

# Collection

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**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Caroline Stasiowski**

**Posted Date:**

**Status:**

November 15, 2018 10:55 PM

Published

Thanks Ted! Happy to have "Senior" in my title and a fresh start.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Theodore Machicek**

**Posted Date:**

**Status:**

November 15, 2018 7:00 PM

Published

Congrats on the new job.

(Post is Unread)

**Thread:**

This class is relevant

**Posted Date:**

November 13, 2018 9:46 PM

**Post:**

RE: This class is relevant

**Status:**

Published

**Author:**

**Christopher Maguire**

Concurred! This class is very VERY relevant, and has been a complete eye opener in a lot of ways too. Daily, if not weekly, applications can be improved with reflection on many of our modules. Hats off to Xiaomin for giving us more wind beneath our wings and strength in our voices.

(Post is Unread)

**Thread:**  
what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  Christopher Maguire

**Posted Date:** November 13, 2018 9:42 PM  
**Status:** Published

The Cross Country Sprinter paradox.

(Post is Unread)

**Thread:**  
what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  Xiaomin Yang

**Posted Date:** November 13, 2018 9:41 PM  
**Status:** Published

Caroline,

Thank you very much for sharing your story. Yes. It's prudent to focus on the appropriate performance indicators that measure priority issues of your company.  
Xiaomin

(Post is Read)

**Thread:**  
what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  Christopher Maguire

**Posted Date:** November 13, 2018 9:41 PM  
**Status:** Published

An excellent point, and a great reading material reference. That is a gem of a book. Very intriguing notion for the company to have taken; the gamble of the YF-22 versus YF-23 probably quite honestly set the tone for the X-35 competition, where certain requirements were viewed as hard, but some less hard than others.... diamond versus quartz on the Mohs' Hardness Scale; both

meet the minimum, but one goes above and beyond at the expense of another trait just being average or slightly above average.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Caroline Stasiowski

**Posted Date:**

November 13, 2018 9:38 PM

**Status:**

Published

Hi Xiaomin,

I just started Monday 11/12 with a new company, but am still in the Aerospace world. My company's strategy is one of differentiation, and for my division specifically, they are leaning on their expertise and brand in order to design the best landing gear. Based on this, some of the most appropriate indicators of performance would be as follows:

- RPPM (Returned Parts Per Million)
  - FPY (First Pass Yield)
  - On Time Delivery
  - Customer Satisfaction (not easy to measure however, and qualitative rather than quantitative. I list it though because in this industry, who you know and what relationships exist between organizations is not an insignificant factor in who receives a contract, or who finds out first what the next thing a company is looking for in their products is).
  - R&D spending / Patents Executed on?
- 
- RPPM and FPY are indicators of our product's quality, and our overall quality performance. Being a company striving for differentiated products, we need to have some of the best quality. If you have a phenomenal quality product and you can deliver it on time, you are going to have pretty satisfied customers, so OTD is also a big deal. In terms of innovation, I don't know exactly how that would be measured, but there should be some sort of measure for Design/ Product Engineering and Innovation as well.

I think that the metrics they are currently using are on time delivery, First Pass Yield, Returned Parts per Million, and then I assume financial measures as well.

Right now, it seems that the largest concern is on time delivery, as the facility is behind on shipments. However, from my first 2 days, it also appears that there is a relatively high amount of rework which takes place due to handling through processing, or due to supplier created defects. Once on time delivery is under control, I suspect that internal quality metrics and supplier corrective actions will become the next hot topic.

-Caroline Stasiowski

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 13, 2018 9:32 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Christopher Maguire**

Excellent points, and I agree, it definitely seems to be trending towards those directions across many heavy industry/technology sectors. What scares me though, is that eventually we will hit a price threshold where we cannot continue to give quality products or cutting edge products at ever decreasing amounts, not with the multitude of suppliers or unique parts that are used. Even if you have smaller supplier scopes, eventually the components that they make will be rendered obsolete by time and capability, or event discontinued if you are a sole procurer of a relatively small product line. This in turn will require a redesign and costly product line improvements or overhauls.

Caterpillar products too battles the three headed demon; maintaining your lead over competitors with your robust R&D while offering superior and differentiated products while also facing damning pressures to be as cheap as possible, or else you are replaced by an inferior product by a cheaper competitor.

