

Lesson 6 - Revision and what next?

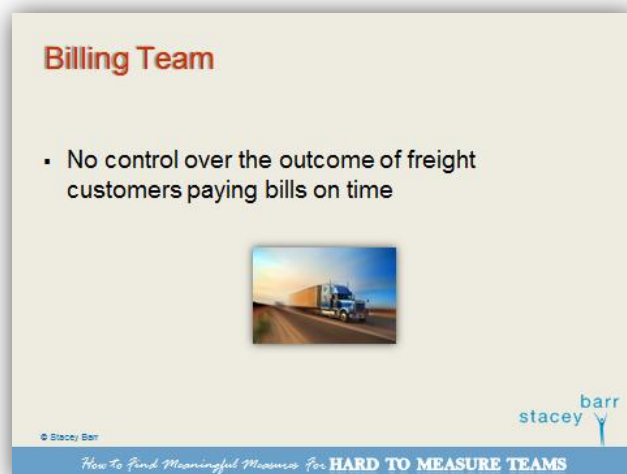
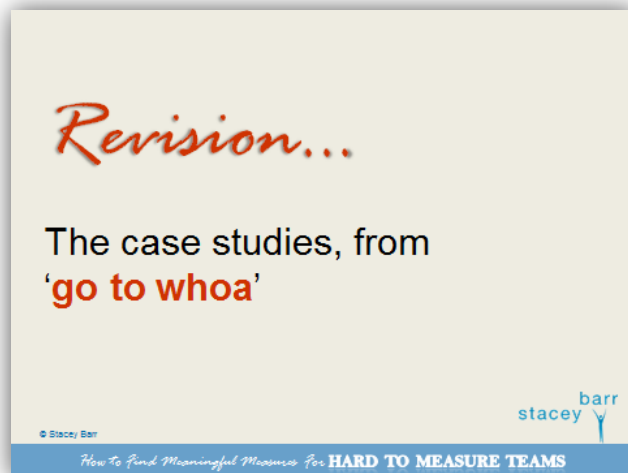
Transcript

Before we get into your questions we're going to do something of a bit of a revision, I suppose, to go over these five steps for How to Find Measures for Hard to Measure Teams. It's going to be a pretty good opportunity to get familiar with the case studies, and also to see how you can use the workbook template to apply the same steps and use the same templates with your teams.

Now we've looked at four case studies in this program. We've looked at the billing team, which is a team that's part of a freight organisation. We've looked at a research team. We've looked at training team and also looked at the discovery team that was a team within a multi-national mining company. Now, we're going to work through each one, summarising how they arrived at their performance results and the measures that they found were meaningful for them.

The Billing Team

The billing team is going to be the first cab off the rank. The billing team was the team that really felt they had no control over the outcome that they were held accountable for, which is freight customers paying their bills on time. So they were pretty keen to find some meaningful measures that helped increase their influence in that.



So, over to the case study document; the freight team had already been measuring things like on time payments of invoices and overdue invoices, and also bad debts, but they did want to find some measures that were much more within their circle of influence, or circle of control. They didn't have to do any customer research, so when it came to Step 1 for them, the job had already been done. Their freight business had gone ahead and already done a customer survey, they had run some focus groups to identify the priority service attributes that customers had, so we're talking Step 2.1.

Through those focus groups, which in this case were done by a market research company, those focus groups identified, how many were there? Twelve service attributes for the freight business as a whole. Now that's something to really pay attention to here. In this particular case study the billing team didn't do their own research of customers, they relied on the research that the freight business that they were apart of had already done, which makes plenty of sense. And, in fact, that can be something that you can look to, if your team is a part of a business or a department or even a whole organisation that already has done customer surveys, then go to that data first and see what sort of priorities emerge from that data that may relate back to the specific service or work that your team does.

The freight business had also done Step 2.2 for the billing team – well, not for the billing team, but that the billing team could benefit from. They'd created a quantitative questionnaire out of those 12 service attributes and measured satisfaction and importance for each one. They didn't send the survey out to their customers, they actually hired a market research company to do telephone interviews with their customers, so the data is pretty reliable; they got a very high response rate.

And of course they got satisfaction and importance scores, and that meant that putting together the customer priority quadrants was quite a breeze. Remember again, these customer priority quadrants are for the freight business as a whole. They'll be attributes of service on this map that have nothing at all to do with the billing team, "Turnaround time of equipment," for example, or, "Freight arriving in good condition," those things have nothing to do with the billing team, however accurate invoices and statements, which happen to land in the red quadrant definitely did belong to the billing team, so there they go. They already have their starting point; they already know what matters most to their customers.

Step 2 for the billing team was easily handled, already done. And they had identified that a priority for them was the accuracy of invoices and statements.

