

The Tower of Pizza Performance Program

Strategic Performance Consulting

February 04, 2010

Contents

1. Open Issues (page 1)
2. Strategic Objectives (page 2)
 - 2.1. Fully employ available installations (page 2)
 - 2.2. Fully employ staff (page 2)
 - 2.3. Guarantee customer satisfaction (page 2)
 - 2.4. Keep company profitable (page 2)
3. Measures Categories (page 3)
 - 3.1. Financial Perspective (page 3)
 - 3.2. KPI (page 3)
 - 3.3. Non KPI (page 3)
 - 3.4. Productivity Perspective (page 3)
 - 3.5. Quality Perspective (page 4)
4. Classifications (page 5)
 - 4.1. Store (page 5)
5. Audiences (page 6)
 - 5.1. Finance (page 6)
 - 5.2. HR (page 6)
 - 5.3. Marketing (page 6)
 - 5.4. Operations (page 6)
6. Measures (page 7)
 - 6.1. Amount Sold (page 7)
 - 6.2. Bullets in Not 100% Satisfied (page 7)
 - 6.3. Claim Incidence (page 7)
 - 6.4. Cost of Products Sold (page 7)
 - 6.5. Customer Count (page 8)
 - 6.6. Employee Count (page 8)
 - 6.7. Late Serving Rate (page 8)
 - 6.8. Margin (page 8)
 - 6.9. Orders Delivered after 5+ Minutes (page 9)
 - 6.10. Pizzas per Available Seat (page 9)
 - 6.11. Pizzas Sold (page 9)
 - 6.12. Sales per Employee (page 10)
 - 6.13. Seat Count (page 10)

***This document was produced by KPIStudio
freely available at
www.cbsolution.net/ontarget/entries/kpistudio***

1. Open Issues

The following issues still await resolution.

[1] *Shall we divide by voters or by client count?*

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. *Fully employ available installations*

This objective can be tracked through the following measures:

- > *Pizzas per Available Seat*

2.2. *Fully employ staff*

This objective can be tracked through the following measures:

- > *Sales per Employee*

2.3. *Guarantee customer satisfaction*

This objective can be tracked through the following measures:

- > *Late Serving Rate*
- > *Claim Incidence*

2.4. *Keep company profitable*

This objective can be tracked through the following measures:

- > *Margin*

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. *Financial Perspective*

The following measures pertain to this category:

- > *Margin*

3.2. *KPI*

The following measures pertain to this category:

- > *Pizzas per Available Seat*
- > *Sales per Employee*
- > *Margin*
- > *Late Serving Rate*
- > *Claim Incidence*

3.3. *Non KPI*

The following measures pertain to this category:

- > *Pizzas Sold*
- > *Seat Count*
- > *Amount Sold*
- > *Employee Count*
- > *Cost of Products Sold*
- > *Orders Delivered after 5+ Minutes*
- > *Total Orders Delivered*
- > *Bullets in Not 100% Satisfied*
- > *Customer Count*

3.4. *Productivity Perspective*

The following measures pertain to this category:

- > ***Pizzas per Available Seat***
- > ***Sales per Employee***

3.5. ***Quality Perspective***

The following measures pertain to this category:

- > ***Late Serving Rate***
- > ***Claim Incidence***

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. **Store**

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

- > ***Pizzas per Available Seat***
- > ***Sales per Employee***
- > ***Margin***
- > ***Late Serving Rate***
- > ***Claim Incidence***

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. *Finance*

Will have access to the following measures:

- > *Margin*

5.2. *HR*

Will have access to the following measures:

- > *Sales per Employee*

5.3. *Marketing*

Will have access to the following measures:

- > *Late Serving Rate*
- > *Claim Incidence*

5.4. *Operations*

Will have access to the following measures:

- > *Pizzas per Available Seat*
- > *Sales per Employee*
- > *Margin*
- > *Late Serving Rate*
- > *Claim Incidence*

