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KPIs: Valuable insights or just more paperwork?

Key Performance Indicators (KPIs) are metrics or measures that can be used to determine and grade performance of just about anything. In business, KPIs represent the numbers that can be used to determine how an individual or an organization is performing.

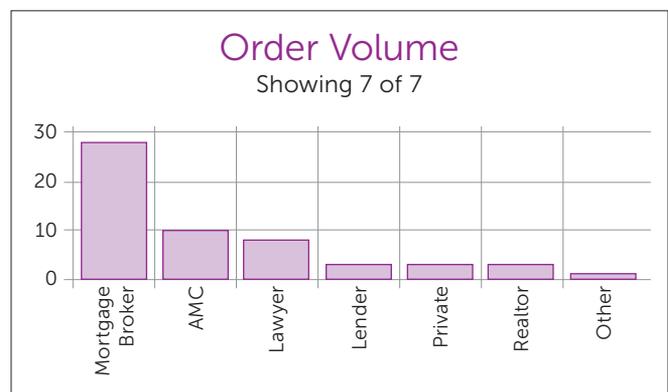
Organizational success depends on management’s ability to identify KPIs and pay careful attention to what the information is telling them. Having too much information can leave appraisers drowning in a sea of data, with no real benefit. Modern appraisal firms are frequently so concentrated on managing daily tasks, meeting deadlines and securing the next job that the idea of taking time to surface KPIs for their business is not realistic.

As a result, many of us default to running our businesses by intuition, trusting our gut and relying on our experience.

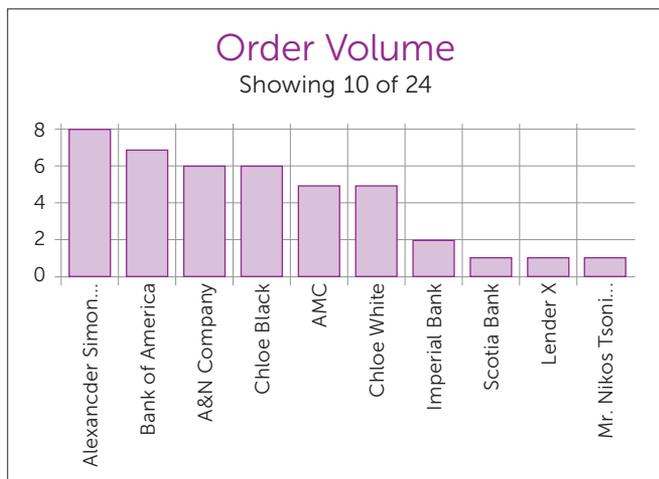
Before you assume that KPIs do not fit your appraisal business, consider these four example KPIs or valuable data points that could be determined with the least amount of additional effort and used on a daily or weekly basis:

1. Order source – Are we reliant on Appraisal Management Companies for all our work? Has our firm been getting a share of that profitable private work? Is that Realtor associate really providing us with business?

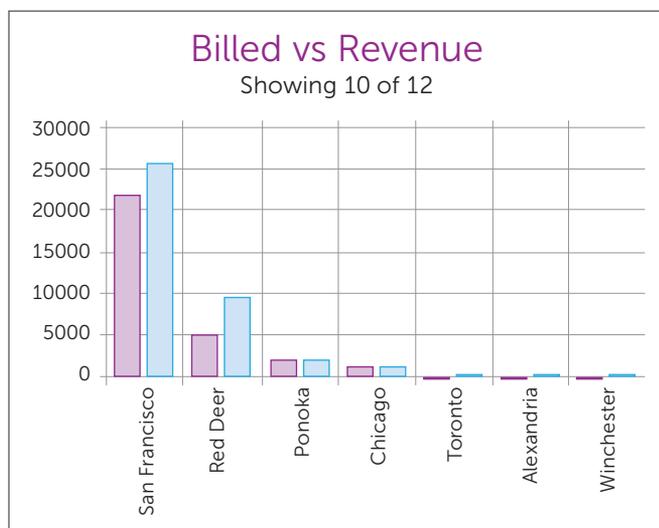
Tracking where our orders are coming from is key, not only to the health of our business, but to our job satisfaction.



2. Client – We all prefer to work for that favorite client, the one that pays on time, maybe the one that pays best. But, when was the last time we actually conducted an appraisal for them? Has a competitor been getting the business because we lost touch? Tracking our key clients and their volume is critical to maintaining our relationship with them.



3. Location and travel time – What neighborhood is hot at this point in time? Should we be expanding to a new region? Tracking where your team is spending time or, equally important, how much time you are spending travelling compared to appraising can influence the resources you make available,



4. Cash flow – Is there a more important measure of the health of your business than cash flow? Probably not. And it is more than monitoring your bank balance. Who pays on time and who pays late? What is your running margin on appraisal orders? Do you have one team member whose clients are always late?

Having a daily snapshot of your order volume, current billable orders and accounts receivable is the ‘must have’ KPI for the modern appraisal firm.

“The success of any business depends on management’s ability to identify Key Performance Indicators and pay careful attention to what the information is telling them.”

While these are the most basic examples, other key indicators you might also need to know include:

- Net Profit
- Gross Profit Margin
- Average Purchase Order Value per Client
- Order Fulfillment Cycle Time
- Revenue Per Appraiser

As basic KPIs, there is no question that there is value in having this data readily available. The question becomes: at what cost? The time and effort to manually derive this information and visualize it on a dashboard is often a time barrier for many small businesses. So, how do we surface this valuable business information with the least effort possible?

Look at your back office software and consider the reporting features you can get from it. Modern appraisal companies realize they need an office management system that is collaborative, mobile and efficient. If your back office does not provide this critical pulse on your business, it is time to find a better way.

Consider how built-in analytics can give you the insights you need to know your business; to make better decisions; to see trends in your revenues, volumes, customers, pricing and property locations; and to ensure no revenue is missed because unpaid and overdue appraisals were not tracked. These analytics can also enable you to assess your personal or team performance in terms of turnaround time or other important indicators. In short, KPIs are critical to managing and growing your appraisal business. 📊

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56 Total Completed \$41,297.92 Billed Amount \$29,972.92 Paid Amount \$11,325.00 Unpaid Amount 28 Total Unpaid