



CONSULTING
MANAGEMENT & TECHNOLOGY

*I measure therefore I'm in
control...aren't I?*

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Contents

- Why bother?
- What should we measure?
- How could we do it?





Why bother?

Measurements are the key.

If you cannot measure it you cannot control it.

If you cannot control it you cannot manage it.

If you cannot manage it you cannot improve it.

Dr James Harrington





Hard-to-measure things

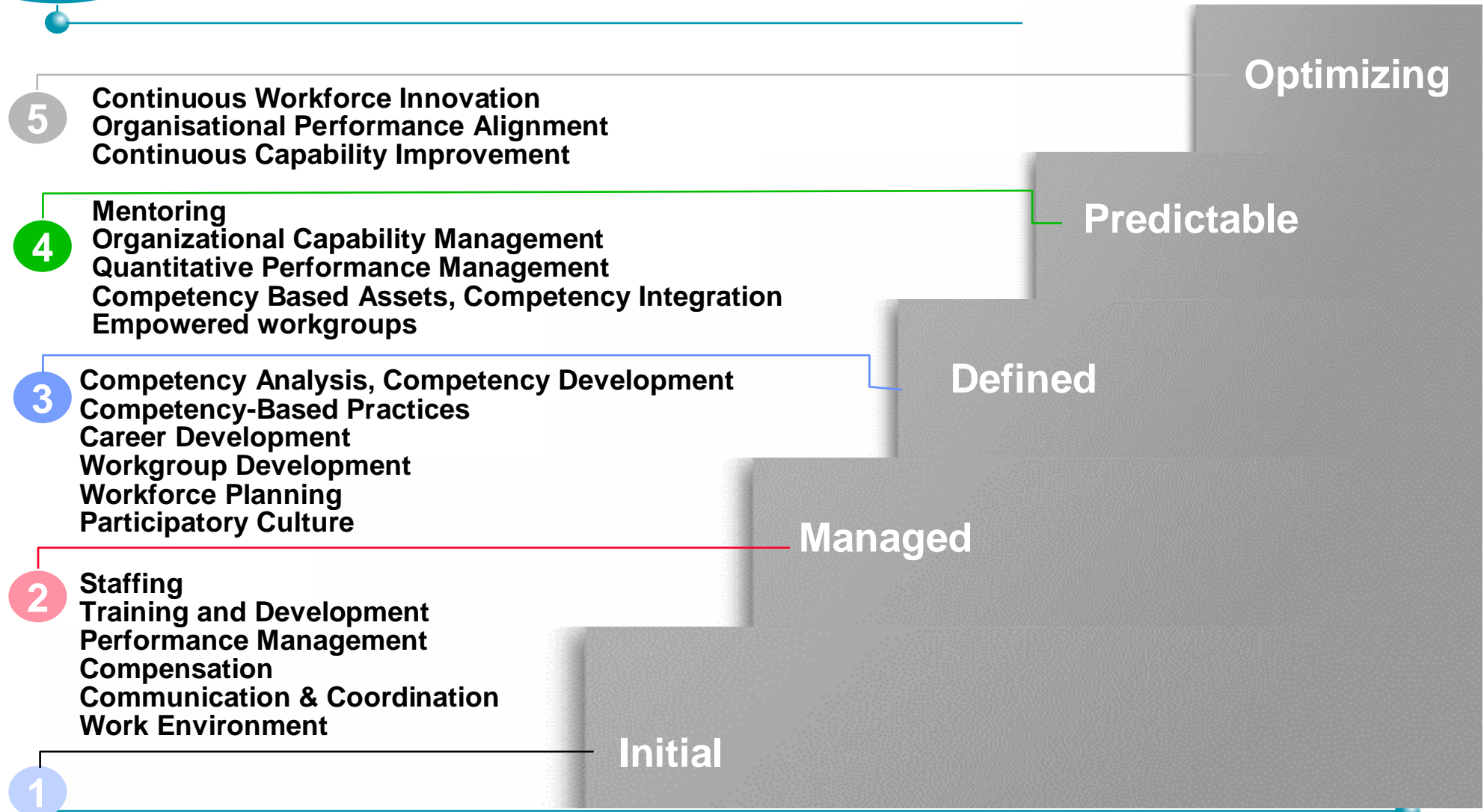
- Culture
- Complexity
- Quality





People Capability Maturity Model

- a way to measure something intangible





5 Maturity levels each with a structured evolution

Measurements used at two levels

- 1) To measure the capability
- 2) To help individuals or teams perform





A Harris Poll in the US found that only 22% of respondents declared a direct line from their activity to the corporate strategy

