



« Dan Ferrise, CEO of Miller Manufacturing Co. and Springer Magrath Co.



This was the dilemma for Dan Ferrise, CEO of Miller Manufacturing Co. and Springer Magrath Co., owned by Frandsen Corp. These companies manufacture products and provide wholesale distribution to the farm, ranch and pet industries.

In 2008, Ferrise was reviewing monthly reports but the data did not allow him to quickly understand if the company had a trend or an anomaly, or what the impact on longer-term performance was.

“I am responsible to our companies’ owner and to our management teams,” Ferrise says. “We needed to closely monitor our performance on KPIs (key performance indicators) so we could identify negative trends early. When our dashboard KPIs don’t meet trend expectations, we need to take action quickly.”

Ferrise’s solution was to develop a trailing 12-month trend line. Taking gross revenue, Ferrise calculated the current month plus the prior 11 months and divided it by 12 months to get a rolling average. Creating a chart for each month’s rolling average eliminated seasonality or anomalies and helped Ferrise spot

Tracking Trends

Dashboard helps CEO find success measuring performance and taking action. **BY JOHN P. PALEN**

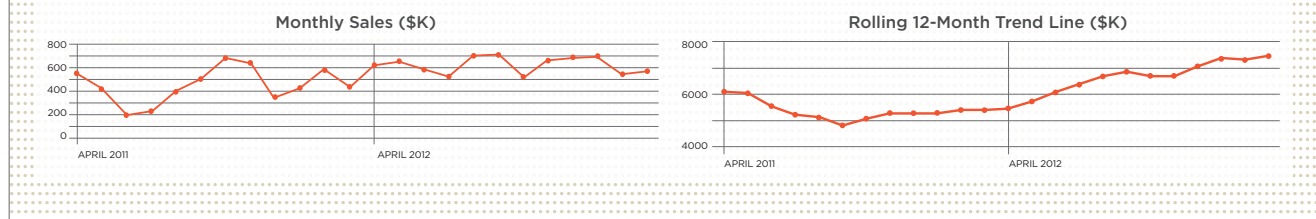
SOMEONE ONCE TOLD ME that all airplanes have instrument panels, but reading the dials doesn’t mean that you know how to fly the plane.

Apply that to business. Most business owners don’t know what to measure in the wealth of data

generated from all of the departments. That’s because there are infinite things to measure and ways to measure them. The most critical concern, however, is that a spreadsheet of data does not lead directly to action steps or the skills to communicate action steps to your people.

ON THE CHARTS

Sample: Side-by-side comparison of monthly sales vs. monthly sales plus 11 previous months divided by 12 months to get a rolling average. These are example charts. The chart on the right shows how a chart can eliminate seasonality or anomalies and help Ferrise spot changes quickly.



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changes quickly. Applying a trend line to any measure of dollars, units or percentages gives Ferrise and his team a true picture of company performance.

“If the 12-month trend lines for margins are less than expected, then we recognize quickly that we have an issue to investigate,” Ferrise says. “We then look to see if customers are buying the lower-margin products, if program pricing is too aggressive, or costs in certain areas are creeping up. Our dashboards show us where we need to take action.”

Ferrise’s primary dashboard measures include dollars and percentages on gross sales, net sales, gross margin, net operating income, cash on gross margin and net operating income. Other items on the dash board include lead time, transit time, backorder value, inventory turns and bookings.


Ferrise and his team also came up with a one-page business plan model. They conduct annual strategic planning to evaluate the market, review prior-year accomplishments, and identify key strategies and priorities for the upcoming year. Executive team members are assigned different parts of the new plan. They then involve managers and supervisors in setting objectives and implementation schedules. Once complete, they announce and launch the plan to all employees. Performance reviews and compensation are then tied to these objectives.

“Each new employee gets a copy of the company’s one-page business plan with a hand-written welcome note from me, with the mission, vision and company core values,” Ferrise says.

To stay on track, Ferrise also conducts a 30-minute weekly management meeting. Management reviews what’s going on in the dashboard within each division. Notes, including action items, are taken and made available for future reference, accountability and for anyone absent.

On a quarterly basis, team leaders give a presentation to the management team related to their objectives and re-plan as necessary. There are support meetings between team leaders and their direct reports as well as with senior management to ensure one-on-one accountability.

“Once people understand why we need this information, what it tells us and how we use it, then they relate to it and embrace it,” Ferrise adds. “We share our plan and progress with all employees so that they know we have a plan, how they contribute to accomplishing it, and that it truly means something.”

What it has meant is double-digit growth and strong margins through the recession. The company has also stayed on pace to meet objectives for new internal product development and the company is poised for strategic acquisitions. 

GETTING STARTED WITH DASHBOARDS

- » Keep it simple. Good dashboards and key performance indicators (KPIs) eliminate surprises. But too many KPIs muddy the water.
- » Start by measuring one thing at a time to get practice.
- » Use historic data for more accurate benchmarking.
- » Once your data makes sense, then the sky’s the limit.