Now to understand how they influence that accuracy of invoices and statements, which clearly in turn affects how likely, customers are to pay their invoices on time, they needed to take a closer look at their process, and it was something they had never done before. So, they outlined their billing process, as you can see in the case study. The billing process purpose is to provide accurate, timely, and clear bills for the cost effective gathering of revenue. They mapped some macro steps, just to describe how the process works. But, when they came to doing the cross-functional flowchart, this big map here, they created this on a wall. We had a meeting room and on that meeting

room I plastered butcher's paper all over that wall, and we used lots of post-it notes and coloured pens, and we flowcharted the process as a team, they just described to me what had happened and I drew it up there for them. And, it got a bit messy, as you can imagine, because we'd put something up there and someone would say, "Actually, that's not quite how it happens, it's a lot more like this," so we'd change it. But, to have it visually mapped out in front of everybody was a really – it's a great kinaesthetic activity, because you're kind of standing around it, you're not just sitting in a chair talking. And, it's also big, and large, and very, very visual, so it was a great way to keep everybody focused on the task.

Once they had mapped their flowchart for billing, we then – and we were happy with it – we then walked through it step by step and looked at how each step might impact on that priority customer attribute of accuracy of invoices and statements. And of course they came up with a series of disconnects and the disconnects, remember, are problems in the process that disconnect the process from fulfilling its purpose.

Now some of these disconnects were fully within their control, and some of them weren't, and that's OK. But it's all valuable information to help them understand what needs to change in order to achieve a satisfaction with accuracy of invoices with customers, and consequently a higher rate of bills being paid on time.

So when the billing team got to the start of Step 4 they're at a point where they know what matters to their customers, and they understand the process that delivers that service to customers, and they also understand where that process needs to improve to do a better job. So, they've got three sets of things that could be clues about important stuff to measure, but as they stand it's very hard to come up immediately with measures for them. For the purpose of their process they can't just come up immediately with a measure for that, necessarily. And for the disconnects they need to talk more about how things should happen as opposed to that problem-based language that the disconnects are written in. So they went through that series of translating each of those objects into performance results. The first object being their process purpose, "To provide accurate, timely, and clear bills for the cost effective gathering of revenue," that became, "The performance result of, "Invoices are paid on time and in full."

The customer priority attribute for them was, "Accurate invoices and statements." The fact that there's only one is not a problem. I mean I reckon the fewer customer priorities you choose to focus on, the better off you're going to be. The performance result that became was simply, "Customers are satisfied with invoice accuracy." Then their process disconnects, they all became performance results as well. For example, "Freight consignment notes are not always supplied when they should be, and freight is shipped without them." That's written as a problem, as you can see, and that become a performance result that reads, "Freight is always shipped with a consignment note."

Once they had developed all of their performance results they went through each performance result in turn and designed appropriate measures for those results, and that's Step 5.

So, at Step 5.1, in the case study at least, you'll see one example of how they used the PuMP® Measure Design technique to design a measure for their result, "Invoices are paid on time and in full." You can see that they considered a range of six different potential measures, and they ended up choosing a couple, in fact, or three. They choose, "On time payment," which is the percentage of invoices that are paid on time and in full. They choose, "Lateness of overdue accounts," which is the average number of days that overdue accounts are overdue by and "Bad debts as a percentage of revenue." Now they were already measuring a couple of these, if I remember correctly. But this really just consolidated that they were the right measures and formalised the measures a little bit more and gave them a bit more description.

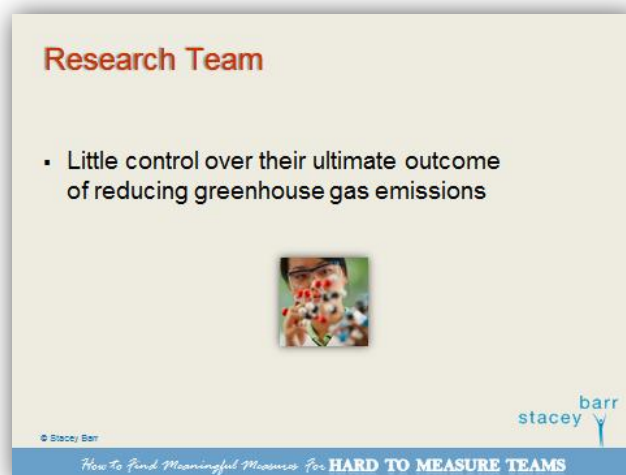
They continued that process for each of their performance results and ended up then with a list of performance measures. So, let's see, how many performance results did they have? One, two, three, four on that page – five and six – so six performance results and ending up with one, two, three, four, five, six, seven, eight, nine measures, so there you go. Quite a few for team, but to start off with, but these guys technically weren't really starting off with measurement, they already had a really good measurement culture, they really just weren't happy that they were measuring things that were close enough within their circle of influence and control.

So, that's the billing team.

The Research Team

The next team that we looked at as a case study is the research team, and they also felt that they had very little control over their ultimate outcome of reducing greenhouse gas emissions, because really it's not their actions that cause greenhouse gas emissions to reduce, it's the actions that their customers take, and of course they can't make their customers do anything, they can only influence their customers.

So we'll take a walk through the research team's story. Remember they are part of a large federally funded scientific research organisation. So, there's lots of research teams within this scientific research organisation, and we're talking just about one of them.



This team had several customer personas. They had program directors in state government departments, because government departments were an important customer of theirs. They also have customers who are R&D directors in industry associations, so they also work closely with industry associations, giving their research to those organisations too, and farmers. They work with general managers or owners of beef cattle properties, or livestock industry, not just necessarily beef, but livestock in general. And that's really where the rubber hits the road, so to speak, where the ultimate outcome of their research gets implemented, actually on the farms themselves to reduce those greenhouse gas emissions.

