

# MEASURE SUCCESS



# How does your business measure up?



Ian Featherstone provides specialist business support & leadership coaching for the kitchen, bathroom, joinery and retail fit-out sectors.

Ian started as a cabinetmaking & machining apprentice in the 1980's and gained a broad range of practical and business experience in both private business and corporate roles.

He has been operating as Glass Half Full since 2012.



Smetric helps business leaders make smarter decisions faster through advanced analytics and business intelligence software and services.

## Today's Agenda – 25<sup>th</sup> August 2020

• Why Measure?	• Measurement Tools
• KPI definition	• Communicating the game plan and keeping score

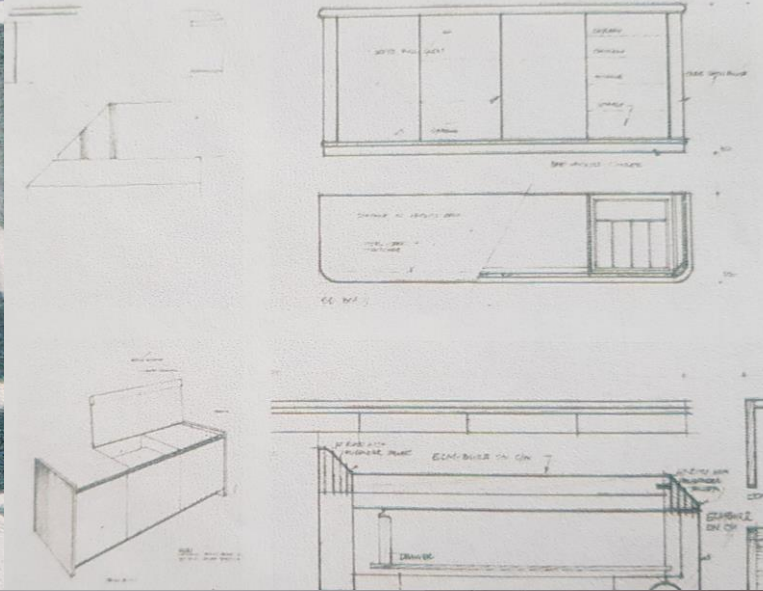
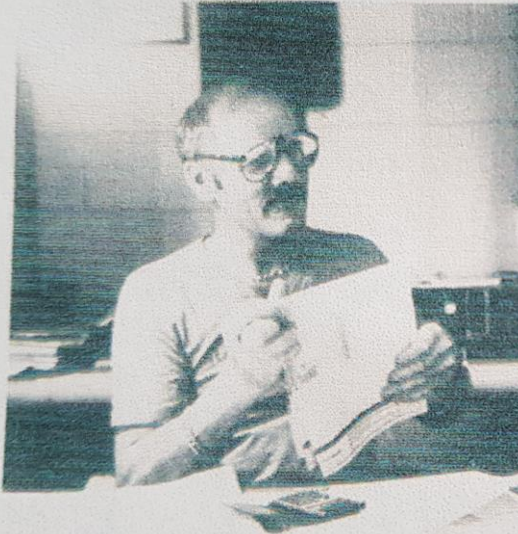
*Please use the zoom chat box to make comments and ask questions, we can then answer and discuss at the end*



# Attitude Rules

Rudi Schwarz

Furniture Designer



## 10 THINGS THAT REQUIRE ZERO TALENT

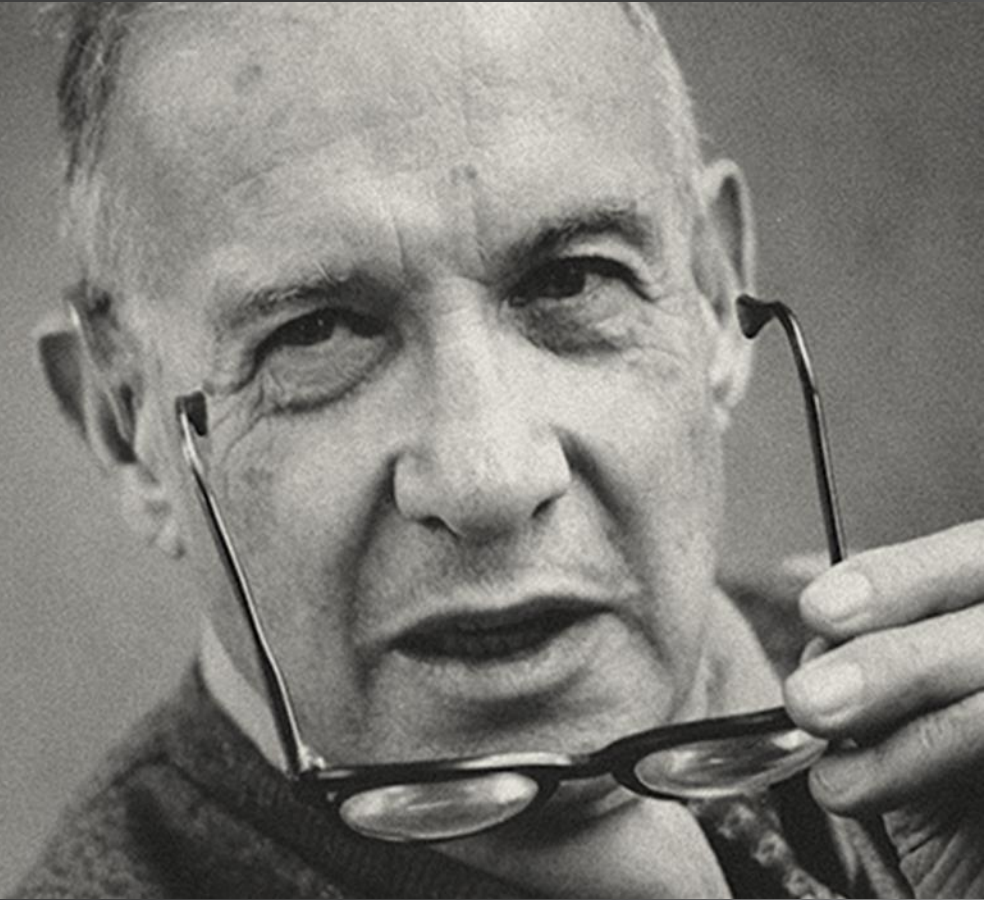
1. BEING ON TIME
2. WORK ETHIC
3. EFFORT
4. BODY LANGUAGE
5. ENERGY
6. ATTITUDE
7. PASSION
8. BEING COACHABLE
9. DOING EXTRA
10. BEING PREPARED





