



Business Insights

How Metrics Can Predict the Future

November 2010

for more insights go to www.tcgen.com

Who We Are

- Bold, new experienced-based consulting practice
- Focused on top-line growth
- Deliver high-quality products to market fast
- C-level business executives, engineers, and product developers ourselves

What We Do

- Created the development process currently in use by Apple
- Work with leading firms such as HP and Cisco
- Help clients improve product definition
- Apply predictive metrics, dashboards that demonstrate we make a difference

How We Work

- Results oriented and making a lasting difference
- Flexible and adaptive to your needs, starting with what you have
- Approach combines both experience and judgment with contemporary best practices
- Proven change management expertise and rigorous metrics to important processes

Representative Clients

Abbott	Apple
Bose	Cisco
HP	IBM
NetApp	Westinghouse
Xerox	3M

Many midsized & startups too

What's New? Working with a large hardware and software manufacturer in Silicon Valley, we have applied specific metrics to predict future business outcomes. Unlike other traditional measurement approaches, we've focused these metrics on these four (4) unusual principles:

1. Scrutinize only problems (don't waste time measuring what you do well)
2. Have at most four (4) metrics (most metrics systems fail because they try to do too much or measure too many things)
3. Use light-weight governance (15-minute stand-up meeting check-ins every two weeks)
4. Engage cross-functional team to get to causal actions (measure "close to the ground")

What are the benefits? Predictive metrics provide early notification of possible problems on many levels. Through this process, the business team can **predict** the following more accurately:

Sales: Sales pipeline versus plan, which predicts the sales based on close rate and time to close

Sales: Marketing effectiveness through measuring number of face-to-face interactions versus plans, which will predict potential engagement

Customer Satisfaction: Planned capacity versus projected capacity utilized based on actual patterns, updated bi-weekly to ensure responsive cloud services

Market Share: Projected usage patterns versus actual usage patterns for cloud services

What business problem could be solved? Companies can anticipate and predict actual sales and capacity requirements by monitoring causal actions. This avoids costly and exhausting efforts to fix things when it is too late. Also, this is done without any support from Information Technology – it is desktop driven.

What are the challenges? Employees don't like to be measured and held accountable. They prefer "fuzzy" deadlines and more "vagueness" in determining exact targets with hard-fast deadlines and performance management implications. Human nature tends to put problems and blame elsewhere in the process. Because a cross-functional team will be engaged, it takes time and effort to get buy-in on all the causal actions. However, once causal actions are identified, any problem can be solved.

Wouldn't you rather know about a revenue problem early in the quarter instead of fixing it late in the game?