PuMP® Diagnostic Discussion

How can your performance measurement become easier, more meaningful and more likely to improve organisational performance?

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Introduction

- This exercise is a diagnostic review of your performance measurement process.

- It will help you talk about how your performance measurement process currently works, relative to how it could or should work.

- You will assess where your performance measurement process needs improving, and explore how PuMP® can help you do that improving.
  - PuMP® is a framework for designing and improving and implementing performance measurement processes, developed by Stacey Barr in the mid 1990s and used with hundreds of organisations ever since. You'll be exploring the key techniques in the PuMP® framework as you work through this diagnostic discussion.

- Allow about 30 to 60 minutes for the discussion.
  - Many people are surprised at the candidness and insight that this discussion brings out!

- At the end: decide what your first next step will be.
  - Don't waste the opportunity to make a real difference, not only _to_ your performance measurement process, but _through_ it, by measuring and improving what matters most.
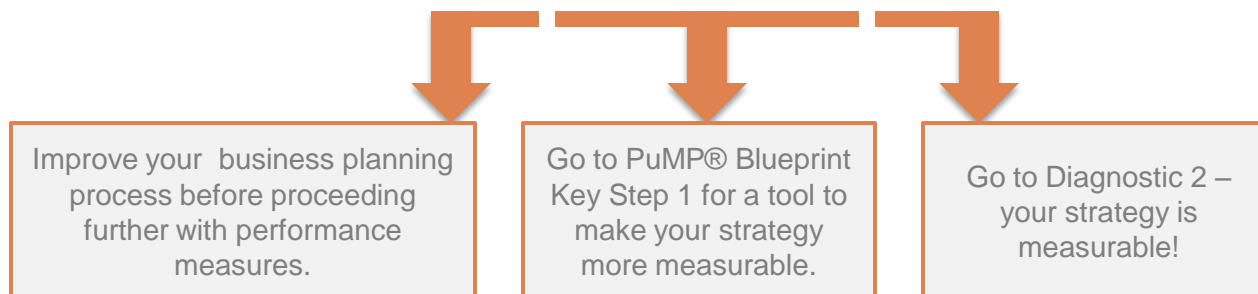
Instructions

- You'll move through 5 steps of the diagnosis
  - How measurable is your strategy?
  - How meaningful are your performance measures?
  - How well implemented are your performance measures?
  - How useful and usable are your performance dashboards/reports?
  - How well do your performance measures improve performance?

- At each step you will:
  - Discuss the meaning of each of the diagnostic criteria and examples of how it is in your organisation.
  - Rate your organisation for each of the diagnostic criteria, on the scales provided.
  - Take your average rating.
  - Choose the action at the bottom that is dependent on your average rating.

Diagnostic 1:
How measurable is your strategy?

	1	2	3	4	5	6	7	8	9	10	
We don't have a strategy at all.	1	2	3	4	5	6	7	8	9	10	We have a documented strategy that includes goals or objectives in support of our vision/direction.
Our strategy uses weasel words like efficient, effective, reliable, quality, enhanced, sustainable, etc...	1	2	3	4	5	6	7	8	9	10	Our strategy is very clearly articulated in words that have no ambiguity and everyone shares the same understanding of.
Our goals or objectives are statements about the actions or projects or initiatives we want to take.	1	2	3	4	5	6	7	8	9	10	Our goals or objectives are statements about the impact or difference or result we want to create or achieve.
Each part of the organisation develops its own goals or objectives independently and with no attempt to align.	1	2	3	4	5	6	7	8	9	10	Our strategy is linked and cascaded from the corporate level to operational team level and all understand their contribution.
We have dozens of goals and objectives because a lot matters.	1	2	3	4	5	6	7	8	9	10	We have ruthlessly prioritised our goals or objectives to less than a dozen or so.

Improve your business planning process before proceeding further with performance measures.

Go to PuMP® Blueprint Key Step 1 for a tool to make your strategy more measurable.

