

ValueMetrics Internal Benchmarking Case Study

A 22% group improvement in profitability was achieved in just three months through effective Performance Management

Company Overview

Industry Sector:

Fast Food Service Industry

Employees:

Over 450,000 employees worldwide

Sales: Revenue in excess of £10 billion

Background:

This fast food chain now serves over 10 million customers daily in over 100 countries worldwide

Business Challenges

■ Lacked any visibility over non-financial Metrics

The organisation is made up of Franchisees and Franchisors resulting in a disjointed view between the two.

■ Unfocused measurement on ownership and not performance

Focus was directed to ownership of the stores and not over performance resulting in non-optimal improved performance and unsatisfactory profitability.

■ Disparity between performance of over 400 stores

Performance measurement needed to be standardised taking into account different store locations, sizes and socioeconomic factors.

■ Inaccurate and unfair performance measurement across geographical segmentation of stores – Rural vs. Urban

Rural stores and urban stores were measured against the same financial metrics regardless of differences in external influences resulting in rural stores being exposed as consistently underperforming.

Solution

■ Research and Analysis

The greatest challenge was to determine the different store types and geographic regions as well as understand the psychographics and demographics behind these stores. Once this was achieved we could cluster the stores into groups who were similar to one another in terms of external influences and geographic regions and identify the superior performers.

■ Created the concept of 'Lookalike' stores

We then created the lookalike concept where we base lined the data of those stores with a lookalike store. Instead of just focusing on profitability, which we saw as lagging indicators, we identified measures that contributed to revenue e.g. average order time, average order size and time it takes to be served.

■ Central Comparative Dashboards for all stores and their Lookalikes

We then created Performance Dashboards for the stores and lookalikes based on the key performance metrics we had identified. All dashboards including the lookalike dashboards were available to view through the Central Dashboard allowing instant comparative analysis between stores and their lookalikes.

■ Incorporated Internal Benchmarking and Best Practice

The project focused on Internal benchmarking within the organisation. With the data generated from research of over 400 stores we crunched the data and determined what internal benchmarks they should be aiming towards in terms of average order size etc within their cluster. With visibility of such performance measures, through the dashboards, stores could seek to learn from one another and establish best practice.

Benefits

■ Improved Accumulated profit

Not only were stores interested in improving their performance they also had a vested interest in improving the performance of their cluster. Stores wanted to achieve the status of their lookalike or best in class.

■ Allowed for visibility across all 400 stores

The visibility that the Central Comparative Dashboard provided meant that Head Office and individual stores had complete visibility over performance individually and as a whole. Measures were fair and accurate according to what cluster stores were grouped in, resulting in informed reliable decisions being made.

■ Created healthy 'competition' between similar stores

Individual stores could continuously compare performance metrics against other stores and see where they were under-performing against the 'competition'. This enabled them to concentrate on underperforming areas resulting in continuous improvement.

■ Increased communication and motivational improvement

Stores were now able to approach other high performing stores within the network and learn from their experiences, resulting in a collaborative approach in performance improvement within their cluster. In turn this motivated employees who now had stores to aspire to and specific targets to aim towards.

■ Improved performance of new stores instantly

Due to Internal Benchmarking, new store openings had a set standard of practice to work towards, consisting of measures and performance expectations providing clear direction instantly. With this information at hand stores were quick to adopt this performance management approach and see positive results quickly.



Why ValueMetrics?

ValueMetrics has over 10 years' experience in helping organisations reach optimum performance excellence by aligning operational activity with strategic objectives across all business units including the supply chain and operational areas.

By combining our methodology, processes and software tools delivered with business insight and expertise we enable organisations to achieve better results faster through sustainable performance improvement.