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a newsletter on practical strategic thinking and action
issue #24: the promise and challenge of dashboards

editor's message

The word dashboard has come to represent an electronic presentation of data that is real-time and dynamic. The analogy is made that as a manager "driving" your business, you want to use a dashboard, not just a rearview mirror provided by historical financial reporting, to make decisions. This month, we spend some time looking at this powerful concept. In Strategic Thinking, we put the technology into historical context, and in Strategic Action, we share some thoughts on how to implement a dashboard in your own business. Our Industry Spotlight looks at the upside of Working Smarter and our Reading List features *Freakonomics*.

strategic thinking

Enabling Technologies

Peter Drucker drew a great analogy between the printing press and computers¹. He said that for the first fifty years after the printing press was invented in 1455, it was used to produce content that had already been written—most of it religious or from Greece and Rome. Afterward, there was an explosion of new content. Luther published the Bible in German. Machiavelli wrote *The Prince*. This new technology began to change the world. By spreading new ideas to a broader audience than ever before, the printing press helped create the Renaissance.

If you think about the first fifty years after the invention of the computer, they followed a similar pattern. And now, we may be at the beginning of our own renaissance with respect to the way we use computers. The Internet and web technologies are creating a shift in our economy and our world that will be as dramatic as the introduction of the printing press.

Dashboards are a real-world manifestation of this shift—one that you can exploit today. You can move beyond using your information systems just to store and access data. With dashboards (and the technologies behind them), you can link disparate data sources, drill down to uncover the story behind the numbers, as well as learn and see connections that were never obvious before. Until recently, most of these dashboard systems were custom-built for companies like WalMart. As dashboards move into the mainstream, they are helping to speed business model innovation—enabling companies to outsource any and all "non-core" activities. If you can still have the full information you need to manage a process, it will matter less and less whether you own the process.

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One thing to keep in mind, however, as we all work more and more closely with this approach to management information, is that as powerful and informative as these dashboards are, we should be mindful to look through the windshield as well.

¹ The Drucker thoughts are from *Beyond the Information Revolution*, NY: St. Martin's Press, 2002)

-Mary Adams (adams@trekconsulting.com)

strategic action

Making Dashboards Work

Almost half of the 2,000 largest U.S. companies now use dashboards, and thousands of smaller- and medium-sized businesses use them as well. These web-based dashboards are ideal for manufacturing companies, allowing managers to keep a close eye on the production process, as well as service-based companies, allowing them to measure effectively other key indicators such as sales and customer service activity.

The goal of the dashboard is to make helpful information about the company available for analysis as soon as possible. But, it should be the right information. For example, the CEO and other senior level executives at Verizon can choose from over three hundred metrics to monitor. However, they will choose broader gauges than their subordinates, who will drill down deeper into their own areas of responsibility.

If you are considering a dashboard for your own business, here are a few things to think about:

- Why are you measuring this part of the business?
- What do you want the results to tell you?
- How will you use the results to improve the operation?
- Will this indicator by itself tell a story, or will it be better seen compared to or combined with another metric?
- Does it indicate a trend if viewed month-by-month?
- What are you comparing it to?
- Is there already historical information to compare it to?
- Is the information you monitor purely operational?
- How can you benchmark this against goals and past performance?
- Who needs this information?
- Who is responsible for generating it?

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At the end of the day, if well thought-out and implemented, dashboards can help you make better decisions and be a better manager. The challenge will be to see the forest for the trees.

- Michael Oleksak (oleksak@trekconsulting.com)

industry snapshot

Working Smarter

We are working on a project right now that has given us a chance to focus on the power of process. The company we're working with had been hugely successful. Everyone there did whatever it took to get the job done, every day. But, they were all at a breaking point. The company started losing people. Mistakes were being made in the rush of the moment. They had reached the point where they couldn't just work harder to succeed; they need needed to work smarter.

In this situation, we have seen once again that process plays a strong role in creating efficiencies. Helping them to develop consistent work patterns and information flows has resulted in savings of both time and money—it hasn't even taken long to see some of the benefits in terms of calmed nerves and smoother operations.

But, the real upside will come from fully-integrating their computer systems. You know what I mean; almost every company has at least a couple systems that don't talk to each other, and this company is no exception. You probably don't even think about it that often. But take a minute—what would your company look like if you connected all those silos? Use the dashboard as an inspiration. It may be worth a second look. Better processes and systems lead to smarter, more efficient work.

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reading list

Freakonomics

By Steven Levitt and Stephen Dubner

Released about six months ago and currently number two on the New York Times Non-Fiction bestseller list for business books, *Freakonomics* asks tough questions and tries to answer them through analytic methods used by economics.

Freakonomics is a light and entertaining read. It tackles topics like drug dealing, crime rates, real estate agents, children's names, the Ku Klux Klan, and life insurance. It offers statistical evidence to support its findings. What we like about the book is that it uses statistics to find answers, as opposed to having a pre-conceived notion of expected results and crafting statistics to back them up. Some of its conclusions (such as the effect of *Roe v. Wade* on the crime rate) have come under fire from critics, but if you read *Freakonomics* to learn new thought processes, it's worthwhile.

To learn more about this book, visit the author's web site at:
www.freakonomics.com.

announcements

Next month, we'll dig into the subject of business model innovation and the changing role of the IT department.

about trek consulting

Trek Consulting LLC helps companies to face the challenges of growth, building value and dealing with change. Since 1999, we have been a valued partner to business owners and leaders on their arduous journey to business success. We know that we cannot make this journey for our clients, but we can make it easier and more successful. We focus on getting you the best information available, facilitating sound planning and decision-making, making sure you have the right skills and resources to face your challenge, and coaching you through the roadblocks that invariably arise along the way.

Our clients report improved market focus, greater revenues, better margins and increased profits. To learn more about Trek Consulting and how we can help you improve your company's results, visit us on the web at www.trekconsulting.com or call us at 781-729-1008.