Now these guys did have to go and do some research into what their customers' most important priorities were. And in this case study they're focused just on their customer persona for 'Bobby Archer,' who is the general manager of a beef cattle farm. There were eight attributes of service that they identified that was most important to their farmers, to the Bobby Archers of their world. And, of course, it's to do with the impact of research on their business.

They also measured each of those attributes of service to identify the satisfaction and importance of each of them, of course so that they could come up with their customer service priority quadrants. And in their research they identified three things that were really most important for them to improve. Their priority number one, "Customer service attributes," and they are communication from the research team, ease of integrating the research into operations, and the cost of implementation of research recommendations. So they knew that they had to do something about improving those things and that gave them the start of the focus of what would be really important for them ultimately to find measures for.

They outlined their process, which is Step 3, their research process, and that gave them a framework for mapping it in more detail, so they've got their macro steps there for their research process. They drew their cross functional process map, and just like the billing team, stepped through it one step at a time, identifying the disconnects, or really where the problems are in that process that are limited the process' ability to support those things that were really important to customers, to help customers to feel like they are well-communicated throughout the research process, to feel like they can easily integrate the recommendations into operations, and also that the cost is kept quite manageable as well.

Again, just like the billing team, their process purpose, and their customer priority attributes, and each of the process disconnects are translated into performance results and we didn't look at the billing department's Results Map just then, but you know that it looks pretty much like this one, like the research team's. They mapped that collection of results into a cause/effect diagram, to help them see the relationship between and among them.

I haven't mentioned this before, but it's worthwhile mentioning, when you attach measures to these results those measures have the same relationship to each other as the results do, so a measure for the result of, "Research aim's focus on outcomes of

value to all stakeholders,” the measure of that results is going to have a cause/effect relationship to the measure of this result, “The actual cost of implementation of research recommendations do not vary from estimated costs.” So that’s a great thing to know, because when you use the measures, if you’re using some of the ultimate outcome measures here and they’re not tracking the way you want them to go, or you can see performance gaps there, you know where actual performance is not at the targeted level of performance, then you know to follow the cause/effect flows and start looking at some of the measures that have a casual relationship to them, because they may give you clues about why, and they may be measures that need to be improved in order to get the outcome measures to improve.

The research team, of course, designed a collection of measures for their results as well, there’s one sample in the case study of how they designed a measure for, “Greenhouse gas emissions resulting from livestock farming continually reduce.” And, of course they also have a list, a final list of all of the different measures that they have chosen to run with. For them they have one, two, three, four, five, six, seven, eight results, which is quite a few results. And, the number of measures one, two, three, four, five, six, seven, eight, nine, ten, eleven – twelve measures, so quite a lot there as well.

And you know what I often find when I see teams that have that many measures is that they don’t implement all of them immediately. They might pick three or four of them, they might pick those that they already know they’ve got some data for and they’ll bring those measures to life first and start using them, and once those measures are part of the routine of monitoring and reporting, they might then go back to the list and choose either the next most important measures, or the next most interesting measures, or the next easiest measures to bring to life, and that really doesn’t matter because you already know that is a short list of good measures and all of them you do end up wanting to measure, but just not feeling like you’ve got the capability, the capacity, the resources, the time to implement all of the measures at once is not a problem, you can just do it systematically, and as the opportunity arises.

Sometimes too when you do implement the measures you realise they weren’t quite as useful, or quite as important as you first thought, and that’s OK as well. This is an iterative process. You don’t aim for perfection; you don’t try to get the perfect set of measures and then just blindly go ahead and use them all. Often the proof is in the pudding, and that means that you’ve got to be using a measure before you truly understand the value that it has. And, before you truly understand what a better alternative measure might be.

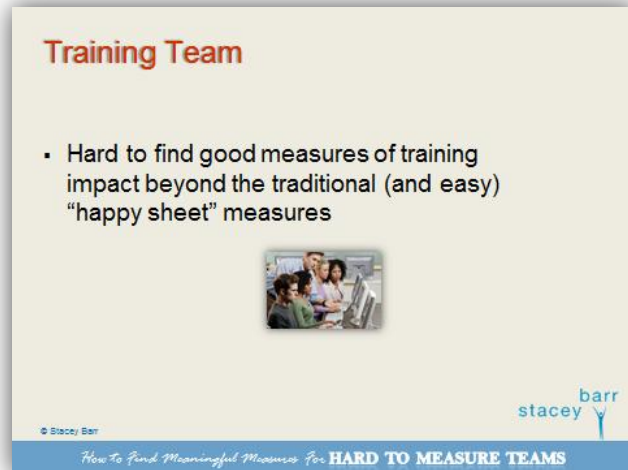
OK, so that is the research team.

The Training Team

The next team that we’ll look at is the training team, and they like many, many training teams, find it quite hard to measure meaningful things just beyond those happy sheet

measures, you know the ‘how satisfied were you with the training course,’ they really wanted to measure impact beyond that. And, this process helped them achieve that.