**What gets  
measured, gets  
managed.**

**- Peter Drucker**



# Its fun to keep score



VS



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FULLTIME  
51-20

# Look Forward, be present, use the past to learn and plan.

THERE'S A REASON  
the windshield is so much bigger  
than the rear view mirror



WHERE YOU'RE HEADED  
is much more important  
than what you've left behind

**Leading indicators** look forwards, through the windshield, at the road ahead.

**Lagging indicators** look backwards, through the rear window, at the road you've already travelled.

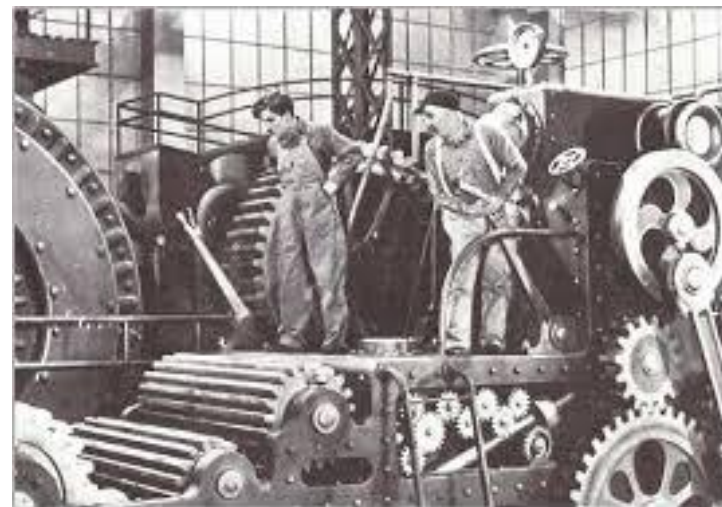
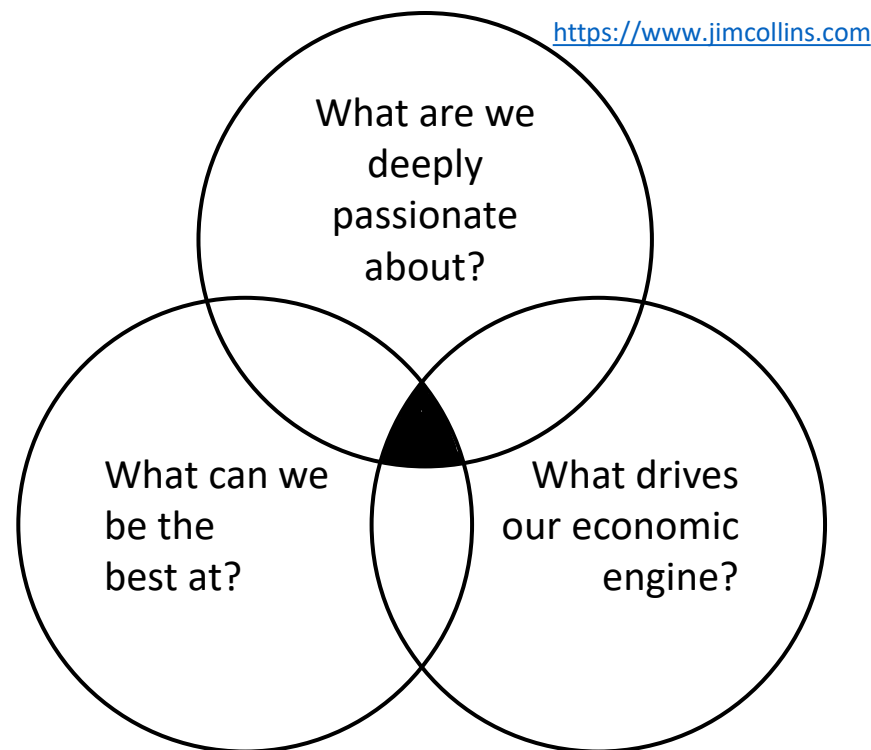
A financial **indicator** like revenue, for example, is a **lagging indicator**, in that it tells you about what has already happened. The number of new leads, the identification of hazards or the adherence to processes are **lead indicators** of future **potential**.



[illegible]