Go to Diagnostic 2 – your strategy is measurable!
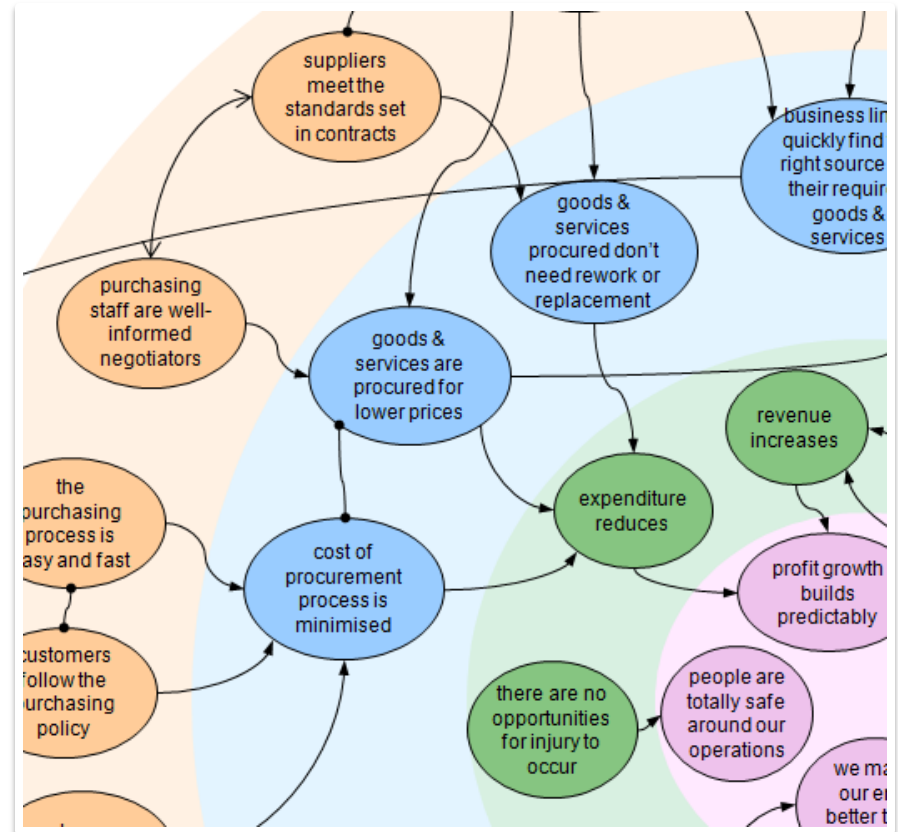
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PuMP® Blueprint Key Step 1:
Make your strategy measurable

- **PuMP® Results Mapping** technique will help you:
  - remove the weasel-words
  - tease out measurable results
  - link and cascade strategy throughout the organisation

- How it works:
  - better quality dialogue about what the strategy really means
  - easier for staff at all levels to understand strategy and their contribution
  - stronger focus on what really is worth measuring – at all levels in the organisation
  - easier to go to the next step of selecting great measures

Go to Diagnostic 2

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Diagnostic 2:
How meaningful are your measures?

Very few, or none, of our measures are clearly linked to our goals and objectives.	1	2	3	4	5	6	7	8	9	10	Every measure is clearly linked to a goal or objective that it provides meaningful evidence of.
We have too many measures or not enough measures.	1	2	3	4	5	6	7	8	9	10	Every important performance aspect of our strategy or business operations is measured with the bare minimum number of measures.
We use milestones or actions as measures e.g. "*Implement CRM by June 2011*" or "*Improve customer complaints process*"	1	2	3	4	5	6	7	8	9	10	Every measure is objective evidence that regularly gauges the degree to which a performance result is occurring over time.
A lot of our measures are simply a few words like "*Staff Survey*" or "*Productivity*" or "*Sustainability Index*", with no clear description of exactly what the measure is.	1	2	3	4	5	6	7	8	9	10	Every measure has a clear and unique name accompanied by a description about exactly what is being measured e.g. *Overall Customer Satisfaction = average customer satisfaction rating on scale of 1 to 10 for our overall service delivery*
People don't feel engaged or don't buy in to performance measures and avoid spending any time on measurement at all.	1	2	3	4	5	6	7	8	9	10	Everyone values measures as useful feedback to help them do their jobs better and contribute to the organisation's vision.