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*

Used to compute	> Sales per Employee > Margin
-----------------	--

6.2. *Bullets in Not 100% Satisfied*

Used to compute	> Claim Incidence
-----------------	--------------------------

6.3. *Claim Incidence*

Unit	Customers / Customers %
Categories	> KPI > Quality Perspective
Description	The rate of customers that are not 100% satisfied.
Audience	> Operations > Marketing
Objective	Guarantee customer satisfaction
Classification	> Store
Computation	Bullets in Not 100% Satisfied / Customer Count. Shall we divide by voters or by client count?
Interpretation	Peaks require immediate investigation of possible cause (ask all leaving clients what can be improved). It is convenient to check also Late Serving Rate to fully assess service quality.
Allowed	under 1.000 %
Examples	Customer count is 300 and we find 8 bullets in “not 100% satisfied” pocket, Claim Incidence is 2.67%

6.4. *Cost of Products Sold*

Used to compute	> Margin
-----------------	-----------------

6.5. **Customer Count**

Used to compute	> Claim Incidence
-----------------	--------------------------

6.6. **Employee Count**

Used to compute	> Sales per Employee
-----------------	-----------------------------

6.7. **Late Serving Rate**

Unit	Orders/Orders
Categories	> KPI > Quality Perspective
Description	This is the rate of orders served too late over all served orders. An order is considered late if it takes more than 5 minutes to be delivered. This measure is very important to honor our main slogan "bullet speed pizza"
Audience	> Operations > Marketing
Objective	Guarantee customer satisfaction
Classification	> Store
Computation	Orders Delivered after 5+ Minutes / Total Orders Delivered
Interpretation	In certain periods (black Friday to Christmas, for example) the value of this measure usually increases. A high value can indicate either inexperience of staff or a too reduced staff. Check Sales per Employee
Allowed	under 0.01
Examples	With 750 orders and 15 orders delivered after 5 minutes result would be 2%.
See also	> Claim Incidence

6.8. **Margin**

Unit	\$%
Categories	> KPI > Financial Perspective
Description	This is the ratio between gross margin and sales and indicates how much profitable business is.

Audience	> Finance > Operations
Objective	Keep company profitable
Classification	> Store
Computation	$Amount\ Sold / (Amount\ Sold - Cost\ of\ Products\ Sold)$
Interpretation	In case of low values, check product mix. If selling low-profit items, try in-door promotion of more profitable items.
Ideal	over 20.000 %
Allowed	over 15.000 %
Examples	With sales of \$ 6240 and cost of products sold of \$ 4117, our margin would be 34%

6.9. **Orders Delivered after 5+ Minutes**

Used to compute	> Late Serving Rate
-----------------	----------------------------

6.10. **Pizzas per Available Seat**

Unit	units/seat
Categories	> KPI > Productivity Perspective
Description	This is the average number of pizzas sold per available seat at the store and indicates how well store capacity is used.
Audience	> Operations
Objective	Fully employ available installations
Classification	> Store
Computation	$Pizzas\ Sold / Seat\ Count$
Interpretation	Subject to seasonal variations. In case of low values in subsequent periods some form of promotion shall be used. Shall be analyzed together with Sales per Employee to assess actual productivity.
Ideal	over 6.0
Allowed	over 3.0
Examples	Brooklin store has capacity of 80 seats. If they sell 520 pizzas the resulting value is 6.5

6.11. **Pizzas Sold**

Used to compute	> <i>Pizzas per Available Seat</i>
-----------------	---

6.12. ***Sales per Employee***

Unit	\$/employee
Categories	> <i>KPI</i> > <i>Productivity Perspective</i>
Description	This is the average sales per employee and indicates, on average, how much sales each employee produces.
Audience	> <i>Operations</i> > <i>HR</i>
Objective	Fully employ staff
Classification	> <i>Store</i>
Computation	<i>Amount Sold / Employee Count</i>
Interpretation	Subject to seasonal variation. If constantly low, reduce fixed staff and hire on-demand staff when needed.
Ideal	over 300.0
Allowed	over 200.0
Examples	With sales of \$ 6240 and 15 employees, resulting value would be 416.
See also	> <i>Late Serving Rate</i> > <i>Pizzas per Available Seat</i>

6.13. ***Seat Count***

Used to compute	> <i>Pizzas per Available Seat</i>
-----------------	---

6.14. ***Total Orders Delivered***

Used to compute	> <i>Late Serving Rate</i>
-----------------	-----------------------------------
