

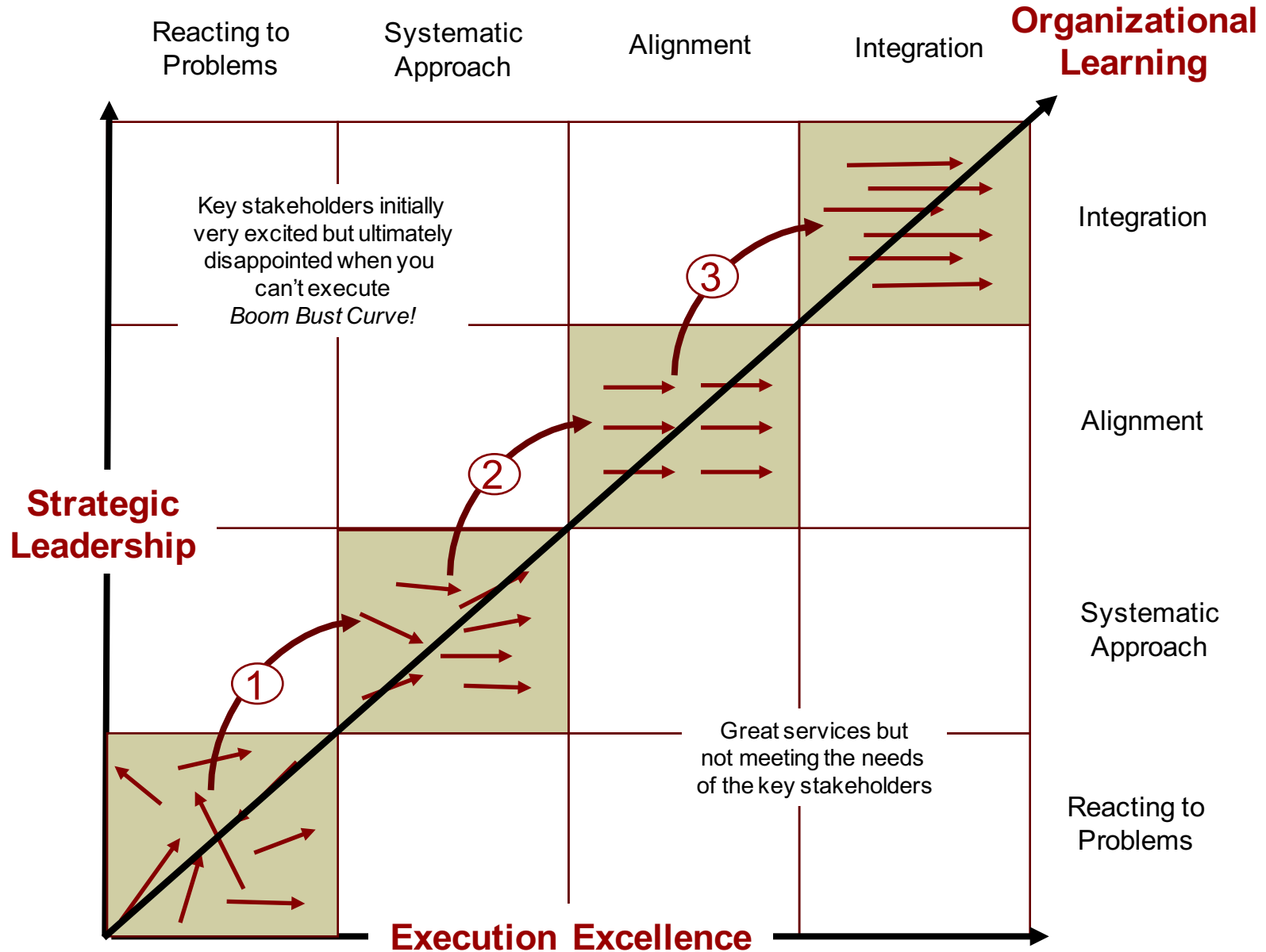
Performance Measurement for Performance Excellence

Institute for Defense and Business
December 15, 2003

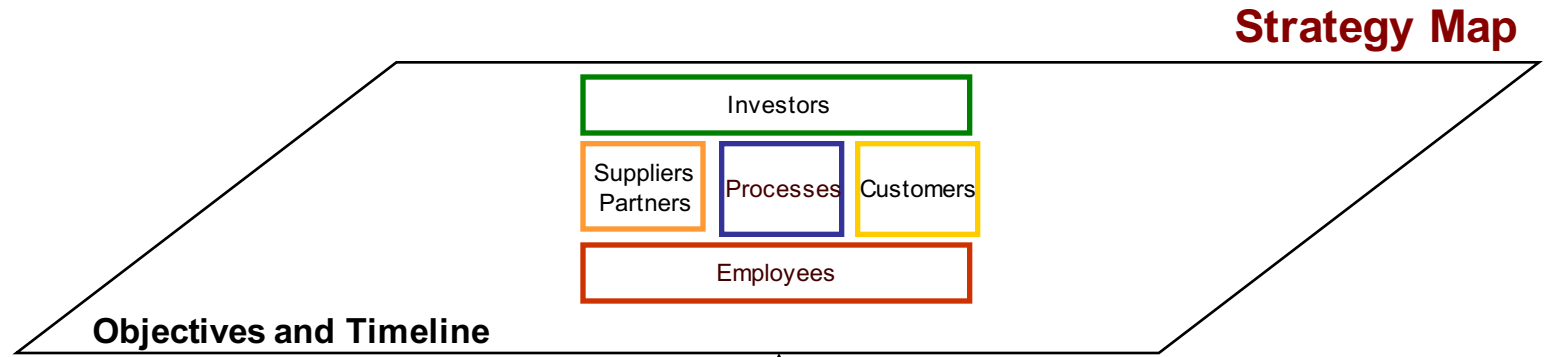
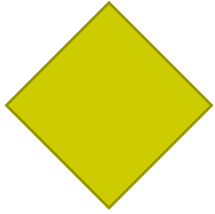
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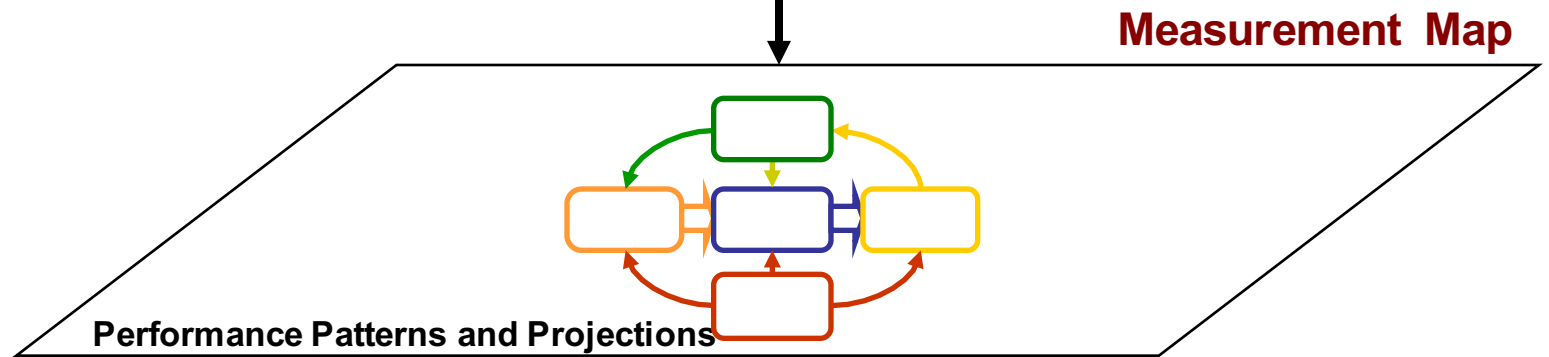
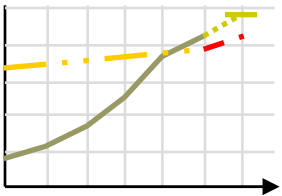
- Focus
 - Stakeholders & Challenges
- Strategic Leadership
 - Strategic Alignment Table
- Execution Excellence
 - SIPOC Table
- Organizational Learning
 - Creating an Environment for Learning



