

DEVELOPING DASHBOARDS:

Performance at a Glance

by David L. Evans, M.A.

Brought to you by the
Medical Fitness
Association
www.medicalfitness.org



LEARNING OBJECTIVE

- To introduce the reader to the benefits of developing operational dashboards for their health and fitness center management team and outline important steps they need to take to create effective dashboards for their center.

Key words:

Scorecard, Measurement, Monitor, Management, Decisions

Having been the director of two medically integrated health and wellness centers for a combined 16 years, and now consulting with various types of fitness and wellness centers across the country, I can say firsthand how important it is for a center's leadership team to have access to key information about the center's performance for them to be able to make wise informed decisions. Unfortunately, too often, this kind of key information is not available at all, is available but is "buried" in detailed data and reports, or is delayed in getting to the leadership team in a timely fashion. Nevertheless, the fact remains that managers need accurate and timely information to truly manage their areas of responsibility effectively.

To quote Jac Fitz-enz from his book *Background and History of Measurement-Based Management*, "without metrics, managers are only caretakers. They are administrators of processes" (3). Wayne Eckerson states in his book *Performance Dashboards: Measuring, Monitoring, and Managing Your Business*, "Strong leaders need more than just the force of their personality and experience to focus an organization. They need an information system that helps them clearly and

concisely communicate key strategies and goals to all employees on a personal basis every day. It should measure performance, reward positive contributions, and align efforts so that workers in every group and level of the organization are marching together toward the same destination" (2).

I actually had a "wake up call" about this very issue several years ago in a budget planning meeting with my management staff. At the beginning of the meeting, each person in attendance placed a different tool (e.g., hammer, screwdriver, pliers) in the center of the conference table. The spokesperson for the group (who must have drawn the short straw) then proceeded to say "if you will give us the tools we need, we can then give you the answers you need." Well, after I swallowed some pride and my face returned from red to normal, I got their message loud and clear (who could miss it) and realized that I had been asking them to give me information about their respective areas of responsibility but had not been giving them the resources or "tools" to do so. To make matters even worse, I realized that I was one of the biggest reasons for their lack of knowledge about their areas because much of the important information that came across my desk was simply not being distributed effectively to my management team. As a result, we soon began the process of clarifying key information each manager needed to manage their respective areas effectively and what information I needed to perform my duties as the director of the center. The other lesson learned from this process was that, as the director of the center, I had been spending too much time searching for and getting bogged down in detailed information about each department instead of spending my time looking at the bigger picture,

Developing Dashboards

identifying performance trends, and proactively planning and making decisions based on that information.

One successful way of providing this kind of performance information is by developing a one-page “Dashboard.” So...what is a dashboard? How is it different from a balanced scorecard or other kinds of management reports? A dashboard is a reporting tool that provides “real-time” proactive information about key operational performance indicators. In addition, dashboard information can be viewed “at a glance,” sometimes resulting in immediate action and decisions. By contrast, a balanced scorecard shows progress toward certain strategic goals and objectives often relying on multiple pieces of information and points of view and takes time to assimilate. For example, a sales dashboard might include the number of sales closed during last week, whereas a balanced scorecard might include the return on investment of a specific advertising campaign over time. For further information about balanced scorecards, see *ACSM's Health & Fitness Journal*® for an article by Don Jones, Ph.D., titled “Balanced Scorecards: Improving Your Outcomes Measures” (4).

Some of the benefits of an operational dashboard include the following:

1. provides a snapshot of the overall performance of the entire business or a specific department
2. provides an early indication of negative performance trends so corrections can be made quickly
3. shows the impact of new programs, policies, procedures, and operational strategies
4. shows the performance of key financial variables in advance of monthly, quarterly, and annual reports
5. helps foster the discipline and culture of measurement and accountability among the leadership team
6. provides more “transparency” within the overall center among the leadership team.

