychology?</p> <p>Marketing is all about understanding consumer behavior and their decision-making processes.</p>	

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How To Create Irresistible Customer Experience

 @RonKaufman RonKaufman.com

HOW TO CREATE IRRESISTIBLE CUSTOMER EXPERIENCES



Want to become an organization customers rave about?




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Here's how...




First, understand the difference between process and **PERCEPTION POINTS**.




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Every service transaction follows a step-by-step sequence. Each step is an action you take as the service provider.



But your actions alone to do not determine how customers **PERCEIVE** your service.



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Customers' perceptions are shaped by your **PERCEPTION POINTS.**



SEE HEAR
TOUCH SMELL
TASTE

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Perception Points are what your customers see, hear, taste, touch and smell when being served by your organization.



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Every time your customers experience something and form an opinion...
That's a Perception Point.




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Perception Points determine what your customers think and feel about your service.



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In other words...
your Perception Points shape your service reputation.



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So to become an organization that **STANDS OUT** with service, you'll need to:

-  Evaluate the service you offer at every single Perception Point.
-  And then work to improve them all!


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Each time you improve a Perception Point, you:


- Delight your customers
- Increase customer loyalty
- Outshine your competition
- Improve your reputation

That's how you win the respect, loyalty, and good will of your customers.



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And it's how you can create an **UNBEATABLE** advantage for your organization.



The 7 Secrets of Irresistible Organizations



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To learn more about DNA Behavior International and the solutions we offer, please visit:

www.dnabehavior.com

If you have any questions or would like to discuss with an executive on our team, please email us at:

inquiries@dnabehavior.com