Everyone wants to have their cake and eat it too, but they also want you to be thinking of the next great cake and baking it... but offer it on sale.

Excellent share, CJ!

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 13, 2018 6:54 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Jason Evard**

Similar to many of you, Schneider is a global publicly traded company on the Paris stock exchange so the major indicators are what shareholders are looking for: Revenue and gross margin.

For my particular business unit and region, I would say the best indicators are consistency of sales and gross margin slip. We have gone through periods of management turnover, estimating procedures, and execution that have cost us money on a lot of project. Simply, if we execute and come in at or near GM then we are successful.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

Tyler Hurst

**Posted Date:**

November 13, 2018 5:33 PM

**Status:**

Published

Revenue and Profit margin is probably the biggest focus' for our company. We are publicly traded so we have shareholders to take care of. as well.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

Pablo Anzueto

**Posted Date:**

November 12, 2018 2:47 PM

**Status:**

Published

Howdy Folks:

Like Fernando's company, we are also a family owned business and sharing financial measures and indicators are something that they are not too keen on sharing. I would love too for the sake of discussion, however it does go against our policy.

Pablo

(Post is Unread)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance? **Posted Date:** November 12, 2018 2:44 AM  
**Status:** Published

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Joshua Barnard**

Chris, I whole heartedly agree, unironically because we both work there! We know the struggles the company faces on our projects, cost, and how much pressure we receive from the customer.

I distinctly remember in my undergrad, the intro to Fundamentals of Aircraft and Airship Design - Volume One page 15 which discusses the Measure of Merit (MoM) on projects. The measure of merit is similar to a requirement however... it isn't and is rarely defined by the customer. What you're trying to do is not only deliver to your customers requirements but, in the event of a tie breaker, they will resort to the MoM to determine the winner; what makes your design pop compared to another. In the example of the X35 vs X32, one MoM was the look and appeal of the aircraft - queue the guppy jokes. The book goes on to discuss how

*"... the USAF really wanted was a fight pilot's airplane with supercruise and super stealth. So Lockheed made 'maneuver with reckless abandon' their MoM. This MoM actually compromised the supercruise Mach number and RCS, but still met the requirements"*

So, it's safe to say that Lockheed went to differentiate from Boeing to win the competition, among other things. The same applied to the YF-22 vs YF-23 where we added pitch thrust vectoring which added weight and wasn't even required, however during the fly off with eh YF-23 that had a higher supercruise Mach and RCS the pilots preferred the more agile YF-22. Perhaps Lockheed applied that strategy, knowing what the customer really saw value in, to the X35 that came later.

Of course times change, we aren't in a design phase anymore with the F-35, and price is extremely sensitive as Lockheed is finding out.

(Post is Unread)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance? **Posted Date:** November 12, 2018 2:31 AM  
**Status:** Published

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

Author:



Joshua Barnard

Working at Lockheed Martin, we have two take a staggered approach when it comes to competitive advantage. It helps to think of our projects like a professional race. We have limited time and resources to develop a weapons system to submit to the contract competition to our customer. This phase I would consider as the "qualifying" stage of a race where many times teams (competition in this case) will design systems that may not be the most cost effective solution however we are trying to beat the competition and win the contract. This means it helps to differentiate. As much as the government loves low cost, they also have requirements and in many cases if you can provide a little bit more to win them over, they will jump for it as long as you're price isn't too far out of sight.

So, while Lockheed Martin differentiates itself from the competition, our biggest challenge now is the transition to a more affordable air system that is synonymous with sustainment. This is now the race after the qualification. The goal is for long term success and reliability to make to the finish line. In this case with the F-35, it is dominated by cost. We must get cost down given the public scrutiny and pressure from the customer. We must take on a cost leadership approach where we say goodbye to low rate production and become more familiar with high rate production and the benefits and synergies that come with it. This means more refined and efficient processes, well trained work force, improved subtier/supply chain management.

To measure this performance ROA and ROI will be imperative. We want to know how efficiently we are using our current assets to generate a profit and through that we can identify opportunities for continuous improvement. Continuous improvement both in process efficiency and also with system improvements to keep the aircraft relevant would be measured in ROI rather than IRR in my opinion because they are long term investments; our mindset is almost always focused on long term gains rather than short term cash flow performance .