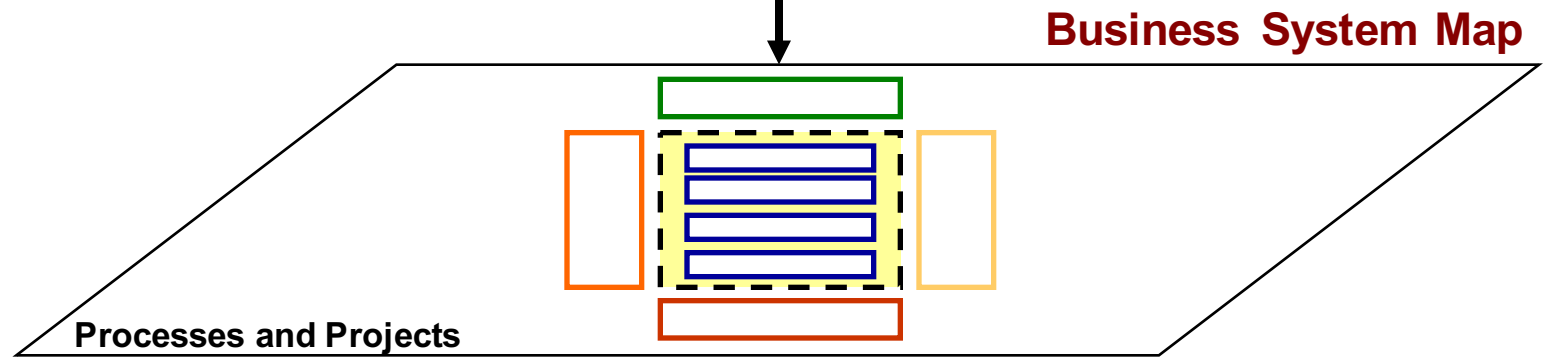
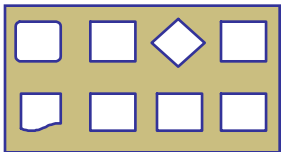
Decision Level



