REVENUE PERFORMANCE MANAGEMENT LLC

JON BARTOS

From BI to ROI:

REDEFINE THE PARETO PRINCIPLE IN YOUR ORGANIZATION

A NEW SUBSET OF THE BUSINESS ANALYTICS MARKET – PERSONAL PERFORMANCE ANALYTICS IS MAKING IT POSSIBLE

www.rpm-usa.com

"Knowledge has become the key economic resource and the dominant, if not the only, source of competitive advantage." - Peter F. Drucker

Can the Pareto Principle really be modified? Is it conceivable that the 80/20 rule can be altered to produce a different ratio of work related performance? With the technology available today, it may now in fact be possible to do just that. The Business Intelligence and Analytics market is one of the fastest growing sectors in IT and for good reason. Due to the advancements in technology, businesses now have the tools and the ability to transform the results of their organizations dramatically and in record time. Various BI and analytical programs are becoming readily accessible and affordable. If implemented and used correctly, these new tools provide an unprecedented avenue for collection, evaluation and presentation of meaningful information allowing for timely and accurate decision making. By having this key data and valuable insight readily available, organizations can make changes that can improve team and individual performance immediately.

Wikipedia defines Business Analytics as:

Business Analytics (BA) refers to the skills, technologies, applications and practices for continuous iterative exploration and investigation of past business performance to gain insight and drive business planning. [1] Business analytics focuses on developing new insights and understanding of business performance based on data and statistical methods.

"The Business Analytics market is currently the fourth largest application software segment and end users continue to prioritize BI and information centric projects and spending to improve decision making and analysis," said Dan Sommer, Principal research analyst at Gartner. "As more and more information is generated, business models need reinvention, and it's increasingly clear that mastering analytics on big data will be the key driver for the next economic cycle."

Gartner goes on to say that the Business Analytics revenue will reach 13.8 billion in 2013, a 7 percent increase from 2012, with the overall market forecasted to reach 17.1 billion by 2016. It is predicted that the emerging data-as-a-service (DAAS) trend could significantly grow the market for all BI and analytics platforms. Today, the business model is largely "build" driven in that organization's license software just to build analytic applications.

However, this will change as organizations will increasingly subscribe to industry-specific data services that bundle a narrow set of data with BI and analytic capabilities embedded in the system. In time, most companies, regardless of their business model, will need to provide a DAAS offering. This trend has the potential to impact the market significantly as vendors scramble to embed a BI and analytic platform capability into their data-as-a-service offering.

As the propensity for change in this area increases, organizations will see the most impressive and immediate returns at the individual level. This will be greatly due to a new segment of the Business Intelligence space that has the potential to truly change the world of "work" as we know it. This incredible resource is called ***Personal Performance Analytics,*** a segment within Business Performance Management.

Personal Performance Analytics (PPA) *refers to the skills, technologies, applications and practices for continuous iterative exploration and investigation of past business performance to gain insight and drive business planning. Personal Performance Analytics focuses on developing new insights and understanding of INDIVIDUAL performance based on data and statistical methods. It can be used for all positions where performance can be measured and benchmarked, both past as well as predicting future trends.*

Similar to the potential of Genome therapy, Personal Performance Analytics (PPA) has the opportunity to be the catalyst for an exponential increase in personal performance in every position where increasing or monitoring performance is relevant. And interestingly enough, this includes just about every productive position that exists within an organization! Imagine the implications of having such a valuable resource.

If the Personal Performance Analytics program is set up right and measures the correct activities, the insight it can deliver can be priceless. For example, when setting up a sales person on a PPA plan, the areas of focus would be on the primary activities of selling. A good PPA should include prospecting, qualifying, presenting, setting expectations, re-qualifying, pre-closing and closing skills as well as any other key areas that are associated with top performance within that given role. Once the activities have been collected and the data analyzed, the PPA system can tell us the strengths and weaknesses of the sales individual in every area that is measured. It is this step of the process that creates the opportunity for performance enhancement. Once the weak areas are identified, it then becomes very easy to address them and institute measures to correct or improve them immediately. The same holds true for whatever position the PPA is set up to monitor the results of, whether it is a customer service rep, a cost accountant, a project engineer or even a teacher, etc. Simply by focusing on the primary activities of the role, the BI tool can analyze and provide the data for strategic decision making.

Performance Analytics are not rocket science; they are highly logical systems that correlate activity data in a concise format that allows evaluations to be made, strengths and weaknesses to be outlined and most importantly, trends to be identified. Typically 90 days of data compilation will be sufficient enough to provide immediate benefits and offer the user the ability to change and improve performance.

