(Mr. Tenkey's Tips #222) www.mrtenkey.com

January 14, 2020

 Dear Management: Be careful when comparing the metrics of your company... against those from the outside world.

OFTEN... context is lost when looking ONLY at the data.  It leads to WRONG assumptions being drawn.

Example:

Imagine your company is 1 of 3 fruit companies.

When comparing ratios... your costs to produce, is way over the competition.  You can't understand how they are keeping the costs down.

I mean... the yellow die to color the bananas has gone up 3 times, just this past year alone.

But see there is where you went wrong...

There are lots of different fruit in the world...  and your company happens to be the ONLY one of the three... selling 80% of your production in bananas.

See, there are more customers at the zoo than just gorillas and bats...

And the competition... is capitalizing on product diversity and other cost cutting measures.

Metrics alone won't tell you this.

Moral - Selling bananas is hard... but don't slip and fall, by ignoring context too.