Results Level



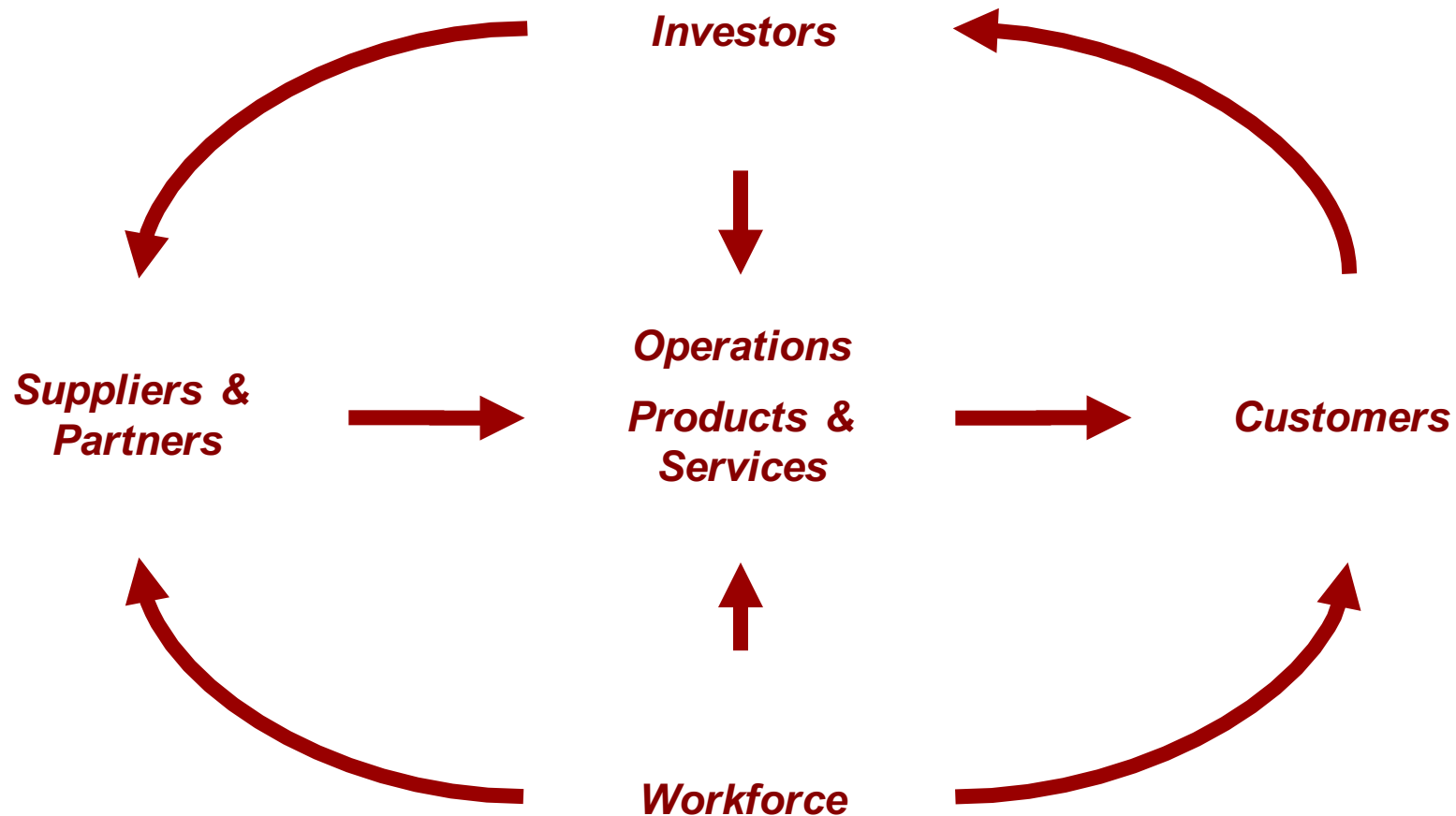
Action Level

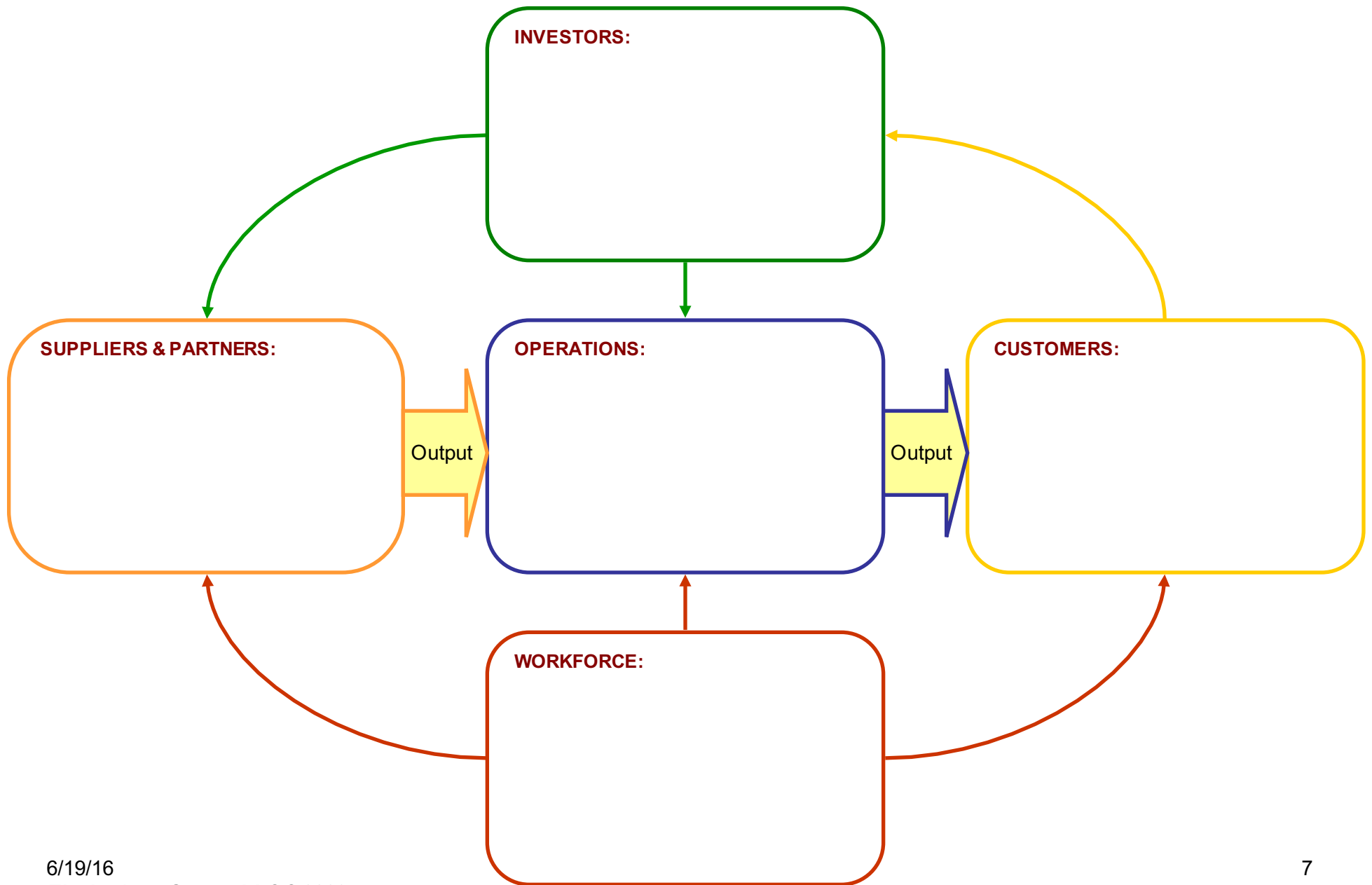


Focus

The Key Organization Factors

- Stakeholders
- Challenges

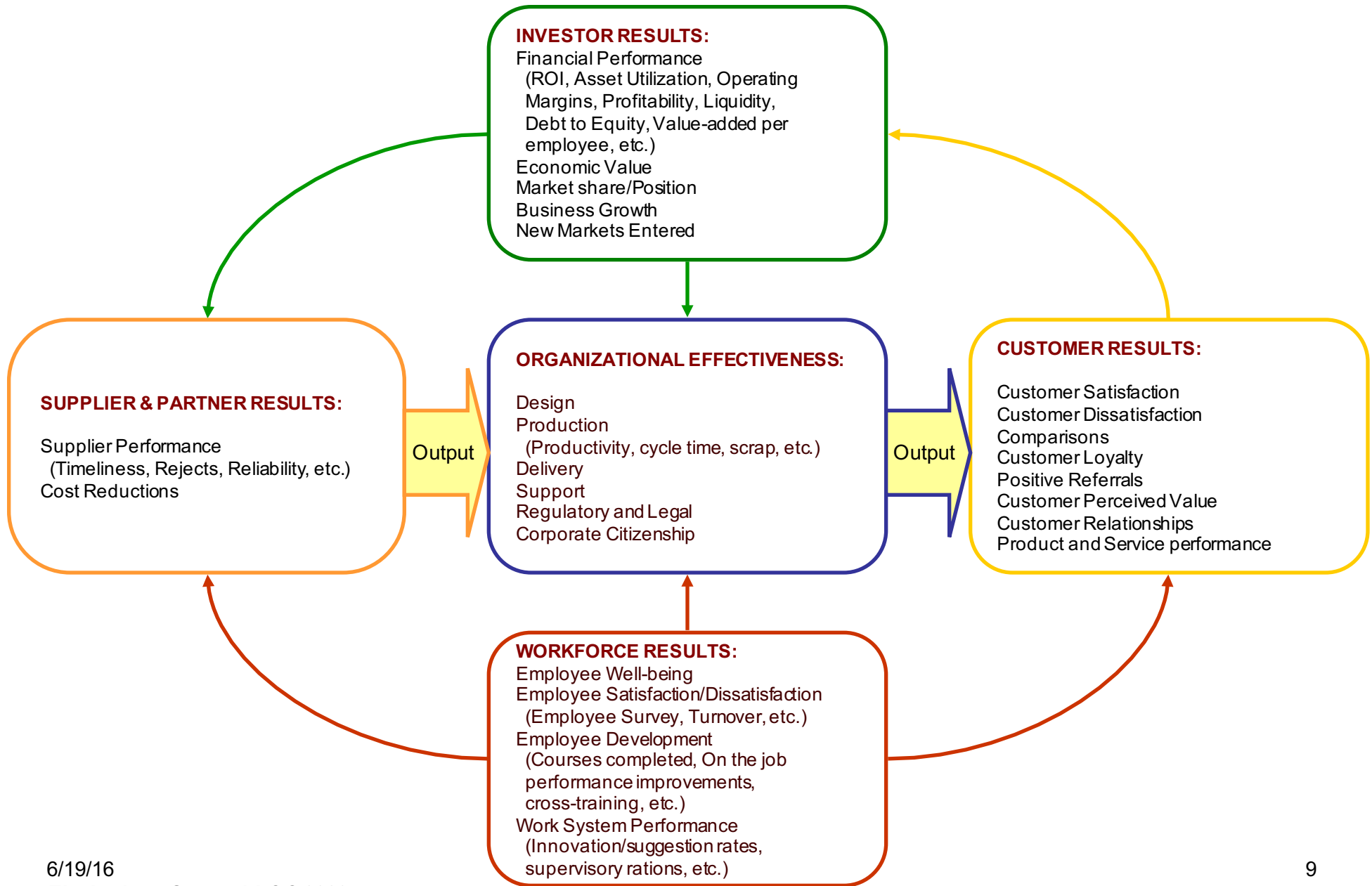


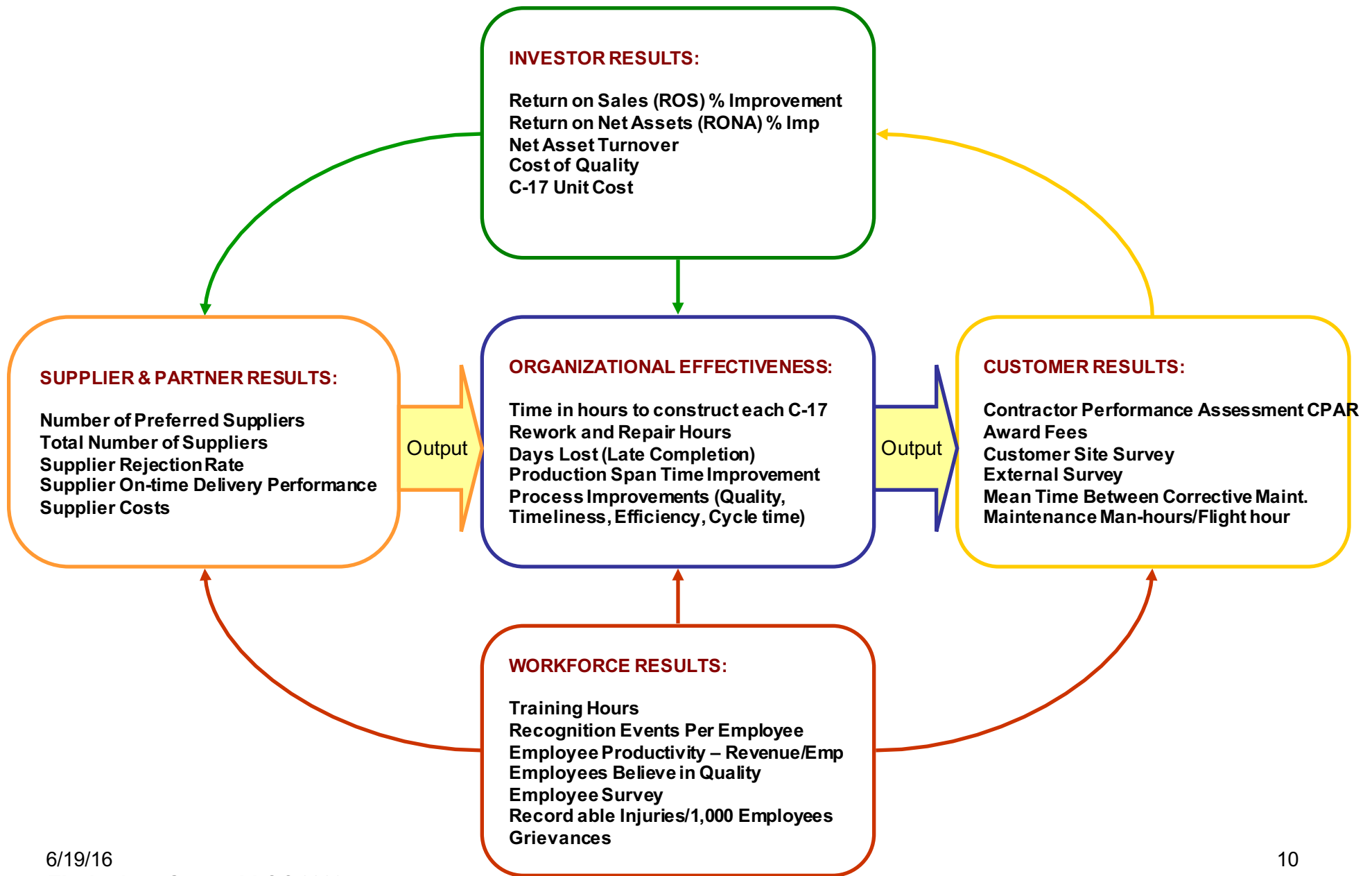


