

Lesson 3 - Step 3: Find points of highest leverage

Transcript

We're up to Step 3 now. Your teams are at this stage where they know their customers and they know their customers' priorities, and it's time for them to find the leverage so that they can perform better at meeting those priorities for their customers.

This step is where hard to measure teams really can see what performance is all about.

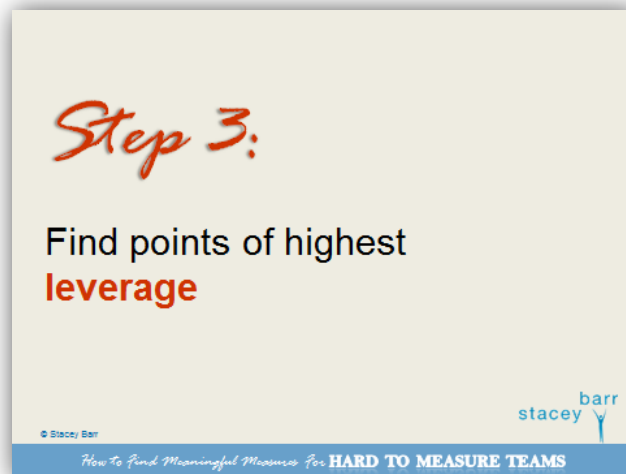
They'll realise that it's not about hard work, it's not about how hard how they work, or how well they do their job, it's not about them at all in fact. It's about their process, and that is a pretty radical mind shift for a lot of teams to go through, is to appreciate that performance is not about them; it is about their process and what they do with that process to deliver the outcomes that customers want.

Step 3 will help them understand their process, but also how they can tweak that process so it does a better job of achieving their customers' priorities.

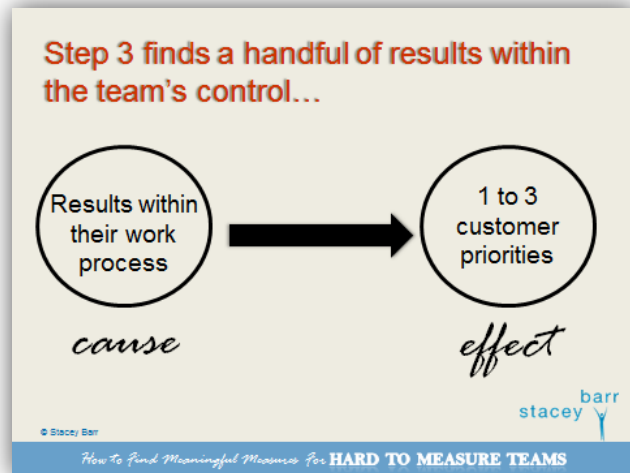
Step 3 helps the teams find a handful of results that are within their control...

Step 3 helps the teams find a handful of results that are within their control, their direct control. In other words, their actions can influence these results. Actions don't often directly influence customer outcomes, there's usually something within the process that the team works through that needs to change, needs to be done better in order to improve the outcomes. So, that's where we want to shift their attention, onto those points of leverage.

The team will have control, sometimes, more often than not they have a reasonably large amount of influence over the results that are within their work process. So,



processes are made up of steps and each step is producing some little output in order for the next step to be possible to do. And, that's what I'm talking about results, is how well those little outputs and how well each of those little steps are working in order for the next step to happen the way that it should, and so on and so on, ultimately leading up to the outcomes that customers get.



Customers' priorities of course are impacted by those results, ultimately. Now, Steps 1 and 2 got us to a point where our teams will have one to three customer priorities to focus on, what we want the team to do is to find the results within their work process that have the strongest cause/effect relationship to those customer priorities, and that's what leverage is about. Leverage is about finding the results within the work process that have the biggest impact, the biggest cause/effect relationship to customers' priorities.

Good performance measures, as opposed to any old performance measure, good measures they focus on leverage and priority. They're definitely not about what's easy to measure, they're not about what everyone else is measuring, they're not about measuring how much activity or work the team is doing. And, they're certainly not about measuring absolutely everything that moves, or everything that could possibly matter. Good performance measures focus on leverage and priority, that's what Step 3 is about, is finding that leverage so that the measures that the team ends up with are going to focus on leverage and priority.