Go to PuMP® Blueprint Key Step 2 for a tool to design meaningful, aligned measures.

Go to Diagnostic 3 – you have the measures you need!

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PuMP® Blueprint Key Step 2:
Design meaningful performance measures

- **PuMP® Measure Design** technique will help you:
  - quickly consider a range of potential measures for your goals or objectives (or results, from your Results Map)
  - select the most powerful measures by balancing their relevance and ease of measuring

- How it works:
  - selects measures that are few and focused
  - selects measures that align incredibly well to goals and objectives
  - tests the strength of current measures and any other potential measures
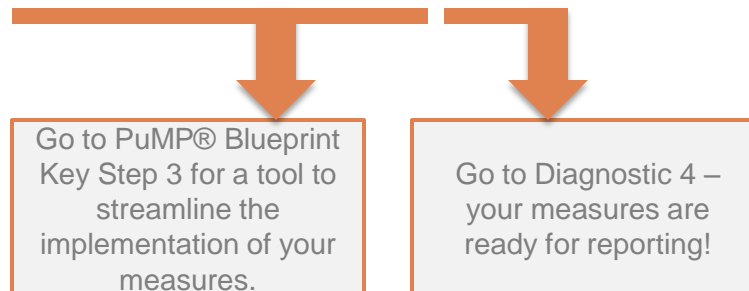 - builds a very strong sense of ownership for measures and results

Go to Diagnostic 3

begin with the end in mind	cost of procurement process is minimised		
be sensory specific	– we can purchase the same amount of goods and services with less		
	– we are increasing the dollar savings through automating steps in th procurement process		
	– the procurement operating expenditure is getting smaller and small proportion of the amount of goods and services the organisation ne procure		
	– it costs us less to process each order for goods or services as time		
	– the total material and labour cost of procuring something for Greens Ltd, from start to finish, is way less than the value of the thing being procured		
	– staff are able to process more orders in the same amount of time		
find potential measures	*potential measures*	*strength*	*feas*
	1. Number of procurement staff	L	k
	2. Purchase Employees as % Company Employees	L	k
	3. % Total Purchase Transactions that are Totally Automated	L	N
	4. % Cost Reduction Savings as % Purchasing $ Generated by Purchasing	M	k
	5. Procurement Process Operating Expense as % of Purchasing $	H	k
	6. average of cost of processing an order	M	N
	7. Order Fulfillment Costs (processing the order		

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Diagnostic 3:
How well are your performance measures implemented?

	1	2	3	4	5	6	7	8	9	10	
None or very few of our measures have the data available that they need, or to the level of integrity needed.	1	2	3	4	5	6	7	8	9	10	Every measure has the data available that it needs, to the level of integrity needed.
Most measures are annual or quarterly.	1	2	3	4	5	6	7	8	9	10	Every measure's frequency is deliberately chosen to provide the best time series analysis for quickly identifying signals.
There is no guarantee that measures are measuring what they should – there is duplication, different versions of the truth, incorrect calculations and analysis used.	1	2	3	4	5	6	7	8	9	10	Every measure's calculation formula is clearly detailed and consistently applied – there is one version of the truth for each measure (no duplication or ambiguity).
There is little to no ownership of performance measures – no-one knows who is responsible for monitoring which measures.	1	2	3	4	5	6	7	8	9	10	Every measure has an owner, and every measure owner feels a strong sense of buy-in to their measures (they use the measures and value them).
Most measures are reported without clear intention and without clearly defined responses to take to their signals.	1	2	3	4	5	6	7	8	9	10	Every measure's purpose is clear and its owner knows the appropriate responses to take depending on the measure's signal.
Measures pop up like mushrooms and we have no idea how many we have.	1	2	3	4	5	6	7	8	9	10	Every measure is documented in a corporate measure definition dictionary.

