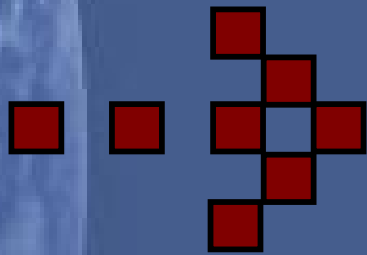


**CEO Seminars**

Executive Action Learning Seminars

CEO Club  
Executive Courses

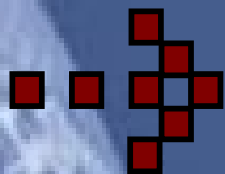


**International  
Institute of  
Management**

Executive Education Courses

**CEO Strategy Metrics**

Med Jones



Здравствуйते

こんにちは

سلام

*Howdy*

你好

नमस्ते

Ciao

*Hola*

您好



여보세요

*Hallo*

*Guten Tag*

مرحباً

וילהא!

*Salut*

Obrigado

Xin chào



# IIM Open Courseware (OCW)

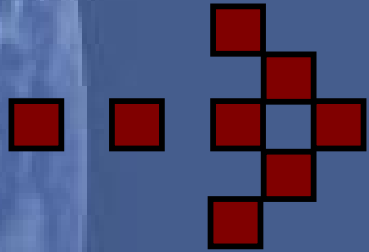
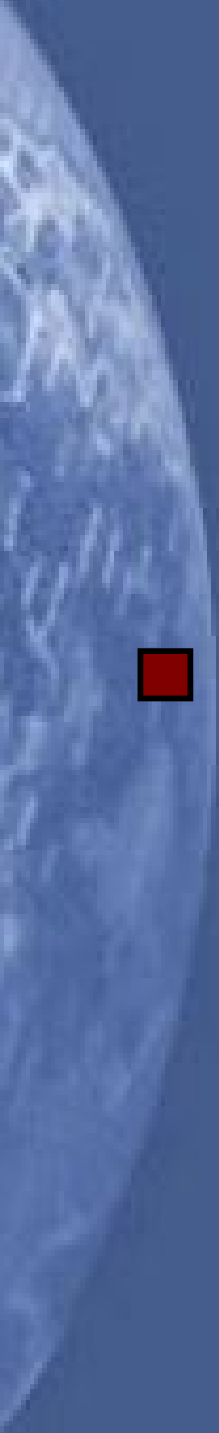
Copyright International Institute of Management ([www.iim-edu.org](http://www.iim-edu.org))

This work is the intellectual property of the authors. Permission is granted for this material to be shared for personal and educational purposes. IIM also grants the rights to disseminate otherwise or to republish in full or in part, provided that a statement of the source referencing the author(s) and “International Institute of Management” appears on the reproduced materials.

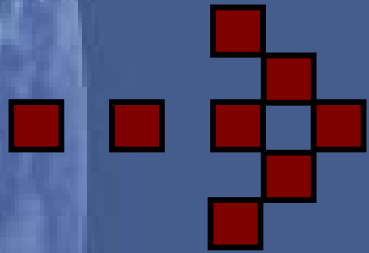
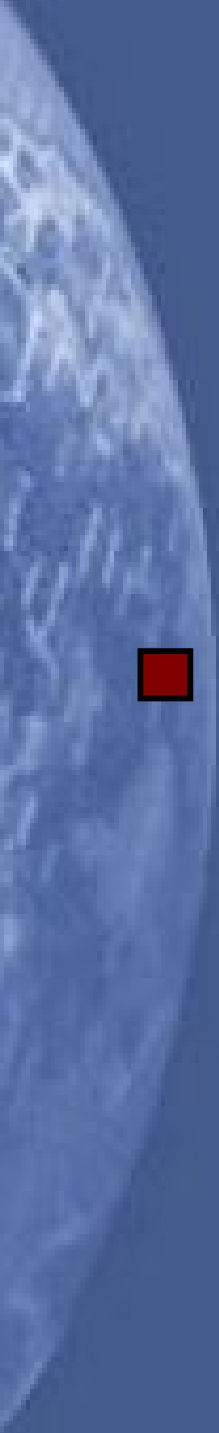
As courtesy, please provide us with a notice of use by contacting us at:

IIM Open Courseware (OCW)  
International Institute of Management  
10161 Park Run Dr. #100  
Las Vegas, NV 89145  
USA

Email: [contact\\_us\(at\)iim-edu.org](mailto:contact_us@iim-edu.org)