Now the training team is a core team within a business that focuses on training in general. Now, this particular team’s focus is on business planning and performance management. That’s the kind of training that they offer. The customers of this team are — two types of customer for them, two customer personas they ended up with. A customer persona called ‘Gabby Jenson,’ who is an executive director with a mid-size business and her struggle really is about not focusing enough and getting caught up with too many



different exciting ideas, and so really business planning is an important thing to kind of help focus her and her team. ‘Peter Park’ is a strategy and performance manager in a not-for-profit organisation, so a different kind of customer, different in the role that he takes, but different also in the industry that he’s working in. And, he’s really trying to get all of his colleagues engaged in strategy development and execution.

After they did some research with these customers, and incidentally their research was not going out and talking to their customers, they already had a lot of data that they had been collecting over the years from their happy sheets, really, from the open-ended questions in their happy sheets. So, they might say, “Yeah, rate us on a scale of ‘1’ to ‘10’ of how satisfied you are, but also tell us why you didn’t rate any higher?” “What was stopping you from giving us a higher rating, and what stopped you from giving us a lower rating?” So, they’re trying to understand what they could be doing better, but also what they were doing well. And those comments collated together form a really fantastic data set for identifying potential service attributes.

And they did use a word cloud to do that. When I tried to demonstrate this for you the website froze, but if you’ve been there already you’ll realise that was just a bad timing quirk and it does work. It’s a brilliant website, I use it quite often and it’s very quick and easy to create these sorts of word clouds.

They use the word cloud as a way of prioritising how they would search for potential service attributes in their data set. So of the over 800 comments that they had they would pick a word out of the word cloud, the word ‘useful,’ or the ‘measures,’ or the word ‘process,’ but they’d pick the most prominent word first and then go and find instances of that word in the comments to try – and read all of those comments, to try

and get some sort of context around the use of that word and sometimes that context would translate very naturally and obviously into a service attribute.

So the service attributes by doing that process, they ended up with eight. And, they really make a lot of sense in the context of what people might be looking for when they want to come to training. And, you can see by reading through them that it's not just about enjoying the training event, it's not just about the information being useful, the steps being practical, and having enough time to learn and practise, but it's also about ease of implementation back at work, having tools to help the implementation, and engaging my organisation to apply it. So this was fantastic for the training team, because immediately they could see that they could absolutely find useful things to focus on and to measure beyond just the 'are you satisfied or aren't you?'

It became even more evident in their service priority quadrants, because they did construct a satisfaction survey/importance survey around those attributes, and then sent that to their customers, or gave that to their customers to fill out. So they collected importance and satisfaction and found out from that data that two really important things should be on their radar front and centre. (1) "Engaging my organisation to apply it, or to apply what I've learned." and (2) "Ease of implementation in my organisation." Those two things mattered most to customers, so it confirmed that the training team really was going to get a lot of value out of thinking of impact beyond just the happy sheets.

They, of course, outlined and flowcharted their training process, but when they came to flowchart their training process they realised that it's not just the training delivery itself, it's also about how participants are prepared before the training, as well as how participants are followed up after the training, or how their clients are followed up after the training and that's where they found their disconnects. At the beginning when they were preparing their client for the training, and at the end when they were looking at how their clients were going to implement what they'd learned. So their disconnects, again, because they were looking for disconnects relating to the customer priorities of implementation back at work, they identified some really powerful things, you know, like customers aren't even planning for how they're going to train, how they're going to use the training, how they're going to implement it after the training course. You've really got to start on the right foot if you're going to get the most out of training. You've got to know what you want to do with it.

And that also related to the second disconnect, that participants come to the training course without any kind of immediate application for when they go back to work to use what they've learned. There's also the issue of participants getting caught up in the whirlwind when they go back to work, they just get just caught up in everyday business and don't take the time deliberately to put into practise what they've learned. And they also leave the workshop, it would seem, not feeling confident enough in their knowledge to lead their colleagues.

So, great information to direct the training team on some better things to measure and therefore appropriate things to be improving.

So by translating their process purpose incidentally they changed their process purpose, because they had a broader view of what it was to be a training organisation. It wasn't just about teaching participants stuff; it was about giving their businesses the capability to do good business planning and performance management. They translated that new purpose into performance results, they translated their two customer priority attributes into performance results, and of course did the same with their process disconnects, and ended up with a lovely Results Map like this. So a nice, clear focused cause/effect diagram that maps the impact of what happens before the training course, through the training course, and then after the training course. So, they are – this training team now is focusing on results that are going to create an amazingly greater impact for their clients, which increases the value of the service that they provide, it's not just knowledge and skill, it's so much more than that.

By designing measures for those results – there's an example in here of one, of the result of, "Customers successfully implement their learning to create business plans." They designed three measures for that one. "Business plan creation rate," which is the percentage of participants who have new business plans as a result of the course within two months. "Business plan creation lag time," which is the average number of weeks participants take following the course to create new business plans. And, "Business plan sophistication," which is the average numbers of taught requirements that are evident in participant's business plans. Now, the data collection for those, they probably aren't do that, but it's not too hard to do. It can easily be part of relationship building with their customers, to go back to their customers, to talk about how they're going with implementation and to gather some of this data for their measures.

