

## **Measure performance and keep up with competition - How to develop a supply chain performance measurement dashboard**

*Companies of today face difficult challenges such as changing customer patterns and fierce competition. Information about a company's own performance can help in keeping up with competition, but how do you choose what information is the most relevant?*

It is more and more common that companies today measure performance in order to be able to compete in a global market where constant improvement is necessary to survive. Finding your way in the metrics jungle is however not easy. "Not everything that counts can be counted, and not everything that can be counted counts" is a maxim that often has been attributed to Albert Einstein, and which underlines the difficulties connected to measuring performance. How to choose the right metrics is a question that many companies ask today, and this study was therefore conducted with the aim of providing a guide for what measurements a company should include in a so called performance measurement dashboard.

### **The dashboard - a visualization of a company's performance**

A performance dashboard can be described as a control panel where a company's most relevant metrics are graphically represented and shows the company's current status and historical performance. The data displayed in the dashboard should show a person at a glance the data that is most important to them, and the information should be displayed in a way that does not overwhelm the user.

### **A general guide to selecting metrics**

The study investigates different literature within the area of performance measurement and combines this into a theoretical analysis model that can be used as a guide for selecting what metrics to include in a performance measurement dashboard. This model was then applied at Axis Communication AB where a set of metrics was suggested for a dashboard

intended for the Vice President of the Operations department.

It was concluded that when selecting what metrics to include in a performance measurement dashboard the first step must always be to select who the user of the dashboard is since that affects what information will be considered relevant to include.

The actual selection of metrics should thereafter start with identifying the concerned stakeholders and their needs, and identifying what strategy to adopt in order to fulfill these needs. After that, the processes that meet the strategy and finally the necessary capabilities or activities to operate these processes should be identified. These processes and activities are then used as a base for selecting metrics for the dashboard.

To ensure that all metrics chosen are suitable and appropriate for a dashboard they should thereafter be analyzed against two sets of identified requirements; individually as well as together as a group. The metrics should be analyzed individually to ensure that each metric provides relevant information that is on the right level for the user, that the metrics are possible to trust and that the benefits for measuring each metric outweighs the costs related to measuring. The metrics should thereafter be analyzed as a group in order to ensure that the dashboard in total will provide the necessary information within relevant areas that connect to the company's mission, strategy and processes but without causing information overload.

### **Result**

Conclusively, the study resulted in a theoretical as well as a practical contribution. This since it provides a general guide to how metrics should be selected for a performance measurement dashboard but also applies this guide on an actual company where a set of metrics is suggested for use by the VP of Operations.

*For further information, we refer readers to the master's thesis Developing a supply chain performance measurement dashboard – A case study at Axis Communications AB written by the authors,*

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