Stephen Covey identifies the Execution Quotient as

“The gap between setting a goal and actually achieving it”

The 8th Habit, Appendix 6

8 people out of 10 do not see a link between their task and the corporate strategy





Measures are a key to making things happen

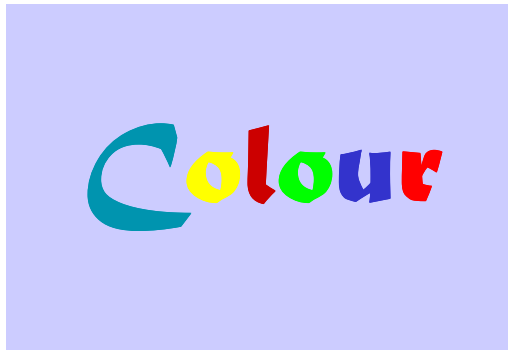
1. Focus on the wildly important
2. Create a compelling scorecard
3. Translate lofty goals into specific actions
4. Hold each other accountable all of the time

Stephen Covey - The 8th Habit, 4DX





Crooked Path No 1 – Making the measurable important





Crooked Path No 2 - Put in a lot of effort

- Spend a lot of money
 - “It cost a lot so it must be good!”
- Create an industry of unnatural acts
 - People whose whole being is devoted to producing the report.





Crooked Path No 3 – Present data

“It’s all there, see for yourself.”

A large, dense data table with multiple columns and rows. A vertical column is highlighted in green, with several cells within it highlighted in red. The table contains a mix of text and numerical data, typical of a technical or financial report.

Model for getting management information

*I keep six trusty serving men;
(they taught me all I knew)
Their names are What and Why and When
And How and Where and Who*

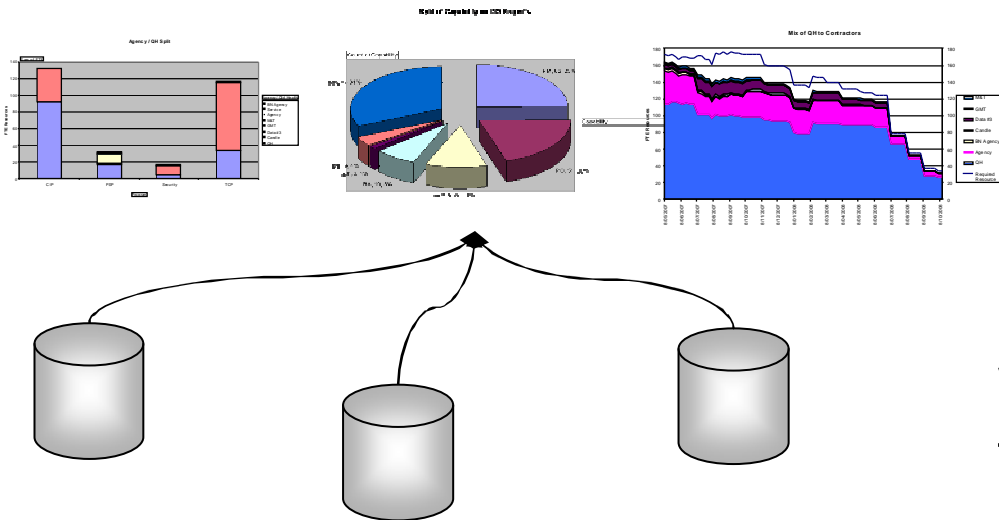
Kipling



What is the question
We need to answer?

How will we need
to look at it?

Where will we find
the data?



3 tier business model from Microsoft SQL

Who gets it?

When is it produced?



Crooked Path No 4 – Opinions presented as facts

1. Evidence Questions 2. Impact Questions

- a) How do you measure it?
- b) What is it now?
- c) What would you like it to be?
- d) What is the value of the difference?
- e) Over time?

Stephen Covey - The 8th Habit





Introducing PuMP[®]

And Stacey Barr...