To help define an operational dashboard, let's begin by using an automobile as an example because that is where the term *dashboard* originates. Regardless of the make or model, all automobile dashboards show the most critical information about how the car is performing such as temperature of the engine, engine oil pressure, electrical current from the engine to the rest of the car components, revolution per minute of the engine, amount of gasoline in the engine, and how fast the car is traveling. Notice that the critical metrics on the automobile dashboard are related to how the engine—the “heart” of the car—is performing and do not require a great deal of time to see. In fact, a quick glance will suffice. Beyond the basics, more advanced dashboards include information that indicates things that are less critical but which are still important and need to be addressed such as a turn signal not working, a seat

belt not fastened, or a door being ajar. The real value of both the basic and advanced information is that it is provided “real time” and decisions can be made that require either an immediate or delayed response such as *you are about to run out of gas* versus *it's time for a scheduled oil change*.

Let's now translate this into the kinds of things you and your leadership team might want to consider for your health and fitness center's dashboards.

WHAT SHOULD YOU MONITOR?

To get started, you need to identify the most important metrics that relate to the “engine” of the center and key departments within the center. Also, be sure to include your management team in selecting the various metrics. This way they will take more ownership in the dashboard instead of just having to use what is given to them. Remember, a dashboard is intended to help you see the most important performance indicators “at a glance,” so it is important not to include lots of detailed information on your dashboard. I suggest that there not be more than 10 items on a dashboard. Ask yourself these questions:

1. What are the most important things I need to know about my area of responsibility and
2. Does it pass the “so what” test? When you look at this piece of information, does it really matter? Does it elicit any actions on your part? Does it help you make a decision?

If not, then don't include it in your dashboard.

In the 2008 edition of *Benchmarks for Success* (1), the Medical Fitness Association (MFA) provides a list of scorecard measurements that might help you identify some metrics to include in your dashboard(s) design. Below are some of the key performance indicators included in the MFA's lists. Some of these metrics could apply to a center's overall performance and to specific departmental performance.

- Total number of members (individuals)
- Total membership accounts by type of membership (e.g., individual, couple, family, employee, senior, corporate)
- Member prospects (number of prospective members who visit the facility)
- New members enrolled
- Sales conversion percent (percentage of prospects who become members)
- Member terminations
- Member attrition percent (terminations as percent of beginning number of members)
- Net membership growth rate

- Medical referrals in (members referred from clinical services or physicians)
- Medical referrals out (members referred to clinical services or physicians)
- Total member visits per week
- Percent of active members to total members (*active* defined as using the center an average of four times per month)
- Total participants by type of program (*e.g.*, exercise classes, personal training, wellness education, camps)
- Total revenues
- Nondues revenue as a percentage of total revenues
- Revenue per member
- Total expenses
- Payroll and benefits expense
- Personnel costs as a percentage of total revenues
- Marketing costs
- Marketing cost per new member
- Net operating margin (total revenues less total expenses)
- Operating margin as a percentage of total revenues
- Bad debts as a percentage of total revenues

Additional metrics for consideration that are not included in the MFA list include the following:

- number of Web site hits
- number of visitors who use the center
- number of member complaints
- member attendance (day and time)
- specific program volumes or revenue (personal training, massage, Pilates, etc.)

Each department should have its own dashboard. Below is an example of metrics that could be included in a sales department dashboard. Depending on your center’s capabilities, these metrics could be presented in table, graph, and/or chart formats.

	This Week	MOD	YTD
Membership total			
New members			
Terminated members			
Membership attrition percentage			
Number of new leads			
Source of new leads			
Lead to sales conversion percentage			
Marketing expense per new member			

DATA AVAILABILITY

Once you have identified the key metrics to include in your dashboard, you need to determine the source and availability of that information. Too often, the kind of data and information needed is locked away somewhere “upstream” in system or corporate level reports that eventually find their way “downstream” to the center. Additionally, sometimes the data needed are not monitored separately or specifically for the center and are allocated based on the size of the center, full-time equivalents (FTEs), or amount of gross revenues. If this is the case for your center, you need to determine if there are ways you can track the specific metrics you need by internal means. By contrast, some major corporations and most large production companies literally integrate their management dashboards with their production and operational computer systems to be able to see real-time levels of inventory, production times and volumes, employee productivity, and the like. These systems can cost several hundred thousand dollars to design, implement, and maintain. Although it is most likely impractical for your center’s dashboard to be literally connected to this kind of real-time data, you nonetheless need to develop effective and efficient internal processes that will allow your center’s dashboard to be populated with the most current and accurate data possible. Ideally, an effective dashboard would be updated weekly; however, some centers might not have the ability to provide real-time data that frequently. In that case, the dashboard should at least be updated monthly. And while containing significant information, it is important to note that monthly financial reports are actually “lagging indicators” of performance that often are significantly delayed well after a reporting period closes. As a result, key metrics that will impact financial performance should be included in a dashboard, whereas some financial information can wait to be included in “after the fact” financial reports.

