Pulse
(Monthly Ops Report)

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Defining, Measuring, and Acting Upon What Matters

Why

This reporting and analysis is helpful for several key reasons

- Enable CEO + ELT to quickly understand the current health of the overall business and also identify areas of concern / opportunity
- Establish ownership and pacing for specific KPIs and related operations within the company
- Provide transparency across the organization
- Enhance alignment and communication between departments around common goals
- Identify areas of confusion and/or contrasting objectives between departments
- Assist CEO + ELT in goal setting + tracking, IR, and fundraising

Who

Every team member receives Pulse and most are involved in contributing to the deliverable

- Division lead owns specific set of KPIs and leans on team as she/he sees fit
- It can be helpful to replicate the same dashboard/reporting methodology at the divisional level that then flows up into Pulse KPIs
    - The exhibits in divisional reporting may be snapshots of their dashboard
- Careful not to create competitions between divisions
    - For example: Operations team wants good performance metrics on shipping (P&L), but marketing team wants to offer free shipping to improve their metrics (conversion rate)
    - Way to combat this is clearly explain the reporting is for the overall good of the company and also lay out higher level KPI if possible. In the previous example it would be contribution margin.
- Build out meeting structure to review Pulse on a weekly/monthly basis depending on business needs

Living Document

Re-evaluate As Necessary

- Confirm core Pulse metrics align with overall company goals and areas of focus
  - This should be done more formally with ELT on a quarterly basis potentially in conjunction with board / investor update
- Empower each divisional lead, or even the broader team, to change their reporting as needed
  - If a KPI becomes irrelevant, REMOVE it, don't do reporting for the sake of reporting it wastes everyone's time
  - The internal teams should know their business inside and out. This reporting becomes a way for them to update/inform management and the rest of the company on what is important
  - Example: We tracked inventory turn (sell through) based on total company sales data, the Merch Director highlighted that tracking inventory turn at a team level is much more beneficial

Stay Focused

Keep in mind the overall goals of Pulse and keep team members aligned

- People can go down rabbit holes about their divisional KPIs, etc that other teams don't need / care to hear about
- Distribute the report with sufficient time to digest, don't have the meeting to regurgite information unless there is a specific need

Clearly define agenda and Pulse meeting structure

- Do what works given personalities on your team, use methods that are familiar and/or resonated in the past
    - Could be stand ups or otherwise, do whatever keeps people engaged
- Get feedback from ELT as well as junior team members on rolling basis if a) the data is helpful b) the meetings make that KPIs clear, clarify questions, and delineate a path forward

Let's Build Together

My hope is to come away with a high level framework of next steps

- Reinforce Stefan's presentation from this week
  - Finance = Operations
  - His Flywheel Slide: Plan > Track > Analyze > Iterate
    - Culture of transparency and collective ownership
- Your Core & Supporting Metrics
- Dashboards
- Start Simple
- Lean On Your Team

Dashboard Smashboard

One of the first recommendations I received as a Founder

- Took a year to truly grasp what he meant, another year to create a robust one that worked for my specific needs, and a third year to build/roll-out Pulse

To each her own

- Reporting styles and the way we digest information is personal preference
  - Many options from building in Excel to plug and play to customized software solutions
  - Each department may have dashboards built into systems they use (Facebook Ads Manager)
  - Keep it simple at first - Excel is my recommendation
- Best way to understand them is to get in the weeds and start building
  - Start by thinking about what you want to track and work backwards from there
  - Support with ground up inputs if anything is glaring that isn't in the initial draft

Go Deeper

Define a list of CORE points

- If I was to give you information around these core points and nothing else, you should be able to communicate the current state of your business and if things are moving in the right direction

Define Supporting Metrics

- The inputs that go into each CORE point are further discussed in the remainder of the Pulse through the Supporting Metrics section
- After reviewing all Supporting and CORE metrics every division head should be accounted for and every member of the entire company should be covered by some aspect of the reporting

Start Simple & Empower Your Team

The CEO or ELT should define CORE metrics and evaluate on an ongoing basis

- A good test fo this is to think about fundraising discussions and investor/board reporting. Many topics that are highlighted in those areas will be covered by your CORE metrics.

When it comes to setting Supporting KPIs and performance measurement techniques lean on your ELT and divisional heads

- That is why you hired them, let them do their job of identifying and taking action against items they see as impacting the CORE metrics
- Hopefully, they will take your approach and empower their team members so the culture of the entire organization embraces collaboration and being a "doer"

Walk Through

I find walking through actual examples to be very helpful

Every company is different, especially since many businesses in the cohort are not B2C

The overall approach still makes sense regardless of business model

Take notes and outline questions for 1-1s after this presentation

FANCHEST - Pulse

Why I chose my CORE metrics

How all aspects of the organization are covered

- Core metric example (Revenue example)
- Supporting metric example, note additional color in blurbs (Ops example)