Now, you might remember the research team that we've been speaking about as we've gone through our first couple of steps. This research team is – they work for a large scientific organisation and their particular focus is sustainable agriculture and particularly reducing greenhouse gas emissions from livestock farming. Now the first step to finding the team's leverage to improve performance is certainly to understand the team's work process.

And that's what Step 3.1 is about, outlining the team's process.

Step 3.1: Outline the team's process

Now your team may say, "We already know what we do. We know it like the back our hand, we don't need to do this," but the point of doing this is that it lays it out visually in front of them and gives them a systematic framework to identify leverage. It's harder to

do it just in conversation, just in talking ad hoc and randomly about the work they do. Laying out their process, defining it, outlining it like we're doing at Step 3.1 and when we come to Step 3.2, flowcharting it or mapping it, has an incredibly powerful impact in highlighting where the points of leverage are. Don't jump straight into the flowchart. It does make it easier to do an outline like this.

Step 3.1: Outline the team's process

<i>Process name:</i>	Sustainable Agriculture Research
<i>Purpose:</i>	To provide credible and practical recommendations that effectively reduce greenhouse gas emissions resulting from livestock farming.
<i>Owner:</i>	Sustainable Agriculture Research Director
<i>Start point:</i>	Request from industry
<i>End point:</i>	Recommendations adopted by industry and business
<i>Major steps:</i>	<ol style="list-style-type: none">1. Develop research plan2. Source funding and approvals3. Conduct research4. Analyse findings and formulate recommendations5. Present recommendations to industry and business

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How to Find Meaningful Measures for **HARD TO MEASURE TEAMS**

Now the research team, the name of their process is the sustainable agriculture research process. If your team's process doesn't have a name that doesn't really matter, they can just make one up or write down whatever comes to mind first. But, name the process is a pretty good place to start when you're outlining it.

Also write a purpose. What is the purpose or the intent of this process? Why does it exist? Why do we do it? For the research team, their purpose is to provide credible and practical recommendations that effectively reduce greenhouse gas emissions resulting from livestock farming, nice and straightforward. They have linked their process to that outcome, that area of focus that they're trying to influence, which is livestock farming, in particular the greenhouse gas emissions that come from livestock farming. Incidentally, and as a little reminder, that's mostly cows burping. I never knew that. The first time I learned it, it amazed me. But, yep, cow burps.

The owner of the sustainable agriculture research process is the sustainable agriculture research director. So, this is probably the team leader, the guy or the gal who heads up this team of researchers who are spending all of their time figuring out how to reduce the greenhouse gas emissions in cow burps.

Now, the start point and the end point are two useful things to define about your process or your team's process. The start point really describes, "How does this process kick off?" "How do we know to start doing this process?" "What's the very first thing?" "What's the trigger?" "What's the catalyst for kicking off our process?" Now, work processes don't just happen once. We don't just start something, do some stuff and finish it, and then it's done. Mostly a team's process is going to be something they do over and over and over, and over again. They're just doing it for different customers, or doing it in different instances, but it's a repeatable thing usually.

I mean just think about how someone in a call centre operates. Their basic process is to – once they've hooked themselves up to the telephony equipment, is to hear the phone ring and that instantly would be their start point, that would be trigger. The phone rings, they pick up the phone, they go through probably some standard

questions to understand what the customer on the other end of the line is looking for, or what their problem is, and then they'll go through some standard options to help the customer go through some of the most likely causes of the problem and maybe the most likely fixes of the problem, and then they will help the customer implement those fixes, or elevate their problem to a higher level if they weren't able to fix it. They'll ultimately get the customer's problem fixed and check if the customer needs anymore assistance, and if not then they'll thank them and end the call.

That is the basic process that a call centre operator goes through, over and over, and over again every single day. But, it is a process and it is repeatable, and sometimes a process can take minutes, like in a call centre, sometimes the process can take hours or days, like a training event, or months like a research project... sometimes it can take years.

So identifying that start point and that end point helps the team set boundaries around their process, the research team's process starts when a request comes from industry for some assistance to do with greenhouse gas emissions management. Their end point is when they have finally handed over a set of recommendations, or even when those recommendations have been adopted by industry and business, in this case the farming industry and farming business.

