

# Giving the Boss The Big Picture

A “dashboard” pulls up everything the CEO needs to run the show

BY SPENCER E. ANTE

IT WAS NEW YEAR'S EVE, 2003, and Oracle Corp. CEO Lawrence J. Ellison was on his honeymoon. He and his bride, romance novelist Melanie Craft, were relaxing on his 243-foot Katana yacht off St. Barts, the Caribbean island known as a haven for movie moguls and rock stars. But Ellison, for the umpteenth time, couldn't help himself. He climbed to his office on the upper deck of the Katana, fired up his computer, and logged on to the Web site of a small company called **NetSuite Inc.** It was the last day of the fiscal year, and Ellison, the co-founder of **NetSuite** and its largest investor, needed to know if the startup was going to meet its numbers.

Before the Internet, Ellison says, taking the pulse of a company was sort of ridiculous. To get the latest sales information, he would call several people and wait days for them to process financial reports that often were out of date by the time he got them. “You would use your cell phone and work on feelings,” he says.

But thanks to a new Web-based management tool known as a dashboard, Ellison had the information he needed in seconds. Like the instrument panel in a car, the computer version displays critical info in easy-to-read graphics, assembled from data pulled in real time from corporate software programs. Logging on to his dashboard for NetSuite, Ellison reviewed the financial data and saw surprisingly strong sales. He quickly called NetSuite CEO Zachary A. Nelson. Recalls Nelson: “The first thing he screams is: ‘Are the numbers on my dashboard right?’” Nelson looked at his own dashboard, but his sales data were lower. So he pushed a refresh button. “The information came up with the new orders, and it was the exact

same number,” says Nelson. “It was a very big high-five call.”

Since the advent of the mainframe in the 1950s, companies have dreamed of using computers to manage their businesses. But early efforts came up short, with technology that was too costly or too clunky. Now, thanks to the Net and dashboards, those dreams are starting to come true. Forrester Research Inc. analyst Keith Gile estimates that 40% of the 2,000 largest companies use the technology. Some of the most prominent chief executives in the world are believers, from Steven A. Ballmer at Microsoft and Ivan G. Seidenberg at Verizon Communications to Robert L. Nardelli at Home Depot. “The dashboard puts me and more and more of our executives in real-time touch with the business,” says Seidenberg. “The more eyes that see the results we're obtaining every day, the higher the quality of the decisions we can make.”

The dashboard is the CEO's killer app, making the gritty details of a business that are often buried deep within a large organization accessible at a glance to senior exec-



Graphic callouts were not part of original article.

# How to Score Points with a **Dashboard**

A dashboard is software that's used to present corporate information, **such as sales data and customer service requests, on a PC in colorful graphics, just like the speedometer of a car.** Here are a few tips for making your dashboard a success:

## 1. START SLOWLY

Do not ram a dashboard down employees' throats. It can be seen as a tool that threatens their privacy or autonomy. In the beginning, it's wise to highlight organizational performance instead of individual performance.

## 2. PICK THE RIGHT INFO

A dashboard is only as useful as the data behind it. That's why it's crucial to invest time up front identifying the most important metrics. Without the critical info, the system won't be used.

## 3. BUSINESS SHOULD DRIVE

Some corporations allow their tech team to oversee a dashboard project. This is a no-no. Managers and employees should guide the development, in conjunction with the techies.

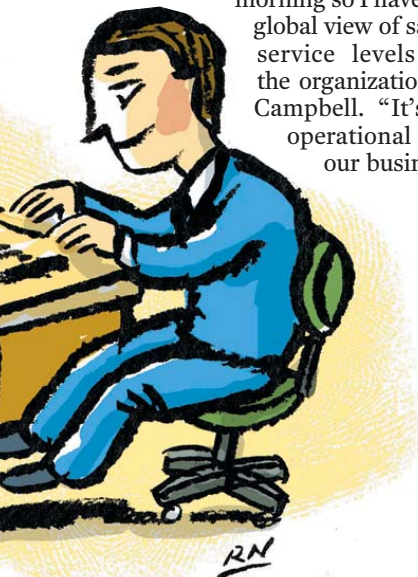
## 4. AVOID DATA OVERKILL

Displaying too much data may overwhelm and lead to micromanagement. Pick the six or seven most important metrics to show.

