

# Measuring the Impact of Your Business

Following is the transcript from a recent keynote address at a meeting of the American Business Women's Association.

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I am very pleased to have the opportunity to discuss with you today how to measure the impact of your business. I believe that the beginning of the calendar year is a wonderful time to consider the improvements we wish to make in our businesses as well as new measurement efforts.

## What is Measurement

Let's start with the basics. What is measurement? Measurement is collecting information to get useful feedback. Measurement's purpose is to raise our awareness, presenting opportunities for us to make more intentional and mindful choices. Consider this quote:

*"The height of insanity is doing things the same way and hoping for a different result."*

Have you ever worked in a company that does just this? Every organization has room for improvement. Effective measures can help you identify critical areas for enhancement. We don't have much time together today and measurement is a fairly broad and detailed topic. But I'll try my best to give you a few tips on how to get started.

I'll bet that most of you are better at measurement than you think. In fact, I bet that over half of the women in this room measured themselves on Saturday, with a scale. I, on the other hand, threw out my scale in 1994 due to dissatisfaction with its findings. That's an example of rejecting feedback that I do not recommend.

## Why Should You Measure

Now, we know why we should measure things that reflect on our health and our personal finances, but what about our businesses? You must be able to identify the benefit of your product or service to your client or customer to be able to justifiably ask them to exchange money for it, right? I think that knowing the benefits of your business is a great start. DEMONSTRATING those benefits knocks you out of the park. Think particularly about customers that are achievement or attention oriented. Those people want to see results, either because it is their passion or because they can gain attention from them.

Measurement can feel a little overwhelming. It's very concrete, specific, persnickety if you will. Data geeks love mea-

suring things, myself included. However, measurement is ALL those things and more. Measurement is most valuable when integrated into a larger plan. It essentially helps us:

- Determine where we actually are: Effective measures provide you with knowledge so you have a realistic view of the starting point
- Set goals for where we want to be : By knowing where you start, you can gauge where you want to go specifically. Measures provide operational definitions that everyone in your organization can understand and work towards
- Develop a plan for how to get there: By identifying the gap, we can determine where to make improvements.
- Track progress as we implement our plan: Can you imagine dieting without having any way of knowing whether you have lost weight? Organizational improvement requires ongoing feedback to tell you where you are and how much farther you have to go.

My greatest enjoyment in measuring organizations comes in using findings as a strategic planning tool.

## Roadblock to Determining Impact

One of the key roadblocks to determining impact is neglecting to identify key measurement issues. Don't try to measure everything. Some companies try to do this and suffer from a phenomenon called DRIP (Data Rich, Information Poor). These organizations collect a tremendous amount of data that they cannot or do not use. Their challenge then becomes this: weeding out the inappropriate measures from the appropriate ones. Other organizations have the opposite problem: Little or no measurement in place to guide decisions. Both organizational types need to identify key measurement areas.

## Develop Balanced Measures

Just like everything else in life, your measurement strategy should be balanced. It is particularly important to balance measures that examine processes versus results.

Process measures are typically used to examine activity and output, and sometimes efficiency. Examples include the

number and type of students trained, papers produced, applications processed, workshops held, products sold, etc.

Results measures are the most desirable, and generally a little more difficult to collect. These can include client satisfaction, change in client's level of awareness or behavior, and change in a firm's sales. For example, of students trained, how much has knowledge increased? Results can be short-term or long-term (e.g., vaccinations). Also, be sure to include success measures. We often focus on error rates, complaints, etc. Success measures tap into your accomplishments, which are what potential customers will wish to see. Wouldn't it feel good to know, for example, that 95% of customers return to shop with you again?

## Make Your Goals Measureable

Now let's talk about some steps you can take to move towards meaningful measurement for your organization. Developing measurable goals is your first planning tool to creating a useful measurement system. I've done entire day-long trainings on this topic alone. Consider these examples:

- Achieve a 90% exceptional rating on customer surveys within 6 months (from a benchmark of 50%).
- Increase sales of a suggestion or add-on item by 50% within 30 days.
- 99% of all customer service employees will achieve passing scores in product knowledge by January 31 (from a baseline of no product knowledge training, as of October).

What do you notice here? Each stated goal contains three important components - Indicator, Target, Timeline. Something else is implied - a baseline. That is, a measure has determined the starting point.

## Be Realistic

Here are a few additional things to keep in mind, to ensure that your measurement efforts are realistic.

- ❑ Collect data that is "actionable". Make selective choices. How many of you have worked for companies that ask you to collect lots of information, then you never see or hear about it again? Trust me, your employees hate this ... it feels like a waste of their time and often it is. You should be able to use the data you collect and use it in a timely manner.
- ❑ Don't measure A and hope for B. For example, the amount of time that a customer service representative spends on the phone does not tell us how effectively he/she is able to solve customer problems. This is a very common mistake. Think about the logical linkages between your service and the measure. Output does not equal quality.

## Specific Ways to Measure

I'd like to take a few minutes to review measurement methods. There are many different ways that we can collect data.

**Personal Interviews.** Interviews work well to collect detailed information. They give the added benefit of non-verbal cues so you can probe when issues seem unclear, and are a great option when you want to increase rapport with your clients. But, they are time-consuming.

**Surveys.** Surveys can be administered via mail, phone, computer or fax. They are usually quick and easy, particularly when large numbers of respondents are important. They may also be more convenient when you do not have close interactions with the desired respondents. When measures are collected via survey, as well as through other modes, it's critical that your questions be constructed correctly.

**Focus Groups.** Focus groups assemble a group of relevant people (customers, clients, potential investors) for the purpose of gathering information. How many of you have participated in a focus group? Did it seem like a waste of your time? There is a reason why they are called focus groups: you should have questions outlined that you want to answer and that you will be taking action on.

**Other Data Collection Tools.** Systematic collection of information could take many different forms, including checklists to document the steps in a procedure, forms to document processes, retrieval of specific key data from expanded client files, etc. Such tools often focus on internal collection of information, rather than feedback from external parties.

**Existing Databases.** Existing databases can often be mined - either for information you can use or to determine whether you are collecting the information you need. One thing to remember here - it is very common for companies to collect data that demonstrates processes, but not results. If you are in a position to provide input on database planning efforts, be sure to suggest that someone be included on the team who can provide a results-oriented perspective as you develop new database strategies.

## Parting Tips

So here are a few parting tips to remember:

- ❑ Measurement works best when you plan ahead. In general, measures that are implemented or derived in an "I need it now" situation are not that reliable.
- ❑ Remember - all organizations can be improved. How are you determining the steps to improve your organization? Are you using gut instinct or real information?
- ❑ Results measures have the most dramatic effect on potential customers, sponsors, or investors. Move toward results measurement as much as you can.

- ❑ Don't use jargon or technical terms if your audience can't respond to it. And be sure to keep it simple - think about the audience for your information.

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