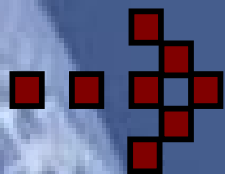


# *CEO Strategy*



# *CEO Strategy Metrics*

Med Jones



# Insight 1

*“When you cannot measure it, when you cannot express it in numbers, your knowledge is of a meager and unsatisfactory kind”*

*Lord Kelvin, 18<sup>th</sup> century*



## Insight 2

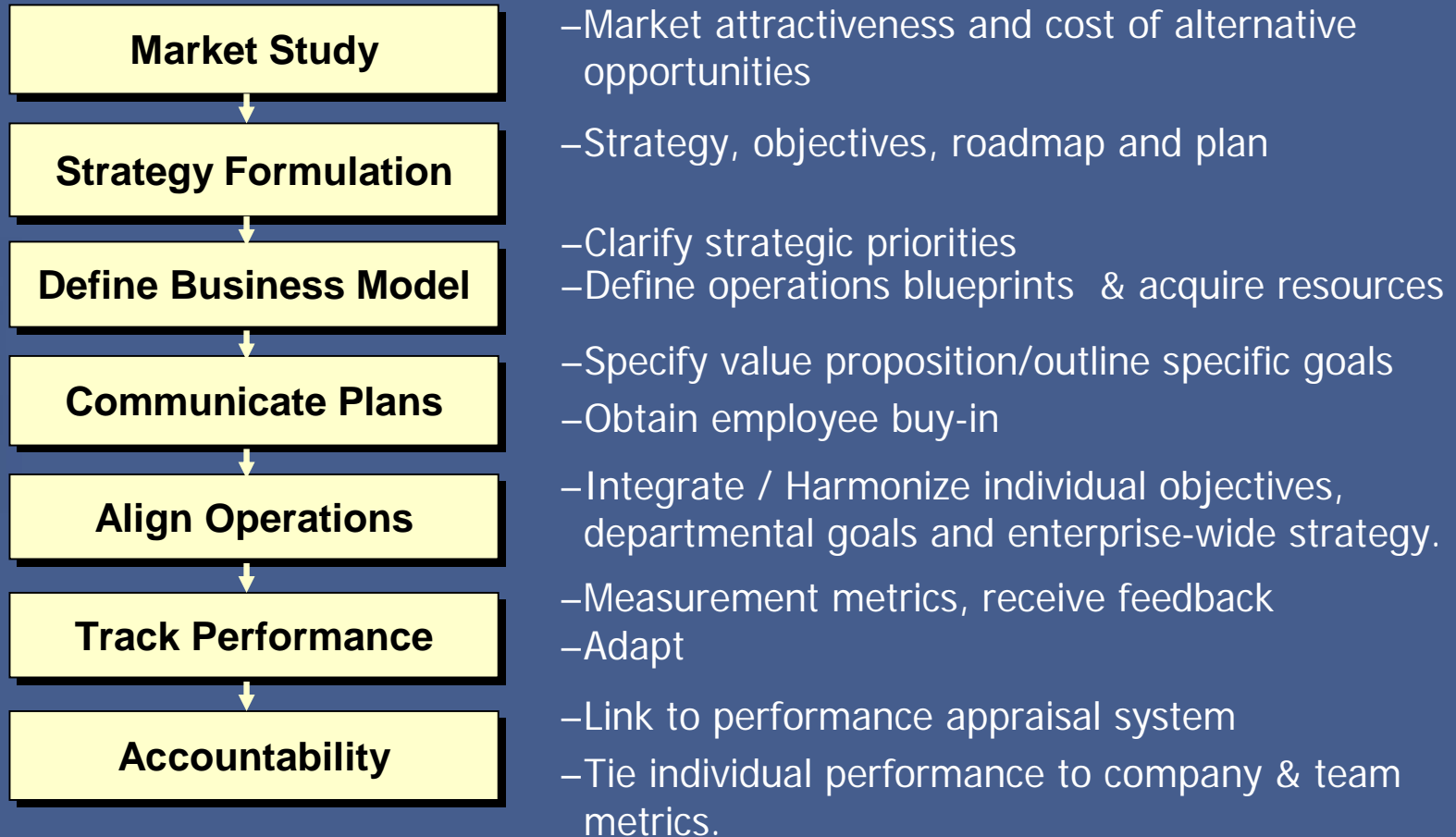
*"Not everything that can be counted counts, and not everything that counts can be counted"*

