

## **NAPL Top Management Conference**

**March 8, 2007**

### **Strategic Assessments: A Road Map of How and What to Measure**

**Presented by Tim Fischer**

### **A Road Map of How and What to Measure Agenda**

- Review important measurement criteria
- Define and discuss PONC (price of non-conformance)
- Discuss key performance indicators
  - a) Sales
  - b) Financial
  - c) Manufacturing
  - d) Other Service PONC



Management wisdom says  
“You can’t improve what you don’t  
measure”



## **A Road Map of How and What to Measure Measurement Criteria**

- Measure processes not people
- Measure the important few, not the trivial many (Focus)
- Develop a scorecard (collection of key performance indicators)
- Make decisions based on data
- Go visual every chance you get



## A Road Map of How and What to Measure PONC

### Typical Non-conformance indicators

- Waste
- Downtime
- Excess Inventory
- Poor Make-readies
- Aged Receivables
- Farm-out losses
- Invoicing errors
- Plate remakes
- Billing lag
- Excess labor
- Waiting on materials
- Rework
- Bad files
- Inaccurate estimates
- Late Deliveries
- Long press checks
- Lost time accidents
- Poor quality
- Machine break downs
- Open machine time
- Incomplete orders



## A Road Map of How and What to Measure Sales performance indicators

<b>Sales Measurement</b>	<b>Frequency</b>	<b>Profit leader</b>
•Value-added % of Sales	Monthly	67 – 68%
•Booked Sales (\$) (backlog)	Weekly	
•# of Estimates	Weekly	
•Estimate Conversion %	Monthly	20 – 25%



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## Operational Performance Check

### Financial performance indicators

<b>Financial Measurement</b>	<b>Frequency</b>	<b>Profit leader</b>
•Gross Profit % of VA Sales	Monthly	40 - 45%
•Op. Income % of VA Sales	Monthly	11 - 16%
•VA Sales \$ per Employee	Monthly	\$90M - \$105M
•Billing Lag (# days)	Monthly	
•Days Receivables	Monthly	43 – 54 days
•Days of Paper Inventory	Monthly	10 - 16 days

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## A Road Map of How and What to Measure

### Mfg. Performance Indicators

<b>Mfg. Measurement</b>	<b>Frequency</b>	<b>Profit leader</b>
•Utilization (billable hrs./total hrs)	Weekly	65 - 70%
•Operating Efficiency (charge hrs./available hrs.)	Weekly	83 - 87%
•Good Imps. per Charge hr.	Weekly	
•Paper Waste %	Monthly	5 - 8%
•Plate Remake %	Monthly	2 - 5 %
•Overtime % (Premium \$/ Total \$)	Monthly	8 - 10%

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## A Road Map of How and What to Measure P.O.N.C. Performance Indicators

<b>P.O.N.C. Measurement</b>	<b>Frequency</b>	<b>Profit leader</b>
• # of Customer Non-Conformances	Weekly	
• On-time delivery %	Weekly	95 - 100%
• Rework \$	Monthly	
• OSHA Recordable Injuries	Daily	2 - 5 per year
• Lost-Time Accidents	Daily	0

## A Road Map of How and What to Measure Additional Resources

- **State of the Industry Report ~ NAPL**
- **Performance Indicator Program ~ NAPL**
- **2006-2007 Operating Ratio Study ~ NAQP**
- **2006-2007 Pricing Study ~ NAQP**
- **Activity-Based Costing for Printers ~ NAPL**
- **Hourly Cost Studies ~ NAPL**
- **The Printers Guide to Waste Reduction ~ NAPL**



These resources and others are available by calling  
1-800-642-6275 or order on-line @ [www.napl.org/store](http://www.napl.org/store)