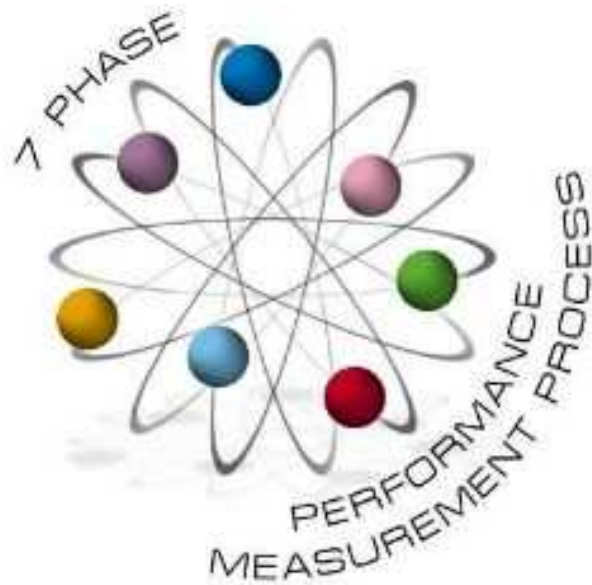
PuMP[®] is a logical and common sense process based measurement methodology

At www.staceybarr.com





The 7 Phases of PuMP®



phase 1: SELECT

deciding what is worth measuring

phase 2: COLLECT

collecting data with integrity

phase 3: STORE

managing data for timely and easy access

phase 4: ANALYSE

turning raw data into information

phase 5: PRESENT

communicating performance information to users visually

phase 6: INTERPRET

interpreting performance measures validly

phase 7: APPLY

turning performance measures into performance improvement through effective decision making





The PuMP[®] program structure

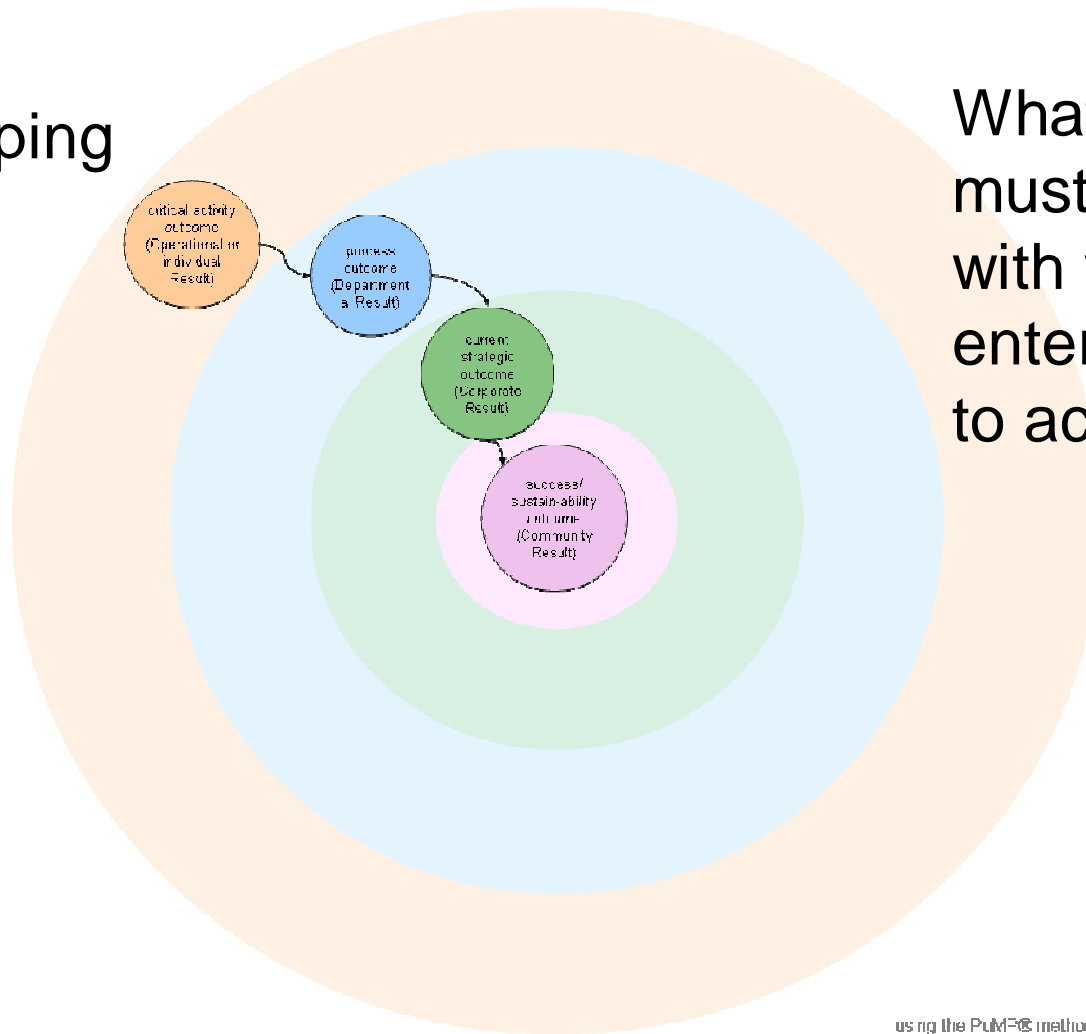
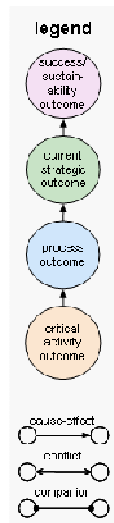
- Session 1: Introductory workshop
- Session 2: Results mapping
- Session 3: Designing measures
- Session 4: Measure gallery & reflection
- Session 5: Defining measures
- Session 6: Reporting measures
- Session 7: Using measures
- Session 8: Final reflection workshop