What a sample dashboard looks like

- Marketing

How we took action against findings

How to keep broader goals front and center

- Contribution Margin Example

Walk Through: Why I chose my CORE metrics

FANCHEST Pulse – December 2018
Jeff Lin

Contents

Walk Through: All Aspects of The Business Are Covered - Core Metric Page Example

Marketing - December 2018
Jon Katz

Monthly Revenue & Contra

	January	February	March	April	May	June	July	August	September	October	November	December
Gross Revenue	$226,216	$206,104	$114,807	$259,211	$349,180	$653,654	$81,061	$379,403	$362,664	$672,037	$3,668,260	$2,751,943
Target Goal $10m	$174,486	$122,939	$71,079	$251,537	$289,773	$708,886	$134,750	$400,007	$330,249	$458,653	$3,709,863	$2,131,727
Reach Goal $11m	$261,844	$184,517	$106,682	$377,529	$434,917	$786,569	$141,256	$419,322	$346,505	$546,016	$4,418,855	$2,535,128
Net Revenue	$206,443.00	$191,249	$107,161	$237,817	$322,479	$602,588	$74,947	$356,205	$339,166	$614,864	$2,995,112	$2,363,882
Discounts	7.14%	5.71%	5.54%	6.75%	6.15%	6.69%	6.04%	4.99%	5.70%	7.42%	16.85%	12.98%
Awards	1.25%	1.07%	1.34%	2.79%	1.54%	0.80%	1.77%	0.87%	0.50%	1.03%	0.31%	0.19%

Gross Revenue   Target Goal $10m   Reach Goal $11m   Net Revenue   Discounts   Awards

Walk Through: All Aspects of The Business Are Covered - Supporting Metric Page Example

Ops - December 2018
Caecilie Elgeti

Order fulfillment

Orders shipped / fulfillment time

	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
Canada	6%	4%	4%	10%	4%	1%	3%	6%	12%	10%	5%	1%
Overnight	2%	1%	2%	1%	1%	1%	3%	1%	1%	1%	0%	1%
2 Day	9%	12%	9%	8%	4%	5%	1%	1%	2%	1%	1%	3%
USPS	0%	0%	0%	0%	0%	16%	21%	16%	14%	10%	3%	29%
Home Delivery	0%	0%	0%	0%	0%	10%	0%	0%	0%	0%	0%	0%
SmartPost	83%	83%	85%	80%	82%	66%	70%	76%	70%	76%	91%	64%
Standard	3.63	6.88	6.10	2.33	2.24	1.52	2.12	2.03	2.15	1.98	3.41	2.57
2 Day	1.55	2.98	0.83	0.92	0.63	0.58	0.59	0.61	0.84	0.55	0.65	0.76
Overnight	1.22	1.63	0.70	0.78	0.56	0.55	0.48	0.45	0.58	0.68	0.74	0.75
Canada	3.82	5.87	4.57	2.36	2.14	1.60	2.14	2.14	2.00	1.87	2.83	1.68

*Methodology: Fulfillment time does not include orders between Friday-Sunday; Backorders are excluded since in April.

Canada shipments further decreased to only 1% in December, as there was no spend for Canada due to no guaranteed delivery by Christmas. Fulfillment time slightly improved in December after it spiked in November (3.41 days for standard shipping). The shipping delay resulted in lots of CX tickets.

Walk Through: Sample Dashboard

SAMPLE						
December Sales Goal	$ 3,024,590.00	575,000		CPA	AOV	Percent Difference
Remaining Revenue to Hit Goal	$ 352,965.08					
December Orders Goal	35,583		Green	<13	>85	>1
Remaining Orders to Hit goal	4,514					
AOV Goal	$85.00		Yellow	13-20	78-85	-0.1 - 1
CPA Goal	$27		Red	20+	<78	<-0.1
Budget for Month	$ 960,752.12					
Days in December	18		**Total Media Spend**	$ 1,093,295.60		
Days Remaining in December	1.00	$960,752.12	**Orders**	34166	41086	75252
Last Day in December	12/18/18		**CPA**	$ 32.00		
Remaining Daily Budget	121,874.87		**Revenue**	$ 2,671,624.92		
Month	12/2018		**AOV**	$ 78.20	Boxes/Order	Discount %
			Discounts	$ 347,551.36	1.1218463	13.01%
			Total Boxes	38329		
			Upsell Items	3764		
			Upsell Revenue	$ 18,834		

			Saturday	Sunday	Monday	Tuesday
			12/1/18	12/2/18	12/3/18	12/4/18
KEY KPI'S						
AOV			$ 79.17	$ 80.73	$ 76.77	$ 78.17
Projected AOV			$85	$85	$85	$85
Blended AOV			$79.17	$80.12	$79.23	$79.01
CPA			$ 27.38	$ 21.94	$ 33.26	$ 32.03
Projected CPA			$27	$27	$27	$27
Blended CPA			$27	$24	$27	$28
Marketing Spend			$ 58,984.87	$ 72,553.82	$ 65,316.65	$ 63,028.31
CTR			1.84%	1.60%	1.43%	1.27%
CVR			1.89%	2.54%	2.07%	2.49%
Discounts			$ 26,012.35	$ 44,690.57	$ 23,918.13	$ 23,519.28

Supplement - What Metrics Matter To Your Business?

Let's build a list of covering two key questions: A) What do you see as critical divisions of your company B) Build a list of KPIs related to each division

- How many items do you have in total?
- Are there any that are interrelated?
    - If so, consolidate.
- Which of these do you consider CRITICAL (CORE), they are at the crux of your overall business model.
    - How many are there?
- Is there ONE person on your team who OWNS each item (the entire list of items not just CORE).
    - There also could be a projected role that owns tasks if you haven't hired for it yet

Thanks

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Calendly: https://calendly.com/jlin97/touchbase