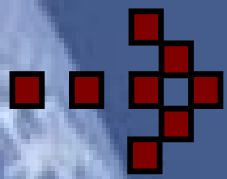
*Albert Einstein*



# IIM Management Model

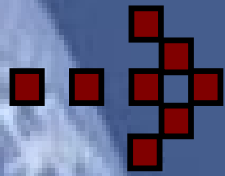
## Examples





# Key Performance Indicators (KPIs)

- **Lagging indicators** – e.g. financial metrics.
  - They report past performance
- **Leading indicators** – e.g. customer, innovation and growth metrics.
  - They predict future performance



# Metrics

- **Why are financial measures not enough?**
  - Tangible book values represented 62% of company market values in 1982
  - In 1992 it had dropped to 38%
  - In 2004 it is estimated to be 15%



# Execution Builds Premium Shareholder Value

Top 10 non-financial “Measures That Matter”:

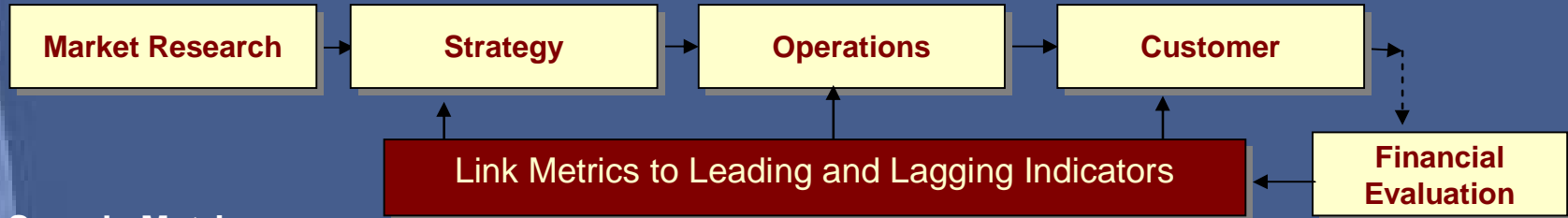
- 1) Strategy Execution
- 2) Management Credibility
- 3) Quality of Strategy
- 4) Innovativeness
- 5) Ability to Attract Talented People
- 6) Market Position
- 7) Management Experience
- 8) Quality of Executive Compensation
- 9) Quality of Major Processes
- 10) Research Leadership

- These non-financial factors can impact the organization’s market value significantly
- At least 35 percent of investor’s portfolio allocation decisions are made based on them