Problem 1 – What do we measure?

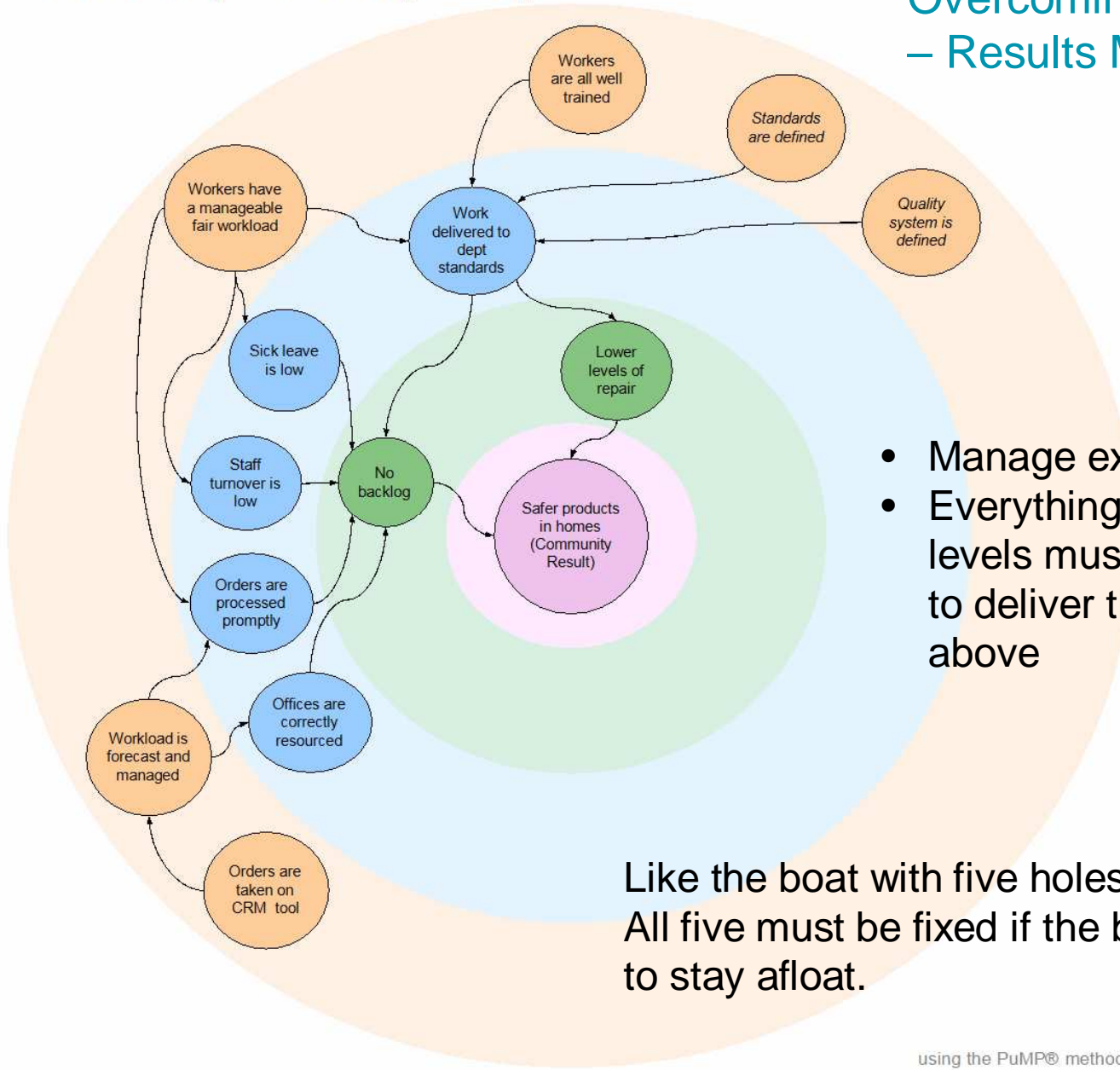
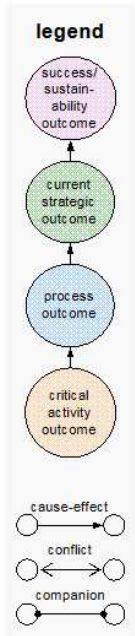
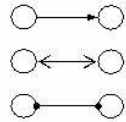
Results mapping

