

Chapter 14

Measuring success in business

1. Measures or success

1.1 Revenue

: The amount of revenue generated by a business is a guide to its success. If revenues increase each year, most business owners feel that they are successful.

1.2 Market share

: Some businesses aim to increase their market share each year. With large market share a business might be able to dominate market, this will raise the profile of the business.

1.3 Customer satisfaction

: Many businesses will look at how consumers' needs and wants have been satisfied when measuring success. If its customer service is good, a successful business will find that it has loyal customers and a growing customer base.

1.4 Profit

: Most private sector businesses aim to make a profit. Therefore rising profits should signal improving success.

1.5 Growth

: Many businesses aim to grow, therefore the size of the business is important when measuring size.

1.6 Owner/Shareholder satisfaction

: Most shareholders in public limited companies have bought shares with the aim of making some money consequently they will focus on dividend payments and share prices to rise.

1.7 Employee satisfaction

: If business is growing and profitable, employees are likely to get higher wages, more benefits and perhaps bonus.