glass half full  smetric insights 

# What are the key things that drive your business?

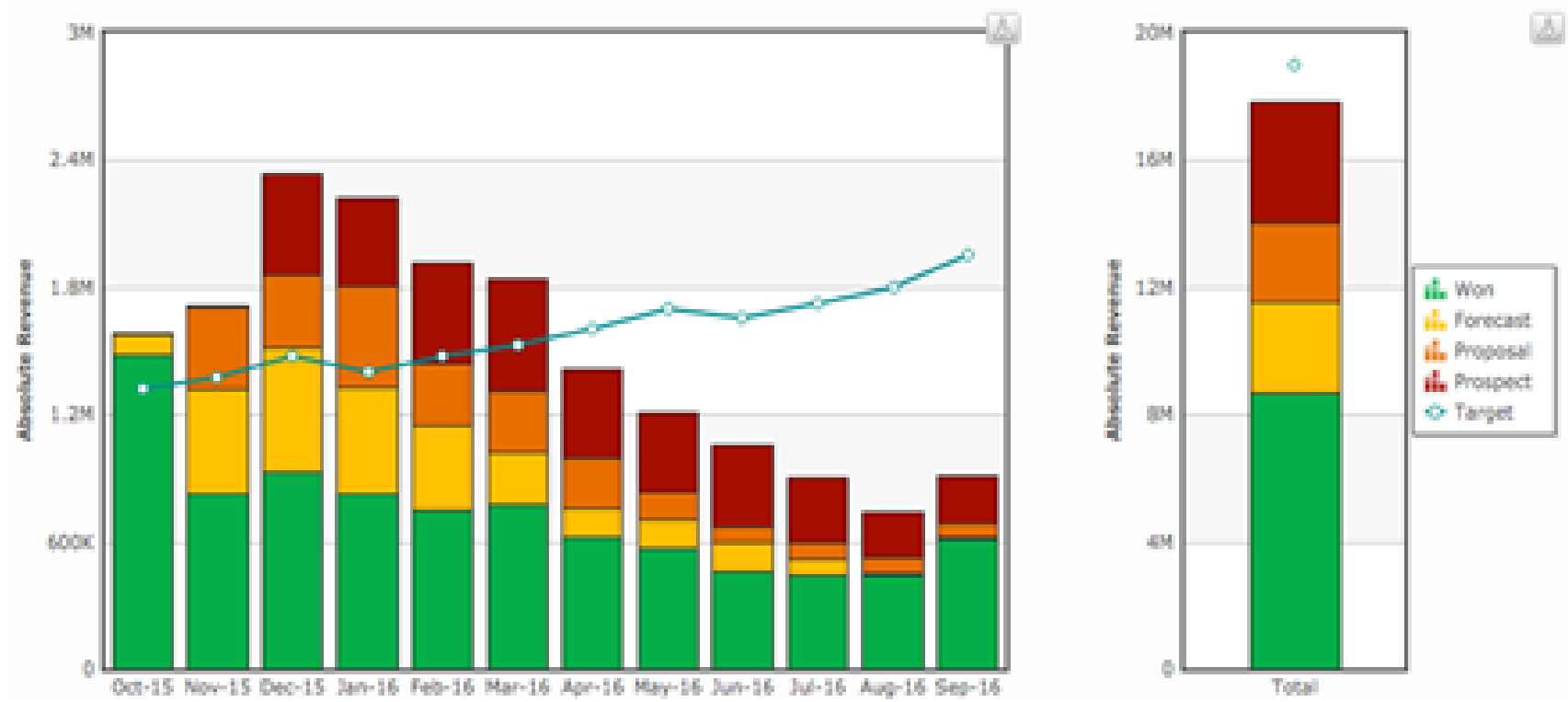




## Examples of Typical KPIs in this industry

Business Area	Daily	Weekly	Monthly
Safety		<ul style="list-style-type: none"> <li>- # of incidents</li> <li>- # of days incident free</li> </ul>	<ul style="list-style-type: none"> <li>- # of incidents,</li> <li>- New hazards,</li> <li>- # of days incident free</li> </ul>
Sales		<ul style="list-style-type: none"> <li>- New leads</li> <li>- Sales \$Won</li> </ul>	<ul style="list-style-type: none"> <li>- Sales \$ compared to target</li> <li>- Hit Rate</li> </ul>
Manufacturing	<ul style="list-style-type: none"> <li>- Sheets / M2 cut (and per operating hour)</li> <li>- Edgebanding LM</li> <li>- # of remakes or remedial tasks created.</li> </ul>	<ul style="list-style-type: none"> <li>- Output (\$, # of dispatches, jobs programmed)</li> <li>- % of jobs on time</li> <li>- # of open remedials</li> <li>- # of unnecessary return trips to site</li> <li>- Process adherence</li> <li>- Uptime</li> </ul>	<ul style="list-style-type: none"> <li>- Output</li> <li>- Budget to actual hours on completed work</li> <li>- Uptime % (what proportion of the hours we pay are used on customer jobs, vs downtime)</li> <li>- Forward workload &amp; capacity requirements.</li> </ul>
Financial & Business Performance		<ul style="list-style-type: none"> <li>- \$ Invoiced</li> <li>- # of queries or remedials holding up final invoice or payment</li> <li>- End of month forecast output in \$</li> </ul>	<ul style="list-style-type: none"> <li>- Revenue</li> <li>- Gross Margin</li> <li>- Profit</li> <li>- Job and customer profitability summary (from backcosting)</li> <li>- Forward workload and financial forecast for remainder of financial year</li> </ul>

# Potential Sales Pipeline



Understand how many leads or quotes you need to win to achieve your revenue target

Track your leads and quotes in stages, so you can try and predict the future.  
Then ask yourself what needs to happen to achieve this?

Use a simple CRM, a list or a spreadsheet to capture this information and communicate it

# Our main competitor is time



**“The thing you can learn by watching the clock, is that it spends its time by keeping its hands busy”**

Ken Winter  
Danske Mobler Furniture





# Tracking Time

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Put a system in place, that is appropriate for your business and its people, to capture time spent on jobs, at task level if you can (sales, processing, machining, assembly, installation. Be sure to add a re-work task too.

## **Include "down time" tasks.**

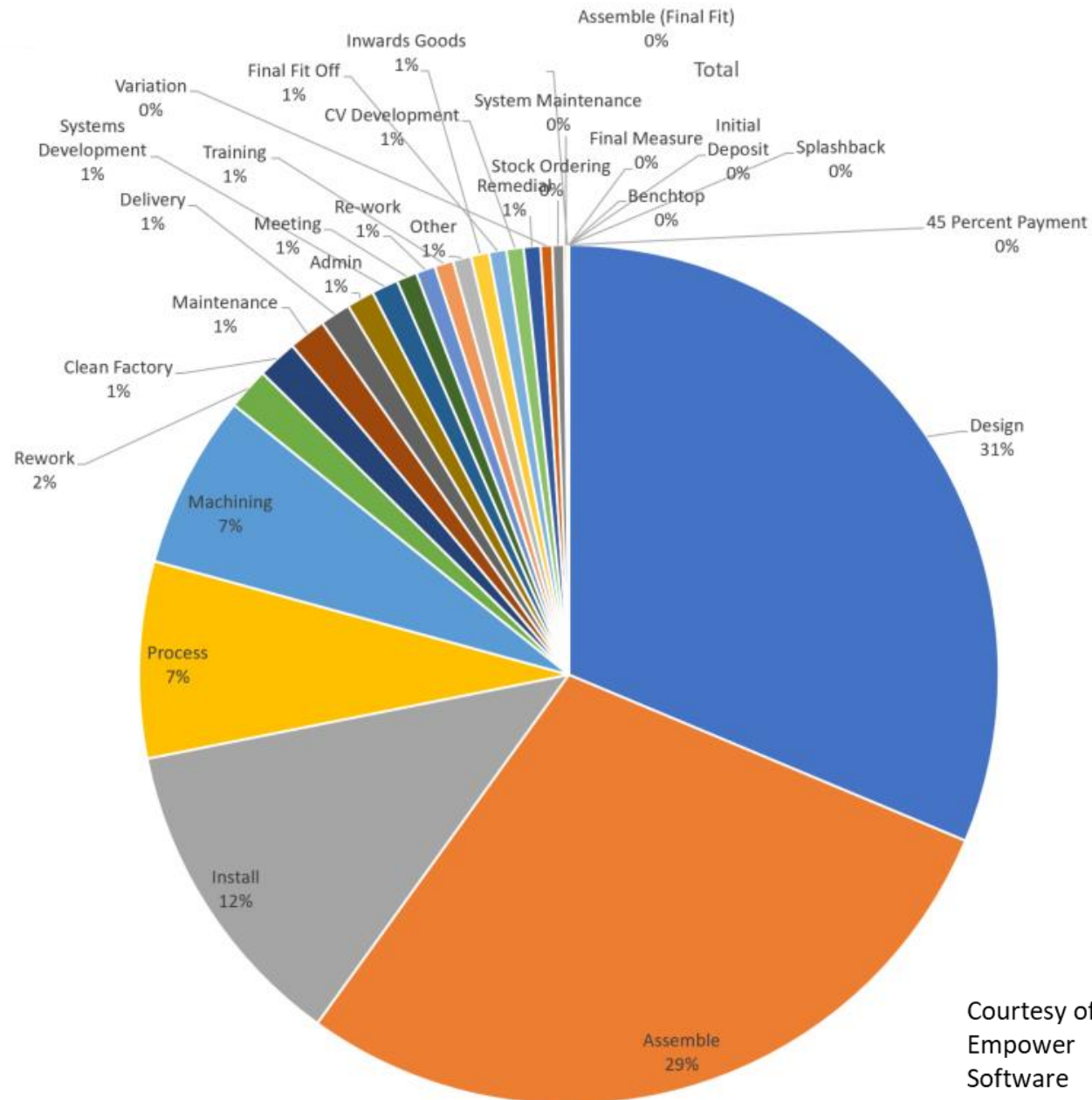
Define what they are, they are only for tasks that do not directly relate to a customer order.

After a job is invoiced complete a **back costing process** to compare the **actual vs estimate**.

- understand the root cause of the top 3-4 variances and put improvement plans in place.

**Monitor downtime** monthly, weekly if possible, by team, by individual. Compare this against what your assumptions are. You maybe surprised the first time you measure this, if you have not already.

# Where does time go?



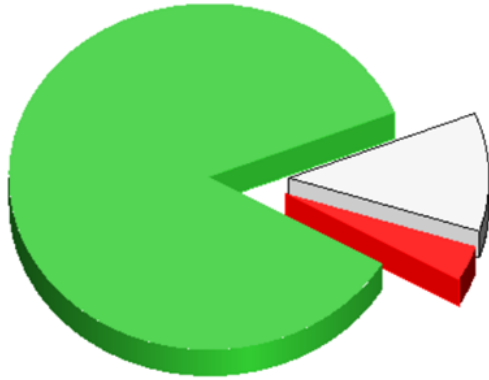
Courtesy of  
Empower  
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# Time Tracking

## Productivity Summary between

for Sub Factory Factory



	Budget	Actual	Percentage	Difference
Manufacturing	638.19	809.18	78.87 % productive	(170.98)
Downtime	0.00	104.62	∞% over budget	(104.62)
Unaccounted	0.00	31.62	∞% over budget	(31.62)
Hours Worked		945.42		(307.23)
Actual Manufacturing			85.59%	
(Actual Manufacturing / Hours Worked)				
Overall Productivity			67.50%	
(Budget Manufacturing / Hours Worked)				