What we measure must link clearly with what the enterprise needs to achieve.



Results map for Safety Group

Overcoming Problem 1 – Results Mapping



- Manage expectations
- Everything at the lower levels must be in place to deliver the outcome above

Like the boat with five holes...
All five must be fixed if the boat is to stay afloat.



Problem #2: measures aren't meaningful

result: we give our customers excellent service

“Customer Loyalty”

it's vague, no description about what it really means

“Staff Survey”

it's a data collection method, not a measure

“win Customer Service Award”

an event, not ongoing, objective feedback

“implement Customer Relationship Management system by June 2007”

it's evidence of action, not result

“Staff Productivity”

it's not relevant evidence of the result





Overcoming problem #2: measure design

“We give our customers excellent service.”

What differences would we see, hear, feel, etc...?

- **customers would stop complaining**
- **customers would tell us they love our service**
- **customers would come back to us for future business**
- **when we promise something to the customer, we deliver it, we keep our word**

What could we count or record to know the extent of these differences?

- **number of complaints**
- **number of compliments**
- **average customer satisfaction rating for our overall service quality**
- **proportion of customers rating us 4 or 5 out of 5 for service excellence**
- **% of promises we keep, as decided by our customers**





Overcoming problem #2: measure design

**design measures
based on evidence
of differences we
can observe**





Problem #3: no buy-in

How do most people feel about measures?

- cynical about it never being used for good
- fearful of losing face, status or resources
- exhausted by the hard work collecting data and reporting it
- confused about what will be meaningful for them to measure



Overcoming problem #3: measure gallery

breaking down organisational silos



sharing results map & measure designs with stakeholders

building buy-in within your team and in other teams



getting their feedback and sanity checks



Overcoming problem #3: measure gallery

**Get people to
design & test &
implement their own
measures**





Problem #4: measures aren't implemented

Assumptions about how to measure “average customer satisfaction rating for our overall service quality”...

- annual survey
- volunteer survey
- overall rating as an index of other ratings
- average not weighted to remove bias from sample sizes in different customer segments
- precision of the estimate of the average (if it's a sample)
- entire customer base





Overcoming problem #4: measure definitions

name	Average Customer Satisfaction Rating			
description	The average rating (from a 5 point scale) given by random sample of customers that interacted with us in the past month.			
calculation	formula:	Sum of [Q5_rating] / Sum of [Q5_response]		
	frequency:	monthly		
	scope:	A random sample of all customers interacting with our service staff during the month.		
	data items:	<i>data item name</i>	<i>description/definition</i>	<i>source/availability</i>
		Q5_rating	the rating provided by each respondent to Q5 (overall satisfaction)	Customer Feedback Database
Q5_response		whether or not the respondent answered Q5 validly (0 for no and 1 for yes)	Customer Feedback Database	
	month	the month that the ratings related to	Customer Feedback Database	
presentation	comparison type:	trend over time		
	presentation method:	line chart with mean line and target expressed as point at target date		
response	<p>Signal #1: mean line shows increase toward target (low priority)</p> <p>This means we are successfully lifting the rate of customer service. All that is needed is a quick check to ensure that this improvement is capable of reaching our target within our set timeframe.</p>			