Go to PuMP® Blueprint Key Step 3 for a tool to streamline the implementation of your measures.

Go to Diagnostic 4 – your measures are ready for reporting!

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PuMP® Blueprint Key Step 3:
Define and implement performance measures

- **PuMP® Measure Definition** technique will help you:
  - detail the calculation, owner, frequency and data sources and more to ensure each measure comes to life as intended
  - keep one version of the truth about how measures should be reported
  - easily sort, categorise, find and review measures over time (as the suite evolves)

- How it works:
  - gives measure owners a logical and thorough template to define exactly how each measure should be implemented
  - keeps all measures in a single repository to make management, updating, searching, adding and decommissioning of measures easier and faster
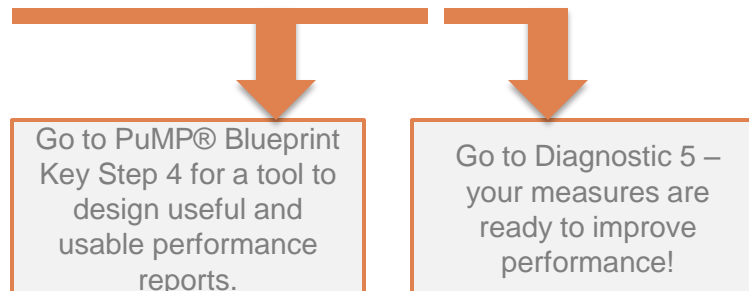
Go to Diagnostic 4

name	Purchasing OpEx as % of Purchasing $	
description	The labour costs of functions within the Procurement Department procurement activities, as a percentage of the total purchase doll	
why it matters	The intent of this measure is to gauge the cost of getting products value of those products and services. This is a form of efficiency	
where it fits	*level:*	Tactical (Blue)
	result:	"cost of procurement process is minimised"
	measure relationships:	measure name
		% Spend Saving
		Customer Rating of Ordering Simplicity
		% Purchasing $ on Approved Contracts
		% Purchasing $ on P-cards
		% Jobs Ordered Off Approved Contracts
		# Suppliers
		Total Expenditure
	process / department:	Procurement Department
calculation	*formula:*	[purchasing_opex x 100%] / [material_cost + se
	frequency:	monthly
	scope:	- The purchasing_opex relates just to the Procu

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Diagnostic 4:
How useful and usable are your performance reports?

