



PART 2
**KEY PERFORMANCE
INDICATORS**
WORKBOOKS



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KPI TEMPLATE INSTRUCTIONS Part 2



Welcome to Part 2 in the world of **Key Performance Indicators (KPI)** and taking a big step in understanding what is truly going on within your business! By now, you should be well on your way and becoming even more comfortable with recording pertinent data and analyzing those numbers.

In Part 1, we learned about the “foundation KPI”. It is now time to build on that! If you haven’t looked at Key Performance Indicators for the Pet Care Industry Part 1, you might take this opportunity to go back and familiarize yourself with those metrics. In Part 2 we will be building upon those metrics, introducing new metrics and hopefully educating ourselves along the way.

As in Part 1, we don’t need a degree in accounting to understand the vast majority of indicators that will help guide us through making smart business decisions, but we do need a process to evaluate any number of metrics that are affected by those decisions. The more we learn, the more we understand the how, what and whys of the various metrics we choose to monitor. Maybe some of us have even created our own personal metrics for our businesses along the way!

Don’t worry if you are not comfortable in using every template from the start. It’s okay! Add a new template or two to your analysis each month. Take this at YOUR pace. The KPI templates are actually designed for the novice with detailed instructions for each spreadsheet’s use. Experts will find the format welcoming and straight forward. Don’t see a service on the spreadsheet that you offer? No problem! You can add it or change any title! KPI can and should be customized to your own business. As you progress and your business changes over time so will your KPI and the spreadsheets you use to monitor your success!

NOTE: Most templates can be adapted. Column names can be changed to reflect individual services.

KPI are an integral part in measuring how well each individual service and your business as a whole are doing. Your KPI will be *personal* to your facility. That is, most

KPI will give you data that cannot be correlated to the entire industry. They will give you individualized ratios and numbers that you can utilize to measure your year over year (YOY) performance.



Some, such as Incident or complaint ratios, produce a figure that can actually be compared industry wide. It is important that you compare “apples to apples” so we want to be looking at statistics for similar times over the year. This could include looking at June of this year versus June of last year, Thanksgiving this year to Thanksgiving of last year, or even total numbers of this year versus total numbers of last year.

You can get creative and look at *any time period* you want! Just ensure that you look at the same time periods when comparing data. Other metrics in this advanced set of KPI (such as SEO Placement) can be compared to any time period and not just YOY.

We can keep an electronic record on our computers or we can print out hard copies for reports as needed. We recommend that you keep data for at least 3 years, but more is better. Data that is saved over the life of your facility will give you insight on what to expect from a variety of things, such as certain marketing campaigns to how we might be affected during different economic cycles. We even suggest that you consider keeping a set of originals in a Master folder and then save each working year. This gives us the ability to go back to the original set if something is accidentally updated in formulas.

So, are you ready to take even more control of your business? Okay! Let's get started on our next level of tracking those metrics!

Are we growing the business or losing business?

If we are losing business or staying the same, we can take action in order to correct that deficiency...or maybe the extra service is something we should just do away with since it may not be profitable enough to maintain going forward.

1. Set up the spreadsheet by ensuring the proper month and year are in the upper left hand column.
2. Create abbreviations or acronyms for each of the services offered and substitute those in the columns labeled "Service 1, Service 2, etc.". Ensure the abbreviation or acronym is short enough to fit within the column width.
3. Record the total number of each extra service performed for that day. The spreadsheet will automatically keep a running total for each service throughout the month. This total number will be utilized on our next spreadsheet, Extra Services Ratios.
4. Use a new sheet for each month of the year.

Extra Services Ratios

This spreadsheet will give us concrete data on which services are selling well (or not), the number of extra services per day we can anticipate going forward (which will aid in predicting staffing levels), and will also give us metrics to utilize when evaluating pricing models and subsequent price increases. We want to see higher numbers in both the ratio and average/day columns. The higher the number, the more extra services staff has sold.