When you've understood the start and end points, then the next useful thing to do is to map out the process, but at a very high level. And, I'm talking maybe four to seven macro steps, sometimes you could call these stages, like, "These are the basic five stages that our team goes through when they're working through their process," each stage will have more detail in it. But, you just want to get that high-level macro step kind of description of the process.

And for our research team, step one for them is to develop a research plan. Step two is to source funding and get the appropriate approvals to implement the research. Three is to conduct the research. Four is analysing the findings and formulating recommendations from those findings. Fifthly, to present the recommendations to industry and business. Is that the one true way that they could have described the macro steps in their process? Not necessarily, but it's a useful way to describe it. It's not about perfection. There's probably several different ways that could be still be a correct description of the macro steps of a process, but it doesn't really matter. The point is that you've got it down, that you've got the skeleton or the framework from which you can add more detail later, which is what we'll do in Step 3.2.

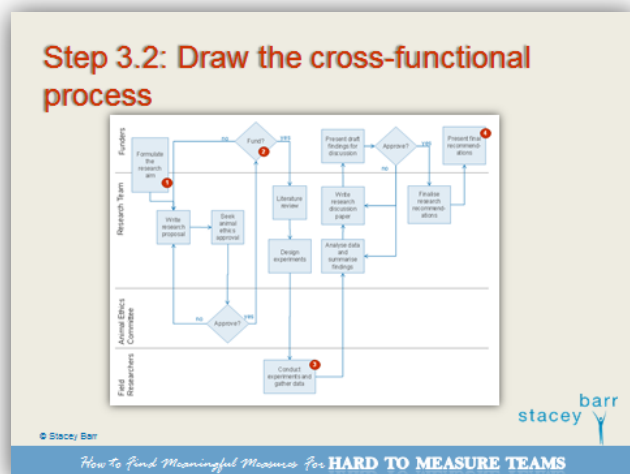
There are some other things that you can do when you're outlining a process. Another thing I like to put in is the stakeholders that are involved in the process. And that could be customers that are involved, the partners or suppliers that are involved, other teams within the organisation that might be involved. And there are a few other things that you could do to outline a process too. You could write down its expected length of time, you could write down particular resources that it requires, or equipment. But, you really don't need to go to that length for this application. And this application, remember, is about doing the minimal amount of work that we can do to identify meaningful

measures for our hard to measure teams. We don't want to make this longer or more complex than it needs to be.

So, what you're seeing in front of you here with this outline, that would be the basics for outlining their process. When you've done that those macro steps, for example, the five macro steps for the research team right here, they help you, and also the start and end point too, they help you as prompts for being able to flowchart and map the process in a bit more detail. And why we're going to map the process in a bit more detail is to help us more easily find those points of leverage, those things that team should focus on that should be improved because they have that greatest cause/effect relationship to the customer priorities.

Step 3.2: Draw the cross-functional process

Now flowchart, I'm pretty sure that just about everybody in the world these days has seen a flowchart, and there's lots of different ways of doing flowcharts. This method is the method that I use and it's called a cross-functional flowchart. I'll orient you to the anatomy of it, then what we'll do is dig into this particular example so that you can see how it's created. And a template for this exists in your workbook for how to find meaningful measures for hard to measure teams. It's simply a PowerPoint slide and just using basic PowerPoint objects to create the flowchart.



So, basic anatomy here is that you've got down the left-hand side, in this case we have four lanes, some people call them 'swim lanes,' and sometimes it's called a 'swim lane chart,' but these four areas correspond to different players or groups that take a role in this process. For our research team funders at the very top, the people who provide funding for the research, they play an active role in this process. The research team itself, of course, plays an active role, and that is the second lane here in the flowchart. The third is the animal ethics committee. The animal ethics committee plays a very small role, but a very important role because they're making sure that before they approve the research that it's not going to cause any undue harm or distress to the animals. And finally at the bottom are the field researchers. Different to the research team, not always, but sometime they are different, and they are people that are physically going out to the farms and gathering data and probably carrying out some of the basic steps of the research process itself.

