



VantagePoint Consulting Group Metrics – A Primer

Why Performance Measures?

- Criteria by which we judge our accomplishments



- Two types of measures:
 - Results metrics = dependent variables
 - Process metrics = independent variables associated with a process

Why Performance Measures?

- Influence organization and individual behavior
- Force identification of what really matters to the organization
- “At-a-glance” tool to track progress toward achieving objectives
- Provide information for making and supporting management decisions
- Ongoing data to support improvement efforts or investment
- Determine if changes have been effective

Problems with Most Measurement Systems

- Too much data – wastes valuable time of managers and employees, “trivial many vs. vital few”
- Wrong data – don’t meet criteria described earlier
- Short-term focus – financial and operational
- Drive the wrong performance – activity vs. effectiveness

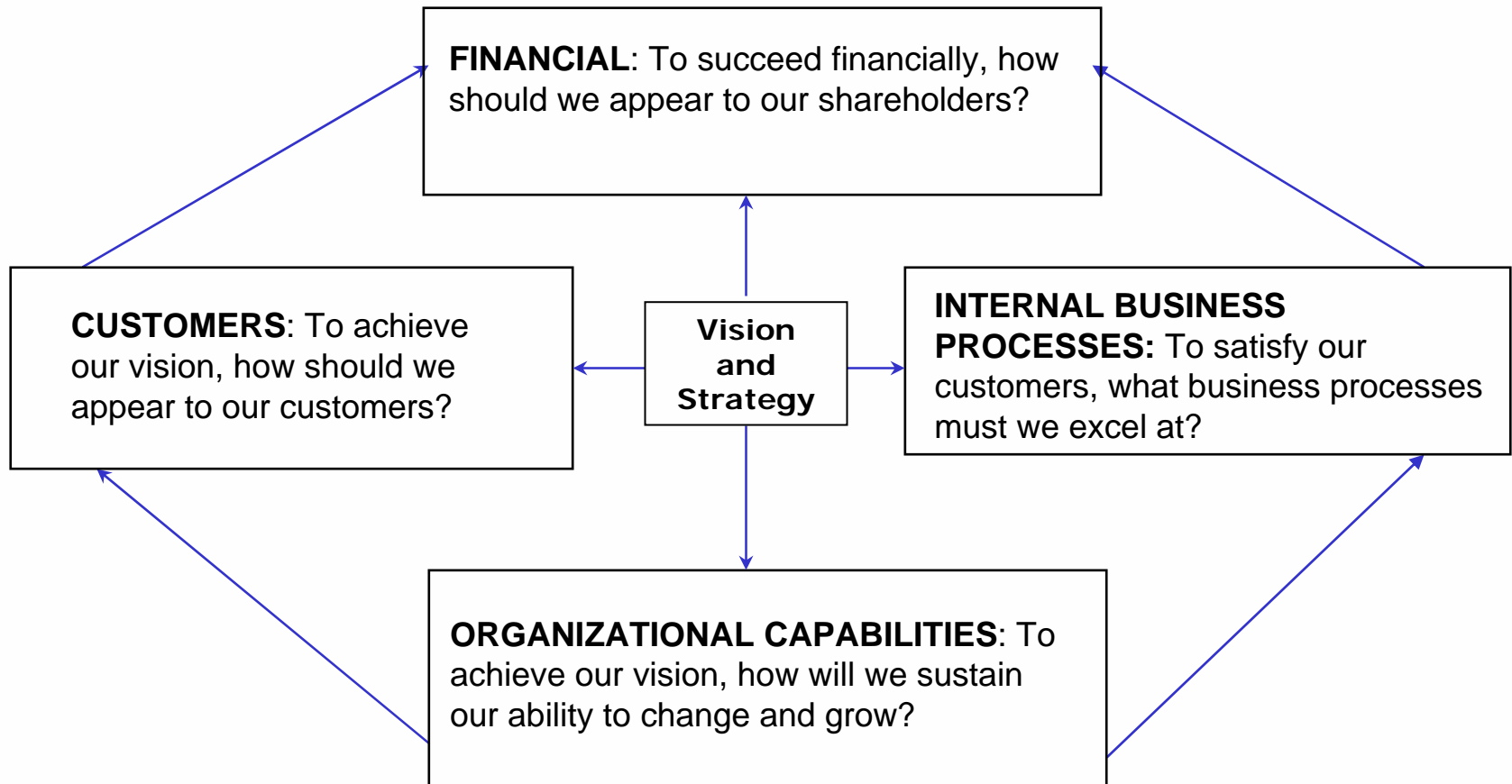
Four Aspects of Metrics

- Selection
- Definition
- Data gathering
- Using

Portfolio Selection Criteria

- Balanced – organizational capability, process performance, customer value, financial
- Criticality – crisis, basic (fundamental to the industry), weakness, opportunity (differentiation from competitors)
- Based on mission and strategy (some are universal)
- Cascaded from the top of the organization
- Few in number (4-10) – vital few vs. trivial many

Balanced Performance Measures



Individual Selection Criteria

- Relevant
 - Provide information required to make key decisions
 - Reliable proxy for stakeholder satisfaction
 - Emphasize capability development
- Scientifically sound
 - Well-documented, unambiguous, consistent operational definitions
 - Reliable – repeated measures produce the same result
 - Valid – reflects the characteristic it purports to measure

Individual Selection Criteria

- Feasible

- Represent performance that can be strongly influenced by the organization
- Timely and accessible to those who can best use them
- Robust – minimize extent to which metric can be manipulated or gamed or to which it encourages undesirable behavior
- Data can be collected at a reasonable cost – both time and money

Using Metrics

● Implement

- “Ninety percent of the success of execution depends on commitment to the goal.”
- Cascade from the top of the organization to each individual
- Become the “common goals” that drive true teamwork
- Where possible, use joint goals among units that contribute to an output
- Create appropriate reward systems

● Execute

- Make measures and performance widely visible – post it in the hallways and anywhere people congregate or pass by frequently
- Use as a basis for identifying need for further data-gathering
- Use to make decisions for taking action
- Use performance below target as a driver for group problem-solving

● Improve

- Review performance measures regularly (annually) to update them as your strategy and performance dictate