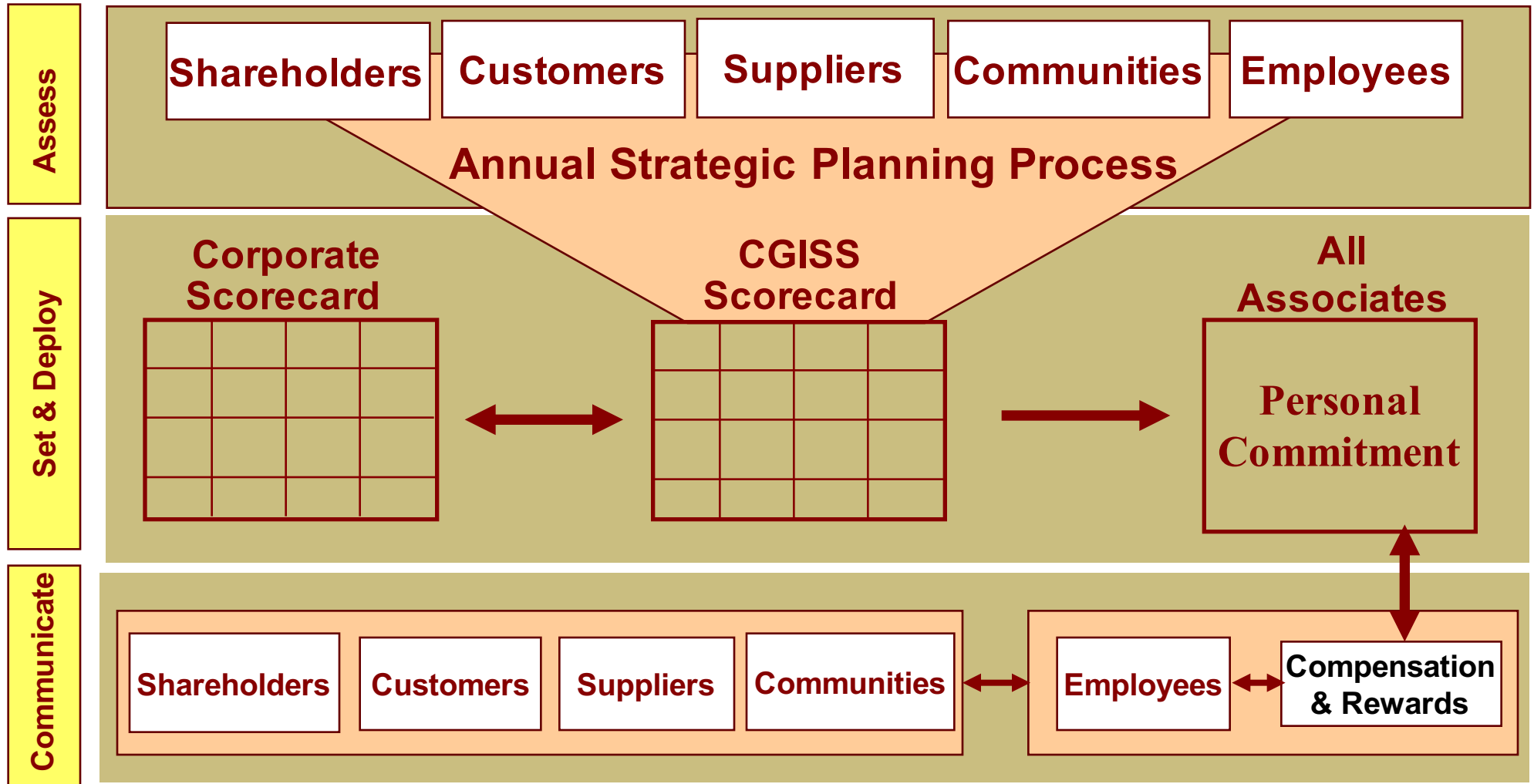
Strategic Leadership

The Enterprise Perspective

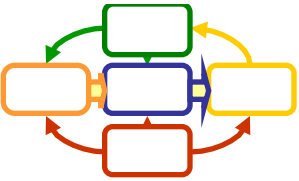
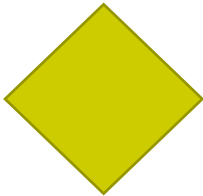
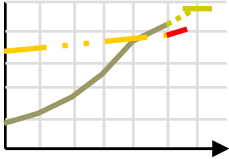
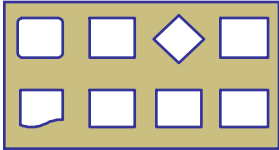
- Scorecard
- Strategic Alignment