## Budget to Actual Hours for Month of .....

Job Reference	Job Name	Budget Hours	Actual Hours	Variance	% Variance
12345	job name	98	40	-58	-59%
12346	job name	60	27	-33	-55%
12347	job name	68	43	-25	-37%
12348	job name	59	42	-17	-29%
12349	job name	70	53	-17	-24%
12350	job name	20	5	-15	-74%
12351	job name	40	26	-14	-35%
12352	job name	45	33	-12	-26%
12353	job name	10	-	10	-100%
12354	job name	40	30	-10	-24%
12355	job name	310	301	-9	-3%
12356	job name	19	10	-9	-46%
12357	job name	41	34	-7	-18%
12358	job name	15	10	-5	-34%
12359	job name	5	-	5	-100%
12360	job name	15	10	-5	-31%
12361	job name	84	80	-4	-5%
12362	job name	25	21	-4	-17%
12363	job name	16	12	-4	-24%
12364	job name	5	1	-4	-73%
12365	job name	8	5	-3	-43%
12366	job name	12	9	-3	-27%
12367	job name	6	3	-3	-52%
12368	job name	15	13	-2	-12%
12369	job name	90	89	-1	-1%
12370	job name	4	3	-1	-17%
12371	job name	64	64	0	0%
12372	job name	18	18	0	0%
12373	job name	30	30	0	1%
12374	job name	7	7	1	13%
12375	job name	3	4	1	29%
12376	job name	117	122	5	4%
12377	job name	10	19	9	86%
12378	job name	100	111	11	11%
12379	job name	1	12	11	1122%
12380	job name	204	295	91	45%
TOTAL		1,734	1,583	151	9%

Courtesy of  
Empower  
Software



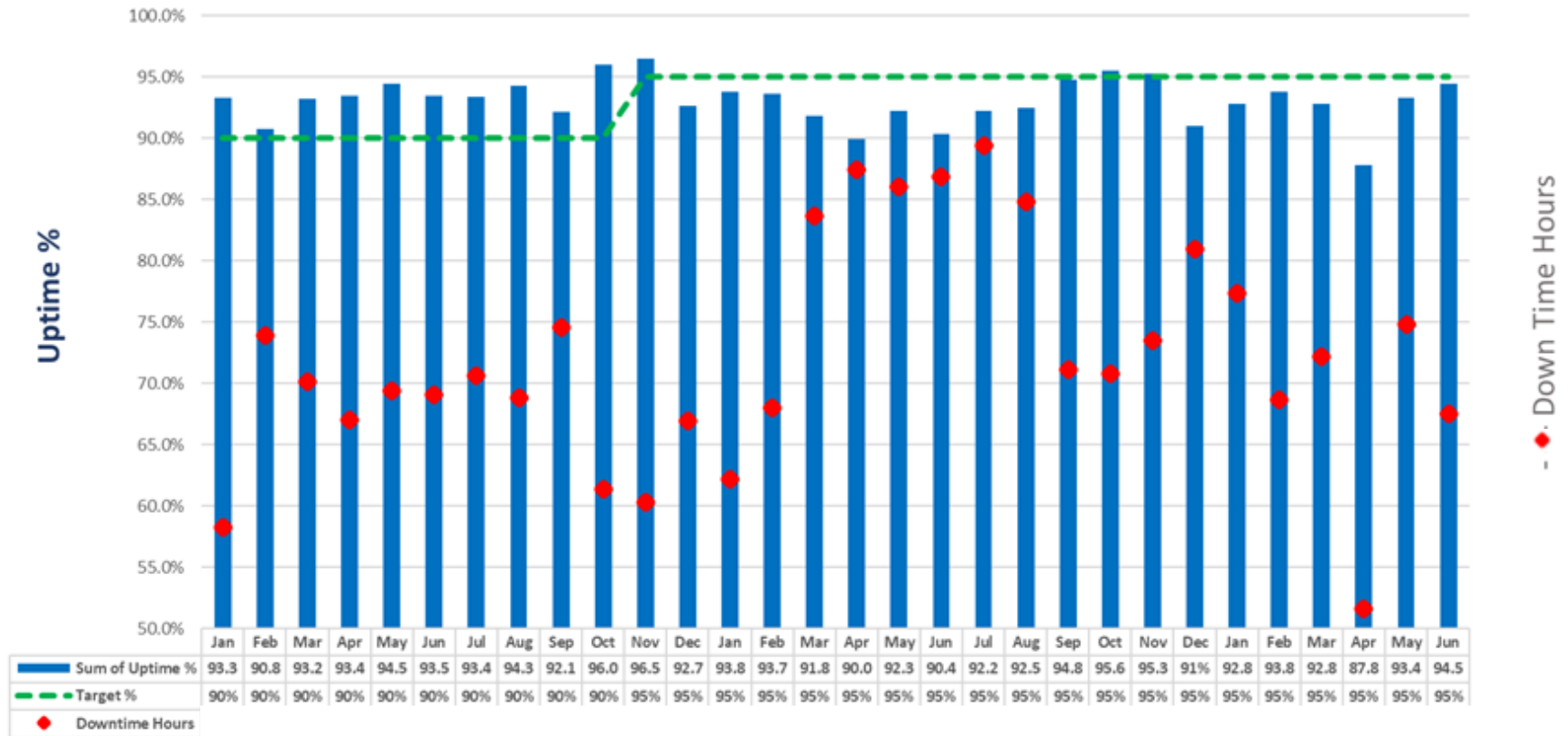
EMPOWER



# Productivity Measure

Employee	Budget	Actual	Down Time	Total Productivity	Unaccounted	Hours Worked	Manuf %	Overall %
<b>Factory</b>								
Person 1	182.56	175.70	43.80	219.50	2.43	221.93	104%	82%
Person 2	154.39	194.27	40.69	234.96	(15.04)	219.92	79%	70%
Person 3	251.19	215.64	8.30	223.93	0.44	224.37	116%	112%
Person 4	226.64	197.52	6.82	204.34	0.73	205.07	115%	111%
Person 5	202.48	183.56	3.60	187.16	0.39	187.55	110%	108%
Person 6	227.84	225.85	20.01	245.86	9.35	255.21	101%	89%
Total for Factory	1245.09	1192.54	123.21	1315.75	(1.69)	1314.06	104%	95%
<b>Installing</b>								
Person 1	200.41	174.79	42.42	217.21	(2.43)	214.78	115%	93%
Person 2	225.71	239.49	19.82	259.31	0.27	259.58	94%	87%
Person 3	171.72	193.00	32.59	225.59	9.60	235.19	89%	73%
Total for Installing	597.85	607.28	94.83	702.11	7.44	709.55	98%	84%
<b>Machine Shop</b>								
Person 1	76.57	80.29	28.82	109.11	3.92	113.04	95%	68%
Person 2	120.14	138.91	78.74	217.65	45.71	263.36	86%	46%
Total for Machine Bay	196.71	219.21	107.56	326.77	49.63	376.40	90%	52%
<b>Processing</b>								
Person 1	91.77	92.82	94.81	187.64	9.95	197.59	99%	46%
Person 2	128.07	179.94	33.48	213.41	2.78	216.19	71%	59%
Total for Processing	219.84	272.76	128.29	401.05	12.73	413.78	81%	53%
<b>Grand Total</b>	<b>2259.48</b>	<b>2291.79</b>	<b>453.89</b>	<b>2745.68</b>	<b>68.12</b>	<b>2813.80</b>	<b>99%</b>	<b>80%</b>