INITIAL BENEFITS OF A GOOD PERFORMANCE ANALYTICS PROGRAM INCLUDE:

The "AHA" Moment

When individuals and managers use a PPA system, there is often an "AHA" moment. This typically occurs once 30 to 60 days of activity metrics have been collected and the results revealed. The "AHA" moment occurs when the critical flaw or missing step in the process becomes blatantly apparent, thus allowing the individual or manager to really determine the main issue that is prohibiting them from achieving their objective or limiting their performance. More often than not, it's a complete surprise.

Recently while working with a top Account Executive from a National Recruiting Firm, the manager swore that his top AE needed to make more calls and face to face appointments. However, after setting this person up on a PPA system, the "AHA" moment was realizing that the AE worked on 10 jobs to make one placement! The problem wasn't more activity and more calls – it was qualifying the work or jobs that the AE was spending time working on. Once the true problem was identified, the AE was able to put additional steps in place to further qualify the searches being worked on and this resulted in revenue doubling in 90 days. Yes, doubling!

A full understanding of where an individual's performance level is currently and why

Most managers today manage by outcomes and results. It's sad to say but often no real skill development, coaching or consistent training goes on anymore past the initial hiring phase. If the team members reach their desired or assigned target numbers and outcome, they get to stay. If they don't, they are asked to leave. If in fact there is any real coaching going on, most managers will simply suggest an increase in activity to produce the desired result. Unfortunately more often than not, that is dead wrong. This is similar to a doctor prescribing medication before a diagnosis has taken place. Like a doctor giving you migraine pills for a headache that is in reality a brain tumor, you might be able to temporarily postpone the pain, but it certainly won't cure the problem. Making more calls will not help someone who struggles with qualifying or closing skills. This is exactly why PPA's are becoming so prevalent. With the technology we have available today, data is easily accessed and tracked with minimum effort and the information quickly analyzed to yield remarkable insight. A Personal Performance Analytics system provides your diagnostics, pinpointing the specific reason or reasons why an individual or team performance is where it is at – either good or bad. Now armed with this valuable insight, corrective action can be taken by the individual or the manager to get the required training or redirection from the specific deficiency identified. In the example above, if the sales person struggled with qualifying skills, an increase in activity would only lead to more company resources used and be counterproductive to the outcome desired.

A map to true "continual improvement"

Think of the implications of what can be done with the knowledge that is available through using a good PPA. Instead of guessing what break out sessions to attend at conferences or deciding on which type of advanced training your team should have, you can now pinpoint the exact training and development that is truly needed, saving you both time and money! It eliminates the guess work and allows the focus to be on what specific changes need to be made to hit individual and team objectives.

Based on the PPA's ability to disclose defined areas of deficiency, like a straight line from A to B, it becomes much easier to map out a strong development plan based on the quickest path to change and improvement. Once the most critical skill deficiency is pinpointed and resolved, then the next item that needs attention can be addressed using the same systematic approach. Performance Analytics offer the benefit of having a master plan for continual performance enhancement, whether it is at the beginner/rookie or senior level. In addition, accountability is switched from manager to the performer, permitting them to take full responsibility and control of their ultimate destiny. Maximum productivity can be achieved, allowing both individuals and teams to reach their true human potential.

Bottom Line Results

The biggest benefit of a PPA Program is the bottom line results Increased performance ultimately leads to increased revenue and the bottom line. It is all about maximizing productivity. Performance Analytics takes this concept even one step further however. Not only does it provide the insight to make instant modifications to behavior for immediate improvement, it also reveals important trends that can be used to predict future behavior and productivity. Behavior patterns are disclosed and the relevance of this information based on historical data is worth its' weight in gold. Strategic and accurate decision making is now possible along with a re-defining of the classic Pareto Principle. Would it not be fantastic to modify the principle and get 80% of your organization producing at maximum capacity rather than just the top 20%? From BI to ROI, a good PPA System has the potential to transform your organization overnight.

Are you now wondering what it takes to implement a Personal Performance Analytics program? Getting started is not that difficult. Typically there are PPA programs readily available on the market and tailored to each industry. In preparation for either incorporating one of these tools into your organization or for putting together an initial tracking system internally, the process is really quite simple.

1. Define the outcome and break it down – What is the final objective or result that is the goal and what are the steps to achieve that goal to be successful?