Each of their performance results, again, are listed. And, the measures are placed beside those results. This is an important thing to do. It may already be obvious to you, but just in case it's not, having the performance results and the measures listed next to them should really reinforce for your team, and for people beyond the team, that measures are evidence of results, that measures should never really be used separate to a knowledge of what the result is that the measure is providing evidence for. So, I really like to always, whenever I'm talking about a measure, or documenting a measure, or even reporting on a measure in a performance report or dashboard, is to have the result written next to it somehow – in a performance report it might be a heading, it might be the title of the chart and the measure name is subtitle of the chart, something like that. But, always keep results and measures together; because that's the only way they really make sense. The measure makes the result a lot more tangible, and the result gives purpose – clear purpose – to the measure.

How many did these guys come up with? One, two, three, four, five, six, seven, eight results and, one, two, three, four, five, six, seven, eight, nine measures. So, we're kind of looking at a ballpark number here that seems to be coming up fairly consistently somewhere around six to eight results, and somewhere around probably eight to twelve measures. And, again, if you come up with less than that, that's fine and that's probably better because your team will be able to be more focused. If you come up with that many and you've got enough resource to bring all of those measures to life,

then good for you, that's great. I wouldn't want to be going to more than that, though. I mean too many things is more of a detriment than it is a help. You might think you're focusing more stuff that matters, but when you do that you fracture your attention and you dilute your energy and resources, so focus really is the friend of success.

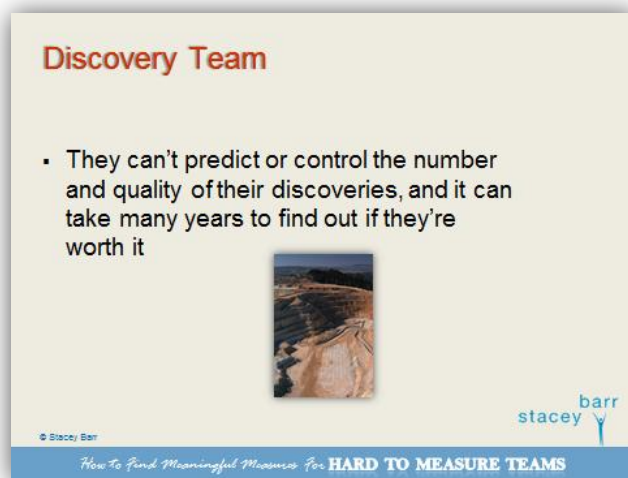
When you do achieve some great results in some of these measures, they may actually fall off the radar. You may find that you don't need to be measuring them or tracking them quite so diligently. You may continue to measure them, but you'll only really talk about them or give them air time in your team meetings when they're showing a problem or the early signs of a problem emerging. But, once these measures start hitting targets and consistently performing at that higher level, you don't need to keep looking at them and talking about them, and in fact it might mean that new priorities start surfacing.

It's continuous improvement. This whole area of performance management is about continually improving, continually getting everything better, and better, and better, and that's a never-ending job. It's very rare for something to reach perfection and stay there, so continuous improvement really is an important motto to have.

The Discovery Team

Now our final case study team was the discovery team. And they were probably out of all of them the hardest team to find measures for, because they really do have a couple of big challenges when it comes to figuring out what they should measure. One of their challenges is that the nature of work they do is so unpredictable. They're discovering; it's like innovation. They're trying to find something that nobody knows exists, nobody knows whether or not it exists, but they're looking for it nonetheless. So, they can't always guarantee that there will be a fruit from their labour, sometimes they will put in a lot of effort and not discover anything.

The other problem they have is the timescale of their work. It can take 10, 15, 20 years before they can prove whether they've produced anything valuable out of their business process, their work process. So that long timescale can make it very hard for people to think about what they can measure that gives them meaning in the shorter term, or in the medium term.



So, the discovery team is really trying to find sites which have good quality and good quantity deposits of valuable resources like diamonds, or copper, iron ore, nickel, bauxite, gold, aluminium, whatever, but they're looking for those sorts of deposits in the ground, and they want to find them so that their mining company can in the future set up a mine to get those resources and turn them into commodities.

The research team's primary customer and they've created a customer persona, 'Mike Greenfield' here, they're directors, the Mikes of their world are the directors of product groups within their mining corporations, so they don't have any external customers, so to speak. They certainly have external stakeholders. You can imagine when they're wanting to go and do some drilling on a site to find out if there is any copper in the ground they're going to need to work very closely with the land owners and local community. So, those land owners and local communities are not so much customers, not of the discovery team anyway, but they certainly are stakeholders. But their primary customer, the consumer of the outputs of the discovery team are the Mike Greenfields, the product group directors, the directors who head up the aluminium product group, or the gold product group, or maybe it's the precious medals product group, or the diamond product group, however their organisation happens to be structured.

It was very easy for them to find out what matters most to these directors, because they have direct access to them, they can just ring them up and talk to them, and there's not that many of them, there might be twelve or thirteen of these product group directors. So, the senior engineers in the discovery team would just schedule to contact a product group director maybe once a week, so each week a few of them are getting contacted and that data gets collated.