# Non-Billable Hours

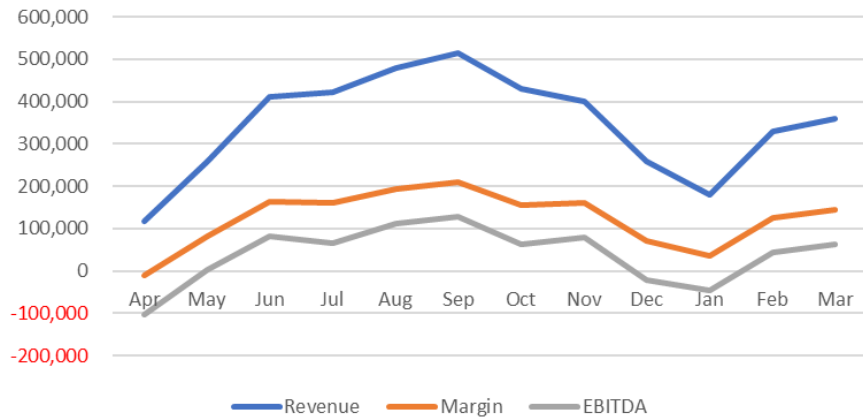


## RE-WORK

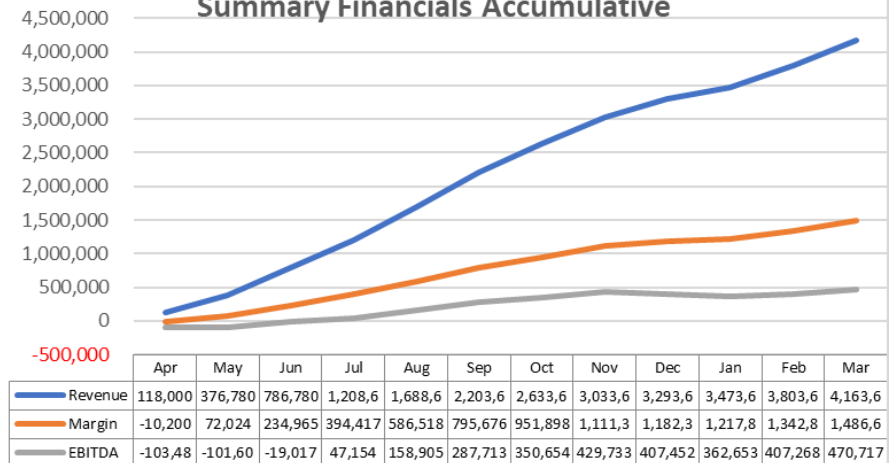
Job No	Actual Hours
Total for Processed Wrong	49.04
Total for Cut Wrong	44.11
Total for Renest Parts	43.11
Total for Designed Wrong	19.33
Total for Assembly Error	14.23
Total for Site Measured Wrong	9.77
Total for Defects In Board	8.82
Total for Edged Wrong	3.55
Total for Ordered Incorrectly	3.24
Total for Damaged in Factory	1.97
Total for Damaged in Machine Bay	0.54
	197.69