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Xiaomin Yang

**Posted Date:**

November 12, 2018 1:46 AM

**Status:**

Published

Dear Wesley,

Thank you very much for sharing Cummins story about investing heavily in R&D to stay ahead of all the emissions regulations. Decisions regarding strategic value are very difficult as they deal with long-term value, rather than short-term. I would like to use Cummins as an example to dig deeper into this topic. Thanks.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Xiaomin Yang

**Posted Date:**

November 12, 2018 1:35 AM

**Status:**

Published

Travis,

Thank you very much for sharing your company's practice. I think that you have an opportunity to apply your learning to helping your company develop some performance management indicators and make consistent decisions. Thanks.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 11, 2018 11:24 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Crystal Moreno

Samuel, We are the exact same. They have begun leadership Town Hall meetings during quarterly reviews and have started sending out leader talking points to try to engage more people in the numbers. I think this is a great thing to do. More engagement could equal more motivation to make things better on a day to day, daily dollar, situation.

(Post is Unread)

**Thread:**

**Posted Date:**

November 11, 2018 10:42 PM

what indicator(s) may be the most appropriate to measure your firm's performance?

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Kathleen Teodoro

The software company I work for is small, profitable and completely self-funded. No investors, no debt. We're growing and evaluating options for new products, new markets, when to expand sales, etc. Because we're financially strong and interested in long-term growth, we're most interested in ROI. (As a SaaS company, we also measure Monthly Recurring Revenue closely).

I suspect that many of our customers, the business owners I work with in the stone fabrication industry, would benefit from paying closer attention to IRR along with ROI as they make investment decisions. Many struggle to manage cashflows and establish more consistent or predictable financial performance.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 11, 2018 10:21 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Kathleen Teodoro

Thanks for both aeronautic and Caterpillar examples. Really useful reflections on the strategy changes over generations of a product.

- Kathleen

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 11, 2018 10:09 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Travis Briscoe

I will be honest, while I do believe our company does excel in "work

performance" compared to many of our competitors; we use almost no indicators to measure our internal performance. Our only indicators as far as performance is the basic financials of the company and mostly it is related to net profit, if we had a positive net profit for the year everyone is happy. We do look at our over all revenues, liabilities and assets compared to the net profit but for the most part it only has to do with how everything relates to the net profit and is there money in the bank after everything is paid.

The two people who own our company have never really placed much concern in closely analyzing our performance. They have never done it so they believe they do not really need to do it, all they are concerned with is doing it the way they always have and if we are making money then we are doing good. It is something that has been quite annoying to me for quite awhile and I have talked with them about it a few times with no avail.

Definitely one of the performance measures that I have pushed to track closer is ROI and ROA as it relates to some of our larger projects, our equipment and properties. The problem is due to some of the inaccuracies in our books and book keeping I am unsure if we even have the correct information there to evaluate those with one-hundred percent accuracy.

I have pushed for keeping a closer track of cost and expense in the company by moving to a better system but once again no one wants to hear it even when I suggest ways to get it started. The reason I have pushed for tracking ROI is to figure out what equipment and other assets we need and do not need, this directly affects my work when estimating job cost and equipment purchasing or rental. We have several pieces of equipment that get very little use and it would be nice to know what they actually cost us or profit us. Yes, we have what are supposed to be the "cost" and we have what should be the "revenue" created by those pieces of equipment but the problem is they are simply pencil whipped numbers. What I mean is those numbers are based off of what we charged on those pieces of equipment and not what they actually worked. Many of the expense are not charged directly to that piece of equipment, there is just one large lump of expense for all equipment. The same thing that happens with the equipment happens on projects and for other items in the company.

Our company has a lot of waste and a lot of areas where we can make better decisions, I have tired tracking some of the cost and performance measures on projects but all it really does is let me know how poor some of our business practices are because no one really wants to do anything about it. Before long our company will have to face the reality of not keeping a closer eye on everything because it is getting more and more difficult for companies like us to stay competitive with large companies. Part of the reason it is becoming difficult to compete with large companies is because of the overhead due to things like required safety training, liability insurance cost to work for many companies, certification requirements, etc.