Source: Quest for Excellence March/April 2003

Stakeholders	Strategy	Measures	Actions
<p>Wants & Needs</p> 	<p>Decision Level</p> 	<p>Results Level</p> 	<p>Action Level</p> 
<p>Who are your key Stakeholders?</p>	<p>Where do you want to be - Vision?</p>	<p>How will you know when you get there?</p>	<p>How will you get there?</p>
<p>What do they want?</p>	<p>What are the desired outcomes in qualitative terms?</p>	<p>How can you measure the outcome(s)</p>	<p>What are the key Processes?</p>
<p>What do they need to be successful?</p>	<p>When do you plan to achieve the objectives?</p>	<p>How does this compare with others?</p>	<p>What improvement projects will make it happen?</p>
<p><i>Needs, Wants, Desires</i></p>	<p><i>Strategic Objectives and Timetable</i></p>	<p><i>Performance Targets Projections with Comparisons</i></p>	<p><i>Short- and Long-term Action Plans/Initiatives</i></p>
<p style="text-align: center;">← Alignment →</p>			

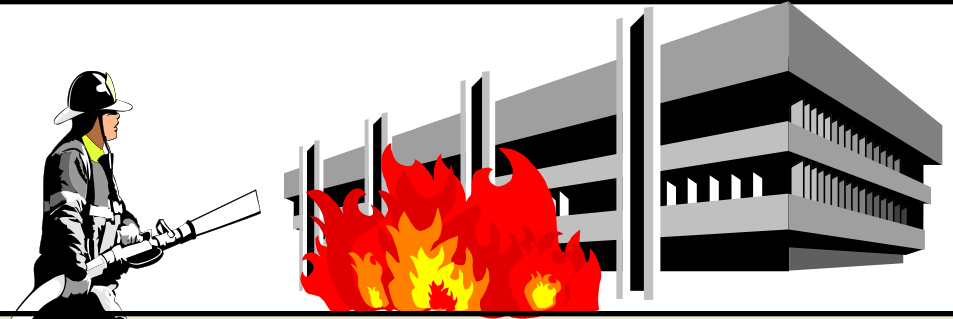
	Stakeholders	Strategy	Measures	Actions
Customers				
Operations				
Suppliers				
Employees				
Investors				

Execution Excellence

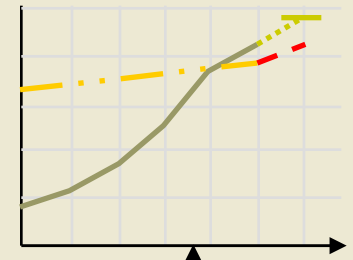
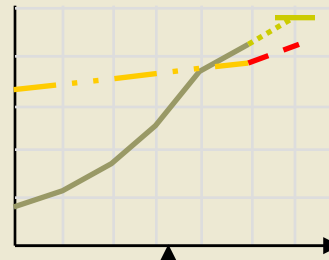
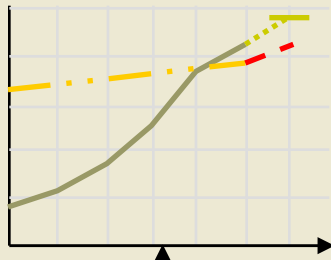
The Process Perspective