# Track Financials AND Capacity

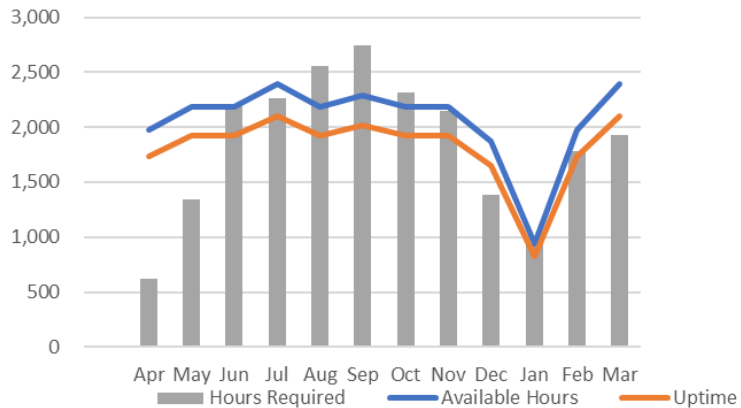
## Summary Financials Monthly



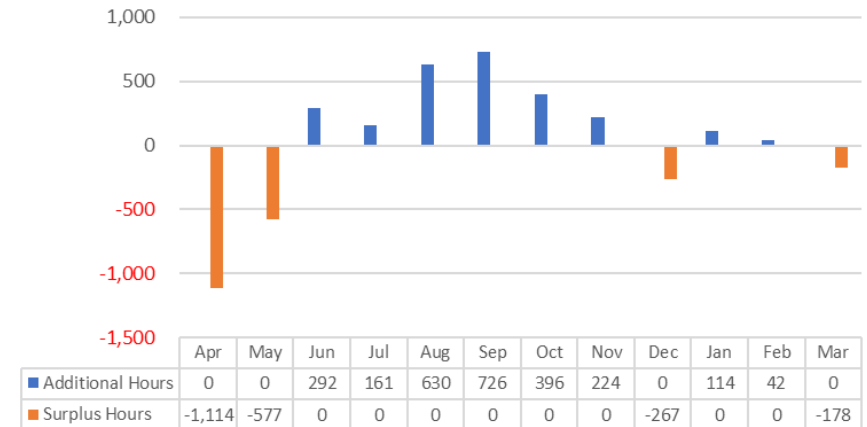
## Summary Financials Accumulative



## Capacity Planning



## Additional and Surplus Hours







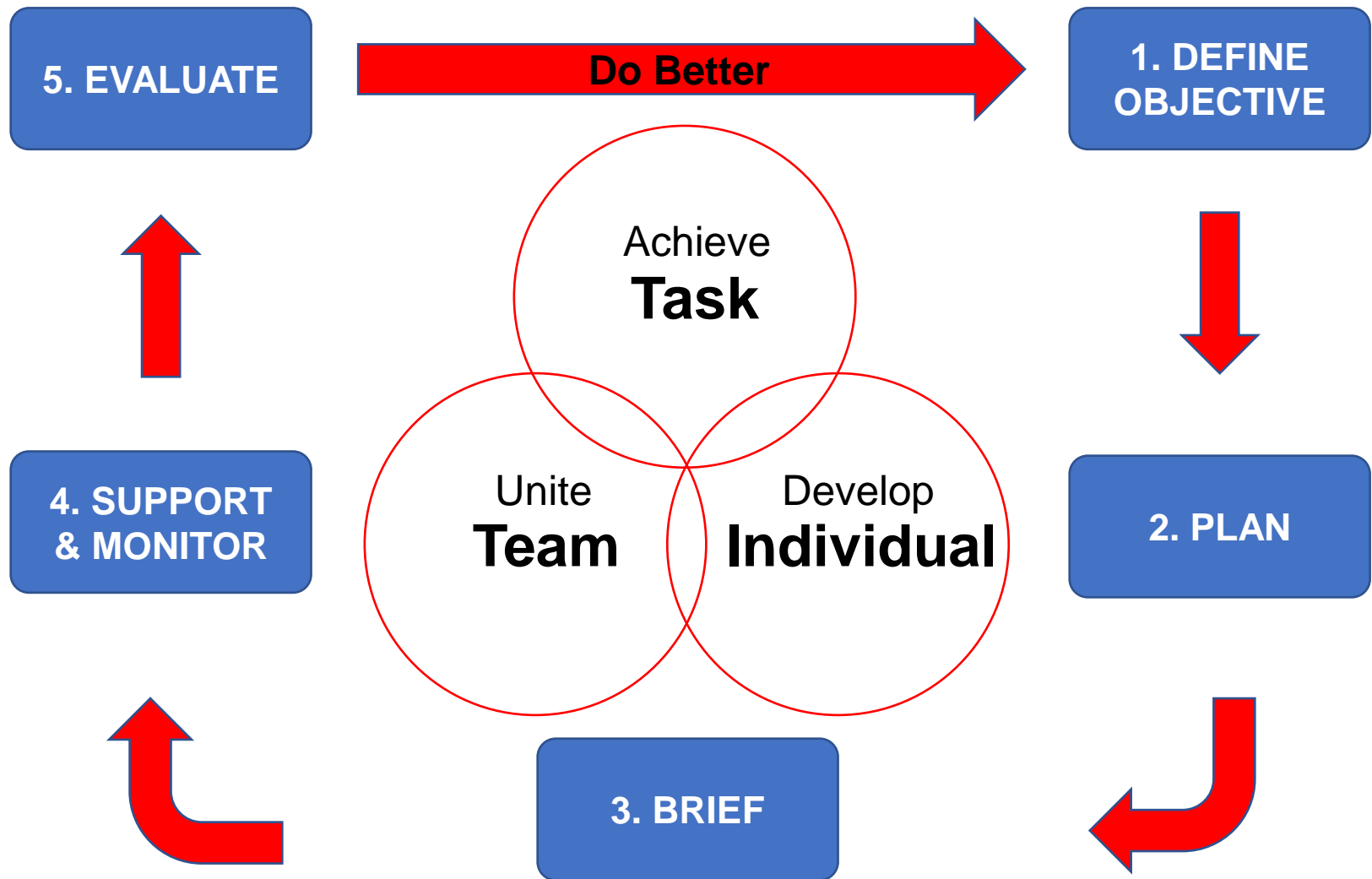
What gets measured gets done, what gets measured and fed back gets done well, what gets rewarded gets repeated.

John E. Jones III

# Practise briefing, giving feedback, coaching, encouraging curiosity.



# Action Centred Leadership Model – your role is to develop and unite





# Decide on your rhythms of communication and briefing

	Owner	When?	Frequency	Who?	Purpose	Process	Outcome
<b>Office Meeting</b>	?	Wed AM - 30 minutes	Weekly	Designers, programmers	Align, communicate team goals, review last week	Agenda and action items stored here .....	Engaged, aligned team
<b>Factory Toolbox Meeting</b>	?	Wed AM 7.30 - 30 minutes	2 weekly	Factory Staff, Installers ( if possible) 1 x Director	Align, communicate team goals, review last week	Agenda and action items stored here .....	Engaged, aligned team
<b>Sales Meeting</b>	?	Tuesday 9-10am-1hour	Weekly	Designers & One of Directors	review, sales outcomes, obstacles, team alignment, marketing activities	Review pipeline Celebrate wins, learn from rest Forecast & Gap Agree future actions Top Priorities Top Learnings	Agree Priorities to deliver the monthly goals, understand current sales and goal to reach next week, month
<b>Sales 1 on 1 Individual</b>	?	varies 30mins to 1 hr	Weekly	Sales Manager and each designer	review prior week, plan current week, identify & navigate obstacles	1 on 1 with Sales Manager, review current leads	motivated, focused team, delivering results. Transparent plan
<b>Scheduling &amp; Planning</b>	?	?	Weekly	?	A process to prioritise job sequence for processing and communicate the company game plan	use planning tool, review capacity, ensure dates as accurate as possible. Communicate plan to business and key sub-contractors. Understand extent of outstanding remedial work	1. Achievable plan in place, goals set for following week. 2. Every customer (or agent) has been communicated to about next steps at the right time
	?		Daily	?	Stay on track daily & review week gone and week ahead on every Friday	15 min conversation , review.  Friday 30 minutes, look back at week review and week ahead	- everyone has tasks assigned for the following day at the end of each day
<b>Operations Review</b>	?	week 2 or 3 of each month	Monthly	?	Understanding of current performance and opportunities to improve. Make decision regarding future capacity	Review hours performance, downtime, capacity. Balance capacity or make decisions to balance	Agree and align, updated plan
<b>Financial Review</b>	?	week 2 or 3 of each month	Monthly	?		Review financial results, operational, stock and supply, marketing, pipeline understood	Agree and align, update forecast

# In Summary

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- Establish Margin Needed for Company as a %
- Markup Estimates Correctly and check Gross Margin %
- Estimate time and materials in job phases or tasks, ensure you brief the team doing the job on what the targets are.
- Set up an electronic system in the same way as the estimate
- Use Reports to Compare Actual vs Estimate
- Review, Learn, Adjust and Brief your team as Needed
- Understand your Profit and Loss by Job and For the Company
- Make a Profit!

*This Summary adapted from  
Ken Kumph  
Premier Builders, Inc*

# Getting Help

## Smetric's COVID-19 Cashflow Management and Business Support

The Government is providing full funding nationwide of \$5000 for advice to businesses which employ people, were financially sound preCovid-19, are negatively affected by the virus, and who anticipate continuing in a viable manner and hiring people post-Covid-19.

We have a team of very experienced advisors on our team ready to help (our team can be found here.) They have a mix of senior financial and operational experience and are accustomed to working with businesses under stress in order to get the best outcomes.

Smetric can provide fully funded advice for:

### Financial review and cash flow forecasting

- Actions to stabilise cash flow during the lock down for 1 to 2 months
- Scenario planning for the business post lockdown and operations in place

### Operational strategies impact on cash flow

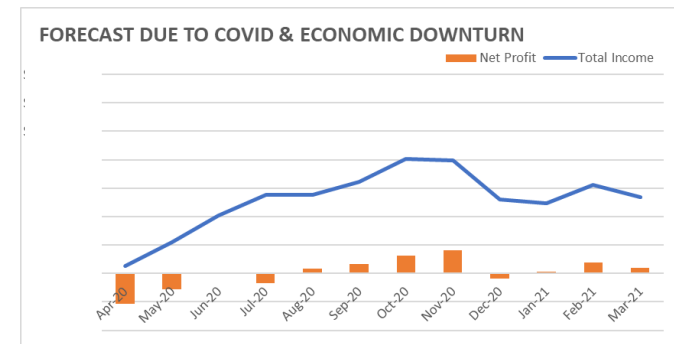
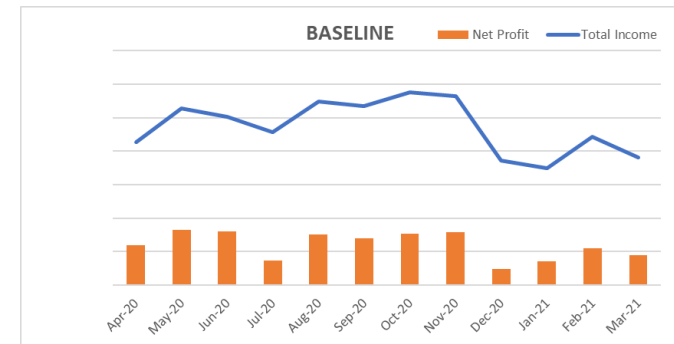
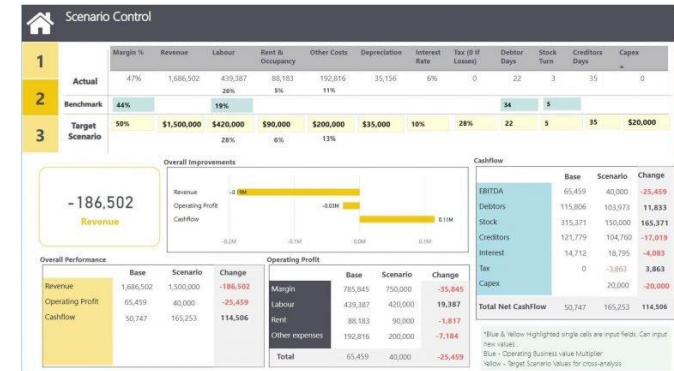
- Review of customer base to keep as many customers during lock down and post lockdown and exploring any quick win new opportunities and business pivots
- Review supply chain continuity risks and mitigation
- Review operational and capacity requirements post lock down

