

# Designing a Metrics Dashboard for the Sales Organization

By Mike Rose, Management Consultant.

Metrics can serve as critical measures of success for any organization and, in particular, the sales force can benefit immensely from an understanding of how to identify and track these quantities in a meaningful way.

The primary objective of the dashboard creation process is to identify and implement key performance measures and indicators that will enable managers to quickly and effectively manage the sales organization. This can be accomplished through selecting metrics that support sales objectives, strategy and goals.<sup>1</sup> Some of the benefits that will result from implementing the dashboard include:

- Gain a deeper understanding of the drivers of sales productivity
- Identify where management action is required to improve sales productivity and effectiveness
- Develop a common vehicle for monitoring and improving performance
- Understand sales performance from a variety of perspectives
- Build consensus on key performance measures and drivers
- Clarify accountability around specific measures
- Enable performance benchmarking with competitors and best-in-class companies

## Approach

Corporate vision guides the development of an organization's sales objectives, strategy and tactical goals. Metrics are in turn driven by sales strategy and goals. At the tactical level, metrics serve as the primary vehicle for managing performance within the organization. Targets are set for each metric, performance is monitored and interpreted to provide timely feedback and corrective actions are initiated (see Figure 1).

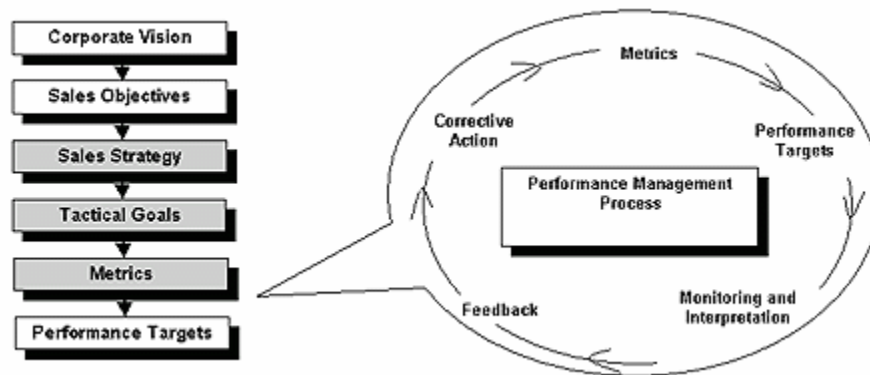
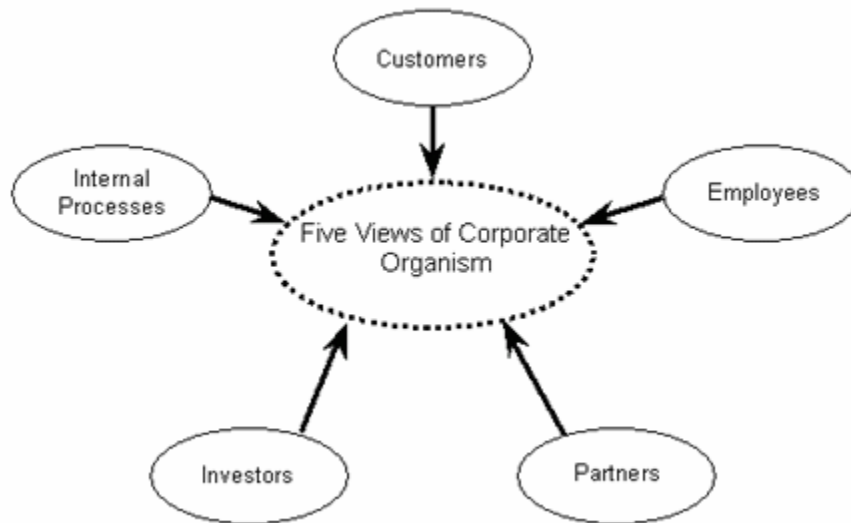


Figure 1

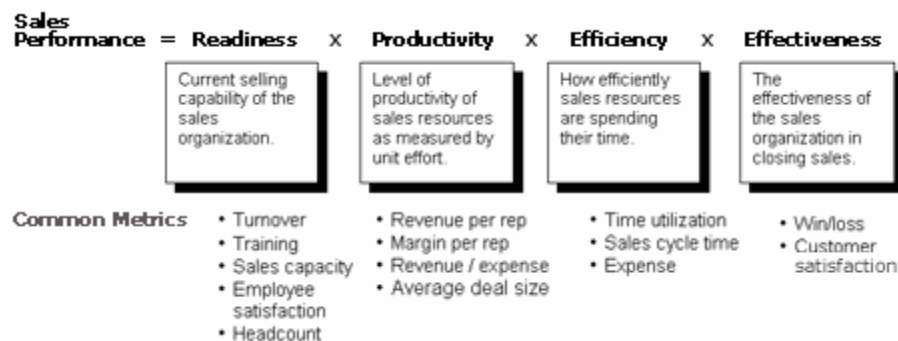
But which metrics should we choose? The sheer abundance of metrics creates a situation in which it may be difficult to properly identify metrics that make the most sense. In answering this question, the first step is to create a framework in which all the available metrics may be organized and prioritized. This framework consists in two dimensions; first, a corporate perspectives dimension and secondly a sales performance dimension.