## 5. KEEP A PERSONAL TOUCH

Dashboards can be powerful tools to run your business, but don't spend all your time staring at the computer screen. Walking around and talking to workers will be at least as important.

atives. So powerful are the programs that they're beginning to change the nature of management, from an intuitive art into more of a science. Managers can see key changes in their businesses almost instantaneously—when salespeople falter or quality slides—and take quick, corrective action. At Verizon, Seidenberg and other executives can choose from among 300 metrics to put on their dashboards, from broadband sales to wireless subscriber defections. At General Electric Co., James P. Campbell, chief of the Consumer & Industrial division, which makes appliances and lighting products, tracks the number of orders coming in from each customer every day and compares that with targets. "I look at the digital dashboard the first thing in the morning so I have a quick global view of sales and service levels across the organization," says Campbell. "It's a key operational tool in our business."



The technology is particularly valuable to small companies, since most of them couldn't afford sophisticated software in the past. Up until about five years ago, dashboards had to be custom built, so the expense could run into the millions of dollars. Now, NetSuite and others offer products that run \$1,000 to \$2,000 a year per user. "NetSuite brought on a total change in the way the company works and thinks," says Nate Porter, vice-president of American Reporting Co., a Kirkland (Wash.) provider of credit reports and other mortgage services.

## PRIVACY CONCERNS

STILL, DASHBOARDS have drawn some flak. Critics say CEOs can miss the big picture if they're glued to their computer screens. GE agrees with that point. While business unit chiefs such as Campbell are active dashboard users, CEO Jeffrey Immelt is not, since he focuses on issues such as broad strategy and dealmaking that the technology can't yet capture.

Other critics fear dashboards are an alluring but destructive force, the latest incarnation of Big Brother. The concern is that companies will use the technology to invade the privacy of workers and wield it as a whip to keep them in line. Even managers who use dashboards admit the tools can raise pressure on employees, create divisions

in the office, and lead workers to hoard information.

One common concern is that dashboards can hurt morale. Consider the case of Little Earth Productions Inc., a Pittsburgh clothing manufacturer. The company uses NetSuite's tools to monitor the amount of business each salesperson has brought in and then displays it publicly. "You do feel bummed out sometimes if you are low on the list," says Ronisue Koller, a Little Earth salesperson.

Those pressures can lead to even bigger disruptions. NetSuite CEO Nelson says his dashboard allows him to read every e-mail sent by the sales staff and to inspect the leads of each salesperson. "It's frightening," he says. And it can have serious consequences. Once a month, Nelson plays "lead fairy" and looks at what sales leads have been followed up on and which ones haven't. One salesman quit when Nelson wrested away his sales leads that were not being used and gave them to others who were out of leads. "This raised enormous hackles in the company," says Nelson. "That's fine with me because he wasn't doing his job anyway."

**Now the CEO can read every e-mail sent by the sales staff**

Still, most management experts think the rewards are well worth the risks. They caution that executives should roll out the systems slowly and avoid highlighting individual performance, at least at first. They also underscore the need for business lead-



ers to spend time up-front figuring out which metrics are the most useful to track. But that's a question of how to use the technology, not whether to implement it. "You can't manage something you can't measure," says Ken Rau, managing partner at Bay Area Consulting Group LLC in San Francisco. "Dashboards are one of management's key techniques to make sure an organization is performing according to its objectives."

The intellectual foundation for dashboards was laid down in the late 1970s with the academic field of decision support systems. DSS introduced the idea that computer systems could be used to aid the process of decision-making. But it wasn't until the late 1990s, as the Internet linked up computers around the world, that companies began building the dashboards of today. In 1998, GE was one of the first companies to cobble together its own proprietary technology. The trend picked up steam after the recession of 2001, when efficiency became a priority. In the past few years, a new wave of software makers—including NetSuite, Salesforce.com, and Hyperion Solutions—have begun making dashboards that are even cheaper and easier to use.

## A MUST-HAVE

**NETSUITE**, BASED IN San Mateo, Calif., was founded in 1998 by Ellison and Evan Goldberg, a former top software engineer at Oracle. In 2002, Nelson took over the company after leaving Network Associates. Today the company offers everything from dashboards to marketing software to tools for setting up an e-commerce Web site. NetSuite claims more than 7,000 customers, most of them small and midsize businesses. In 2005, it was the second-fastest-growing technology company in North America based on five-year sales growth, according to consultant Deloitte. And last year it was on track to hit \$70 million in sales, up from \$41 million in 2004.

One big fan of dashboards is Microsoft Corp., which of course makes plenty of business software itself. Jeff Raikes, president of the Microsoft division that makes its Microsoft Office software, says that more than half of its employees use dashboards, including Ballmer and

## What's On Your Dashboard?



**Steve Ballmer**  
**MICROSOFT**

Ballmer requires his top officers to bring their dashboards with them into one-on-one meetings. Ballmer zeroes in on such metrics as sales, customer satisfaction, and status of key products under development.