□ Value Chain - SIPOC

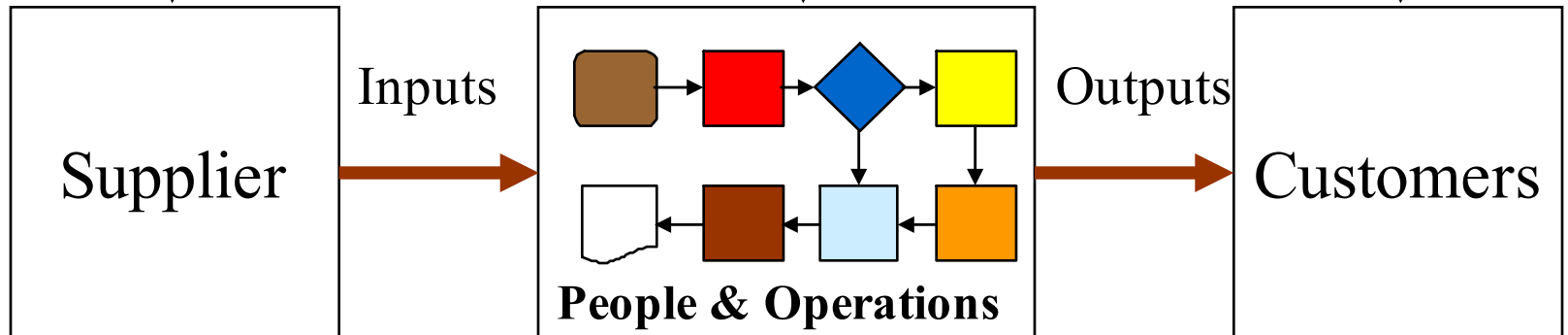
Events

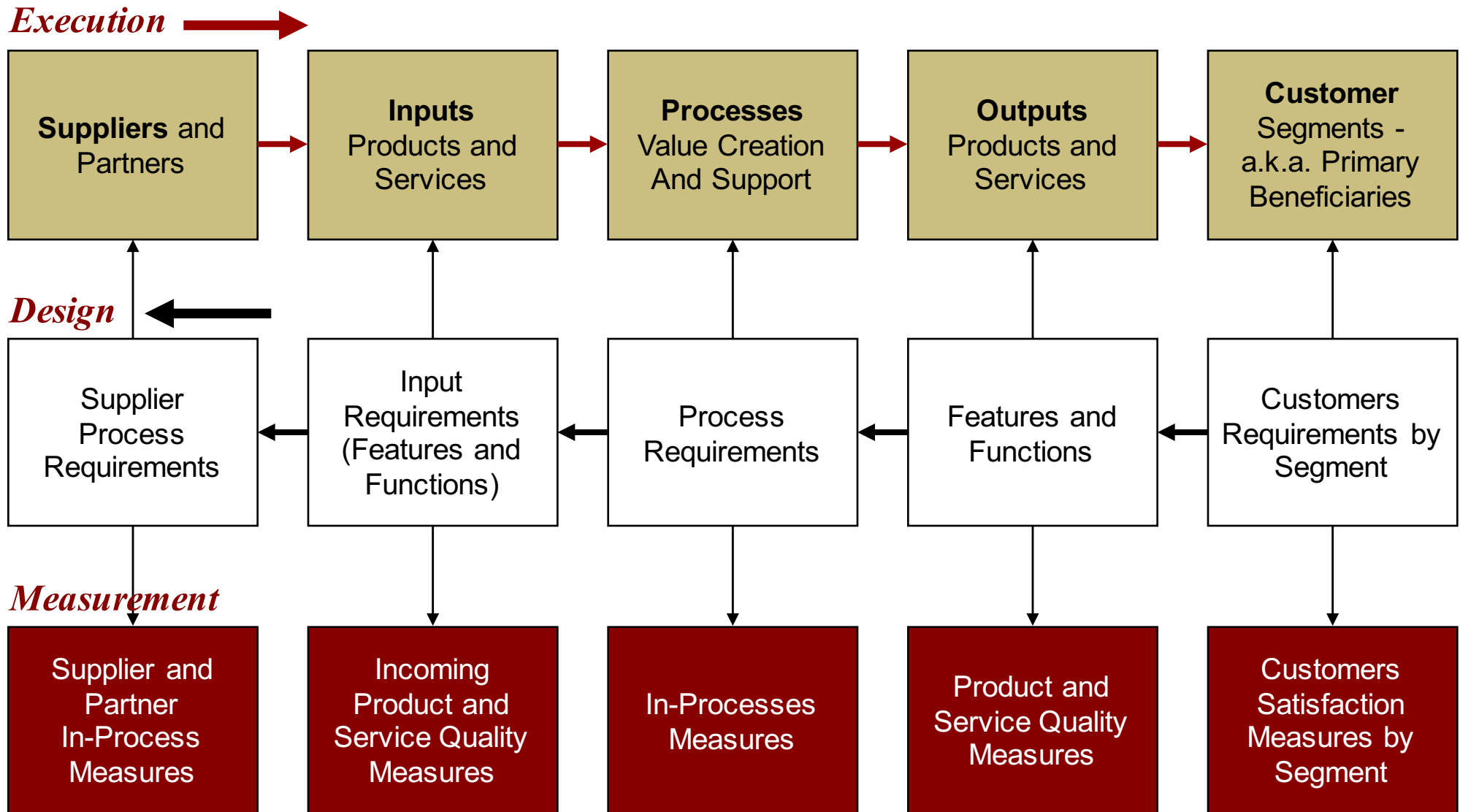


Performance Patterns



Structure & Systems





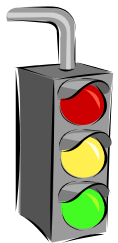
Suppliers & Partners	Inputs	Processes	Products & Services	Customers by Segment
Process Requirements	Input Requirements	Process Requirements	Features & Functions	Customer Requirements
Process Measures	Incoming Product & Service Measures	In-Process Measures	Product & Service Quality Measures	Customer Satisfaction Measures

Organizational Learning

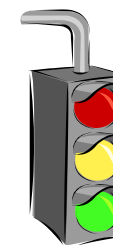
The Improvement Perspective

- Stoplights
- Ultimate Trend Charts
- Relationships
- Environment for Learning

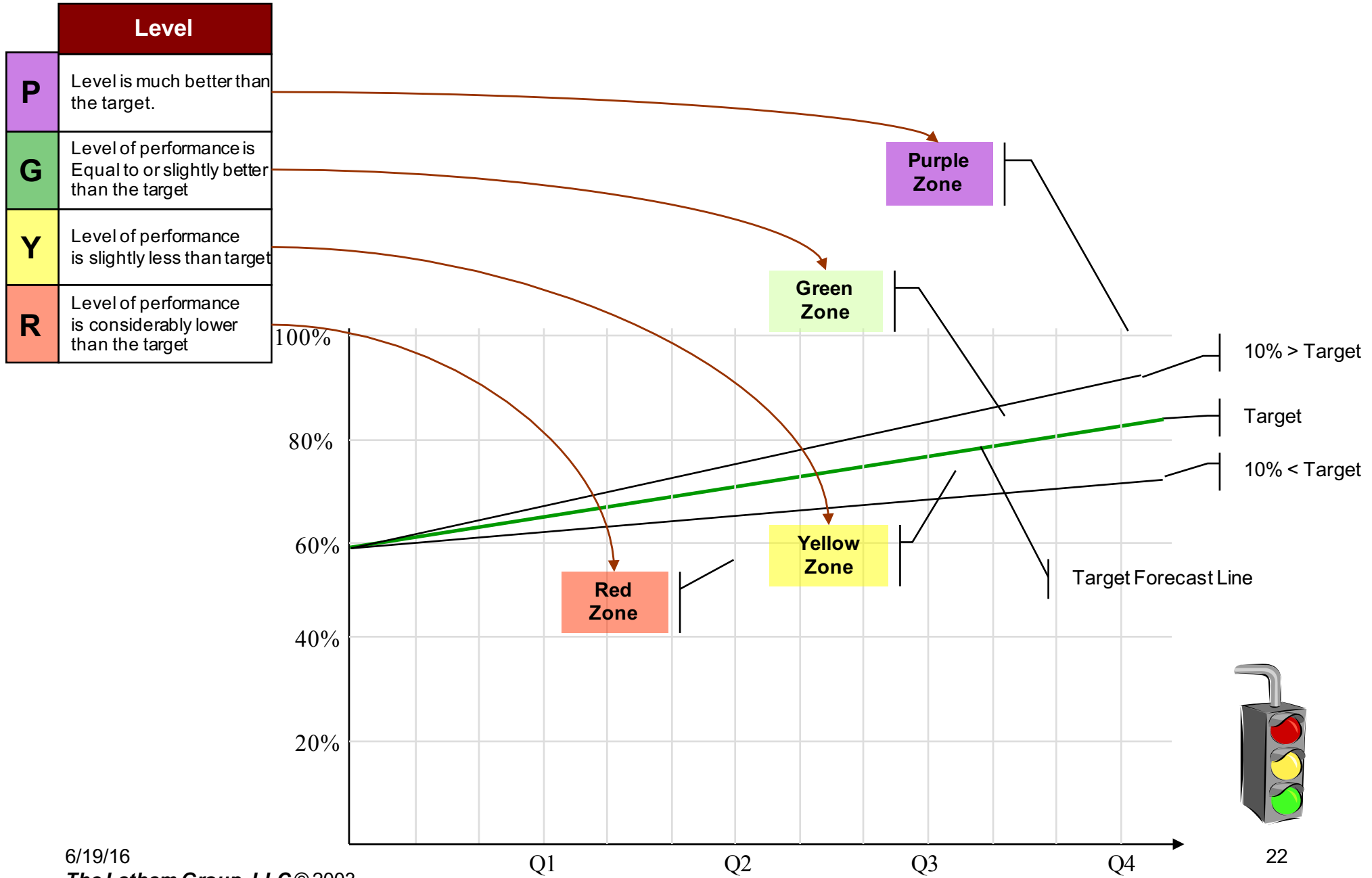
	Level	Trend	Comparison
P	Level is much better than the target.	Steep or exponential improvement trend	You're on top and leaving the comparison behind
G	Level of performance is Equal to or slightly better than the target	Trend is favorable	You're on bottom but closing in on the comparison
Y	Level of performance is slightly less than target	Trend is flat	You're on top but the comparison is closing in on you!
R	Level of performance is considerably lower than the target	Trend is unfavorable	You're on bottom and the comparison is leaving you behind



Performance Measure	Target	Level	Trend	Comparison
Customer Satisfaction		Y	Y	R
Customer Complaints		R	Y	R
Total Sales		R	R	R
Repeat and Referral Sales		G	G	G
Product/Service Quality Index		G	G	G
Cost of Poor Quality		R	Y	G
Employee Satisfaction		P	G	G
Employee Well-being Index		Y	Y	R
Supplier Performance Index		R	G	R
Partnership Contribution to Scale		G	G	G
Total Expenses		R	R	R
EBITDA		G	G	G