And they found only six attributes of service that were important to their product group customers. And in some sense it's pretty obvious what they might be, but hearing it from the customer themselves is really a valuable thing to do. It's very easy to second guess what your customer is going to think, and get it wrong, or to second guess what your customer values and get it wrong, you might have some overlap, but get it from the horse's mouth and I think you don't have to have any arguments within the team about, "No, this is more important," "No, this is more important." Get it straight from the customer and you don't have those arguments.

So, they rated – I think they got their admin assistant to – or somebody to – yeah, they did they got an administrative officer to use a survey that they constructed to ring the product group directors and gather the data about satisfaction and importance so that they could put together their priority quadrant graph. Now, there's only six attributes on this graph, but still you can see that it still helps to prioritise which are the most important. They chose two, "The turnaround time of new discoveries," but they also chose, "The value of opportunities in the discovery pipeline," even though it's technically in the green quadrant, it's so close to the red that they figured it would be a worthwhile thing to include as well.

They had never flowcharted their process before, they just knew the way they did work, you know, like engineers do. They are very logical people and they know how things

get done, and they know all of the steps they've got to follow, but they hadn't drawn it, so drawing it was a good revelation, and it didn't take a long time to draw it, they're very familiar with how their process worked, so it was just a matter of describing it. And it did make it easy, though, to step through and find two points of leverage that they knew that they had more direct control over, that influenced those two things important to their customers, the turnaround time of new discoveries and the value of discoveries in the pipeline.

The two disconnects were some targeted minerals are typically really hard to find potential sites for, so that influences the quality of the opportunities in the pipeline, you know the targeted minerals are the ones that they want, and that is what defines the quality or value of what's in the pipeline. Also a lot of opportunities prove not to be viable and it takes a lot of work to find that out, so to reduce the turnaround time they've got to find ways to reduce their wasted effort, and wasted effort is any effort spent on an opportunity that never is going to become a true discovery.

They translated their process purpose into a performance result to add value to the company by discovering new mineral resource deposits that become long-term profitable mines, that is a performance result of new discoveries, contribute disproportionately to global production of their target resource. They also create performance results for their customer priority attributes. Now notice this, one of their customer priority attributes, "Value of opportunities in the discovery pipeline," became two performance results, so this is not necessarily a one to one relationship between priority attributes and performance results. Likewise for process disconnects, the same thing could happen there too, you can end up having two performance results for one process disconnect.

So the value of opportunities in the discovery pipeline, which was a priority attribute to customers, that became two results: "Opportunities in the pipeline represent large deposits of targeted minerals," and, "Opportunities in the pipeline represent high quality deposits of targeted minerals." So one is about quantity and one is about quality, but quantity and quality together make up that idea of value.

Process disconnects, of course they created some performance results there. They had two process disconnects, and the second of them that a lot of opportunities proved to be not viable, but it takes a lot of work and a lot of time to find this out, they derived three performance results for that one, "Non-viable opportunities are eliminated early in the pipeline," "Conceptual targets lead to discoveries at a higher rate," and, "Opportunities don't stall in the pipeline due to obstacles in the discovery process."

Thusly, this is their Results Map. Four orange results, which are in-process results you will recall, they are the results that are interim results at stages within their work process, but those results have a big cause/effect relationship to the outcomes of their process.

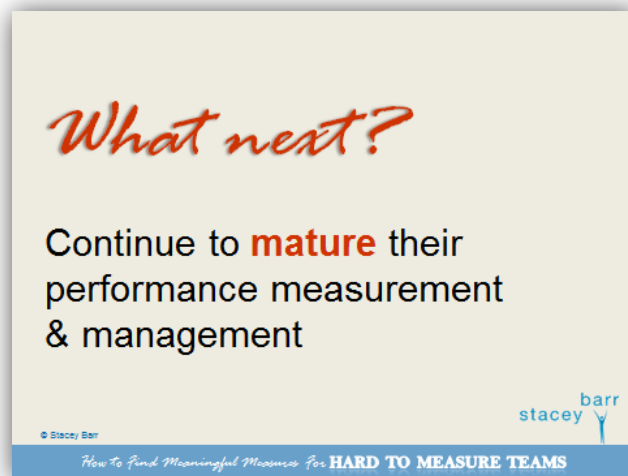
Likewise you'll see an example of how they have designed a measure for, "Opportunities don't stall in the pipeline due to obstacles in the discovery process," and then of course their final list of results and measures. Quite a few here too, so how

many results – one, two, three, four, five, six, seven, eight. And one, two, three, four, five, six, seven, eight, nine measures. I hadn't noticed that before, but there does seem to be a ballpark doesn't there of the number of results and number of measures that a team will end up with? Try not to go beyond this quantity, especially if your team hasn't done much measuring before, or any measuring before. Keep them focused, make it easy and simple, and help them get to a success quickly, that is what is really going to rock their world, that's what is going to help them have that performance culture that you're trying to instil in them, that you're trying to get them to have.

What next?

So what next? What happens once you've got your teams to that point where they've had their first successful experience in measuring something meaningful for them?