The boxes are the next most obvious thing on this chart, the blue boxes, and each one of those represents a step in the process. When you look at this it's not evident where those macro steps kind of line up with it, and that doesn't matter either. But, the way these boxes were chosen, the way these steps were designed and decided on and written down, was simply looking at the macro steps... we'll just pop back up a slide, we'd be looking and saying, "Develop the research plan." OK, how do we develop the research plan? Well, to develop the research plan we need to formulate the research aim with our funders and then write the research proposal. So that particular macro step turned into two boxes here on the flowchart.

The arrows, they're probably fairly logical and obvious. They simply indicate the direction and order in which the steps happen and which step feeds into the next step. So, you follow the arrows and that means you're just following the natural unfolding sequence of how the process is implemented. So, firstly they formulate the research aim, then they write the research proposal, then they seek animal ethics approval. That goes to the animal ethics committee, they decide whether they'll approve it or not. If they don't, then we go back and revamp the research proposal. But, if they do approve it, then we seek funding from the funders, and if they don't approve the funding, again, we've got to rework the research proposal, but if they do, then we can start our research. And that usually starts with some kind of desktop literature review, then we'll start designing experiments, we'll conduct the experiments, et cetera, et cetera. So, that's basically how it flows.

Now you will be seeing one other type of object on this flowchart, which we're not going to talk too much about in Step 3.2, but 3.3 is all about them, and they're those red circles with numbers in them. They represent the points of leverage, basically. But, we won't delve into that just now. Let's take a closer look at how the process is put together. Flowcharts like this are really a great way to capture what a team does in a single view. One picture that kind of – that single snapshot. You don't actually need a lot of detail to understand what the team does. So, as you can see from this particular flowchart, what have we got there? Maybe 14, 15 steps? You don't need a lot of detail. They may have a lot of complexity within these steps, but I would say start on the side of being too brief and expand only where you need to expand, if you need to expand. So, I guess the idea here is to keep it chunked up, rather than chunked down. So, chunk it up into fewer steps, don't chunk down into 40 or 50 steps – definitely not at this point, you just don't need that amount of detail.

Now, in the workbook for this particular research team's measurement process and you'll see it too in your workbook as well, Step 3.2 contains an object here which happens to be an embedded PowerPoint slide. Now we can open this slide up and what it does is it opens up PowerPoint and there you can see the flowchart right there in front of you, and you can create it and edit it, and modify it as you see fit. You can change the names of the groups, or the teams, or the people that are involved in the process, you can add more or take them away just by deleting objects, adding objects, and moving them around.

Each box is easy enough to edit, you just click on the box, double-click on the text, and type in whatever happens to be the appropriate step for your team. And the arrows are really cool too. They can attach onto the boxes, which makes it easy to keep the diagram neat and easy to draw it. So just remember that, you can use these arrows and when they're not attached to a box the little end circles are white, and when they are attached to a box the end circles, or holding points, are red – that lets you know they're locked on.

Once you've finished editing it in PowerPoint you can just save it and then exit out of that, and we'll go back to the research team's document and the – it's right there, it will be updated with whatever changes you want to make.

So, that is Step 3.2, that is the active flowcharting. Now, it's not hard. It hasn't taken me very long at all to explain to you how to do it. It may take you a little bit longer to do the flowcharting. Your team may sit around and say, "Yeah, we know what we do back to front," but quite often I've found that when I've sat down with a team to flowchart, they actually have different ideas about how things do happen, or how things should happen. What you are mapping here is how things actually happen, not how they should happen; it's how they actually happen, how the team actually does its work.

There will be ideas that come up for how it should do them, but put those in a parking lot, not a physical parking lot, a sheet of paper which is paper or something attached to the wall in the meeting room where you're doing this with your team, and write those ideas up there, but don't let those ideas become obstacles to your prime purpose here, which is getting the team to find meaningful measures.

In fact, they shouldn't consider any kind of improvement or change to their process at all until they have gone through this process, understood what their measures are, and then only come up with improvements to the process that relate to making improvements in those measures that they've chosen. That's the whole idea of measuring things, is to make sure that you only improve the stuff that matters, not just improve things because somebody got a good idea about it.

