4 Vital Signs You Need to Watch to Keep Your Enterprise Healthy

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Building a winning business is hard, but sometimes it’s difficult to tell if things are harder than they need to be.

It’s like you are in a long-distance bicycle race, and you find yourself pumping along as fast as you can, but you are struggling to keep up. You pedal harder, but other riders keep passing you by.

Perhaps that you aren’t as strong or haven’t trained as hard. Is your racing strategy insufficient? Or is there something else slowing you down — sand in the gears and it’s affecting your performance?

While you are in the race, it can be hard to know. Sometimes it’s the last thing you’d expect that becomes a major drag on your performance.

In business, it could be a long-standing employee who retires, taking decades of experience and processes out the door with them. That kind of institutional memory is difficult, if not impossible, for most companies to replace.

Or maybe it’s something as simple as keeping paper records instead of digital. That system may have worked fine for decades, but in 2020 not tapping the full power of your data could very well be holding your organization back from its

full potential.

These may not seem like big problems, but they represent blind spots that can drag down even the most successful business. They are hard for leaders to spot in real-time because of tunnel vision focused on the day-to-day.

But the opportunity to do better exists. It requires a holistic approach that goes beyond monitoring basic performance indicators like revenue and expenses.

Like modern medicine, it starts with vital signs.

A scientific approach

In his 2009 book, *The Checklist Manifesto*, author and surgeon Atul Gawande drew a direct connection between efficiency and the use of simple checklists, which are commonly used by doctors to determine which steps to take to help a given patient. Is their temperature elevated? What's their blood pressure? How's their breathing?

This checklist approach works, according to Gawande, because it reduces the complexity of all the different variables that can be tracked. The four primary vital signs can tell hospital staff the most, with the least effort.

It's the same in business.

Eliminating the complexity by focusing only on those metrics that truly matter to business health allows leaders to remain focused on real impacts and gain new insights. Just like a doctor would look at a patient's vital signs – body temperature, pulse, respiration rate, and blood pressure – there are four business vital signs that I've isolated over the years. They serve as leading indicators of potential trouble in a business:

1. Inbound volume

The amount of business or work coming into the organization, in terms of sales or otherwise, is the starting point for all business vital signs. A large influx of inbound volume might mean you'll need to either reset expectations with customers because of slowing delivery times or that you'll need to move resources from one area to another to keep up with demand.

2. Outbound volume

This is a measure of productivity; how much work is getting done and whether or not you're keeping up with what's coming in. Outbound volume is a good proxy for staffing levels and resource needs within a business, as it should be fairly well balanced off of inbound volume. When you're creating too much or too little to meet demand, no matter what your business, you have a problem.

3. Work in progress

If the number of widgets in the factory is climbing, does that mean inbound volume is increasing and we're scaling up to meet that need? Or is there something off with outbound volume and those numbers are decreasing? When there is too much-finished product piling up somewhere, for whatever reason, it is a sign that resources aren't aligned as they should be somewhere in the system.

4. Time to completion

Few things matter as much to customers as expected delivery and the status of their orders. That's why, for example, if you're in a situation where you have 2,000 open tickets and 10% of those have been open for longer than six months, it's clear there's a disconnect happening somewhere. What do you

need to do to get those tickets unstuck and closed?

Too often in business, decisions are by necessity, not design. But for even the most organized of leaders, reacting to challenges in the moment can be like driving while blindfolded. By tracking the right vital signs – universal metrics that apply to any business – companies can end the cycle of read and react, and implement real improvements.

You will regain control of the business without drowning in data.

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