The spreadsheet includes up to 10 extra services to monitor. But what if we don't have 10 extra services offered? No problem! Just record the data for those that you do have and leave the others blank as the formulas will not be effected. The spreadsheet will total all of the data for the extra services you utilize for evaluation on a monthly and annual basis. Since our industry is typically cyclical, the monthly data can be utilized to predict what to expect



for the same time periods next year. It will also tell us if we are growing these services over time.

1. Pull up the Extra Service Ratios spreadsheet and put your own extra services into each row. For example, if you offer a “Pampered Pet” package, change the “# of Service 1” to “# of Pampered Pet”. Also change the next two rows under “Service 1” to “Pampered Pet”. This is what the rows would look like when you are done:

of Pampered Pet
Pampered Pet Ratio (%)
Pampered Pet Avg/Day

2. From the KPI Part 1 monthly crib sheet (or your Point of Sale software), obtain the total number of dogs (cats) boarded for the month. Record that number under the appropriate heading.
3. Using the Extra Services monthly crib sheet, obtain the total number of pets serviced for each individual service. Record those numbers under the appropriate headings. The spreadsheet will automatically calculate the metrics needed.

NOTE: You can adapt this spreadsheet for groomers, day care only centers, trainers and so on by simply changing the word “Boarding” and insert “Groom” or “Day Camps” or “Trained” and so on.

4. Start a new sheet for each year and record the year in the upper left hand column.

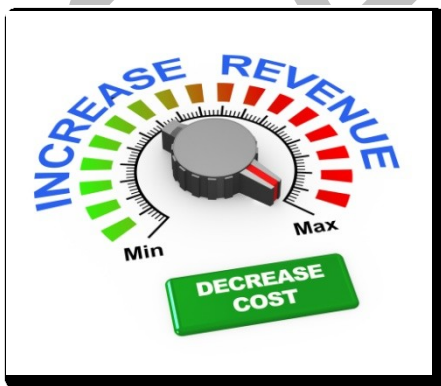
Net Profit

Now we are getting down to the bottom line in this metric! Net profit is typically expressed as a percentage (%) of gross revenues. In this spreadsheet, we will identify both the actual dollar figure as well as % net profit. This spreadsheet is not intended to replace your accounting reports that should be provided to you on a monthly basis.

On the contrary, there could be some figures that are handled differently from an accounting standpoint than what we will do here. Our intent is to keep this very basic and provide a method that is easily understood by those of us who do not have accounting degrees. This spreadsheet should not be used for tax purposes as it is not all inclusive of various accounting practices that aids all of us in paying only the taxes required by law, that is, minimizing the taxes we pay!



Simply put, net profit is gross revenue minus gross operating costs. To express that as a percent, we divide our net profit by the gross revenue. In this spreadsheet, we'll take these figures a little bit further than simply working with gross revenues and gross operating costs. We are going to back out labor costs from operating costs simply because there are other KPI that we are already measuring utilizing labor costs by themselves (See KPI Part 1). We will list labor costs separately from operating costs, but we will list them both as separate line items.



Operating costs on this spreadsheet will be all costs minus labor costs. For those who have retail operations, we will either have to include the cost of goods within the operating costs figure and then include the gross revenue of that sale under gross revenue OR simply put net revenue from those sales under gross revenue. Different facilities track this differently so ensure you are accurate in your accounting of retail operations.

The net profit metric can be utilized to see how well your bottom line is doing. A larger facility may have a lower percent net profit than a smaller one, but the actual dollar amount will be much more. Net profit gives us an opportunity to set goals and then

work the numbers to see if that goal is attainable or not. What are we comfortable with given our location, size, acceptable work load and operational methods? If we added staff or services, did we realize the expected increases to our net profit or did we lose ground? With all of this in mind, let's get to filling out the spreadsheet!