With any given position there are measurable results that need to be achieved to attain success. These are the typical activities and levels of performance that can be used as a benchmark of what is considered necessary to be effective at that particular position or to obtain a specific objective, whatever it is. These activities must be definable, repeatable, and consistently produce desired results under normal circumstances. It doesn't matter if you're a sales rep, a CEO, a teacher, a doctor or an attorney. A good PPA System will have to be set up to be specific in nature to the primary activities of the role being evaluated as well as in line with the outcomes that have been identified for the range of desired performance.

For Example: A sales representative for a fast-growing software company would begin by defining what is the specific objective or goal that represents success for the desired outcome. That goal then needs to be broken down to determine the related steps in the process to be measured and achieved to obtain the final outcome. One of the easiest ways to do this is to break the objective down by time and revenue targets, i.e.… If the quota is $2,000,000 in software sales revenue for the year, it would look like this:

Outcomes Defined:

Year:	$2,000,000 in software sales
Quarterly:	$500,000
Monthly:	$166,667.00
Weekly:	$38,461.38
Day:	$8333.33
	(based on 240 working days per year)

Once the objective is broken down in this manner, the next step in the process is to start with the first measurement of results that need to be achieved and work backwards. This leads us to the next part of a performance analytics program:

2. Work Backwards – Define the Activities and the Results needed to Generate the Desired Outcome

After we understand the outcome we are looking for based on time. The next step is to identify the activities or tasks/skills required as well as the results of those activities that will achieve the specific outcome desired. If the software sales representative is continued to be used as an example, the defined activities and results would closely mirror the activities and results needed in a typical sales process or cycle for most sales related positions.

Software Sales Rep Sales Cycle: Working Backwards to Define the Steps to Desired Outcome

The Sale is Made < Meeting on Results of Proof of Concept < The Proof of Concept (Installing the product to make sure it does what is outlined or proposed) < Setting expectations for Proof of Concept < Formal Proposal and ROI < Presentation of Possibilities < Discovery and Agreement on Findings < Face to Face appointment < Qualifying Needs < Phone Conversation < Phone Call Attempted < Lead Received

As the steps in the process are then established for what it is necessary to achieve the outcome, they are simply repeated enough times in order to hit the revenue target or outcome desired as broken down by time. If each sale results in a $5000 deal, this sales rep would have to repeat this process 5 times to hit the weekly revenue target listed above.

By breaking down the outcome by time and then working backwards to define the steps required for executing the objective, a pattern of performance and success can be outlined. It is in looking at the patterns that come from the activities that leads to the next part of performance analytics:

3. Define the Ratios – How good is the quality of the activities that are being done?

The ratios are the magic behind everything; they tell how good we are at what we do. Yes to achieve the outcome, one has to perform the job and do all the activities necessary to complete the job, however just performing the tasks does not indicate the skill level that is involved in the activity. In order to really evaluate performance, the activities need to be tracked and evaluated to establish a pattern. Once a pattern is developed, ratios can be determined. The ratios are what actually give us insight as to how well the actual job is being performed and more importantly, they indicate strengths and weaknesses. That's where the truth lies in everything we do.

In order to assess quality so that a person knows how good they are at the specific job or activity, the ratios must be determined and this is done by the following:

# of activities performed/result

This formula will give us the ratio for each activity. The ratio can then be used as a benchmark to determine how good at what we are that specific activity. It is really simple math, but it works so well at determining quality.

For example:

Sales:

# of Phone Conversations/Presentations – This ratio tells us the quality of our value proposition as well as the

quality of the prospect called. A person who is really good at sharing a value proposition may have a ratio of 2/1. A person who is new and inexperienced may have a ratio that is closer to 10/1.

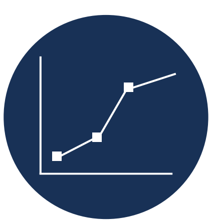
# of Proof of Concepts/Sales Made – This ratio indicates the caliber of our qualifying skills. A highly skilled sales professional may have a ratio of 1.2/1 and someone not as experienced may be 4 or 5/1.

Recruiting:

# of Marketing Presentations/Job Orders – This ratio is very important and shares how good a person is at Marketing. A good marketer will have a ratio around 2/1 and a new recruiter doing business development may be as high as 15/1.

# of Job Orders/Placement – This is one of most critical ratios and it is used to determine the quality of the Job Orders or Searches that are being worked on. A million dollar biller may be at a 1.3/1 ratio while a contingent recruiter may be at 12/1.
Finally when metrics and activity data has been compiled and evaluated to determine initial ratios (typically for a minimum of 90 days), the next step in the process is to look at the quality of the current ratios and establish a standard for performance for each activity.