Overcoming problem #4: measure definition

**make detailed plans
for the calculating,
reporting & using
your measures**





Problem #5: measures not used properly

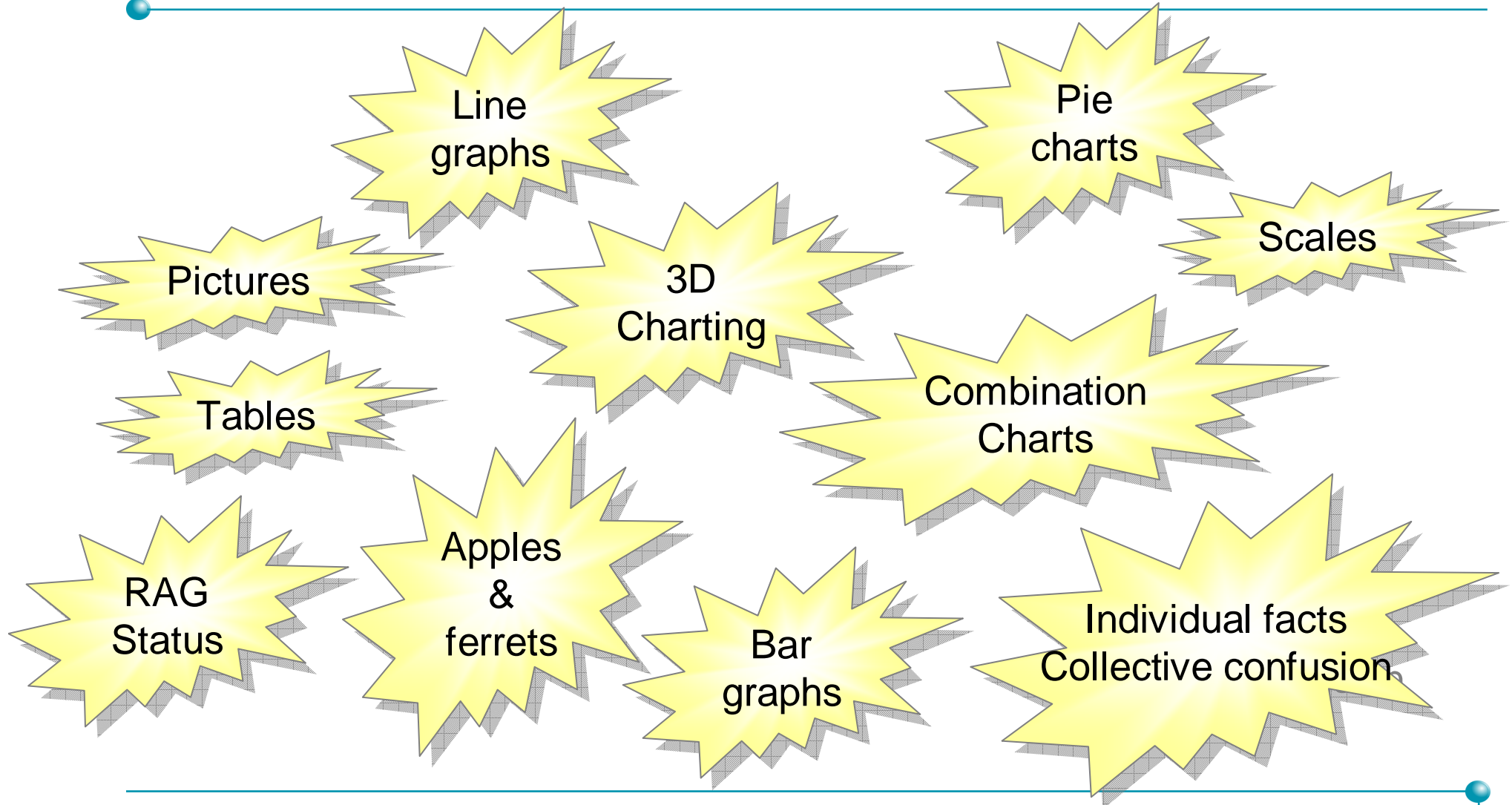
Willy Fox uses measures like a drunk uses a lamp post;

