



TIP OF THE WEEK

October 16, 2007

Did you ever think you were having a really great quarter only to find you were completely wrong? Traditional business reports are based on lagging indicators, which tell us what happened after the proverbial horse has left the barn. Adding predictive or leading indicators might give you enough advance warning to allow you to change course and affect the results. A predictive indicator helps us understand whether we're heading in the right direction. Say that we want to grow sales. A lagging indicator is sales volume to new customers for last month. A leading indicator would be how many new customers did we call on – because that helps us predict how many new customers we'll have in the future. Think about the two or three things that have to get done in your business this year and then think of the two or three predictive indicators that will tell you whether that's going to happen.

So a horse walks into a bar and the bartender says, "Why the long face." The horse says, "I wish I had more predictive indicators."

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Good luck. Work **ON** your business. Stay in touch.

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