DATA INTEGRITY

Data quality is another critical variable of an effective dashboard. It really doesn’t matter if you get information in a timely manner if it is not reliable. The old saying of “garbage in, garbage out” certainly applies to the value of a dashboard. If you or your leadership team feel that the information provided in a dashboard is not up-to-date and reliable, the entire process of populating the dashboard is a waste of time and resources. If your dashboard is not a useful tool, then there is usually something wrong with the metrics selected, the quality of the data that supports the metrics, or the process used for collecting the data. The backbone of any effective dashboard is reliable and accurate data.

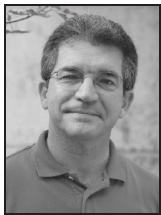
COMMITMENT

Finally, it will take a significant commitment in time and resources to set up your dashboard systems, but the goal should be that, once it is developed, it requires a minimum amount of time and effort for the dashboard to be populated on a timely

Developing Dashboards

and ongoing basis. There are several companies that provide dashboard templates and software should you be able to invest in this kind of technology. You also might consider working with your hospital's IT department to help you determine how much of the information you need can be accessed or downloaded directly to your dashboard. Also, don't hesitate to contact your club management software company to determine if they might be able to help you pull data from your center's management software to populate your dashboards. And finally, you can always do a "Google" search as a place to start learning more about specific dashboards and available resources.

Let me emphasize again that the information included in a dashboard should only include that which will help with decision making. In other words, if the information on a dashboard is not helpful in planning and decision making, then don't go through the effort of collecting and reporting the information. However, you, your management team, and ultimately your members will certainly benefit from the time and effort required to develop and maintain effective dashboards.



David L. Evans, M.A., is the founder and principal of Meritage, he has more than 24 years of experience in the development and management of hospital-affiliated and corporate health and fitness centers. Additionally, he has experience with the assessment of medical fitness center programming, staffing, operational performance, and competitive analysis. Before founding Meritage, he served for a combined 16 years as the managing director of the Nashville Baptist Fitness Center and Baylor-Tom Landry Sports Medicine and Research Center in Dallas, both of which are hospital-based sports medicine, fitness, and aquatic centers. In these roles, he was responsible for the development, start-up, and ongoing management of the operational procedures, staffing, programs and services, quality

control, customer satisfaction, and financial performance of the center. Additionally, he has experience as a professional athletic trainer for high school, collegiate, and professional sports teams, has served as a research associate for the nationally renowned Cooper Aerobics Center in Dallas, and was the director of Preventive Health Services for Baylor Health Care System.

References

1. *Benchmarks for Success*. Richmond (VA): Medical Fitness Association; 2008. ii.
2. Eckerson W. *Performance Dashboards: Measuring, Monitoring, and Managing Your Business*. Hoboken (NJ): John Wiley & Sons; 2005. p. 4.
3. Fitz-enz J. *Benchmarking Staff Performance: How Staff Departments Can Enhance Their Value to the Customer*. San Francisco (CA): Jossey-Bass; 1993. p. 72.
4. Jones DL. Balanced scorecards: improving your outcomes measures. *ACSM's Health & Fitness Journal*[®]. 2006;10(12):28-31.

CONDENSED VERSION AND BOTTOM LINE

Operational dashboards can serve as an effective tool to help your leadership team quickly and consistently monitor the performance of their respective areas of responsibilities. However, to be effective, each dashboard must reflect the most important metrics of performance related to its respective area, should be updated frequently with reliable current data that can be reviewed and interpreted "at a glance," and requires a true commitment by the entire leadership team relative to the development and ongoing use of the dashboard. Providing and properly using these "tools" will go a long way in helping your leadership team make important real-time decisions that will ultimately impact the success of your center.