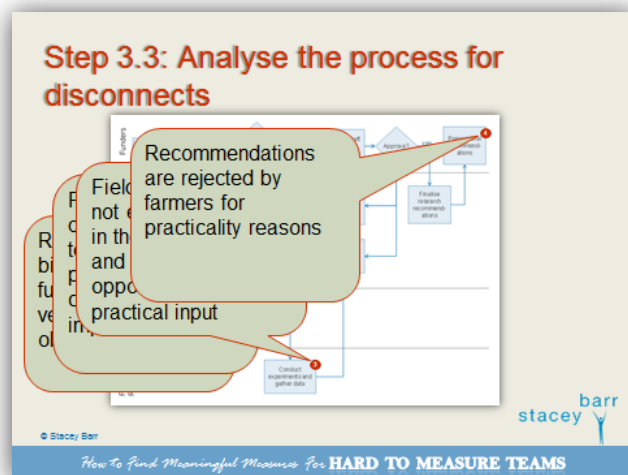
So, don't let the team change their process at this point, don't let them get bogged down in how the process should be, keep them focused on how the process is now. I often call that the as-is process, and separate that from the should-be process. Certainly after they've gone through to Step 5 and they've developed measures they could definitely add another step, you could create Step 6 if you want to, and it could be should be process map, and then you can say, "Well, how should this process look if we're going to get improvements in these measures?"

OK, let's go to Step 3.3 now. This is where we're going to use this process flowchart to analyse the process, to find those points of leverage.

Step 3.3: Analyse the process for disconnects

Now, the points of leverage actually correspond to what we call disconnect. A disconnect is a problem in a process that stops the process from achieving its purpose, from operating the way that it should. So, if you like it's a point where the process becomes a little bit disconnected from its purpose, so these problems are called disconnects. Like I mentioned before, these red circles with the numbers in them represent those disconnects.

How you find these disconnects in a process is by taking your team one step at a time through their process, taking a walk through, if you like, and asking one question over and over again. So, we would start with the first process step, which for our research team is, "Formulate the research aim." And, we would ask a question about, "How does that step influence the purpose of our process or the priorities that our customer has?" "Does this step have a big influence on our customer priorities, and if so how?" That's probably another way of framing it.



So, the research team would be looking at Step 1 in their process flowchart, "Formulate the research aim," and you would be asking them, or their facilitator would be asking them, "In what way does this step influence communication with customers from the research team? In what way does it influence the cost of implementation of the research recommendations? In what way does this step influence the ease of integrating our recommendations into operations?" Now, where did those questions come from? You might recall that the research team's customer's priorities from their customer priority quadrant graph, those three things were the biggest opportunities for improvement from their customer research. So, I'll say them to you again, "Communication with customers." "Cost of implementation." And, "Ease of integrating recommendations into operations." They were the three things that were most important to the team's customer, in particular it was the customer of the farmers, the actual people out there with livestock farms.

So, they continue this as they go through the process. Now, you might see that they – well, you definitely see they've got a '#1' sitting there on that very first step in the process, so they obviously found a disconnect there, and that disconnect happened to be that research aims are bias towards funder objectives versus social objectives. So, what they're saying here is that the problem right at the very start that could influence the priorities for our farmers is that the funders have a tendency to bend the research

towards their needs, forgetting about the needs of others like the livestock farmers themselves. So, that's a disconnect. Do we need to sit now with the team and figure out how to solve it? Absolutely not. All we're doing is identifying them. So, we know that there is something about that bias toward funder objectives that we need to come back to and talk about.

But, firstly let's continue through the process and identify any other disconnects that will come in that that process. And, the research team did find another one. They found it at the point of funding. Their disconnect number two was, "Funding decisions do not allow for testing practicalities and costs of end-user implementation. Now remember one of the priorities for – or two of the priorities actually for farmers was firstly the cost of implementing these recommendations, and secondly the ease of integrating them into operations. Now, if the funding decisions don't allow for testing for those practicalities, and those costs, that's going to be harder to be able to manage those outcomes for farmers.