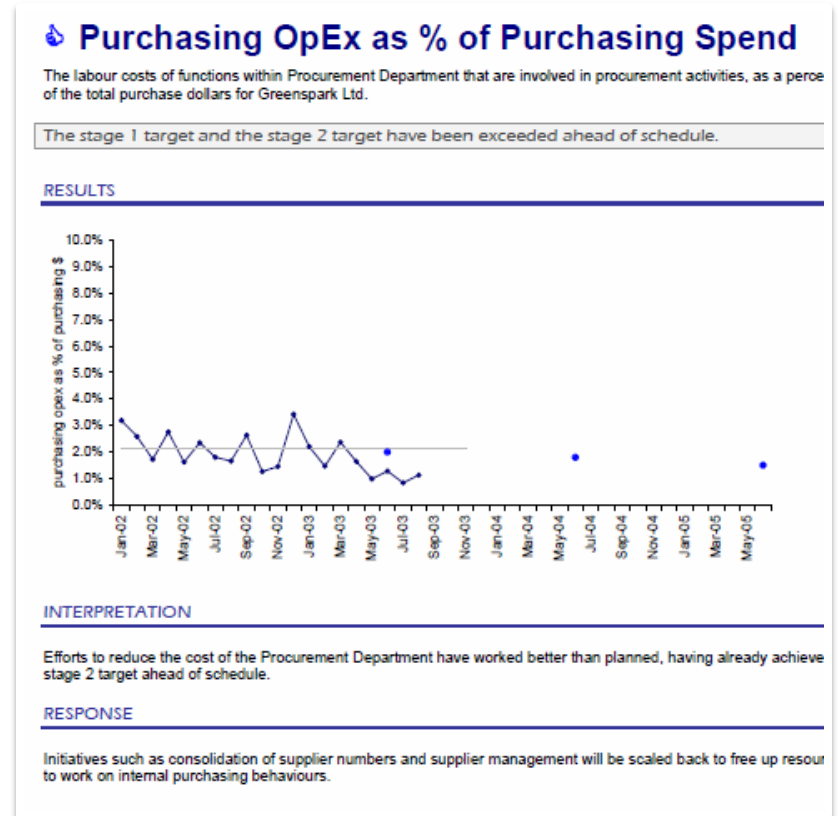|	1	2	3	4	5	6	7	8	9	10	
Performance reports are ad hoc or non existent. There is no standard performance reporting process we follow.	1	2	3	4	5	6	7	8	9	10	Each performance report or dashboard is designed for a specific audience, tailored to the measures and results they own and produced regularly and routinely.
We use pie charts, stacked bar charts, default dashboard tools like dials or gauges – whatever is the default or looks good.	1	2	3	4	5	6	7	8	9	10	Most measures (and when it makes sense) are graphed to show historic time series to highlight important signals about changes in performance over time.
Performance reports are hard to navigate and hard to find the information of most use.	1	2	3	4	5	6	7	8	9	10	Each performance report or dashboard is consistently structured around the goals or objectives measured in the report.
It's not clear from performance reports what needs to be actioned and what doesn't. It takes time to work out exactly how performance is tracking.	1	2	3	4	5	6	7	8	9	10	Each performance report or dashboard highlights where performance is tracking well, and where it isn't, so it's easy to prioritise where to focus.
Performance reports are bulky with updates on project progress and operational minutia and users don't have time to read them all.	1	2	3	4	5	6	7	8	9	10	Each performance report or dashboard contains the essential information to answer what is happening, why and what should be or is being done.

Go to PuMP® Blueprint Key Step 4 for a tool to design useful and usable performance reports.

Go to Diagnostic 5 – your measures are ready to improve performance!

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PuMP® Blueprint Key Step 4:
Report performance measures usefully and useably

- **PuMP® Report Design** technique will help you:
  - design dashboards and scorecards so the real signals in measures are highlighted (not using silly and ineffective default dashboard gauges and dials that entertain but fail to inform)
  - more easily monitor progress in performance improvement as well as the results

- How it works:
  - provides a template for the structure, content, layout and design of useful and usable graphs and dashboards (and other performance reports)
  - structures dashboards/scorecards to answer the key decision-making questions: What's happening? Why is it happening? What is the best thing to do?
  - makes it easier to see true performance signals, based on valid statistical trends and not "current month to target" comparisons (which are too volatile and reactive)
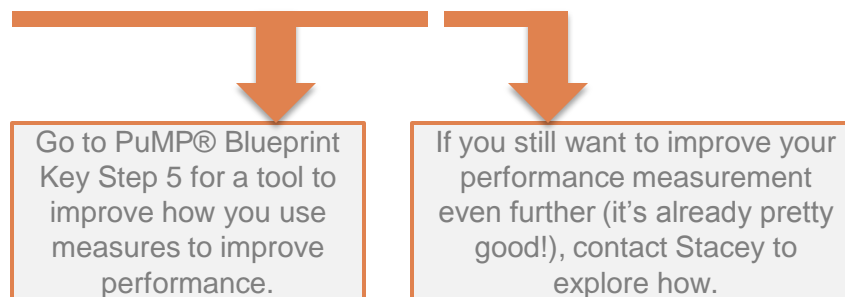

Purchasing OpEx as % of Purchasing Spend

The labour costs of functions within Procurement Department that are involved in procurement activities, as a perce of the total purchase dollars for Greenspark Ltd.