Part of the reason I am furthering my education is to help me get our owners to understand better and to be prepared when they finally realize we have to do some stuff different. If the owners never figure it out then hopefully, I will have the education and experience to help me move on to something better where the above issues are not as prevalent.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 11, 2018 3:03 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Wesley Ruebman**

At Cummins, I have had a similar experience as Crystal & Chris. Cummins invested heavily in R&D to stay ahead of all the emissions regulations that were coming. The focus was to differentiate ourselves from the competition with products that were well within the new emissions limits, increase the overall performance of the engine, but minimize the impact to the customer. We have steadily released a portfolio of engines as these regulations get rolled out. Now that we have a pretty extensive product line, Cummins has shifted its focus to cutting costs and increasing the profitability. As a result, we are now focusing heavily on ROI & ROA.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 11, 2018 2:35 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Paul Carman**

Although ConocoPhillips is the largest independent oil producer, since the downturn and unconventional plays playing a large roll, it appears they are cost driven. We are always seeking efficiencies to drilling and completions. The vendors and the products offered are also low cost but they must have value. For the last three years they have continued production increases. Production and resource exploitation efficiencies seem to be the largest drivers along with doing these safely.

(Post is Unread)

**Thread:****Posted Date:**

November 11, 2018 10:15 AM

what indicator(s) may be the most appropriate to measure your firm's performance?

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



John Portillo

The main metric for my corporation is OI. My business unit could be \$60M in revenue or \$30M in revenue, the parent company does not care as long as we provide the OI they demand.

My business unit metrics everything so the leadership team understands all aspects of the business. In addition to the standard metrics of GM%, OI, Revenue and Costs, we also track utilization, efficiency, on time delivery, supplier performance, cash flow, and a many others. We are fortunate to have a General Manager that values data and making sure everyone on his leadership team and the organization understands how to interpret the data.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 10, 2018 5:09 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Leigha Carter

You know, I've done both, and working at the smaller company gave me more opportunities to dig into the company and the numbers - with the larger companies, things tend to be behind the Wall of Finance, and I never really get the real dirt behind the numbers. In the smaller company, I was given all of the information that I wanted and had plenty of opportunities to poke at it (if I asked to).

The smaller company allowed me the chance to see every aspect of the business, but it didn't give me the scale and training opportunities. The larger company gives me more financial benefits and knowledge, but I don't have the span that I did at the smaller company. There are pros and cons to both!

(Post is Unread)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 10, 2018 5:40 AM

**Status:** Published

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Lance Decker**

I work for a very small private company, so Net Profit is the key for us. This is what everyone is striving for. We are venture funded and seeking that allusive first profitable quarter is everything for us. That said, reducing our COGS is a major effort to increase profit. Things we once did ourselves, we now farm out to other companies who can do it quicker and cheaper. We've recently found some really good partners for this.

We operate on the differentiation strategy, yet we also are very cost leader focused. We can do some things in our industry that very few others can do and we have some very unique offerings. Where I think we could charge a premium for these, we still do not over charge our customers. We don't have many direct competitors, but there are some competing technologies on the market.

(Post is Unread)

**Thread:** This class is relevant  
**Post:** RE: This class is relevant

**Posted Date:** November 10, 2018 5:21 AM

**Status:** Published

**Author:**  **Crystal Moreno**

Well Said Lisa! I am consistently hearing terms or ideas get brought up and I feel much more confident to chime in with technical based input. It's a good feeling.

(Post is Unread)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 9, 2018 11:49 PM

**Status:** Published

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Rachel Hulett**

Xiaomin,

The company I work for is a private start-up transmission development company partnered with an equity investor, and we do not share many metrics of self-evaluation in the market. With that in mind, I would guess an important long-term measurement is return on investment, captured in current investment made. Secondly, since we're dependent on our equity partner, we also have a short-term performance measurement for revenue neutrality and increasing our cash internal flow. Lastly, another long-term measurement is to be above 99% reliability operationally.

