

ACME Corporation
Performance Improvement Program

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1. Open Issues

The following issues still await resolution.

[1] *Shall we consider canceled orders?*

2. Strategic Objectives

Strategic objectives motivate the measures described in this document. This section list identifies strategic objectives and the measures that can be employed to track them.

2.1. *Contain commercial cost*

This objective can be tracked through the following measures:

- > ***Cost per Lead***
- > ***Qualifying Rate***

2.2. *Improve Image*

This objective can be tracked through the following measures:

- > ***Lead Response Time***

2.3. *Improve Market Share*

This objective can be tracked through the following measures:

- > ***Close Rate***

2.4. *Keep current profitability*

This objective can be tracked through the following measures:

- > ***Sales Margin***

2.5. *Reach expected turnover*

This objective can be tracked through the following measures:

- > ***Quota Compliance***

3. Measures Categories

Measures can be grouped under multiple (non exclusive) categories depending on their nature (effectiveness, efficiency), indicator (Lag, Leading), business scope (financial, marketing ...), perspective... This section presents the categories used to group the identified measure.

3.1. *Effectiveness*

The following measures pertain to this category:

- > ***Quota Compliance***

3.2. *Efficiency*

The following measures pertain to this category:

- > ***Cost per Lead***
- > ***Qualifying Rate***
- > ***Lead Response Time***
- > ***Close Rate***
- > ***Sales Margin***

3.3. *KPI*

The following measures pertain to this category:

- > ***Cost per Lead***
- > ***Qualifying Rate***
- > ***Lead Response Time***
- > ***Close Rate***
- > ***Sales Margin***
- > ***Quota Compliance***

3.4. *Marketing*

The following measures pertain to this category:

- > ***Cost per Lead***
- > ***Qualifying Rate***

3.5. **Non KPI**

The following measures pertain to this category:

- > **Campaign Cost**
- > **Generated Leads**
- > **Generated Prospects**
- > **Prospects Closed**
- > **Prospects Concluded**
- > **Amount Sold**
- > **Cost of Products Sold**
- > **Yearly Sales Quota**
- > **Days Year to Date**
- > **Days in Year**

3.6. **Sales**

The following measures pertain to this category:

- > **Lead Response Time**
- > **Close Rate**
- > **Sales Margin**
- > **Quota Compliance**

4. Classifications

Each measure can be analyzed under multiple dimensions, possibly at different granularity levels, for example by day, month, week, client, product ... This section presents the classification criteria that were identified. Each one of them is candidate to become a so called "member level" in the multidimensional data model that will support this measurement system.

4.1. *Campaign*

The following measures will be available at this level or upper aggregating levels:

- > ***Cost per Lead***
- > ***Qualifying Rate***

4.2. *Day*

The following measures will be available at this level or upper aggregating levels:

- > ***Amount Sold***
- > ***Cost of Products Sold***
- > ***Prospects Closed***
- > ***Prospects Concluded***

4.3. *Month*

The following measures will be available at this level or upper aggregating levels:

- > ***Close Rate***

4.4. *Product*

The following measures will be available at this level or upper aggregating levels:

- > ***Sales Margin***
- > ***Amount Sold***
- > ***Cost of Products Sold***

4.5. *Sales Rep*

The following measures will be available at this level or upper aggregating levels:

- > ***Lead Response Time***
- > ***Close Rate***
- > ***Sales Margin***
- > ***Quota Compliance***
- > ***Amount Sold***
- > ***Cost of Products Sold***
- > ***Prospects Closed***
- > ***Prospects Concluded***

4.6. ***Time***

The following measures will be available at this level or upper aggregating levels:

- > ***Sales Margin***
- > ***Quota Compliance***

4.7. ***Week***

The following measures will be available at this level or upper aggregating levels:

- > ***Cost per Lead***
- > ***Qualifying Rate***
- > ***Lead Response Time***

5. Audiences

Different measures are intended to different audiences. This section presents the different audiences that were identified, together with the measures that will be made available to them.

5.1. *Marketing Manager*

Will have access to the following measures:

- > ***Cost per Lead***
- > ***Qualifying Rate***

5.2. *Product Manager*

Will have access to the following measures:

- > ***Sales Margin***

5.3. *Sales Manager*

Will have access to the following measures:

- > ***Lead Response Time***
- > ***Close Rate***
- > ***Sales Margin***
- > ***Quota Compliance***

6. Measures

This section contains all measures. This includes both KPI and metrics as well as any measure used to compute them. The presence of all measures simplifies checking that all data sources are available to implement the measurement system. Measures are presented in alphabetic sequence for easy searching.

6.1. *Amount Sold*

Unit	\$
Description	This is the total amount sold
Classification	> <i>Day</i> > <i>Product</i> > <i>Sales Rep</i>
Computation	Extract form ORDERS table as UNIT_PRICE * QTY_ORDERED
Used to compute	> <i>Quota Compliance</i> > <i>Sales Margin</i>

6.2. *Campaign Cost*

Used to compute	> <i>Cost per Lead</i>
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6.3. *Close Rate*

Unit	Prospect %
Categories	> <i>KPI</i> > <i>Efficiency</i> > <i>Sales</i>
Description	Determine how much effective we are in selling to our prospects. Whenever a prospect is not closed (sold) it has possibly selected a competitor or represent anyway a competitor's opportunity.
Audience	> <i>Sales Manager</i>
Objective	Improve Market Share
Classification	> <i>Month</i> > <i>Sales Rep</i>
Computation	<i>Prospects Closed / Prospects Concluded</i>