Source: Ernst & Young’s Centre for Business Innovation survey

# Closed-loop Performance Measurement

## Steps of Strategy:



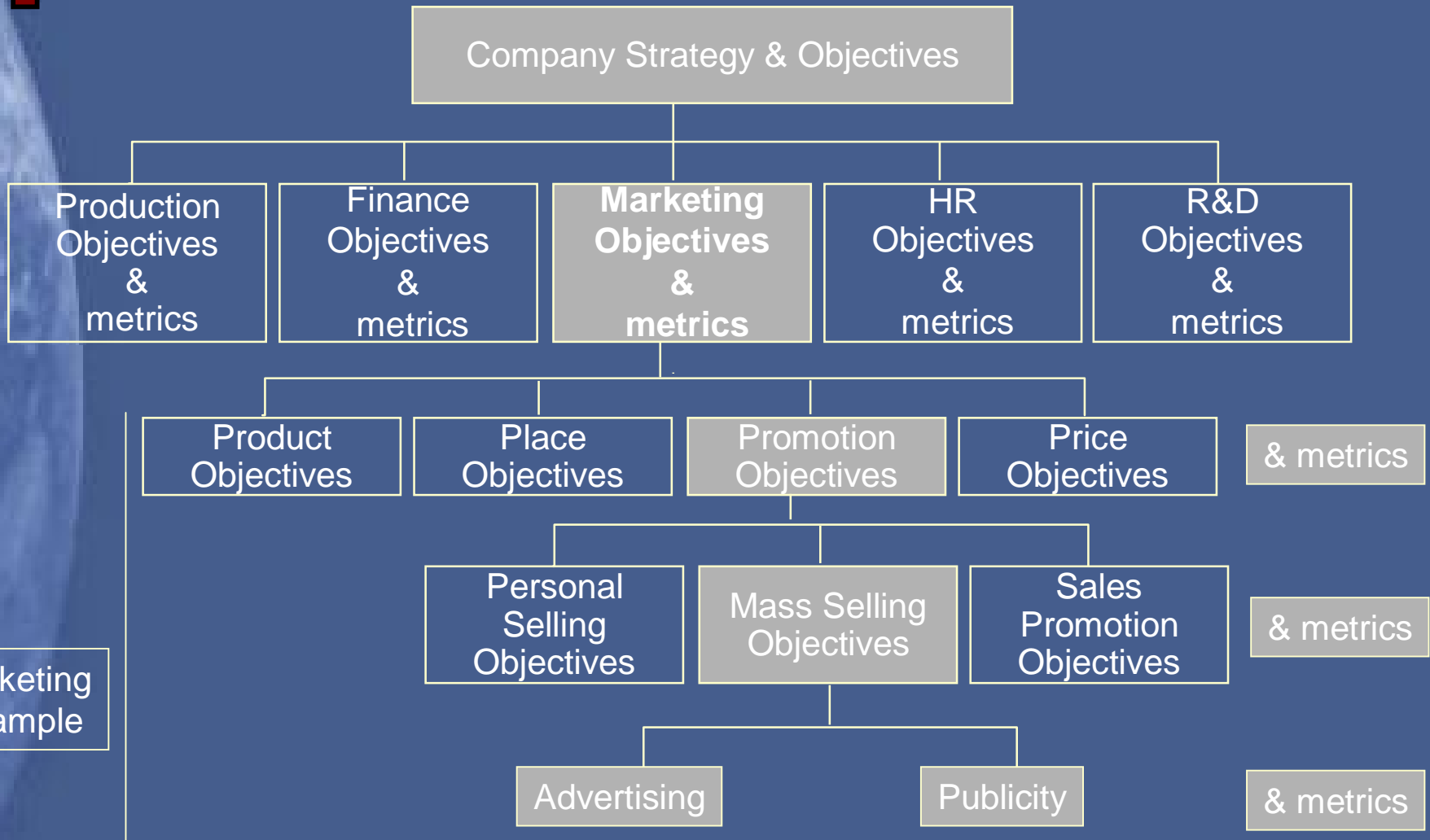
## Sample Metrics

- |  |  |  |  |  |
|--|--|--|--|--|
| <ul style="list-style-type: none"> <li>• Attractiveness of target segments</li> <li>• Target segments size &amp; growth</li> <li>• Competitor concentration &amp; landscape</li> <li>• Competitor concentration &amp; landscape</li> </ul> | <ul style="list-style-type: none"> <li>• SWOT Analysis</li> <li>• Uniqueness of value proposition</li> <li>• Attractiveness of offering</li> <li>• Sustainability of competitive position</li> <li>• Internal Resources (\$, people, knowledge, partnerships)</li> </ul> | <ul style="list-style-type: none"> <li>• Number of staff</li> <li>• Technology infrastructure</li> <li>• Internal organization</li> <li>• Supply Chain Management</li> <li>• Production and Quality Index</li> <li>• Employee Loyalty Index</li> </ul> | <ul style="list-style-type: none"> <li>• Brand and Awareness</li> <li>• Sales and Service</li> <li>• Customer Relationship Management (CRM)</li> <li>• Customer satisfaction &amp; loyalty Index</li> <li>• Service requests/customer</li> </ul> | <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Profit /Cost (ROI)</li> <li>• Balance sheet</li> <li>• Earnings per share</li> <li>• Debt to equity ratio</li> </ul> |
|--|--|--|--|--|

- For each metric, determine the metrics that it affects and that affect it
- Map the linked set of metrics, indicating leading and lagging indicators
- Ensure that there is a balance between leading and lagging indicators



# IIM Alignment Tree



Marketing Example

CEO's Hierarchy of Objectives

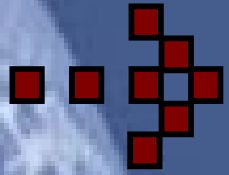


# Management Metrics & Info Sources

Use metrics to evaluate and communicate business goals and progress

- Collect internal and external data for benchmarking and performance tracking:

Data Type	Sample Measures	Sample Sources
Market research	Site usability Customer satisfaction Site traffic	BizRate.com Jupiter Media Metrix AC Nielsen
Analyst reports	Industry trends Company or site ratings	Forrester Aberdeen Group Frost and Sullivan IDC
Financial information	Company profiles Financials Industry and market comparative data	Hoover's Online Edgar Online DLJ Direct SEC filings



# Questions?



Спасибо

*Gracias*

Grazie

متشكراً

ありがとう  
ございます

धन्यवाद

*Merci*

**See You Next Time!**

*Danke*

谢谢

**For More Information  
You Can Visit**

너를 감사하십시오

*Howdy*

[www.iim-edu.org](http://www.iim-edu.org)

*Thank you*

謝謝  
شكراً

אנא בדוק האם המלה

Cảm ơn