

Performance Measurement

Performance Measurement

Considerations

Measuring organizational performance can be accomplished by:

- **Comparing actual achievements against set goals.** Comparing the projected aims, such as profit and innovation, against actual results.
- **Measuring the efficiency of business functions, areas, and processes.** How cost-effectively, efficiently, and quickly business areas achieve their aims.
- **Balancing expenditures against returns.** Viewing each business project or process as an investment, and the results of that process as the return on that investment.

Performance Measurement

What impacts Organizational Performance?

- Employee performance directly affects their contribution to the efficiency and results of an organizational unit.
- In turn, the performance of each organizational unit affects the organization's overall performance
- What are some barriers you have observed to the success of an organization realized by the direct result of poor performance by individual employees or organizational units?





Performance Measurement

What impacts Organizational Performance?

Tone at the Top...

Leadership is the most important driver of organizational culture and performance.





Performance Measurement

Why use Key Performance Indicators?



*Create strategic hierarchical
Key Performance Indicators to
compare targets to factual
results.*

What are KPIs?



KPI stands for Key Performance Indicator

- KPIs demonstrate progress/outcomes that result in desired goals
- When implemented well, KPIs can help inform organizational and departmental decision-making, support philosophical buy-in, and identify process level success



KPIs are not "activities"

- KPIs aren't *what* an organization does or what it produces

What are KPIs?

- KPIs are valuable to translate data points into decision points
- KPIs can be used to support philosophical buy-in
- KPIs can be used to identify process-level success that may be transferrable



What are the benefits of KPIs?

- Provides clear linkages between activities and goals
- Increased accountability and transparency
- Leveraging KPIs can help an organization transition from focusing on outputs, to focusing on outcomes
- KPIs can be used to evaluate the impact of change
- KPIs can be used to identify transferrable best practice and operating models

Polling Question #1

What does “KPI” stand for?

- A. Keep Paying Income
- B. Kalamazoo Police Initiative
- C. Key Performance Indicator

Creating KPIs

- Identify your stakeholders and how they might define success
 - Consider internal and external stakeholders
 - Are there industry standards that could be applied?
- Focus on your mission and values while identifying your current strategic goals and key activities
 - Do your goals and activities correlate?
- Assess your current performance environment
 - KPIs should be specific, attainable, and timely

Key Performance Indicator

- Less

- Important

- Focused

Key Performance Indicator

- Specific
- Measurable
- Attainable
- Relevant
- Timely

Key Performance Indicator

- **Context & Comparability**
- **Exception Management**
- **Visibility**
- **Action**

Creating KPIs: Sample Performance Activity Questions:

What are the department's key/annual activities and initiatives?

How do position titles allocate time to annual/key activities?

How does each unit help realize organizational goals?

How is performance currently tracked?

How is "success" defined/measured?

What current or needed tools and resources help achieve organizational goals?

Creating KPIs: Analyze your Data

- Review and in some cases utilize currently available data
- Assess data integrity
 - Is there potential for fraud or manipulation?
 - Can potential fraud or manipulation be minimized through automation?
- Assess system capabilities
- Assess data needs and purpose

Creating KPIs: Aligning Activities and Goals

- How does activity success drive goal-oriented results?
- Are all appropriate units or departments represented?
 - Similar processes should generally have the same KPIs. If not, an explanation is needed.
- Is there an appropriate balance of activities for each goal?
- Does the alignment create the potential for competing priorities?

Creating KPIs: Developing Indicators

- Neutral, concise language
 - Ensure stakeholders understand the indicator
- Trackable
 - Data must be attainable and timely
- Encourage innovation in process
- Define inputs, outputs and outcomes
- Establish baselines
 - What does “meeting” your KPI look like?
 - What does “not meeting” your KPI look like?
 - Can your goal change over time?

