

# Driving improvement

How executive dashboards keep CEOs in the know **Interviewed by Clare DeCapua**

**A**n entrepreneur running a small company knows what to keep tabs on while running the business. As a company gets larger, it becomes more important that the department heads start reporting on these functions so upper management can have a glimpse at those metrics that keep a business successful. This is where having an executive dashboard in place can keep CEOs and their business on track.

“It’s important not only to track history to see where the trends have been, but, more importantly, a dashboard should help you predict and/or positively alter the future,” says Bill Dvorak, Chief Financial Officer with CIMCO Communications. “When you’re looking at the dashboard, you can understand the history and can help determine what direction your business is heading based on those quantitative metrics.”

*Smart Business* learned more from Dvorak about the benefits of setting up an executive dashboard.

## What should a dashboard measure?

It’s the barometer of how the business is doing, monitoring the key areas that you want to watch as you review the business operations. The dashboard should be pulled together by functional department and it ought to include the crucial items being measured in each department to judge performance.

For example, sales results for the vast majority of companies would be a department you want to be watching very carefully. To be most effective, you also want to have predictors, such as sales department activities.

Every item in the dashboard ought to be a mutually agreed upon set of metrics by senior management and the functional department heads. Overall, you should measure the areas that are most critical to meeting your business goals.

## What information may be gleaned from a dashboard?

A dashboard lets you look for variances, either positive or negative,



**Bill Dvorak**  
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against expected results. If you had a customer satisfaction score that you were watching, for instance, and you started seeing it decline, the dashboard would give you the opportunity to investigate and react before customer churn got out of hand. Or, if you see the number of quotes in the sales funnels decreasing, you can address issues in the sales department before your annual revenue projections get seriously off track.

## How should it appear to the user?

In my opinion, a dashboard should fit on a sheet of paper or on one computer screen. A true dashboard is similar to what’s in a car — it’s something you can just look at and pick out key elements. There ought to be a simple way of flagging problems and seeing things that are out of line.

The reports themselves should be intuitive. You want it to be easy for the readers to glean out the information that is pertinent to them. The trends should be clear so that variations jump off the page.

## What are the benefits of having a dashboard in place?

There are a number of areas where a dashboard can positively affect the success of an organization. I believe that most people want to do a good job and they want to be appreciated for the job that they’re doing. When lacking metrics, senior management tends to pounce on the things that go wrong, but there’s very little positive reinforcement for the things that are going well. If you have a good set of metrics, it’s pretty easy to identify those metrics and send out a note or give recognition to those people that are performing at a high level.

If you’re asking employees to measure results, then they know it is critical to the business and it reinforces the importance of their work. It also sets clear expectations. If you expect a customer satisfaction score, for instance, to be a certain number, employees know how they have to perform to meet those goals.

## How can a dashboard be set up?

If you start with the core assumption that the areas being measured are important to running a department, division or a company, then the information better be readily available. It’s a matter of finding an easy tool to accumulate the information and putting a process in place to manage it. There are software packages that allow you to input metrics into a financial system. However, if you need to start simply, you certainly could do it on an Excel spreadsheet.

One of the biggest challenges can be accuracy of measurement due to quality of data. So start with the metrics you can get easily and then work on the harder ones. When you begin to see the trends in the data, it will help clarify the other areas of improvement. Most importantly, your dashboard will be providing a clear, honest look at your business performance. <<

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