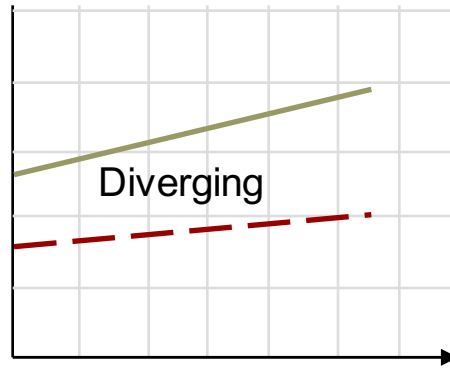


Performance Measure	Target	Level	Trend	Comparison

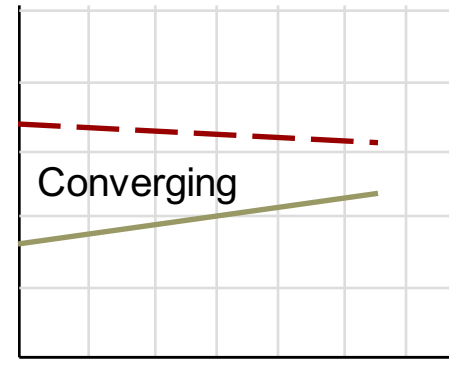


P

Dominant



1. You're on top and leaving the comparison behind



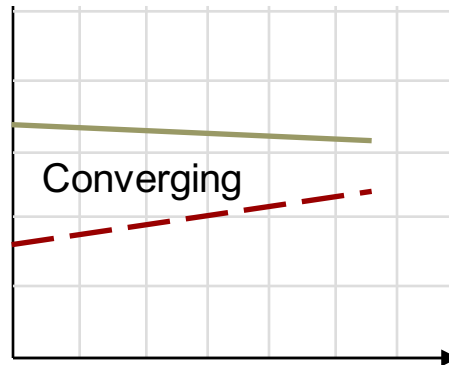
2. You're on bottom but closing in on the comparison

