

KEY PERFORMANCE INDICATORS "WHAT GETS MEASURED" MAINTAIN UP-TO-DATE KEY STATEMENTS

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In business, progress is often measured by the lives we effect. It must also be measured "by the numbers" to sustain growth, profitability, customer and key staff retention. These are also known as "**Key Performance Indicators**" or KPIs.

There is no "magic" to this process, only the **discipline** to set up and track the critical metrics.

Since what gets measured improves, it is well worth our time and effort to do so. The following represent some of the categories that need attention on a consistent basis.

If you pay attention to the numbers in the short run (daily, weekly, monthly), you won't have to worry about them in the long run!

MONTHLY REVIEW OF FINANCIAL STATEMENTS:

Learn how to read your numbers and set your benchmarks. It takes an understanding of all of these documents to get an accurate financial picture of your operations. Pay attention to the trends in both the overall company and the individual program, department or location statistics.

- Balance Sheet
- Profit and Loss Statements (Comparative month and YTD)

- Rolling 12-month Profit and Loss Statements
- Cash Flow Statement
- For the Company and for each Program:
 - Set the Gross Revenue Targets
 - Establish the Expense Percentage Range Norms for each Item

Learn to understand both "Return on Investment" (ROI) and "Return on Assets" (ROA). It takes a bit of study, but only when you hit the "Triple Overlap" are you truly profitable. The Triple Overlap is a profit concept developed by Steve Wilkinghoff of Alberta, Canada. It essentially states that you must have a positive Profit and Loss Statement, a large enough positive cash flow, and positive ROI/ROA.

DETERMINE AND TRACK NET PROFIT FACTORS — PER PROGRAM AND PER CLASS:

- Pricing — make sure that you have a logical rationale for your pricing structure.

Remember that pricing is "elastic;" in other words, the customer is actually waiting for you to define the value proposition!

- Instructor: Student Ratios
 - Target Ratios per Program
 - Actual Ratios per Program
- Payroll Percentages — norms or acceptable ranges per Program

The above have significant combined effect on the Net Profit Range Norms.

CONTINUOUSLY TRACK PROGRAM PARTICIPATION NUMBERS — OVERALL COMPANY AND PER PROGRAM

- Target Numbers
 - Family Numbers
 - Student Numbers
 - Customer Interaction Opportunity (total "spots" per week) Numbers

These numbers will help you to determine whether to keep or even potentially drop programs. Remember to take into account seasonal variations.

CONTINUOUSLY TRACK STUDENT RETENTION RATES — PER PROGRAM:

- Overall Program Capacity



"MEASURES, IMPROVES" STATISTICS ON YOUR BUSINESS

- Overall Program Capacity versus Actual Spots Taken
- Class Attendance percentages per month, session, quarter (whatever is logical for your program)
- Testing percentages advancements at each Level
- Student Retention — percentage by month or session (regardless of level or program)

These numbers will alert you to potential problems before they get out of hand. They will also help you and your leaders to see the “flow” of students through your programs.

TRACK YOUR LEAD/SALES PIPELINE:

- Sales Ratios — leads generated weekly and monthly
 - Appointments generated
 - Introductory or Trial Classes or Lessons Taught
 - Enrollments from Introductory or Trial Classes

- Ratios to Retention or Renewals

TRACK YOUR STUDENT DROP OUT RATES (PER PROGRAM):

- 1 week — Number of Drops or Inactivations
- 2 week — Number of Drops or Inactivations
- 1 Month — Number of Drops or Inactivations
- Monthly or Session Drop Rate (%)
- Quarterly Drop Rate (%)
- Annual Drop Rate (%)

Numbers and statistics give you the facts to look at your business objectively.

Numbers are not the entire story, nor are they necessarily the number one reason that we are in business. But... with great reporting, our “crystal ball” becomes much clearer. With increased profitability, we can do more for our families, our staff, our customers and our communities.

If you are interested in the KPIs Lite or KPIs Professional metrics, visit the free www.SuccessDash.com website to get started.

Visit www.3rdLevelConsulting.com for complete information on professional KPIs, individualized consulting, key staff training, expansion planning, valuations, business conferences and much more.