The stage 1 target and the stage 2 target have been exceeded ahead of schedule.

RESULTS

INTERPRETATION

Efforts to reduce the cost of the Procurement Department have worked better than planned, having already achieve stage 2 target ahead of schedule.

RESPONSE

Initiatives such as consolidation of supplier numbers and supplier management will be scaled back to free up resour to work on internal purchasing behaviours.

Go to Diagnostic 5

Diagnostic 5:
How well are performance measures improving performance?

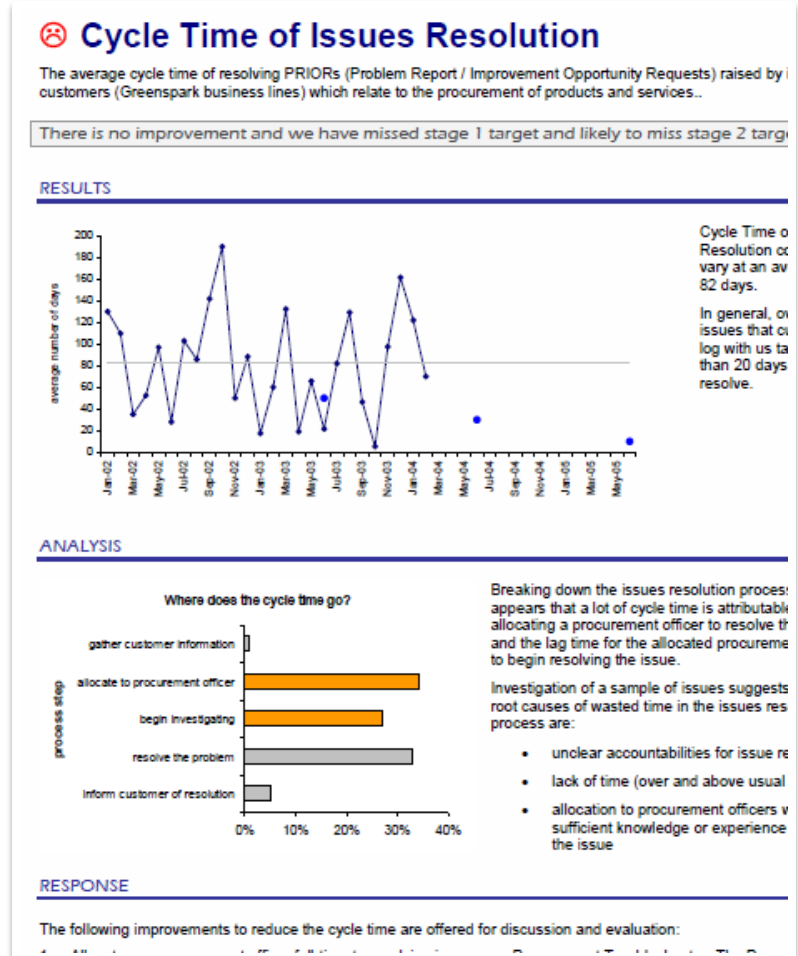|	1	2	3	4	5	6	7	8	9	10	
We assess performance by comparing this month to last month (or this week to last week, or this month to the same month last year).	1	2	3	4	5	6	7	8	9	10	We use statistically valid methods to determine when performance has changed, so we don't react to differences that are part of normal variation.
Performance shortfalls and missed targets are easily blamed on outside forces like the economy, lack of budget, not enough staff.	1	2	3	4	5	6	7	8	9	10	Performance shortfalls are analysed and the root causes are found and fixed before targets are missed.
Measures are used as a tool to assess people's performance.	1	2	3	4	5	6	7	8	9	10	Measures are used to assess business and process performance, as a tool for people to make decisions and take action.
Most performance targets are missed.	1	2	3	4	5	6	7	8	9	10	Most performance targets are achieved.
We rush to implement ideas and initiatives without testing first (our motto is "Don't just stand there, do something!")	1	2	3	4	5	6	7	8	9	10	We test strategies and improvement initiatives before full implementation (using our measures), so we don't waste time or resources on solutions that don't work.