G

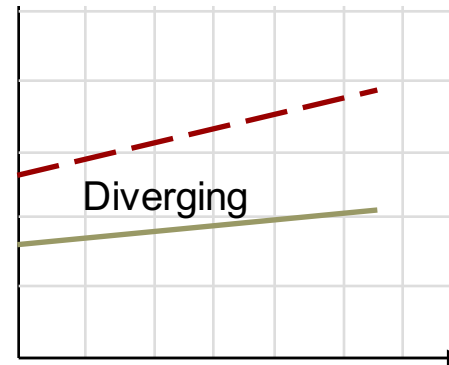
On Track

Y

Impending Danger



3. You're on top but the comparison is closing in!



4. You're on bottom and the comparison is leaving you behind

R

Danger Worsening

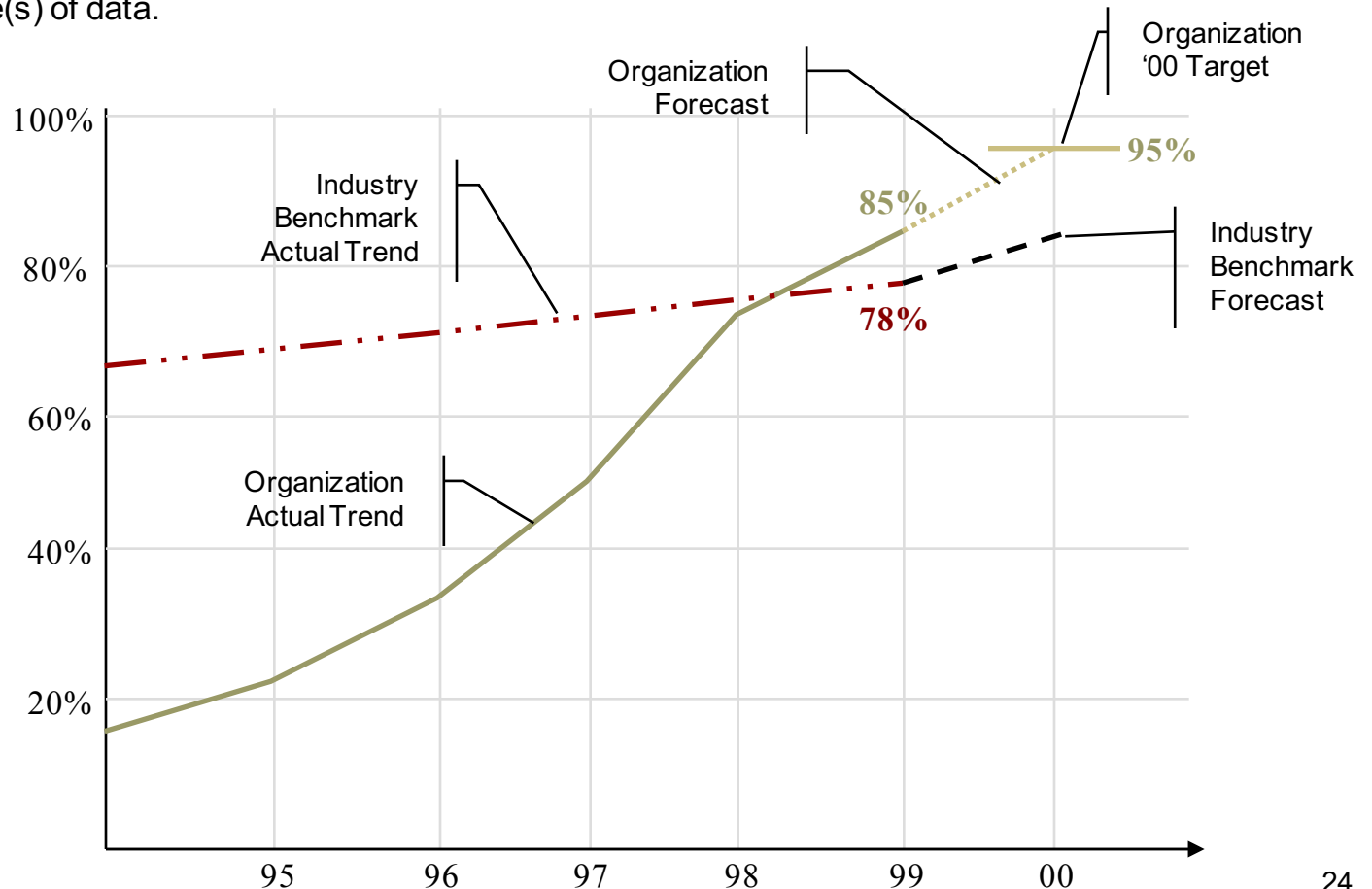


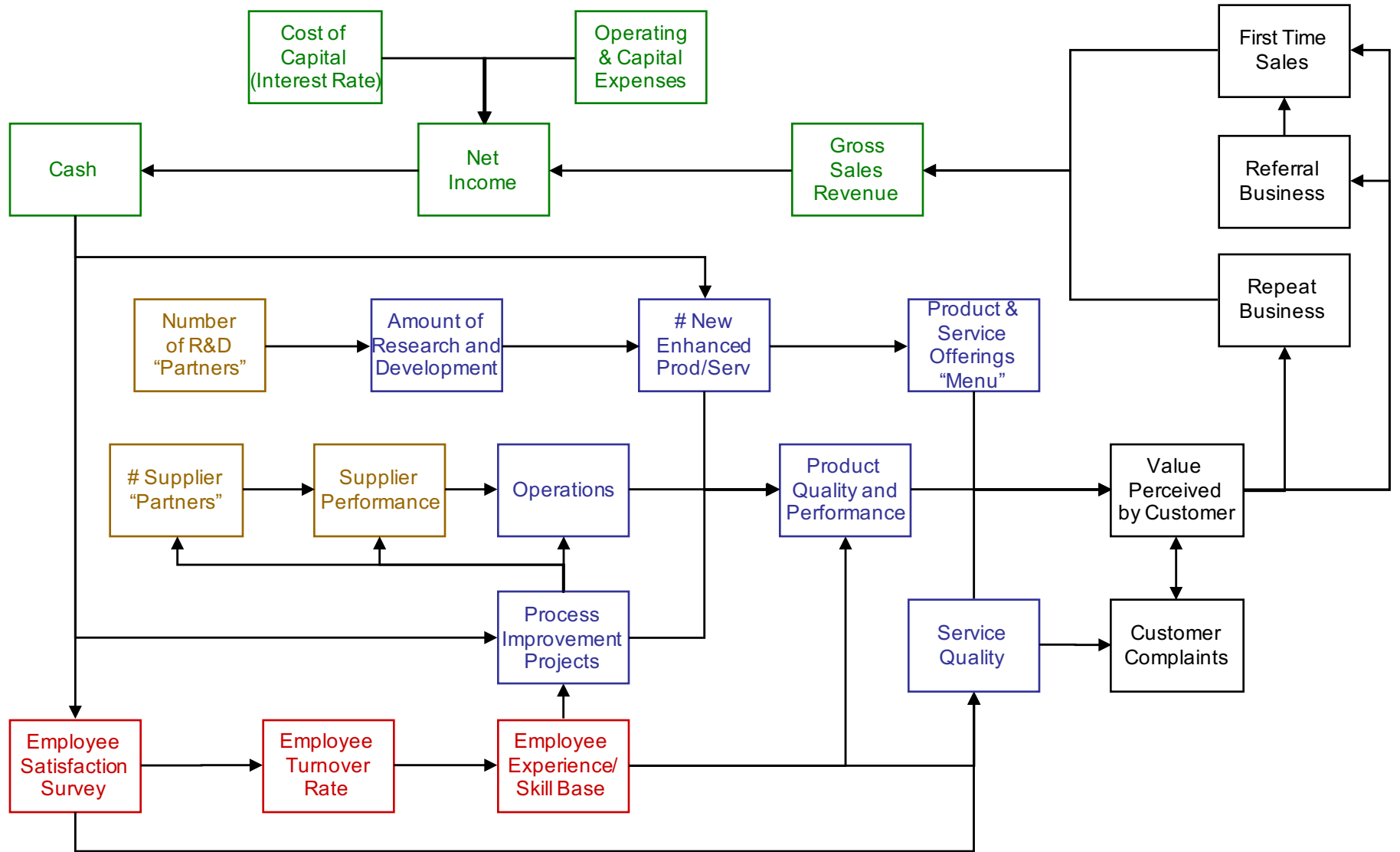
1. Trend of actual performance to analyze the impact of improvement efforts overtime.
2. Trend of comparison (e.g., Industry Benchmark) to analyze the changing gap between organization and relevant comparison to assess if: (a) we are closing in on the competition; (b) they are closing in on us; (c) the competition is leaving us behind; or (d) we are leaving the competition behind.
3. The current levels of performance with actual percentages for both company and the comparison to determine how large a gap exists today.
4. Target for our future performance based on organization action plans.
5. Forecast of organization and comparison performance.
6. Clear label with source(s) of data.

Example:

Figure 7.3.1
% of Employees that rated company as a “good” or “great” place to work.

Sources: Annual Employee Survey and Fortune’s 100 Best Companies to Work For.

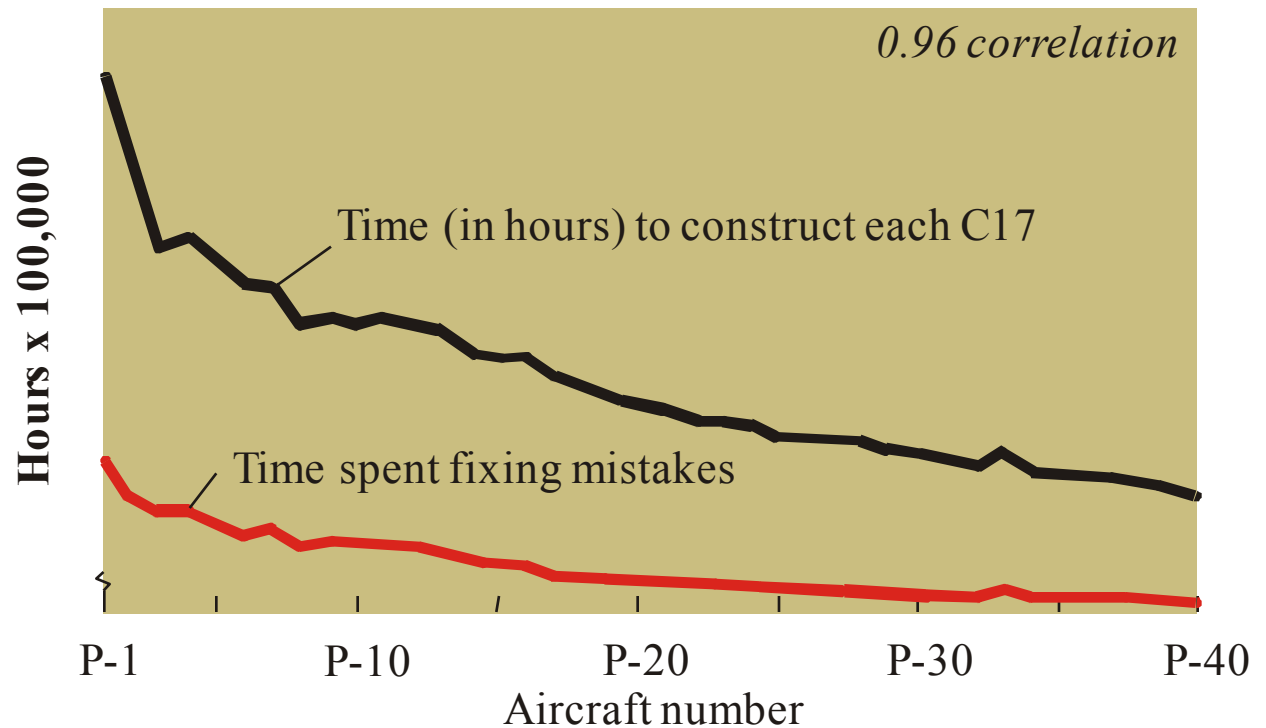




A leadership change and the introduction of a ‘hold the aircraft’ approach, where aircraft didn’t move down the assembly line or out of the factory until they met quality standards, began the fight-back, which was also represented by a shift in focus away from the production schedule, towards production quality (but the schedule improved as well — see the illustrations below)

Correlation between quality and performance

A focus on quality drives improvement in schedule



1. How are we doing in the eyes of our stakeholders including: investors, overseers, public, customers, employees, suppliers, partners, and other stakeholders?
2. What is the explanation for this performance?
3. What can we do about it?
4. Where should we spend our time and money?
5. How can we make sure that the investment achieves the desired results?

