

# How to Design the Data and Analytics for Strategic Performance Dashboards



By Michael Kightley

As in the case of [Reckitt Benckiser](#), well-designed strategic performance dashboards can have a transformative effect on a business. So, what are the important principles that make such dashboards effective?

Each day businesses carry out a great number of activities. However, some activities are more important than others. These are the activities on which the company's strategic position rests. It's these strategic activities that deliver exceptional returns i.e. above the market average. The success of a CEO's strategy will depend on successfully communicating these priorities and aligning people behind them. At any scale, the only way to achieve this is through strategic performance dashboards.

A success story, I worked on and saw at first hand which always helps me illustrate the importance of well-designed strategic dashboards, was at Reckitt Benckiser in early 2001. We were developing a strategic dashboard for the CEO [Bart Becht](#). He had just been appointed CEO of the company following a merger, which had left the company with a muddle of different brands across global markets. Bart's strategy was to take this broad portfolio and turn it into a focussed set of global power brands. Such global brands could then command premium prices. The challenge was that local market teams across the organisation were emotionally invested in the local brands they'd been nurturing for years. To be successful he needed to cut investment in local brands and challenge the investment behind the strategic activity of brand building for global power brands. Bart was very clear in what he wanted for the dashboard design. His design would focus everyone's energies on

building the power brands, monitor the associated activities and tie rewards to the performance of the power brands. Therefore, the dashboards tracked resources going into brand building and how successfully those brands were gaining market share. The performance was not only measured at global level, but at every responsibility area at every organisational level. The dashboard was so impactful, that teams across the globe would pin a copy of the latest dashboards to their team board. Over the following decade Reckitt Benckiser outperformed its own aggressive growth and profitability targets in every single year and Bart personally benefitted to the tune of £70 million in a performance bonus.

Every business' strategic dashboard will be different, but there are some key principles and approaches that can be helpful to bear in mind.

## Selecting the Right KPIs

KPIs fall into two groups. *Input measures* such as media spend, and *output measures* such as sales growth compared to market growth. It is important to measure KPIs that relate to both inputs and outputs. This is because some inputs have a long-term impact that can't be measured by short term outputs. For example, media spend will have a long-term impact on brand health, while promotional spend will have a shorter-term tactical impact on sales.

The choice of KPIs must not be too complicated and good judgements must be made about which KPIs are most important to include. Good strategic performance dashboards KPIs are ones that cannot be "gamed".

## Engaging People in the Design

Engaging people in the design ensures that you reflect their understanding of the important relationships between the KPIs and the shared model they have of the business drivers. It's important to ask people about past experiences and significant events which impacted on performance, to ensure that these are covered in the design.

The process of engaging people will also help surface a shared mental model of the business, which will be supported by the final dashboard design. It will also start the important process of standardising and gaining agreement on the definitions that will be used across the business.

## Predictive Analytics

Predictive analytics has a specific role to play in strategic dashboards. By projecting results weighted on a recent trend, it can provide a warning of the significant impact a deviation might have unless early corrective action is taken. Drawing attention to these before they become obvious concerns (or problems), is a powerful tool.

## Visualisation and Dashboard Design

Designing a dashboard is an art, but it's one that's based on an understanding of what's important, an understanding of the relationships that exist between drivers and outputs and the way that people think about the business. This means that it isn't something that can be achieved without having followed the previous principles and having gained a real appreciation and understanding of the business.



A strategic performance dashboard design is one people will be looking at regularly. That means that the design can be a little more ambitious or complex, than it otherwise might be; a lot of visuals are designed to be understood intuitively, but as the expectation here is that people will develop a high level of familiarity with the dashboards, there is more leeway. Bad design will, however, render the dashboards ineffective.

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Well-designed dashboards monitor strategically important activities and the specific priorities within them. They provide early warning signals of under-performing or misaligned activity and its predicted impact. It highlights causal issues so that they can be addressed promptly. The speed with which users agree and implement action reflect their confidence in a shared causal model of the business.

