

# Articulating Business Metrics in a Business Case Study | Coursera

## **Revenue metrics :**

It is the key metrics every business uses to measure its financial growth. It deals with the sales and marketing and helps us determine how well or badly the company is marketing and selling its products. Revenue metrics helps us to determine that the average profit per store is down by 10% over past several years and many stores are already out of business.

## **Profitable metrics :**

This metrics helps us to determine the efficiency and logistics ,production and operation. The efficiency metrics helps us to find out the process by which the company creates and delivers its products and services to customers. As is evident from the customer polling that the company' efficiency has been compromised ,the company is unable to provide its customers the desired product .

## **Risk metrics :**

The market has become risky for the company because of the competitors providing service 24 hours .Thus the company is losing its potential customers.

## **Question 1:**

*Identify a business metric based on the case study.:*

*Happy hat is often short on desired yogurt flavoring, but has inventory obsolete for other flavors that have to be thrown away.*

*It seems that we are facing an efficiency problem related with the fact that customers go to Happy Hat and they leave without purchasing anything, may be, because they don't find what they want, or because the store is close. We will need to further investigate this using not only one single metric but more than one.*

## **Answer 1:**

I would conduct first a customer satisfaction survey and ask a sample of subjects if they found what they were looking for or not.

Then, I will cross check information with the in-store inventory on hand at the end of the year to check what products are not being demanded. I will use this traditional business metric of profitability in order to improve the efficiency of our selling process, trying to guarantee that our inventory meets the real demand of customers. I will also cross check with the database of four years of purchases to see what flavors and mixing of yogurts are favored by customer. Also, it will be crucial to see if the survey shows that a particular flavor is out of inventory being highly favored by our customers.

In other words, I will select the specific metric mentioned above (in-store inventory at hand), but I also would conduct a more comprehensive assessment using different metrics in order to fix our problems.

Why some stores were closed? We should also investigate this through in depth interviews with our personnel in order to understand what happened. That situation would be unacceptable and we will need to further address this.

**Question 2:**

*For the identified metric, state whether it is a revenue, profitability or risk metric.:*

- Profitable metrics ,the company is losing its efficiency ,the process by which company creates and delivers its products and services to customers.The production costs are increasing but the output or return is very low.
- This is a profitability metric.

**Answer 2:**

I will work with a profitability metric (in-store inventory at hand) but I will also check revenues metrics (such as the four year databases of purchases that shows what flavors are demanded and at what particular time and date).

**Question 3:**

*Identify the metric as traditional or dynamic. Explain why you classified the metric as you did.:*

- The metrics is traditional as the metrics is not changing significantly over the intervals of a month or less.
- It is a dynamic metric because each month/quarter, the demand for the flavoring would change, its seasonal. For example, the demand for peppermint flavoring is higher in the summer than in the winter. Therefore, metric would have to be adjusted for such factors.

**Answer 3:**

I would use a traditional metric but I will assist myself with dynamic metrics (customer satisfaction survey and the database of sales).

**Question 4:**

*Which of the data available in the case study would be used to derive the metric you have chosen?:*

- The client suspects that a large amount of inventory is being thrown away unused at the end of each day. At the same time, customer polling suggests that the yogurt flavor customers want is often not available, even when the flavor is posted on the menu. People also complain about

stores being closed when they visit. Now, the chain is facing increased competition from frozen yogurt sold in 24-hour grocery stores. Plus the data which is available with the company.

- The case study has :-
  - 1. Cash register
  - 2. Delivery data with yogurt flavoring
  - 3. Accounting data that has inventory details.

I will use all spreadsheet to track what kind of inventory is obsolete and what kind is in shortage.

**Answer 4:**

*Which of the data available in the case study would be used to derive the metric you have chosen?:*

Typical accounting data in the first stage of my research.

**Question 5:**

*Propose a type of relevant business process change that would be supported by the metric you have chosen. Explain why and how your chosen metric relates to your recommended business process change.:*

- The company should shift to a more dynamic business metrics. Specific measures that company can take that can significantly or visibly impact the metric in short run includes close some stores as the company is undergoing loss and increase the efficiency or services and products. Sometimes announcing all bad news at once is also a good business strategy.
- increase the flavors of yogurt
- lessen the staff
- close some stores

I propose to have a flavor demand log, tracking the demand (customer needs) with the supply (inventory). Overtime, the log would be informative enough to guide the store managers for better inventory ordering.

**Answer 5:**

We need to find out how to increase our efficiency: meeting the demand of our customers. Detecting the issues in our inventory, workflow, using the traditional and dynamic metric described above, we will then be able to suggest changes in our inventories, store schedules and products availability to increase our revenues and profitability by meeting the demand of our customers.