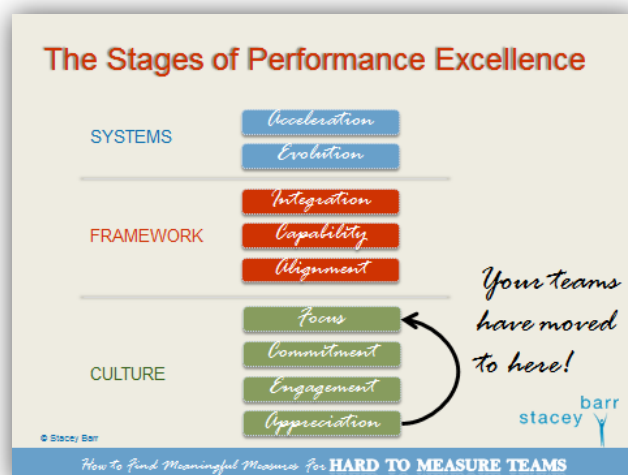
Well, the idea is that they need to continue to mature their performance measurement approach and the performance management approach, and as they mature that approach they need to be able to merge more with the rest of your organisation or business as it matures its performance management approach as well.



The Stages of Performance Excellence

I'm going to show you a model of the stages of performance excellence, I call it, which shows the levels of maturity almost of teams and organisations in that area of managing performance to achieve excellence, to fulfil your mission and to achieve your vision.

The first level of this model is called appreciation, and that's really where a lot of your hard to



measure teams are starting. At that first stage of appreciation usually there are few, if any, good measures of performance and people don't really understand what to measure; they don't understand why they should measure. Performance improvement is really uncommon, most people are just trying to work harder under the whip-cracking of their manager, and like I said, that's mostly where the hard to measure teams start out.

The next level is called engagement. And at the engagement level you're finding that more and more people are able to at least describe what the important results are for the organisation and what their most important results are and maybe how they would contribute to them. A few people are starting to measure, and a few people are starting to improve some of their results as well, or attempting to improve, but it's still at a low-level of maturity, and it's not a very typical or common part of the culture.

The third stage is commitment. There's more ad-hoc areas here that are starting to measure mission-critical or strategically important results, and some of them are getting some wind. And, that may be getting the attention of other teams as well, "Oh, have you heard that the maintenance team have been doing some measuring and they've just radically improved the availability of equipment through the changes they've made in maintenance," you know? You hear just the odd story like that.

The fourth stage is focus, and at the focus stage really the purpose of performance measurement is really understood more widely as a driver of continuous improvement, not as a rod for people's backs, but as a driver of continuous process improvement, and more areas are starting to use meaningful measures and improving their performance.

These first four stages are really about establishing a performance culture. And, that performance culture is mostly nurtured through raising awareness of what measurement really is about, and starting to see some quick wins, starting to see a few successes where measurement really has led to some pretty valuable performance improvements. Now, by going through this program of finding meaningful measures for hard to measure teams, you're effectively moving your team from the appreciation stage up to the focus stage. Assuming though that you've taken them all the way through this process and they've started to use one or two of their measures and are making improvements, that's when you can say that they really are at that focus stage, but you're certainly moving them through these first four levels.

But, that's not where it ends. The fifth stage is called alignment, and this is where you can find a cross section of people throughout the whole of your organisation, so lots of hard to measure teams, and not so hard to measure teams, setting up performance measures with a particular focus on aligning those measures to the strategy of the organisation. Now you haven't done a lot of that in this program, because in this program our focus has more been about establishing that culture of measurement, but at the alignment stage now you're thinking, "Well, how can I get my team to think more about aligning their measures, their performance results to what's strategically important for the company or for the organisation as a whole?"

At the sixth stage we're at what's called capability. Most of the organisation here is using measures, and the majority of those measures do align to strategy, and many areas are showing real improvements in performance and achieving targets. So, you're starting to see at this capability level where targets are becoming achieved on a fairly regular basis. It's not all-encompassing, it's not everybody doing it, but it's not an uncommon thing to see.

Integration is the seventh stage. At the integration stage alignment of measures to strategy and to business processes is very, very strong. And improvement in process performance is routinely leading to improvement in the most important areas for the business, so you can just see that incredibly strong tie between what people are doing in their processes, and changing their processes, to watching the performance measures that are in the scorecards of the organisation, the most important measures, the KPIs if you like, you're seeing them improving and improving, you're seeing them stepping closer and closer toward targets and achieving targets.

Now these three stages can only happen when you've got strong performance measurement and performance management frameworks in place, and these frameworks are about designing, but also testing and standardising on an organisation-wide performance measurement approach.

Now the eighth stage, and I don't know many organisations that are up here, I have to be honest, is evolution. At the evolution stage performance measurement is now a natural part of everyone's job, in other words people see it as part of their real work. That's just the way it is. And there is a very consistent reaching and exceeding even of targets in the most important areas to the business and organisation. Can you imagine what it would be like to walk into an organisation like that, where everybody knows exactly what matters, you talk to seven different people and you get one story about what matters? You're just seeing examples everywhere of performance hitting targets. You know, maybe there's graphs on the walls in team meeting rooms, you see these step changes of performance like moving closer and closer and hitting these targets and going beyond them, and more targets being set. And, just a buzz in an organisation like that where people feel so capable of pursuing excellence would be an amazing place to visit, an amazing place to work.

