



## **Are you effectively managing your business?**

Whenever we ask this question to business heads, most of the business heads connect to profitability. If the profitability is moderate or positive, then they think that they are managing the business effectively. Of course, profitability is one measure of business efficiency, but that alone does not indicate the management effectiveness. Consistency, increasing trend percentage of profitability is a function of managing many parameters effectively.

On a dipstick level, we can measure the effectiveness of managing the business. Following are the basic operational measures that indicate the effectiveness of managing the business.

### **Customer order fulfillment:**

Customer order fulfillment is one of the most important measures of your effectiveness, i.e., how you are servicing your customer's requirement on time and every time. Meeting the customer's demand on time with 100 % fulfillment guarantees to some extent your business's longevity. Servicing the customer's requirement is the reflection of your internal process robustness and the culture of the organization. In most of the small and medium-size companies, meeting the customer requirement itself is the biggest concern or gap. Inability to service the customer on time would eventually affect the profitability and survival. Fulfilling the customer's requirement is hygiene factor that should not be compromised. If you are delivering the customer's requirement on time and every time, then you can assume that you are managing the business effectively.

### **Quality target fulfillment:**

In today's competitive environment, delivering the product or service with the quality requirement is taken granted or assumed as a way of living from the customer's perspective. Meeting quality target is a reflection of your internal quality assurance and control systems. From the customer's point of view, one of the major irritants is receiving the product/service with inconsistent quality. If you are meeting customer's quality target with your internal quality control and assurance system, then you can assume that you are managing the business effectively.

### **Cost Efficiency trend:**

You may be meeting the customer's delivery, quality target, but if you are not making a good profit, then you are not effectively managing the business. The reason could be your cost of running the business may be more than the revenue. Creating the surplus in the form of profit is vital for the long-term sustainability of the business. Cost efficiency measures could be in the area of manpower, energy, material, consumables, etc. If you see the positive trends in the cost efficiency measures, it reflects that you are managing the business effectively.

### **People engagement score:**

Ultimately, people working for the organization are a real asset, and they determine the growth of the organization. If the people engagement is high, eventually it drives better order fulfillment, quality targets, cost efficiency, and safety environment. If the loyalty and employee engagement score is in a positive trend, then you are managing the business effectively.

Hence, *relook your organizational existing customer service level, quality targets achievement, cost efficiency trend and people engagement score to assess your effectiveness of managing the business*