Thanks,

Rachel

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



**Theodore Machicek**

**Posted Date:**

November 9, 2018 12:52 PM

**Status:**

Published

Xiaomin,

Your last statement is very true. Compaq was it self a company that acquired Tandem, then Digital Equipment Corporation (DEC) only to merge with HP who then acquired EDS, 3Com, Palm, and 3PAR. Within the last 3 years, we since split (HP Inc & Hewlett Packard Enterprise). Hewlett Packard Enterprise (HPE) then spun-off the Enterprise Services division as DXC Technology and its software division to Micro Focus.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



**Xiaomin Yang**

**Posted Date:**

November 9, 2018 11:46 AM

**Status:**

Published

Dear Taylor,

Thank you very much for bringing up this topic. Now, it's the time to explain my answer to a great question that many raised at the beginning of this semester, the disconnection between senior management and individual employees in terms of business communication.

Partially due to the over-emphasis in short-term performance and frequent change of favorable measures, people at different level of the organization lose a clear, consistent vision of the firms' strategic direction and priorities.

Firms and their executives are pressured by investors to deliver short-term results and, therefore, tend to focus on biased business indicators that highlight the firms' "performance" from specific perspective, rather than a whole picture. Often, the selected performance measures vary not only between quarters but only across different business units.

In fact, A firm's strategy and corresponding performance indicators should be consistent

As you have analyzed in the strategy module, an industry's profitability is determined by the five forces while political factors, such as tariff, may shift the force. The impacts of these macro-economic/political factors impact every organization, and take a while to realize. Even tariff takes several months to be in effect.

So, I really advise each of you to find a chance to chat with senior managers of your company to understand your firm's vision, strategy, competitive advantage and long-term performance measures. With the insights, you will be able to make better decisions that add more value to your organizations.

Thanks.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Xiaomin Yang

**Posted Date:**

November 9, 2018 8:51 AM

**Status:**

Published

Ted,

Thank you for sharing. Yes, many really large companies may have different strategies for individual BUs. The diverse strategy situation may be the result of

acquisitions in the past. Also these companies also actively seek opportunities to spin off these BUs that follow different strategy from its core business. Thanks.  
Xiaomin

(Post is Read)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 9, 2018 12:17 AM

**Status:** Published

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Samuel Woods**

Fernando, my company is traded on NASDAQ and we are really big on market share also. To us, the market share and bottom line are what drives our success. We have done a bit of a better job marketing ourselves as an innovative service provider to the carriers, as well as an innovative telecommunications company. They hype around Ericsson right now is the best I've seen it in years and it's actually changing the culture internally, for the better.

(Post is Unread)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 9, 2018 12:14 AM

**Status:** Published

**Post:**  
RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Samuel Woods**

Lisa, I like this idea. We have a bonus structure at our company that has very little to deal with what I do. Our bonus structure is set at an extremely high level. I do see where I am responsible though. I work with our Customer PMs in getting the projects setup in the fastest and most efficient way possible in our systems. I can also monitor the health of the project based on activity and milestone dates to ensure we aren't getting passed due on deliverables. This ensures the Customer PMs can report the most accurate actuals (strange phrase) to the VPs. In terms of my ability to ensure revenue is high, I'm not customer-facing, so it's more of a group effort in a massive corporation that our sales team get the job done.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 9, 2018 12:09 AM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Samuel Woods**

Ericsson has a vast array of performance metrics that we use at a high-level. Our company is enthusiastic on having a differentiation strategy. With our field services that are sold, we have a highly experienced team of field service professionals that are trained rigorously, through our company's mock towers. They are trained on all of the latest items within our portfolio and on the most recent OSHA standards. Ericsson is also very proud to incorporate other services for operators, and we're also proud for the fact that 40% of the world's mobile traffic flows through our networks. We cannot compete with Huawei, internationally, when it comes to cost. Huawei doesn't care about losing money due to the amount of money they receive from the Chinese Government, therefore Ericsson has to be aware of the value add our expertise, service, and innovation brings to our customers.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 8, 2018 11:43 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**

**Taylor Leach**

I just realized that I may not have made sense in that rambling post above... If I need to clarify or explain anything in further detail, let me know!

I think I need some sleep...

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to

**Posted Date:**

November 8, 2018 11:40 PM

measure your firm's performance?

