

Benchmarking Metrics

Performance Indicators

INTERNAL BENCHMARK SAMPLES

WHAT ARE YOURS?

Core Processes

- ◆ Quality
- ◆ Defect/scrap rate
- ◆ Design to market time
- ◆ Order fulfillment
- ◆ Throughput
- ◆ Cycle time
- ◆ Rework
- ◆ Value added vs non-value added
- ◆ Unit cost

Customer

- ◆ Customer satisfaction
- ◆ Bids lost
- ◆ On time delivery
- ◆ Response time
- ◆ Customer profitability
- ◆ Warranty / Returns

Financial

- ◆ Sales
- ◆ Cash flow
- ◆ Gross/net profit
- ◆ Return on Assets/investment
- ◆ Days sales outstanding
- ◆ Direct/indirect labor and material costs
- ◆ Product cost
- ◆ Product profitability

Employees

- ◆ Employee satisfaction
- ◆ Turnover
- ◆ Productivity
- ◆ Accuracy
- ◆ Training effectiveness

Strategic Planning

Benchmarks

- ◆ Create strategic plan
- ◆ Identify clear objectives
- ◆ Identify key metrics
- ◆ Document metric indicators
- ◆ Monitor metrics
- ◆ Review strategic plan, key metrics, and adjust accordingly

- ◆ We can't manage what we don't communicate
- ◆ We can't communicate what we don't measure
- ◆ We can't measure what we don't define
- ◆ We can't define what we don't understand

Source: Capacity Measurement and Improvement, Irwin Professional Publishing, 1996

Metric Goals

Select metrics that represent your company's performance. Track and measure them!

External Benchmarks

- ◆ **Focused**—Benchmarking on specific segments of your industry
- ◆ **Best in industry**—Who do you look up to in your industry? How do you compare?
- ◆ **Peer to peer**—Cooperative benchmarking with a large group of competitors or peers
- ◆ **World Class**—regardless of the industry— How do you compare with the best in the world?

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