Go to PuMP® Blueprint Key Step 5 for a tool to improve how you use measures to improve performance.

If you still want to improve your performance measurement even further (it's already pretty good!), contact Stacey to explore how.

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PuMP® Blueprint Key Step 5:
Use performance measures to improve performance.

- **PuMP® Using Measures** technique will help you:
  - design a decision-making or performance review process that ensures discussion is focused on getting the most insight from performance measures in order to improve performance and achieve targets
  - execute your strategy through regular monitoring, evaluating and testing and tuning of improvement initiatives

- How it works:
  - provides a guideline on how to recognise the true signals in performance measures and stop reacting to point-to-point variations (which creates more problems)
  - centres discussion on a relentless solution focus, to avoid wasting time with blame and acting within your circle of influence to achieve the results implied by your goals and objectives

Explore approaches for adopting PuMP®

☹ **Cycle Time of Issues Resolution**

The average cycle time of resolving PRIORs (Problem Report / Improvement Opportunity Requests) raised by customers (Greenspark business lines) which relate to the procurement of products and services..

There is no improvement and we have missed stage 1 target and likely to miss stage 2 targe

RESULTS

ANALYSIS

Where does the cycle time go?

RESPONSE

The following improvements to reduce the cycle time are offered for discussion and evaluation:

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Approaches to adopt PuMP® for performance measurement:

Approach	Options
Build in-house performance measurement skill	❑ In-house PuMP® Performance Measure Blueprint Workshop *(for 10 or more people throughout your organisation)* ❑ Corporate table at upcoming public PuMP® Performance Measure Blueprint Workshop *(ideal for up to 6 people from your organisation)* ❑ PuMP® Performance Measure Blueprint Self-Paced Audio Program *(a copy for each person to learn at their own pace)*
Develop an in-house corporate performance measurement team	❑ PuMP® Performance Measurement Practitioner Certification Program *(pre-requisite is the Performance Measure Blueprint Workshop or Audio Program)*
Play with some of the PuMP® techniques in an ad hoc way (get a feel for it)	❑ PuMP® How-to Kits *(there's one for each Blueprint Key Step)*
Have an expert lead you through the first few times	❑ PuMP® Implementer Program *(an external PuMP® Consultant facilitates the Performance Measure Blueprint for one or more teams in your organisation)*