Not so much for illumination,

more for support



Problem #5: measures not used or presented properly



Overcoming problem #5: valid report design

Greenpeak, Electricity Ltd
4th Quarter 2020
a not-for-profit company's financial statement report

contents

- KRA 1: financial sustainability**.....
- ☺ EBIT.....
- ☺ Revenue.....
- ☹ Expenses.....
- KRA 2: service excellence**.....
- ☺ Overall Customer Perception of Value.....
- ☺ Customer Retention.....
- ☺ Service Standard Delivery.....
- KRA 3: environmental impact**.....
- ☺ Green Energy Sourced.....
- ☹ Energy Efficient Product Sales.....
- KRA 4: health and safety**.....
- ☺ Electricity Related Deaths.....
- ☺ Electricity Related Injuries.....
- ☺ Electricity Related Near Misses.....
- KRA 5: service reliability**.....
- ☺ CAIDI (Customer Average Interruption Duration Index).....
- ☺ SAIFI (System Average Interruption Frequency Index).....
- KRA 6: market growth**.....
- ☺ New Customers.....
- ☺ % Contestable Market Consumption.....

tools.....

- ☹ unacceptable performance
- ☺ heading towards acceptable performance or goal attainment
- ☺ heading towards goal
- ☺ target achieved
- target (used in charts only)

best.mindfield.com, 1 January 2020

Greenpeak, Electricity Ltd
4th Quarter 2020
a not-for-profit company's financial statement report

Overall Customer Perception of Value

The average rating customers gave us on their overall perceptions of the value we give them, that is, the quality of our products and services relative to the price (both financial and non-financial) that they pay for these products and services. The scale ranges from -5 through to 5, where 0 is the point of no value for money, between 0 and -5 is less than value for money and between 0 and 5 is more than value for money.

RESULT

INTERPRETATION

This month shows an early indicator that our customers' perception of value, overall, may be improving yet again, moving toward the June 2020 target of 3.5. This may be an early indicator that our customer connection process simplification and our former electricity process simplification projects are having their intended effect.

Reasons for customer perception less than 3.5 are:

- renewable provided
- greenhouse gas compliance
- too long to fix faults
- value not paid for time
- don't help me get what I need
- too long to connect me
- prices too high

RESPONSE

The next priority to address, to move perception of value closer to 3.5 is to tackle our fuel procurement process, given that that is the next biggest reason for our lower than perceived value for money. A project team has been formed, and they will also address the improvement methodology.