### Outcomes

- Stabilise cash flow during and post lockdown
- Prioritise risks and quick wins
- Develop a 90-day plan to execute quickly and effectively

## Get Fully Funded Business Support Now

<https://www.smetricinsights.com/covid-19-business-support/>





# Thank you

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**If would like a complementary, no obligation follow up session, to see more, to get your started, or just to reach out for a chat, feel free to contact Ian.**

**A copy of this presentation will be made available to attendees.**

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[www.Facebook.com/Glasshalffull.co.nz/](https://www.Facebook.com/Glasshalffull.co.nz/)

# Reference Pages Follow this page

# BE SPECIFIC - USE SMART OBJECTIVES

## **S**pecific.

Is there a description of a precise or specific behaviour / outcome which is linked to a rate, number, percentage or frequency?

## **M**easurable.

Is there a reliable system in place to measure progress towards the achievement of the objective?

## **A**chievable.

With a reasonable amount of effort and application can the objective be achieved?

## **R**elevant.

Can the person with whom the objective is set make an impact on the situation? Do they have the necessary knowledge, authority and skill?

## **T**ime Based.

Is there a finish and/or a start date clearly stated or defined?

*In other words;*

***“we will achieve X outcome by Y time to a defined standard”***

# Key elements of a robust system – do this in a way that suits your business

## 1. Estimating

- Include a calculation for Gross Margin, know this for every quote the company does
- Capture Labour & Materials % of sales at quote, be mindful of how this compares to the numbers in your P&L Model.

## 2. Job & Task Time Monitoring

- Put a system in place to capture time spent on jobs, down to major task level if you can (processing, machining, assembly, installation. be sure to add a re-work task too.
- include "down time" tasks. Define what they are, they are only for tasks that do not directly relate to a customer order. i.e. machine maintenance, general workshop cleaning (like the big end clean ups, not cleaning up after a job, that time is in the job, long meetings, some H&S, some training.

## 3. After a job is invoiced complete a **back costing process** to compare the **actual vs estimate**.

- materials total and specifics on major items.
- total time spent vs estimate for each task.
- amount of re-work time.

Calculate the totals for each month and understand the root cause of the top 3-4 variances and put improvement plans in place.

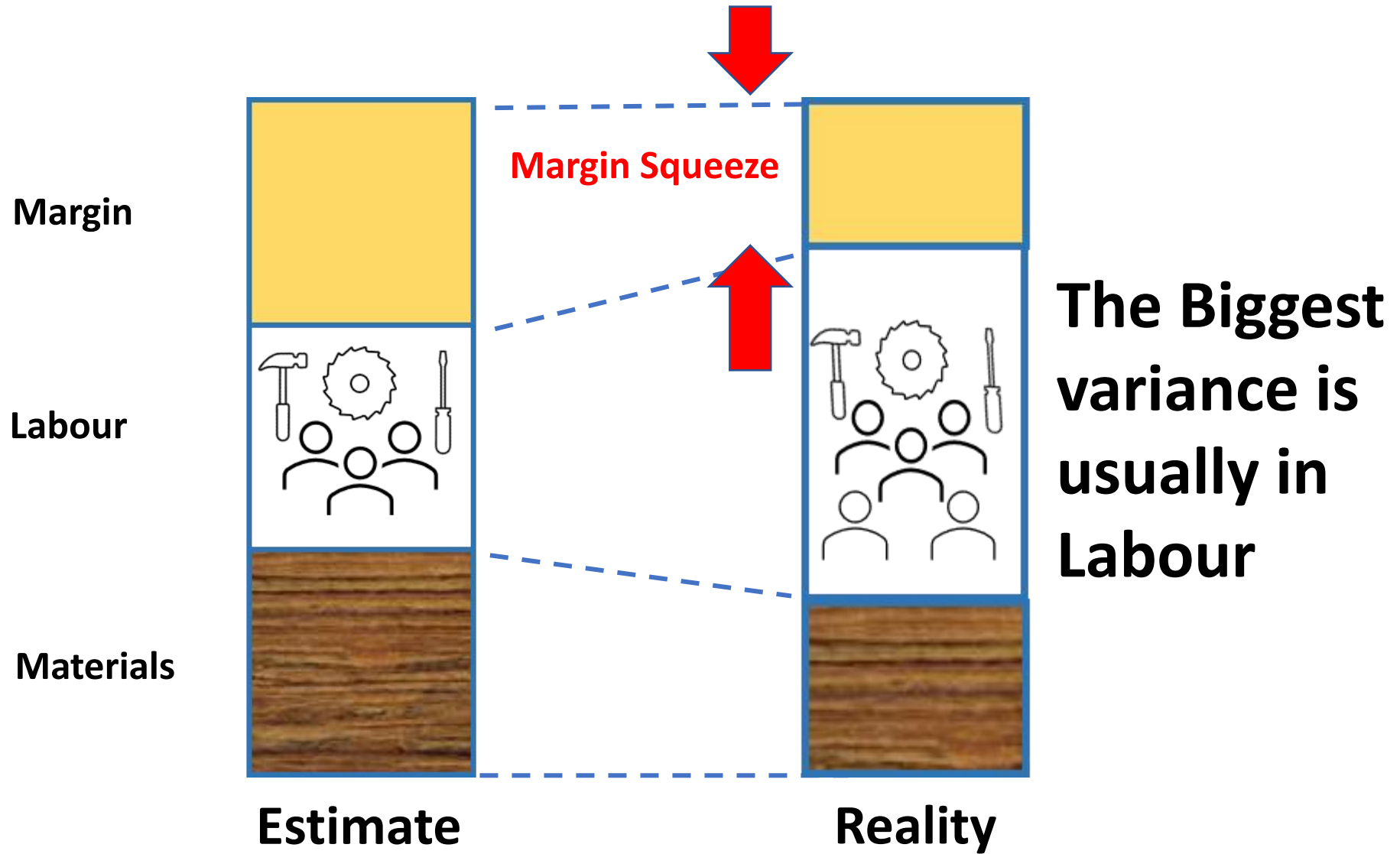
## 4. **Monitor downtime** monthly, weekly if possible, by team, by individual. compare this against what your assumptions are. You maybe surprised the first time you measure this, if you have not already.