➡ See all 7 steps in the PuMP® Performance Measure Blueprint
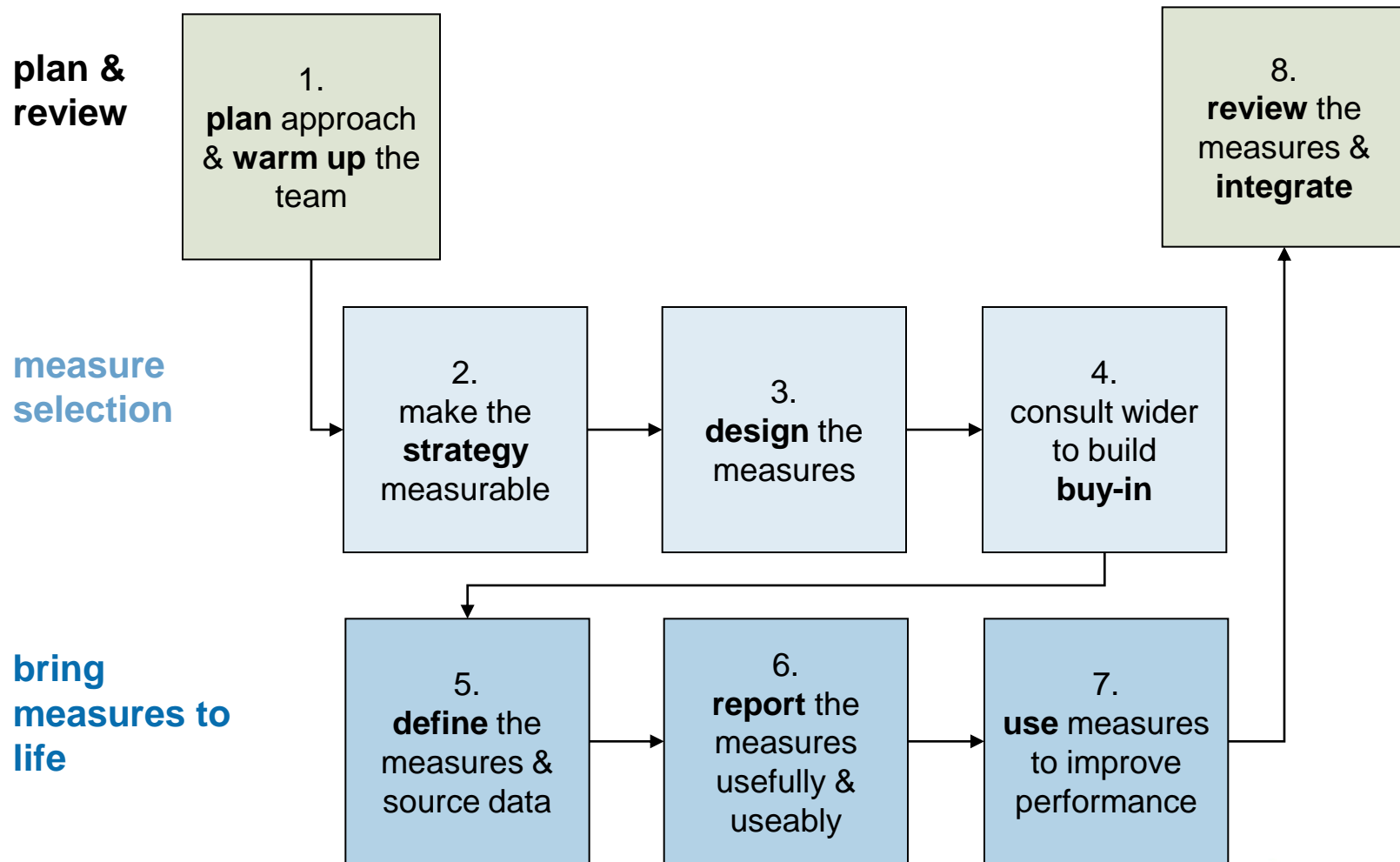
➡ What now?

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What's our first next step?

Suggestions?

Contact Stacey?

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All the steps of the PuMP® Performance Measure Blueprint

plan & review

1.
plan approach & **warm up** the team

8.
review the measures & **integrate**

measure selection

2.
make the **strategy** measurable

3.
design the measures

4.
consult wider to build **buy-in**

bring measures to life

5.
define the measures & source data

6.
report the measures usefully & useably

7.
use measures to improve performance

BACK

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About Stacey Barr

Stacey Barr is a teacher and mentor for corporate planners, business analysts, corporate performance managers, and others who guide the development of meaningful, results-oriented performance measures that focus their organisation on executing strategy and achieving its purpose.

Since 1999, Stacey has been a freelance specialist in business performance measurement and her passion is to give this capability to others, so that performance measurement becomes as "business as usual" as financial management.

She's the creator of PuMP® - a unique approach that gives people the detailed practical steps to develop performance measures in a way that creates incredible buy-in.

With her email newsletters, consulting programs, public workshops and how-to products, Stacey has helped hundreds of organisations develop more meaningful performance measures than they've ever had.

Stacey's clients know her for her passion and practicality. They include many federal and state government agencies, local government authorities, corporations, non-profit organisations and small to medium enterprises throughout the world.

Learn more about Stacey and PuMP® at www.staceybarr.com or contact Stacey at info@staceybarr.com or +61 408 883 458.

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