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Taylor Leach

Dr. Yang,

I would actually like your help figuring this one out. All I have heard since Q2 is that this is the best year we have had in a long time. A lot of growth has occurred in almost all areas along with targets being blown out of the water and reaching 300 or 400%. The way upper management has been preaching you would think we are taking home fat checks this Christmas.

Except a problem suddenly appeared a month or two ago. There was a small scandal that affected stock prices. Then increasing tariffs were blamed. All of a sudden, our pricing strategy wasn't as strong as it needed to be and an immediate ban on some things was put in place to finish up strong in Q4 and meet our "goals." Those goals were as Leigha put it "flashed" in front of us a few times before never being seen again.

So to be honest, I am not sure which indicators would be the most appropriate because I feel like we have gone through quite a few different indicators. What do you think?

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 8, 2018 11:33 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Taylor Leach

My company tends to flash a lot of numbers to us as well without much explanation. My rant about it will be below.

Your two different perspectives make a lot of sense, and I can vouch for those strategies having worked for a place that strictly purchased Dell products due to their reliability. It will be interesting to continue watching Dell and see where they head next.

(Post is Unread)

**Thread:** This class is relevant  
**Post:** This class is relevant  
**Author:**  **Lisa Ely**

**Posted Date:** November 8, 2018 9:28 PM  
**Status:** Published

I really like this class. It has a lot of information that quite honestly, I'll never be able to remember. That being said, I've been in meetings where these topics are coming up. We have used scorecards for years and get a quarterly update on how we are doing. I was in a meeting the other day and the phrase 'differentiation strategy' came up. I popped up out of my restful nap (just kidding) and thought "hey, I know what that is...". It's a nice feeling to know that I'm learning. I have to remind myself of that sometimes with the overall school schedule gets tough. :)

(Post is Read)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 8, 2018 9:24 PM  
**Status:** Published

**Post:** RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Buckley Edwards**

I like working for a small company, but I am missing out on so many possibilities of greater knowledge, training and personal finances. Its is like a family and living on a mental/financial allowance. I am ready to leave home. HAHA.

(Post is Unread)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 8, 2018 9:23 PM  
**Status:** Published

**Post:** RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Lisa Ely**

The most visible to the employee level is profit sharing. We receive a profit sharing check based upon the company's performance. There is a formula attached to it. When we do really well, our profit sharing goes up. When we don't, it's low or we don't get one at all.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 8, 2018 8:02 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



**Theodore Machicek**

At HPE, we have an assortment of business units. Each one has its own strategy; therefore, its own measurements. For example, our ProLiant Towers BU operates on cost leadership strategy. On the contrast, our High Performance Computing is highly differentiated with unique liquid cooled, high-density clustered that demand a high premium. When I queried several finance leaders, one common theme stood out more than the other measurements regardless of product line. That was the total addressable market (TAM) and the gross margin.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 8, 2018 7:41 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



**Leigha Carter**

I think that for Dell, it really depends on the product lines that you're looking at. They flash a lot of data at us in the corporate quarterly reviews; I'll be paying closer attention to them this quarter to see what they are actually tracking internally.

- Consumer and client products (laptops, desktops, monitors, etc.) are definitely our cost leadership focus. The margins on these types of products are typically pretty low, and I can understand why IBM sold off their Thinkpad line: it takes a lot of effort and investment to refresh and update consumer products, and the focus here is on volume. The key metrics here should be on market growth and efficiency in the supply chain.
- High-end servers and Storage are differentiation product lines for Dell. Customers in this space do not want to go with the lowest bid; they want high performance, extreme reliability, and responsive services that either create additional value (cloud solutions, virtualization) or that provide a quick fix if something goes wrong (ProSupport warranties, onsite parts lockers). The metrics they should be looking at would be the profit margins, customer satisfaction surveys, and NPI.