They found a third disconnect that related to the field work that was actually happening, going out there and conducting experiments and gathering data. And that disconnect was that field researchers do not engage farmers in the early stages and miss the opportunity for practical input. So, when the field researchers are out there trying to figure out what sort of things can be done to reduce greenhouse gas emissions, they're not involving the farmers, they're not involving that local knowledge in that process so that there could be some input from the farmers to say, "Yeah, well, that's all well and good in theory, but do you know that we have to bring the cows in every night or that we have to give them this particular injection? If you feed them that this injection is no longer going to be able to be given to them, and that's going to compromise their health." So, a lot of these practicalities when they are understood early in the research project, it can lead to better recommendations that are less costly and easy to implement. So, that disconnect is a really important one.

Now, fourthly, the fourth disconnect that they found was right at the very end of their research process, at the point where they're presenting the final recommendations, and this disconnect is that recommendations are rejected by farmers for practicality reasons. And, clearly you can understand how that's the case, if that input isn't happening back when the research is being conducted, then the recommendations aren't going to be representative of the farmer's input, and then why then would the farmers feel that they could adopt any old recommendation that had no practical input.

So, that is the collection of four disconnects that the research team found. How many disconnects will your team find? Who knows? If they end up finding more than three or four I strongly recommend that you do a second little sub-activity here in Step 3.3, and that is to help them prioritise those disconnects. Remember, this is about finding the points of greatest leverage. This is not about finding all of the problems in the process. So, you'd need to then create some kind of ranking process or prioritisation process that helped you sift out the three to four most important disconnects to focus on.

Now a couple of tips for how to do that. One is you could simply create a table, where down one side you could list all of the disconnects, maybe you ended up with eight, or twelve, or twenty of them, and then across the columns you could have a column for each one of the customers' priorities. And then go down for each disconnect and give it a score maybe from one to five of the size of impact it might have on each of those customer priorities, and then you can total up the scores and the disconnects that get the highest scores would be the disconnects that you chose. So, that's a way of short-listing them.

Another way that you can short-list them is to think about not so much their biggest impact on the customer priorities, but rather which disconnects would be the most logical ones to fix first. So, this is more about a temporal kind of prioritisation. Of these disconnects does it make sense to focus on some of them before it makes sense to focus on other ones? So, there's a bit of an example here, actually, in the research disconnects. Disconnect three and four have a relationship to one another, if you noticed. Disconnect number three was, "Field researchers do not engage farmers in the early stages and miss the opportunity for practical input," that would be something worthwhile fixing before they try to do anything about changing how the recommendations are presented to try and convince or coerce more farmers to accept the recommendations. They're going to have much greater success if they just go back and involve farmers. So, this fourth disconnect wouldn't be the one they'd tackle first, it would probably be Disconnect number three.

OK, so that's really all that you're attempting to do in Step #3, is to get that understanding of the team's process, to flowchart it with just enough detail to identify some really important disconnects, those points of highest leverage where the team can focus. Now, what you're ultimately going to be doing for these disconnects is developing a way to measure them, because as you try to improve them and solve those problems you want to see through your measures that's actually happening. So, those measures will become very powerful measures that are within the circle of control of your team, if not their circle of control, then certainly close inside their circle of influence.

More examples...

Let's take a look at a couple of other teams' processes. The first other team that I would like to introduce you to, because we haven't talked about them yet, is the discovery team. Now, the discovery team works in a mining company, an multi-national mining company, and their job, essentially, is to find

More examples...

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- [The Billing Team...](#)

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new potential deposits of minerals that could one day become profitable mines for the company. Now, this particular team had resisted performance measures for a very long time because they firmly believed that it was completely unfair to measure them on outputs that they really can't control. How do they know really what's in the ground until it's being mined? How do they know they've found a deposit that's going to be profitable until it's being mined? So, there's a little bit of kind of crystal ball action going on here. Certainly they're using science to try and find these discoveries, but it's not foolproof science. The science can only measure what the science instruments they have available can measure. But, you don't actually what's there until you move the dirt away and actually look.

The other problem that they have is that sometimes it can take ten, fifteen twenty years before they can work out whether their new discoveries are really viable at all. So, how do you measure the performance of the team that's doing something that's so hit and miss and take such, such a long time to turn into anything of value to their customers? Well, they really are a hard to measure team, that totally qualifies them.