1. Record Gross Revenue in the appropriate column. You can obtain this figure from either Level 1 KPI Kennel Income spreadsheet, other software that tracks this information, or the Profit/Loss statements provided by your accountant. For those who sell retail and track this separately, ensure that you either record only your *net income from retail sales* in this figure or the gross proceeds from sales but also include the cost of your goods under Operating Costs.
2. Record your total cost of Labor under Labor Costs. Again, different accountants track this differently so you need to ensure that you are recording this correctly. If your accounting reports includes these costs under Operating Costs, then you can either pull that figure out and record it here or simply include the labor costs under Operating Costs and leave this row blank. Labor can be obtained from Level 1 KPI spreadsheet Labor to Revenue spreadsheet, other software that tracks this information, or the Profit/Loss statements provided by our accountant.
3. Record your total Operating Costs. This information can be obtained from software that tracks this information or from the Profit/Lost statements from our accountant. See limitations on cost of labor above.
4. Your net profit will be automatically calculated in an actual dollar figure, as well as in percent form. These figures will be available for each month and as annual figures.

Marketing Workbook



Marketing results, much like accounting, can be difficult to understand and interpret. And just like accounting, every major university in the country offers degrees in the area of marketing! Most of us do not have the time nor the desire to obtain such an understanding of the marketing world. Yet, we do need to understand some of it to

make intelligent decisions. We will never get away from needing to advertise and market our products and services.

For most of us, we have simply used this service or that service in getting the word out about our facilities. We have loosely observed our results and if revenue went up that month, we assume that it must be from the marketing. Radio ads, print ads, pet adoption events, movie theater or airport ads and online products are available and heavily pushed by sales people. So, how do we know if our marketing campaigns are worth the cost and effort that we put into them? The simple answer is that we may never know as human behavior is difficult to pin down.

A radio ad may have been heard by a potential client, but they don't specifically remember that ad or your contact information by the time they are looking for the services you offer some 3 months later. They do an internet search and your facility pops up (hopefully on page 1) and they subconsciously think "I've heard good things about them" and call. When you ask how they heard of you, they tell you that they simply did an internet search. Yet, that radio ad (or other media) may have been the seed that was planted and its results did not come to fruition until months later and completely unknown by the client themselves!

These kinds of details can never be measured to a degree of high accuracy. However, there are some items that we should note in today's world, and there are metrics that we can monitor to measure how well some individual efforts, and certainly our collective efforts, are paying off:

1. The vast majority of our market can and will use the internet to find us. Even if they already know our facility, they will look us up on various search engines to find our contact information. It is imperative that we are at least on page 1 of search results and hopefully have a high placement on that page's organic results! We also want to keep them on our website as long as possible and not go to our competitor's website.
2. Almost everyone has an email address and they use it!
3. Although most people will not give a thought of writing an online review about your facility, they will read them. A sad truth is that it is harder to get a positive review from an excellent client than it is to get a negative review from someone who was just passing through and didn't like your check out policies (or something else that had nothing to do with the quality of care received). Make someone happy and they tell 5 people. Make them mad and they will tell 100. Yet, if we are seeing more and more negative reviews, then maybe we really should take a serious look at how we are doing business.

REVENUE PER PET SERVICED

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
3	# of Service 1															
4	Revenue															
5	Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
6																
7	# of Service 2															
8	Revenue															
9	Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
10																
11	# of Service 3															
12	Revenue															
13	Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
14																
15	# of Service 4															
16	Revenue															
17	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
18																
19	# of Service 5															
20	Revenue															
21	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
22																
23	# of Service 6															
24	Revenue															
25	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
26																
27	# of Service 7															
28	Revenue															
29	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
30																
31	# of Service 8															
32	Revenue															
33	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
34																
35	# of Service 9															
36	Revenue															
37	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
38																
39	# of Service 10															
40	Revenue															
41	Avg Revenue/Pet	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
42																
43	Total Pets Serviced															
44	Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
45																



SAMPLE