**Ivan Seidenberg**  
**VERIZON**

Seidenberg and others can choose from more than 300 metrics to put on their dashboards, from broadband sales to wireless defections. Managers pick the metrics they want to track, and the dashboard flips the pages 24 hours a day.



**Jeff Immelt**  
**GENERAL ELECTRIC**

Many GE executives use dashboards to run their day-to-day operations, monitoring profits per product line and fill rates for orders. Immelt occasionally looks at a dashboard. But he relies on his managers to run the businesses so he can focus on the big picture.



**Larry Ellison**  
**ORACLE**

A fan of dashboards, Ellison uses them to track sales activity at the end of a quarter, the ratio of sales divided by customer service requests, and the number of hours that technicians spend on the phone solving customer problems.

chief software architect William H. Gates III. "Every time I go to see Ballmer, it's an expectation that I bring my dashboard with me," says Raikes. Ballmer, he says, reviews the dashboards of his seven business heads during one-on-one meetings, zeroing in on such metrics as sales, customer satisfaction, and the status of key products under development.

As for Gates, Raikes says the Microsoft founder uses a dashboard during his "think week," when he leaves the office and reads more than 100 papers about the tech industry prepared by employees. "He uses the dashboard to track what he has read and the feedback and actions that should be taken," says Raikes.

## TROUBLESHOOTING

**DASHBOARDS ARE a natural for monitoring operations.** In manufacturing, GE execs use them to follow the production of everything from lightbulbs to dishwashers, making sure production lines are running smoothly. In the software business, Raikes uses his dashboard to track the progress of the upcoming version of Office. Shaygan Kheradpir, the chief information officer at Verizon, has on his dashboard what co-workers call the Wall of Shaygan, a replica of every single node on the telecom giant's network. All green is good. Yellow or red merits a click. Red means an outage somewhere. "It makes you move where you need to move," he says.

**Dashboard technology can help keep customers happy, too.** Before NetSuite, American Reporting's Porter says customer-service reps just answered the phone and had no place to store client requests. Now the company's entire customer-service team uses the software. As a result, customer-service managers can see who is responding to calls. And service reps have access to every repair ticket, making it easier to handle customer problems. "It allows us to compete against some of the bigger boys," says Porter.

American Reporting isn't the only small fry that's benefiting. **Jerry Driggs**, chief operating officer of Little Earth, took four months last winter to move his business onto the **NetSuite system**. Little Earth sells funky eco-fashion products, such as a handbag made with recycled license

# Management Tools

plates. Today half of the company's 50 employees use the system to manage their production, sales, and financial operations. "Once you see it is so intuitive, you wonder how we ran the business before," says Driggs.

In fact, Driggs ran the business by the seat of his pants, and it showed. Because the company had no system to measure its production requirements or level of raw materials, much of which came from China, it took about six weeks to make and ship a handbag. And Little Earth constantly struggled with cash problems because Driggs would often buy more trim pieces and twist-knob closures than he needed. "You used to see dollars sitting on the shelves," he says. Now, using NetSuite, Driggs can monitor his purchase orders and inventory levels, and the system even alerts him when he is run-

ning low on closures and other parts. The result: Little Earth has slashed its shipping time to three days. "All of those things that used to drive us crazy are literally at our fingertips," says Driggs.

If it's near the end of a financial quarter, Oracle's Ellison tracks his customers like a hawk. "I want to know what our five biggest deals are three days before the quarter closes," he says. "I look at the [dashboard] several times a day. So much of our sales activity gets compressed into a few days." Ellison will then call the companies himself or figure out another way to seal the deal.

Since his honeymoon two years ago, Ellison has become more convinced than ever that dashboards are the way of the future. He just wishes more of his employees thought the way he does. One continuing frustration is that although

all of Oracle's 20,000 salespeople use dashboards, Ellison says some 20% of them refuse to enter their sales leads into the system. Salespeople don't want to be held accountable for a lead that isn't converted into a sale. That makes it hard to get a true picture of the demand for Oracle's products.

Ellison has considered refusing to pay commissions on a sale if the order is not entered into a dashboard, but for now he thinks such a move might prove to be a bit draconian. "The salespeople are the last of the independents," says Ellison. "They think their Rolodex is private." Even Ellison, one of the world's richest men, concedes that technology—and the power it gives him—has its limits. "People have to be persuaded that it's right," he says. ■

—With Jena McGregor in New York