Their customers are actually the directors of product groups within the multi-national mining corporation. Product groups take the new discovery, so if the new discovery happens to be a great big diamond deposit, then it will go to the diamond and minerals product group. If their discovery is aluminium, then the – I think its bauxite isn't it that gets turned into aluminium, don't quote me on that. I'm trying to remember something back from my Queensland Rail days when I used to go and look at the trains, and work with the train crew that used to go out to the mines. But, anyway, a bit of a side track there. So, if it is bauxite than it probably goes to the aluminium group, product group. So, that's who the customers are.

The customers' priorities, among a whole lot of things, you may not be able to see this, so I'm going to zoom in a little, you will be able to see it in the case study, you have a copy of this case study, the two priorities that the product group directors have for the discovery team is, one, the turnaround time of new discoveries; they want to find new discoveries a bit quicker than they current – I mean we're talking ten, fifteen, twenty year timeframes, so speed is probably not the appropriate word to use, but they certainly want to try and find discoveries a little bit quicker.

The second priority that they have is here, the value of opportunities that are in the discovery pipeline. They want to know that the discoveries that the team are making are valuable ones. They have a phrase in the mining industry called 'tier 1' discoveries, and a tier 1 discovery is a highly valuable discovery of a really great quality resource that is there in abundance. So, they're looking for tier 1 discoveries when they're talking about the value of opportunities in the discovery pipeline.

The process flowchart for the discovery team looks like this. Again, you can see there's not a lot of steps in it, they only found two disconnects, you can see just a #1 and #2. They felt those two things were the points of highest leverage for them. But even such a process as discovery that has a very long lag time is actually quite complex and full of lots and lots of detailed, highly scientific engineering, testing, assessment, and

evaluation, and measurement, and drilling, and all sorts of things. It can still be described in just a few steps meaningfully enough that we can understand, or the team can understand where their biggest disconnects are. So, their process starts with a desktop analysis of historical and emerging geological data, that desktop research then helps them short-list some sites that may have the potential for mineral deposits. So, clearly they're looking at geological data to say, "Look, we're seeing a pattern of geology here that we usually see when we find gold. So, it looks like here are some sites because they've got this geological pattern, they could actually be places where we will find gold." So, they go on the short-list.

When a site goes on the short-list then they go and find who they need to speak to go get temporary land access to do some exploratory drilling. If they get land access they then map and survey the site and take all sorts of measurements and try and determine if the thing that they're looking for, gold in this case, or this example, if it really does exist. So, they'll do some sample drilling.

They'll work out whether what they've found in those sample drills is of a high enough quality, if it is they'll also collect some baseline data about the environment and the local ecology. And, they will then continue to take it to the next level of testing and doing an economic analysis. And then if it goes through all of these tests and it still looks like it's going to be a very valuable deposit, that discovery is then handed over to a product group to commission. That's their process. Very complex in the detail, but easy enough to describe at that high level.

Their disconnects, I said there were two of them; one was that some targeted minerals are really typically hard to find potential sites for. So, I don't know which minerals they are, but maybe it's really, really hard to find iron ore – I'm pretty sure that's one of the easy ones to find, but if they happen to be really hard to find they struggle to come up with good quality potential discoveries at the very start of their process. And the second disconnect is that a lot of opportunities prove to be not viable further down the pipeline, but they take up a lot of work and a lot of time before they can find this out, so wouldn't be great if they could find it out sooner, wouldn't it be great if they could eliminate duds or rejects, or opportunities that really aren't likely to become great discoveries, if they could eliminate them early without all of the work that they're spending on it.

So, those two disconnects were their focus.

The billing team is another example that you might like to look at as well, in your own time. You've got all four of these case studies now, so you can download them and look at each of them and follow them through. Each of them are slightly different and they should give you, depending on the team, the hard to measure team that you're working with, inspiration rather than answers, OK? I would never suggest that you copy exactly what's in any of those case studies, they're there to illustrate what one particular team might have gone through, but even if your team is the same kind of team as them you may find that you've got slightly different customers, or different customer priorities and therefore different disconnects in your process. Your process might even be slightly different, so it's very risky to just copy, but instead use them as

inspiration, follow the thinking process that these teams went through to find their measures.

End of transcript.