Creating KPIs: Implementation

- Communicate outputs and KPIs with staff
 - Define “a job well done”
 - Provide support
 - KPIs are not the only measure of successful job performance
- Map the linkage between each job’s key activities and the KPIs
 - Ensure staff understand their role in KPIs
- Explain the process for consistent, ongoing tracking
 - Interim checkpoints or benchmarks
- Check in frequently but don’t be overbearing
 - “practice makes pattern”

Polling Question #2

Which Statement is True?:

- A. Staff do not need to know or understand KPIs
- B. KPIs can be evaluated and changed over time depending on specific goals and objectives
- C. KPIs do not need to be trackable

KPI Assessment



Create timeline and targets for assessment

- Timeline should be appropriate for your environment
- Targets should be dynamic, and show intermediate progress
- Include time to fully analyze the data



Analyze the Results

- Assess root cause of positive and negative results
- Review variables that lead to current result
- Define “key takeaways”
- What are your next steps?
- Do you have realistic max performance targets?

KPI Assessment



Develop Graphics to Easily Display Progress

- Dashboards, scorecards, etc.
- Graphics should be realistic and represent all results
 - Red, yellow, negative KPI scores aren't "bad"
 - Always present realistic scores
 - Can create opportunities to proactively address issues, redirect activities to drive towards successful outcomes and goal-meeting
- Frequently communicate current status and progress
- Wash, rinse, repeat

KPI Assessment

- Review KPIs that aren't performing to expectations
 - Don't jump to conclusions.
 - One KPI result does not indicate a trend.
 - Look for external factors that may have led to the result.
 - What are the themes or trends?
 - Are there similar KPIs that aren't consistently met?
 - What “lessons learned” or “best practices” could be leveraged?

KPIs should:



Work together to provide a comprehensive picture of organizational and unit-level success and accountability



Help identify high-quality activities and processes for transferring and duplicating



Provide transparency around mission, goals, and key government activities



Help staff understand their role in driving organization-wide success

KPIs should not:



Create competing priorities for staff and funds



Be too aggressive



Be used to punish staff



Selectively measure outputs

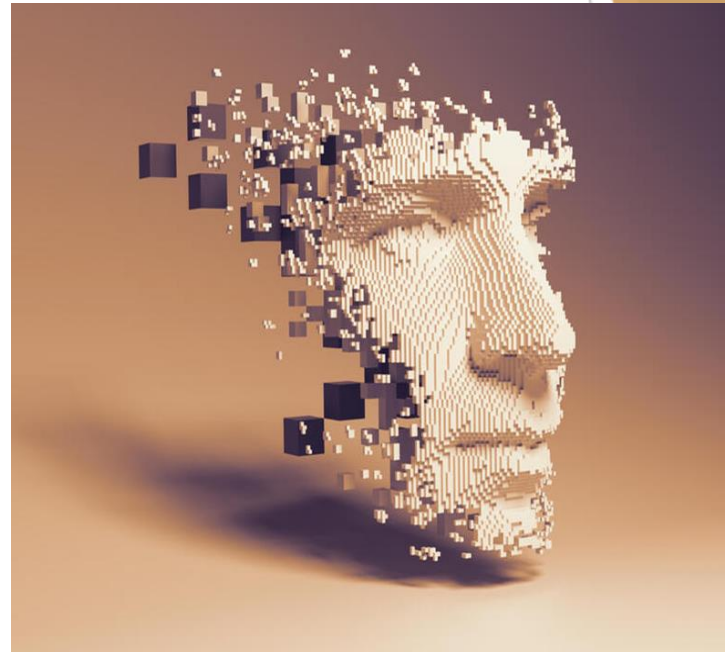
Polling Question #3

KPI's should:

- A. Create competing priorities for staff and funds
- B. Work together to provide a comprehensive picture of organizational and unit-level success and accountability
- C. Be used to punish staff

Performance Measurement

Measuring Performance, especially for government organizations, is a primary indicator of a forward-thinking organization.



"When performance is measured, performance improves. When performance is measured and reported, the rate of improvement accelerates."

~Thomas S. Monson~

Final Questions or Comments?

Thank you for your time!

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