4. Benchmark the Performance – Focus on Rapid Ratio Improvement



For every activity that is being measured or tracked, it is possible to assess that activity and determine a ratio for performance in that area. The next step is to benchmark the performance. Based on what the outcome is, every aspect of what it takes to get there can be charted to depict what is low performance, what is average performance and what level is needed to be a superstar. Many times there are industry norms that are used for comparison, making this step easy to implement.

When benchmarks have been established, it is very easy to see where each person falls within the range of performance. Once this is known, then it is simply a matter of focusing on the ratios that need improvement and providing skill development that is applicable to enhance performance where it is falling below the acceptable level. In addition, focus can be put on average or good producers to tweak their ratios for increased performance and superstar status.

In referring back to the Pareto Principle as initially defined, Pareto Ratios are the ratios that produce 80% of our results. It is here that the opportunity exists for the greatest impact and significant improvement can be with minimal changes. Every organization needs to determine which ratios are the Pareto ratios and focus on them first.

Often if these primary ratios can be changed, even slightly, the end result or outcome can be profound.

For example:

In Recruiting – If everything is kept the same, but the Job Order/Placement ratio is changed from 4/1 to 2/1, it would in effect double the number of placements made. This is assuming that 50% of the time is spent on recruiting. Improving this ratio means that more time is being spent on good quality job orders and less time wasted on bad ones. The JO/PL is a very important Pareto Ratio.

In Selling Software – If everything else remained the same – if the # presentations/Proof of Concepts ratio decreased from 10/1 to 6/1, sales would increase by 40%. As skills and performance is improved, the results can be increased exponentially.

Once an individual's performance is benchmarked against industry standards or desired standards, it becomes very easy to pinpoint the weak areas and put them on a path to address and correct the skillset deficiencies.

The RPM Dashboard was created for just this reason. Revenue Performance Management (RPM) is a Business Intelligence program that uses a cloud based PPA tool that facilitates automatic data population from multiple CRM/ATS systems. RPM allows individuals and teams the ability to set goals, calculate metrics and view progress with an easy to use, interactive dashboard format. More importantly, RPM pinpoints specific strengths and weaknesses for performance evaluation and enhancement. Unlike many of the other PPA systems available, RPM takes BI to the next level in that it provides training and development features that can be used on the spot for immediate performance improvement.
BI to ROI!

If you are interested in redefining the Pareto Principle in your organization for increased performance and higher production — join the many companies around the globe that are using the RPM Dashboard solution! Find out more information at **www.rpm-usa.com**

REVENUE PERFORMANCE MANAGEMENT LLC

OTHER WHITE PAPERS BY JON

Recruiting is a Science (Analytics in Recruiting)
http://tinyurl.com/recruitingisascience

10 Steps to Achieving Your Life Dreams (Goal Setting Workbook)
http://tinyurl.com/10stepstoachievelifedreams

Working Smarter not Harder: Effective Business Development (Recruiting)
http://tinyurl.com/recruitingbusinessdevelopment

The 10 Deadly Sins of Talent Management (Hiring Best Practices)
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The 10 Technology Tools that Allow you to Work Smarter (Recruiting)
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10 Steps to Achieving the Life of your Dreams Work Book

Maximizing Recruiting Performance

Lessons On Recruiting Leadership

The Recruiting Technology Guide

ABOUT
JON BARTOS

Jon Bartos is a premier writer, speaker and consultant on all aspects of personal performance, human capital and the analytics behind them. In 2010 Jon founded Revenue Performance Management, LLC. The RPM Dashboard System is a business intelligence tool used worldwide for metrics management for individual and team performance improvement: **www.rpm-usa.com**

Jon's passion for success continually drives him. Jon competes nationally in Masters Track and Field, winning the National Masters Pole Vault Champion title 4 times since 2004.

His ultimate fulfillment however comes from mentoring and assisting others to reach their potential. Based on his belief, "Talent Wins," Jon developed ***Magnum***, a personal coaching program to help individuals achieve their maximum performance and created **www.jonbartos.com**, a website exclusively for recruiters, manager and owners dedicated to training and skill enhancement.

In 2012 Jon achieved National Certification in Hypnotherapy, furthering his interest in learning the dynamics behind what motivates others to achieve higher levels of success.

In December of 2012 and Jon joined trustaff Management Inc, as President of trustaff Solutions. Founded in 2002, trustaff is distinguished nationally five times by Inc. Magazine as one of the fastest growing privately held companies in the country. Jon can be reached at 513-515-1267 or jon.bartos@gmail.com for more information.

Companies:

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Blogs:

http://success2significance.wordpress.com
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