We also have a diverse collection of M&A's that we are part of the Dell Technologies umbrella that each would have their own strategy to follow, but I haven't had enough experience with them to know where they fit into the mix.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 8, 2018 3:45 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



**Crystal Moreno**

Chris,

This is an interesting evaluation as I've seen similar occur in Caterpillar. As the series and generation of machines has moved over the years so has our strategy. Part of this is due to market demand, partly due to competition, and also supply constraints. It seems we are always in the battle of differentiation with our competitors, who can get the next big thing out fast, but with things such as the tariff we begin to run into concerns on what our supply base will be. We have begun that same march toward cost leadership efforts while still trying to maintain a hold on our R&D. One thing they've really done with this next generation of machines is to build a more plug and play of major components across models and machines to drive a more streamlined supply base for our company. This of course allows a quality focus to be on a smaller scope of suppliers and our supply prices to reduce with a higher order volume. I think many of our major industry companies are seeing the same trends in how they operate and design their products for the future.

Dr. Yang,

I enjoyed the discussion on differences between ROA, ROI, and IRR. I had never heard much about IRR and am interested in some new robot machine cost evaluations I'm doing and what type of figures I could see looking at the different methods.

(Post is Unread)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:**

November 7, 2018 10:23 PM

**Status:**

Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



**Christopher Maguire**

For Aeronautics, we are in a state of great flux; while the product initially was all about differentiation to secure the contract and the operations for the F-35, we are now incredibly cost-conscious and driving more towards a strategy of cost leadership WHILE also continuing to modernize the aircraft while striving to add capability. This is creating its own perfect storm of a nightmare. Our initial competitive advantage was differentiation, and now through the nature of defense contracting we are forced to take these same qualities and march towards cost leadership in order to maintain our hold. Any Defense Daily news article or Aviation Weekly article will drive this message home; for the F-35, Cost Reduction and getting the price of the 5th Gen Fighter down to 4th Gen prices is paramount to our survival. The Customer has made this clear with menacing clarity.

As a result of this, we are currently focusing heavily on ROA and ROI, from both the Company perspective and the Customer's perspective. These indicators will be very helpful as we communicate our needs and address our customer's needs in the future. To me, this is curious, as defense funding and authorization bills/laws fix our profit of 6-10% depending on the product. In addition, we are also focusing on IRR, from both perspectives of Company and Customer. The ROI is understandable, as it addresses the total growth for the project, and the IRR too is necessary, as it addresses the annual growth for the project. Here, we can extend this to large capital projects and cost reduction projects on behalf of Customer or Company, and will allow us to better understand how limited profitability WHILE driving down costs can align with the strategic vision of and necessary stance of a cost leadership approach with our aircraft.

As we enter Full Rate production and the quantities of aircraft swell, it will be an interesting dance to lower prices down to our Customer's mandate/desired price point while finding cost reduction means that still enable the company to make the desired profit which still falls between the 6-10% allowable range.

(Post is Read)

**Thread:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Fernando Guirola

**Posted Date:**

November 7, 2018 7:38 PM

**Status:**

Published

Xiaomin,

The company I work for is a private company and does not share too many metrics that they use to evaluate themselves against the market. Given that, I

would probably use market share as a comparison as we are able to compare ourselves against the competition as most of them are public companies that share the data with the shareholders. I would also use historical data of previous years to compare YOY growth both in specific products as well as revenue and profit. This way you can notice trends on how the product lines are doing compared to previous years and where you could probably focus sales as well as marketing.

I hope this helps.

Regards,

Fernando

(Post is Read)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 4, 2018 9:29 PM

**Status:** Published

**Post:**

RE: what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**



Buckley Edwards

The company I work for in does not talk that much about any of the specific measures. But what I see is its differentiation strategy by the quality of its electrical and mechanical parts. This has made them a reliable company for aerospace simulator components. This is one of the reasons there is an increase in customers from Japan and Canada along with US companies. This gives us a higher net profit margin over other similar companies in the US even though there is only 70 employee's and one salesman. The rate of product return for repair is low and there is a 100% repair for a given amount of time. I do not have the information available at this time to use the Dupont system to run its analysis but am positive that we would have above average numbers.

(Post is Read)

**Thread:** what indicator(s) may be the most appropriate to measure your firm's performance?

**Posted Date:** November 2, 2018 11:47 AM

**Status:** Published

**Post:**

what indicator(s) may be the most appropriate to measure your firm's performance?

**Author:**  **Xiaomin Yang**

Based on your analysis of your organization's strategy, what indicator(s) may be the most appropriate to measure your firm's performance?

(Post is Read)

← OK