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PRH Consulting Inc.

Building Capability

From Volume 2, Issue 1
January 2006

PROJECT PROFILE:

DESIGNING A PERFORMANCE MEASUREMENT SYSTEM

Abstract

If you can define performance, you should be able to measure it. And, if you have a measurement system that shows employees and managers how everyone is doing, you have the powertrain for a high-performance organization.

One client requested our help to design and build a performance measurement system to complement (and, actually leverage the data from) a previous work analysis we had conducted for them. We defined what should be measured and how, but then project took an unexpected turn…

Thanks for your interest!

The following pages contain an extended version of an article that was previously published in "Building Capability," the PRH Consulting quarterly newsletter.

We are interested in your feedback—please contact us at one of the numbers below to let us know what you think about the article. Also, we invite you to browse the other articles and presentations available in the "Library" section of our website.

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Project Profile—Designing a Performance Measurement System

By Peter R. Hybert

What is a Performance Measurement System?

In this case, the client wanted a way to monitor the productivity and quality of the work output from a group of internal consultants. These consultants worked as internal coaches and team facilitators to help product and project teams perform effectively. The plan was to identify the key elements of performance and then develop a means of tracking them so both the performers (i.e., employees) and their management would be able to tell how people were doing.

We designed the system to include the following elements:

- Measures: The dimension of the performance to be tracked. (An easy example would be cost.)
- Target: The desired value of the measure.
- Instrumentation: Means of collecting the data needed to generate the measure.
- Supporting Processes: Process descriptions for operating the measurement system once it was built. For example, an information process was defined for how data would be collected, consolidated, and communicated.
- Project Plan: Steps for building, testing, and rolling-out the measurement system

What happened? Well, we designed the system but then didn't get to build it—we ended up building a planning tool instead. They discovered that they hadn't ironed out enough of the variability in their process to start counting performance and acting on those numbers. But going through the design process was beneficial for clarifying performance requirements and connecting measurement to training. See below for the story.

The Business Situation

The client was one we had worked with previously to analyze the work performance and the related knowledge and skill requirements. In the first project we designed a modular curriculum for training employees which supported a natural career progression and allowed for flexibility for different types of roles.

This role was challenging in that the performance of a coach is not necessarily reflected in the team's "win/loss" record. Some teams have better opportunities (e.g., talent, facilities, charter, budget). Some of these teams had been working together for a long time while others were just forming. Some teams had a project that couldn't help but be a win while others were almost set up to fail (or

at least involve lots of conflict). And, personalities were a factor—these coaches were true consultants and provided advice only. Advice that the team could follow or ignore.

In the process of analyzing the work, we created a view of the work that was different from how they had previously seen it. The project sponsor saw this view as identifying the core of the work—though roles varied in many respects, the model we built (working with a team of master performers, of course) made it clear what was the same and where the variation came from.

The sponsor also thought this view of the work would help provide an organizing framework for identifying measures. He had struggled with putting numbers on the group's performance—they were essentially delivering a customized service so it seemed as if nothing was really "standard" or even done the same way twice.

The Solution

We have always felt that measurement was the real key to performance improvement. After all, even if all you did was measure and publish the results, eventually you would get improvement in performance.

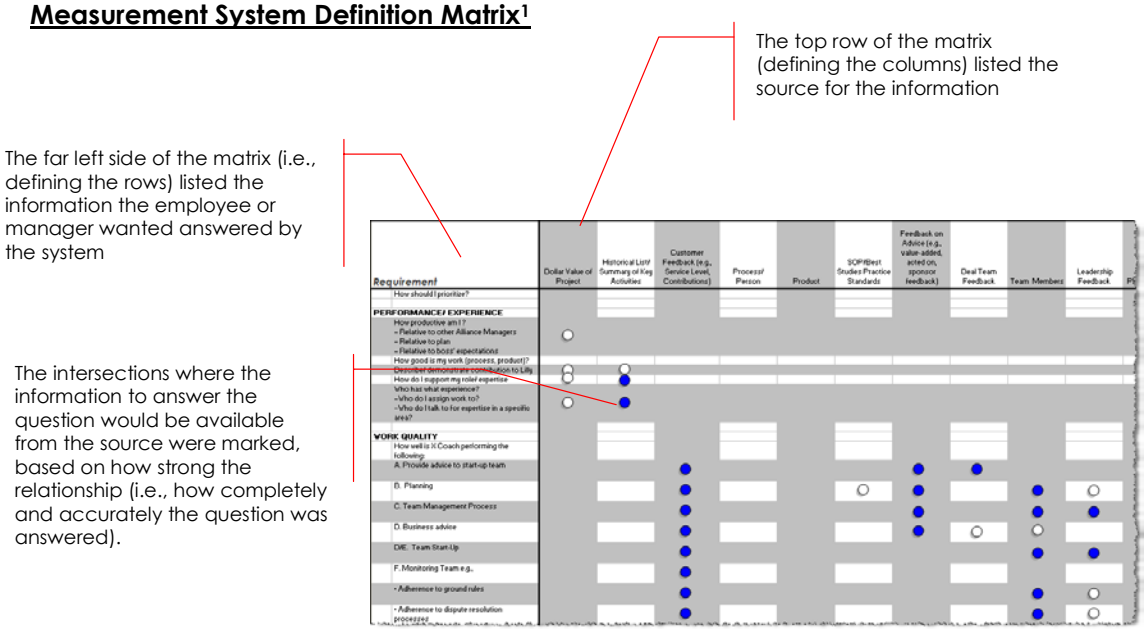
We started with the analysis data generated by the prior project and held a design meeting with a select team of master performers and leadership to design the system. Our process was as follows:

Measurement System Design Process

Everything went well until we came to the step of selecting measures. Our intent was to allow individuals to have different targets for the same measures. For example, if $ in revenue for your team was a measure, each team could set a reasonable target for their specific team. (Product teams had widely varying revenue, profit, and innovation goals.)

Below is a concept diagram of the measurement matrix. Once we defined the questions they wanted answered it became clear that the majority of them were more qualitative than quantitative. And those that were quantitative had more to do with the activities they performed than the results. For example, the number of meetings held or percentage of time spent with the team, etc. may be predictors of success but first you have to define the desired results to determine whether the activities actually produce them.

Measurement System Definition Matrix[1]



At this point it also became clear that, although there were different expectations for each team, those expectations were not documented or agreed upon. The team decided that the first step should be to define the plan for each team so that, later, progress against that plan could be measured. This would address three needs the measurement system had targeted.

1. Provide management with the workload and availability information needed to allocate assignments (e.g., new teams to work with and internal project work)

2. Provide a basis for measuring plan vs. actual performance.

3. Provide a basis for measuring customer (i.e. team and sponsor) satisfaction.

So instead of creating the instrumentation to collect the relevant quantitative data, our project changed to defining the elements of the team plans and then building the template for those plans. The client then listed the teams and established priorities for getting plans on record.

Conclusion

It boils down to the need to know where you are going before you can tell if you have arrived. In this case, the leadership need to manage who is where was met by simply documenting and managing to the plan. The analysis identified the key and common elements of the plan to be defined which allowed the leadership to treat each team uniquely while still comparing relative performance from one team to the next.

[1] The matrix contents have been changed so that the client's content is protected—the chart is intended to be conceptual only.

The client consultants completed the plan template for each of their teams (based on priority) and the information was used to monitor performance. Data on actual performance was collected through interviews (for high priority teams) and surveys (for teams with less business risk) and the manager and individual consultants could discuss performance by comparing the plan with the actual work and results.

An interesting side benefit is that, by sitting down with the sponsor and team to create a specific plan listing the expectations for the coach and the team resulted in improved clarity and relationships between them. In the initial analysis, teams not "getting" what the coach was there for was a common complaint among the coaches and, even though they communicated frequently with the teams, this was seen by coaches as "environmental," that is, just part of the job and not really something that could change. But specifically discussing team needs, upcoming business issues, and then planning tasks and activities (and expected results) gave the team a better view of what a coach could do for them, how, and by when. And it locked them into a commitment about the level of support they were willing and able to afford.

The data from this system also gave the consulting team visibility of the amount of support needed for each of their teams (and most of them supported several teams). This helped them with scheduling time-intensive activities. And it gave the leadership of the consulting organization more quantitative information about how that particular business works. It enabled them to generalize the level of support that "typical" teams of various types and maturity levels need, which helped in resource allocation and planning/ budgeting for the group.

Though we never got to generate nifty performance graphs or charts, we did end up providing a client with the capability to plan, monitor, and manage performance. And, as a result, they gained improvements in productivity (as measured by the ratio of teams to coaches) and in team and coach satisfaction. Their leadership felt better too—they had a clearer view of who was doing what and how well and had the information they needed to manage more effectively. We consider this one a win.