The corporate approach takes a 360 degree view of the organization from five distinct perspectives: customers, employees, partners, investors and internal processes. This approach is typically utilized in the so called "Balanced Scorecard" approach.



Each of the corporate perspectives should be examined and appropriate individuals identified to provide a list of metrics.

In addition to the corporate perspective, a sales performance dimension must also be included. This breaks sales performance into four elements: readiness, productivity, efficiency and effectiveness. Below we define each of these elements and show a few examples.



The key to the metrics identification process consists in both fact-finding and identifying metrics as well as categorizing metrics according to the above two dimensions, corporate perspective and sales performance. This basically involves the creation of a matrix with these two axes which then may be populated with metrics collected through the fact-finding process.

### Dashboard Design Process

The dashboard design process consists in metric selection, design and implementation. Each of these steps involve some basic principles outlined below.

#### Metric Selection

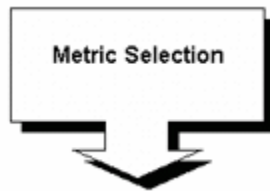
- Supports stated objectives, strategies and goals
- Can be directly impacted by sales management
- Can be measured in a cost effective and timely fashion
- Reflects one of the four key dimensions of sales performance (readiness, productivity, efficiency and effectiveness)
- Enables performance benchmarking with industry competitors and best-in-class companies

#### Dashboard Design Principles

- Reflects senior management priorities

- Balances internal and external metrics
- Includes measures of past performance and indicators of future performance
- Minimizes the number of metrics in order to facilitate management interpretation

The actual design process is outlined below along with the detailed steps involved.



- Identify existing and potential metrics by corporate performance perspective (interview process)
- Categorize metrics into four dimensions of sales performance (efficiency, effectiveness, productivity and readiness) and eliminate unclassifiable metrics
- Create preliminary scorecard matrix that combines business perspectives with sales performance dimensions
- Review scorecard matrix for completeness and add metrics based on experience



- Eliminate metrics that cannot be measured or are too costly to measure
- Eliminate metrics that cannot be significantly impacted by sales management
- Prioritize metrics based on alignment with stated strategy and goals
- Select top metric per cell in scorecard matrix based on alternative approaches
- Evaluate alternative scorecards and select most appropriate metrics



- Assign metric accountability
- Determine performance targets
- Obtain available benchmark data
- Determine monitoring, interpretation and feedback procedures and guidelines
- Develop corrective action review process

### Metrics Matrix Design

To facilitate the dashboard design process, a matrix tool may be created to help classify the various metrics uncovered in the fact finding process. Because each metric can be understood in terms of sales performance as well as a business perspective, a metrics matrix can be created that combines the business perspectives along the horizontal axis with sales performance dimensions along the vertical axis. Each metric is placed in the matrix based on its most appropriate classification with respect to these dimensions. This tool has the following benefits:

- Creates a framework around the metrics selection process
- Balances business perspectives and sales performance views
- Provides a systematic approach
- Facilitates prioritization
- Allows identification of particular areas of emphasis
- Highlights areas with no metric coverage

Example Matrix:

	Customers	Employees	Partners	Processes	Investors
--	-----------	-----------	----------	-----------	-----------

<b>Effective-ness</b>	<ul style="list-style-type: none"> <li>• Win/loss</li> </ul>		<ul style="list-style-type: none"> <li>• Number of deals involving partners</li> </ul>		<ul style="list-style-type: none"> <li>• Product Revenue as a percent of total</li> <li>• Revenue growth</li> <li>• Market Share</li> </ul>
<b>Efficiency</b>	<ul style="list-style-type: none"> <li>• Ease of doing business</li> </ul>	<ul style="list-style-type: none"> <li>• Time allocation</li> </ul>		<ul style="list-style-type: none"> <li>• Sales cycle time</li> <li>• Frequency of Proposal Letter use</li> <li>• Quality of qualification</li> </ul>	<ul style="list-style-type: none"> <li>• Expense</li> </ul>
<b>Productivity</b>	<ul style="list-style-type: none"> <li>• Deal size</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue per head</li> <li>• Revenue/expenseMargin/head</li> </ul>	<ul style="list-style-type: none"> <li>• Indirect revenue</li> </ul>	<ul style="list-style-type: none"> <li>• Quota \$ per rep</li> </ul>	<ul style="list-style-type: none"> <li>• Margin</li> </ul>
<b>Readiness</b>	<ul style="list-style-type: none"> <li>• Customer satisfaction</li> <li>• Customer reference-ability</li> </ul>	<ul style="list-style-type: none"> <li>• Turnover %</li> <li>• Number of performance appraisals completed</li> <li>• Days training per employee</li> </ul>		<ul style="list-style-type: none"> <li>• Pipeline coverage</li> <li>• Forecasting accuracy</li> <li>• Resource capacity</li> </ul>	