best.mindfield.com, 1 January 2020 Page 3 of 24

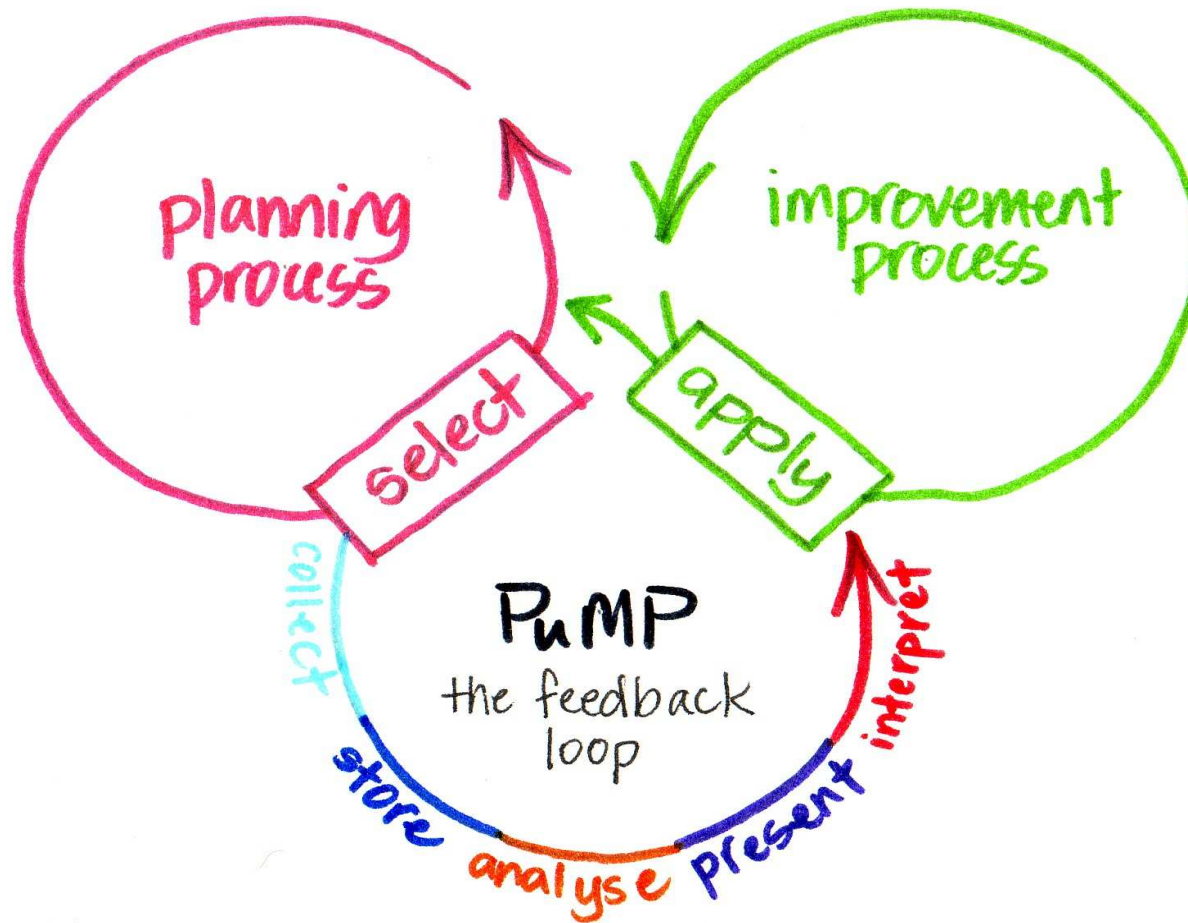


Overcoming problem #5: valid report design

**design visual
information to
highlight valid
signals**



The PuMP process is a continuous end to end closed loop process





7 Steps to Great Measures

- 1. Does it have clear link to strategy?
- 2. Is it owned by someone?
- 3. Can it be brought to life?
- 4. Are you able to track it regularly over time?
- 5. Does it give you more value than it costs?
- 6. Do users understand it?
- 7. Does it inspire the right behaviour?
- These seven criteria are a good basis to judge your measures. You might like to make up a grid with your measures listed down the rows and these criteria listed across the columns. You can then do a quick evaluation of your existing measures, and see at a glance which to keep, which need some work, and which should probably been thrown away!





Want to know more? Visit the PuMP website at www.staceybarr.com

about PuMP®: the performance measurement process

stacey barr the Performance Measure Specialist



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ABOUT PUMP



MEZHERMNT HANDY HINTS



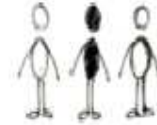
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Your first name:

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about PuMP® :: the performance measurement process

There are many models these days that are used to design performance measures and KPIs. There's the Balanced Scorecard, the Performance PRISM, OPM, Triple Bottom Line (Quadruple Bottom Line), the ABEF (Australian Business Excellence Framework), the EFQM Excellence Model (European Foundation for Quality Management), the Baldrige Criteria for Performance Excellence, and more. But all these models are simply great ways to think about what aspects of performance in your organisation you should measure, they don't tell you how to design and bring to life those performance measures and KPIs. Even if you use one of these models, you are at risk of making some common mistakes in implementing performance measurement.

What's been missing in the world of management is an end-to-end approach for how to bring performance measures and KPIs to life. PuMP® is this end-to-end approach.

Hard work is much simpler when you have a way to turn the huge mountain of work into smaller, bite sized pieces. It's a bit like renovating a house, or planning a holiday or even just doing the housework - it's so much more motivating when you break the job down into digestible chunks. It's the same for performance measurement! The PuMP® methodology will help you easily and consistently design, build and use your performance measurement system!

PuMP® helps you design useful and usable performance measures and KPIs!