## 5. Monitor the **sales mix** between different customers and categories of work.

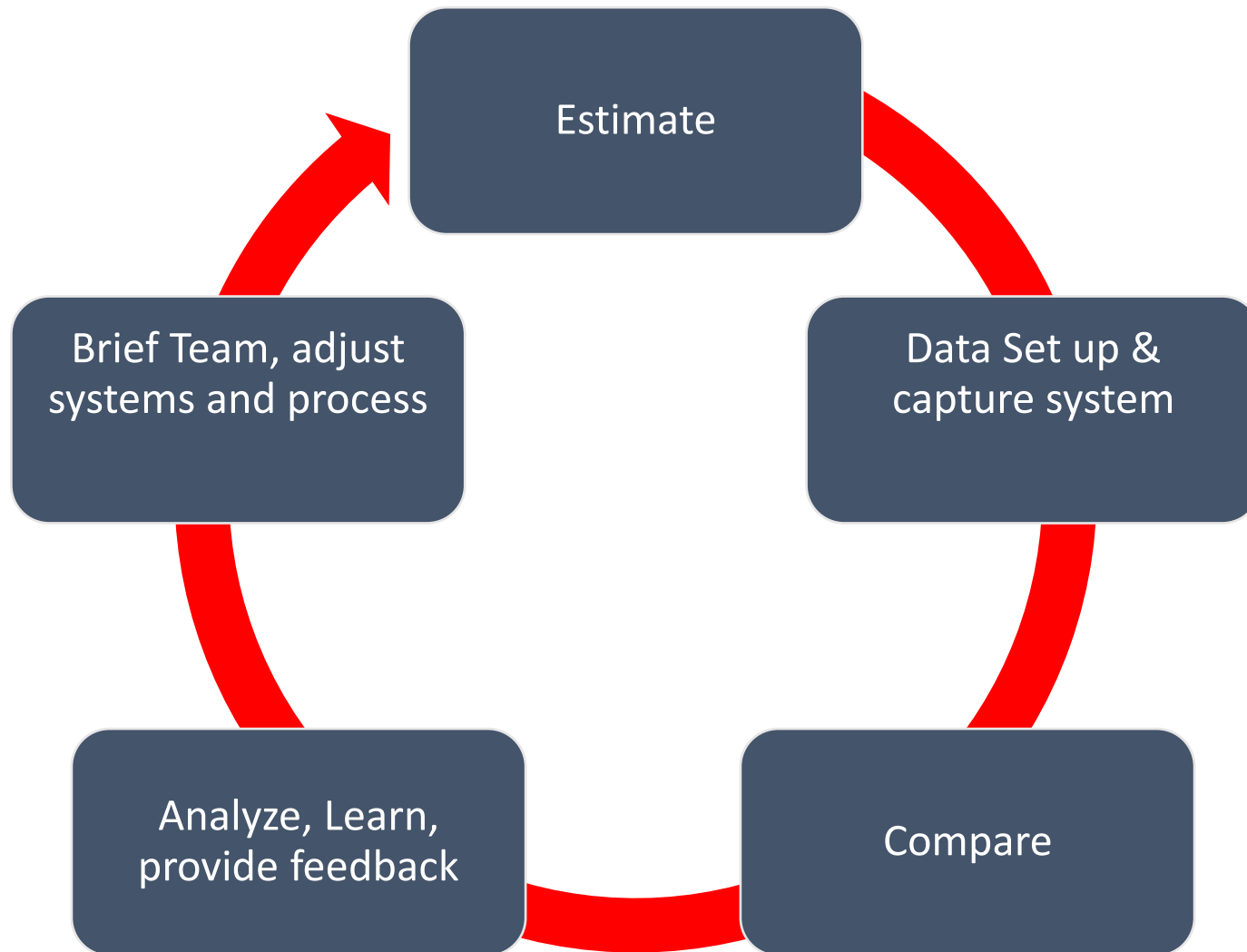
## 6. **Use good leadership**, coaching and learning to brief, support, monitor, review, learn and then "do-better"



# Where does time go?



# Apply an improvement cycle to your processes



Also refer Action Centred Leadership Model [here](#)

# Curiosity



**Thomas Edison, Leonardo Da Vinci, Albert Einstein, Richard Feynman, Where All Curious Characters. But Why Is Curiosity So Important? Here Are Four Reasons:**

## **1.It makes your mind active instead of passive**

Curious people always ask questions and search for answers in their minds. Their minds are always active. Since the mind is like a muscle which becomes stronger through continual exercise, the mental exercise caused by curiosity makes your mind stronger and stronger.

## **2.It makes your mind observant of new ideas**

When you are curious about something, your mind expects and anticipates new ideas related to it. When the ideas come they will soon be recognized. Without curiosity, the ideas may pass right in front of you and yet you miss them because your mind is not prepared to recognize them. Just think, how many great ideas may have lost due to lack of curiosity?

## **3.It opens up new worlds and possibilities**

By being curious you will be able to see new worlds and possibilities which are normally not visible. They are hidden behind the surface of normal life, and it takes a curious mind to look beneath the surface and discover these new worlds and possibilities.

## **4.It brings excitement into your life**

The life of curious people is far from boring. It's neither dull nor routine. There are always new things that attract their attention, there are always new 'toys' to play with. Instead of being bored, curious people have an adventurous life.



*If you want to build a ship, don't drum up people to collect wood and don't assign them tasks and work, but rather teach them to long for the endless immensity of the sea.*

*~ Antoine de Saint-Exupery*

Also see this awesome story <https://medium.com/swlh/are-you-moving-bricks-or-building-a-cathedral-2741e83fbe39>



# What is a Good Quality Review?

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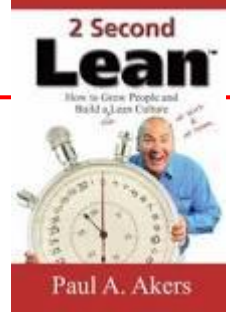
1. Know your Numbers
2. Definition of Success & Failure
3. How will we get Success
4. Demonstrate link between Cause & Effect

Are there sensible strategies, given the size of the Challenge?

“Is there evidence of a structured approach to changing outcomes?”

## 2 Second Lean: How to Grow People and Build a Fun Lean Culture

33



2 second lean principle

<https://www.youtube.com/watch?v=6qhE4WicKol>

the book

<https://www.youtube.com/watch?v=zbL4LwmWAg0&t=3914s>

<https://www.youtube.com/watch?v=zbL4LwmWAg0>

Morning meeting

<https://www.youtube.com/watch?v=nY8nec2wmCg>

Best of 2017

<https://www.youtube.com/watch?v=gnLZ7DSyptI>

Best Of 2018

<https://www.youtube.com/watch?v=9-M7xkkYXnI>

GPS Tape - Organize Your Tools

<https://www.youtube.com/watch?v=vewYgNMNDGM>

<https://www.youtube.com/watch?v=H9eKyKMr7W8>

<https://www.youtube.com/watch?v=7NL52gqwpXw>

toolbelt

<https://www.youtube.com/watch?v=mcvrF3X5Llk>

lean chair company

<https://www.youtube.com/watch?v=DlyfDMng2lg>

3 pillars of lean

<https://www.youtube.com/watch?v=R1e0wlyz9hY>

more lean

[https://www.youtube.com/watch?v=jYby\\_HczyDA](https://www.youtube.com/watch?v=jYby_HczyDA)

moving granite tops

<https://www.youtube.com/watch?v=Aju1MSIEK8U>

jack of all trades

<https://www.youtube.com/watch?v=VFriSAeggTI>

<https://www.youtube.com/watch?v=dfxE6RnEoqs>