#### Criteria for Eliminating Metrics

Eliminate metrics that cannot be measured or would be too costly to measure

- Partner coverage
- Amount of effort exerted on business approvals

Eliminate metrics that cannot be directly impacted by the sales organization

- Customer's growth rates
- Customer profitability
- Partner satisfaction
- Number of deals involving per partner
- Share of partner revenue by platform
- Partner's profit margin
- Partner churn
- Rate of technology transfer
- Number of certified consultants
- Number of certified partners

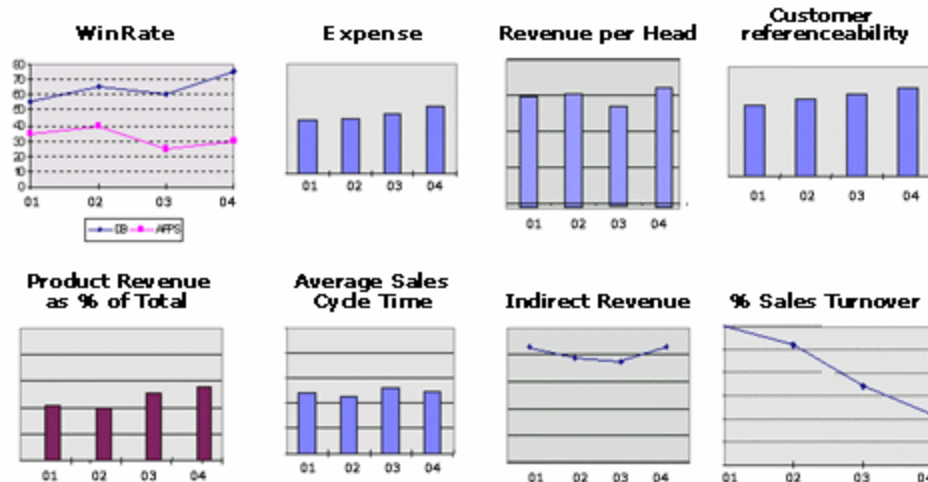
#### Prioritization Decision Rules

Each cell in the metrics matrix may contain many metrics and, as a result, must be prioritized. Some basic rules to follow in that process are as follows:

- Alignment with stated strategy and goals – Use metrics that align with strategy or show alignment with strategy the organization
- Frequency and intensity of emphasis during fact-finding – Use metrics that different corporate perspectives emphasize
- Experience – Use metrics that experience shows are important to measure
- Availability of benchmark data – Use metrics for which benchmarks exist

### Preliminary Dashboard

After the completion of the matrix a preliminary matrix may be created that graphically represents the top metrics from each cell. Feedback from management can help determine additional changes or alternative metrics that are required.



### Implementation Steps

After agreement on dashboard design, the implementation process may begin. Effective dashboards require live data feeds and, hence, the data integration process may be complex because of multiple data sources. Here is a list of the steps involved in implementation.

- Select final dashboard metrics
- Identify data sources
- Assess feasibility
- Assign metric accountability
- Develop action plan
- Create timeline
- Populate initial metrics
- Establish internal and external benchmarks
- Determine targets
- Determine monitoring, interpretation, feedback procedures and guidelines
- Develop corrective action review process

Best practice allows for online dashboards that may be customized to a users needs. For example, the matrix tool described above might be provided online and the user could select from these metrics those they were interested in and build up there own dashboard. In addition, each user will want the ability to drill down to a level in the organization that is relevant to their position (i.e. a district manager wants to see his district data).

In conclusion, the dashboard design process is detailed and requires thorough research. In addition, data integration and online application development are critical. However, the benefits of an effective dashboard far outweigh the costs in allowing management the critical measures necessary to guide the organization toward success.

1. The Balanced Scorecard: Translating Strategy Into Action; Kaplan, Robert S., Norton, David P., Harvard Business School Press (September 1996).