Interpretation	Values shall be interpreted together with Sales Margin. If Close Rate is high and Sales Margin is low, sales rep is possibly cannibalizing price to sell anyway.
Ideal	over 30.000 %
Allowed	over 20.000 %
Examples	7 out of 9 prospects were closed. Close Rate is 77%.
See also	> Qualifying Rate > Close Rate

6.4. **Cost of Products Sold**

Unit	\$
Description	This is the count of prospects positively closed
Classification	> Day > Product > Sales Rep
Computation	Extract form ORDERS table as UNIT_COST * QTY_ORDERED
Used to compute	> Sales Margin
See also	> Sales Margin

6.5. **Cost per Lead**

Unit	\$ / Lead
Categories	> KPI > Efficiency > Marketing
Description	Know the average cost to acquire a lead.
Audience	> Marketing Manager
Objective	Contain commercial cost
Classification	> Week > Campaign
Computation	Campaign Cost / Generated Leads
Interpretation	Interpretation shall consider expected campaign duration. Initial values (up to 40% of campaign) are possibly inflated by campaign setup costs.
Ideal	under 3.0
Allowed	under 5.0

Examples	Campaign X generated 1200 leads and its cost was \$ 2000, including design deployment and CPC, Cost per Lead is $2000 / 1200 = 1.67$
See also	> Cost per Lead

6.6. Days in Year

Used to compute	> Quota Compliance
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6.7. Days Year to Date

Used to compute	> Quota Compliance
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6.8. Generated Leads

Used to compute	> Qualifying Rate > Cost per Lead
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6.9. Generated Prospects

Used to compute	> Qualifying Rate
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6.10. Lead Response Time

Unit	Hours
Categories	> KPI > Efficiency > Sales
Description	First impression is very important: prospects shall perceive they receive maximum attention. Lead elapsed time is counted from lead generation to the time sales rep contacts it and converts it to a prospect (or discards it).
Audience	> Sales Manager
Objective	Improve Image
Classification	> Week > Sales Rep
Computation	Extract form CRM EVENT table as time between OPEN event and QUALIFY event.

Interpretation	Maximum value is used (max. lead response time), but average and dispersion shall also be assessed.
Ideal	under 12.0
Allowed	under 24.0
Examples	Lead was generated at 17:30 and prospect was qualified at 9:45 next day. Lead Response Time] is 16.25 hours. This is 16-¼ hours and not 16 hours and 25 minutes!

6.11. *Prospects Closed*

Unit	Prospect
Description	This is the count of prospects positively closed
Classification	> <i>Day</i> > <i>Sales Rep</i>
Computation	Extract as Count of PROSPECT rows where there is at least 1 ORDER. <i>Shall we consider canceled orders?</i>
Used to compute	> <i>Close Rate</i>

6.12. *Prospects Concluded*

Unit	Prospect
Description	This is the count of prospects considered concluded positively or not.
Classification	> <i>Day</i> > <i>Sales Rep</i>
Computation	Extracted from PROSPECT table where CONCLUSION_DATE is defined or EXPECTED_CONCLUSION is after current date
Used to compute	> <i>Close Rate</i>

6.13. *Qualifying Rate*

Unit	Prospect / Lead
Categories	> <i>KPI</i> > <i>Efficiency</i> > <i>Marketing</i>

Description	Determine if campaign were properly targeted. A lead that is not converted to a qualified prospect has almost no value. A lead is converted to a prospect when account manager opens an opportunity over it.
Audience	> Marketing Manager
Objective	Contain commercial cost
Classification	> Week > Campaign
Computation	Generated Prospects / Generated Leads
Interpretation	Shall be analyzed together with Close Rate to prevent sales rep in qualifying customers with low close possibility.
Ideal	over 0.2
Allowed	over 0.12
Examples	72 prospects were generated out of 100 leads. Qualifying Rate is 72%.
See also	> Qualifying Rate

6.14. Quota Compliance

Unit	\$ %
Categories	> Effectiveness > Sales
Description	Determines how much sales rep has exceeded (or missed if negative) his (her) sales goal.
Audience	> Sales Manager
Objective	Reach expected turnover
Classification	> Time > Sales Rep
Computation	Amount Sold / (Yearly Sales Quota * (Days Year to Date / Days in Year))
Interpretation	Quotas shall be assigned with full concordance of sales reps.
Ideal	over 100.000 %
Allowed	over 90.000 %
Examples	On 100th day of year were sold \$200K and yearly quota is \$800K. Quota Compliance is $200 / (800 * 100 / 365) = 91.25\%$
See also	> Quota Compliance

6.15. *Sales Margin*

Unit	\$ %
Categories	> <i>KPI</i> > <i>Efficiency</i> > <i>Sales</i>
Description	Identifies the contribution over sales amount that shall guarantee an acceptable profitability
Audience	> <i>Sales Manager</i> > <i>Product Manager</i>
Objective	Keep current profitability
Classification	> <i>Time</i> > <i>Product</i> > <i>Sales Rep</i>
Computation	<i>Amount Sold / Cost of Products Sold</i>
Interpretation	The mix of products sold plays an important role on this measure and drilling to detail level shall consider this factor.
Ideal	over 25.000 %
Allowed	over 38.000 %
Examples	Prospect order was 150K and <i>Cost of Products Sold</i> was 120K, <i>Sales Margin</i> is 20%.
See also	> <i>Sales Margin</i> > <i>Close Rate</i>

6.16. *Yearly Sales Quota*

Used to compute	> <i>Quota Compliance</i>
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