Our final stage is called acceleration, and these organisations at this level are the masters of performance management and performance excellence. At this stage performance measurement is absolutely as natural a part of doing business as financial management, performance measurement is managed as a formal business process, it is properly resourced, there's probably a performance office that makes sure that not only is everyone in the organisation measuring the right things, but they are also monitoring and improving the measurement process itself, so they are working on the measurement process, on their measurement approach. And, obviously getting better and better at achieving the targets that matter.

The last two stages here happen when you have very well-designed and integrated systems for managing and continually improving performance measurement, and I

don't mean IT systems, I don't mean business intelligence or dashboard systems. I mean systems that encompass the organisation's structure, and its policies, how the measurement process integrates with other process like business planning, and decision-making, and process improvement, systems for how people are recruited and trained, so that they have these skills, it's just such a woven into the fabric kind of thing, that's really what I mean by 'systems.'

So there you have it, a model to help you to think about where your teams are moving to now, and where they can move to in the future, and not just the hard to measure teams, you want to see all of your teams moving through this framework so that the whole organisation can achieve performance excellence.

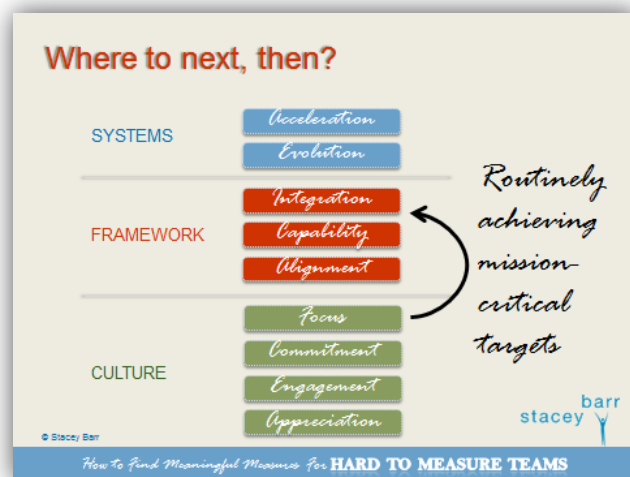
Where to next, then?

So that's the next step for your team, moving your team from focus through to alignment, capability and integration, and what that's going to mean is after they've set up their measures, establishing stronger alignment of their performance results to corporate strategy, that would be a next thing to do.

Designing really good performance reports and analytics, or diagnostic analysis to support those performance measures, not silly dashboards,

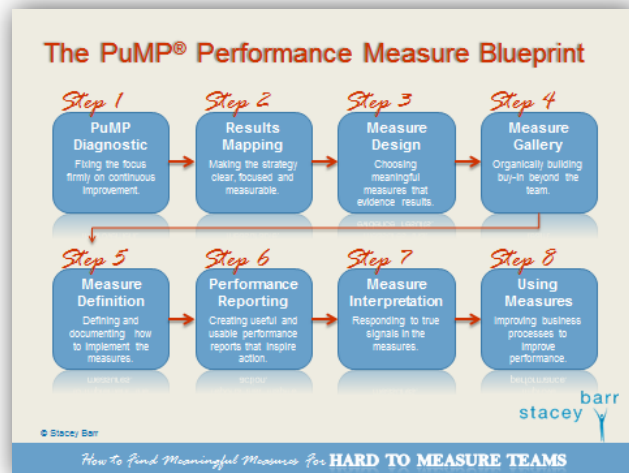
I'm not talking about those funny little gauges on dashboards; I'm talking about real, actionable performance insights. Valid interpretation of measures, they're going to know when a signal really is a signal and they're not just knee-jerk reacting to noise in their measures, setting meaningful targets is something that you'll be helping them do to move beyond where they are after this program.

Of course pursuing those targets and learning more about process improvement, so they don't just go looking for more resources to improve performance, but they're actually looking to how they can change their process and work smarter to achieve those targets. And, it will be about helping to really instil in them this idea that measurement is part of their real work, it is part of everybody's job, it's not a bureaucratic hoop to jump through, it's such a valuable, intrinsic part of turning up to work and knowing that you're working on the right things and leaving work at the end of the day knowing that you contributed to the excellence of the organisation. So this, like I said, should not just happen within one team, but for the majority of teams throughout your organisation, in fact, all of them ultimately.



The PuMP Performance Measure Blueprint

Now it's easiest and fastest, and it does work the best when you have a single approach for your end to end performance measurement process, for key people to have skills in how to apply it, and that approach – well, the approach that I'm going to recommend to you is obviously the one that I use, which is PuMP®, and it's the Performance Measure Blueprint, so I'm going to walk you through it quickly, and then we're going to dive into questions.



So, the first step in PuMP® is to help a team understand where they are starting from with performance measurement and management, and it's using a tool called the PuMP® diagnostic. It's really about fixing their focus firmly on this idea of continuous improvement and that they can improve their measurement process in order to improve the management of their work process, it's a warm-up step, in a sense.

The next step is Results Mapping. So, once a team knows where it's at and how it might need to improve its measurement process, it starts doing that improvement of the measurement process, and Results Mapping is the first step. It's about making sure that they have measurable things. Now, we've touched on Results Mapping in How to Find Measures for Hard to Measure Teams, but we only just sort of touched on it very briefly and borrowed some of the concepts. True Results Mapping is something that can help unite all of the teams in the organisation and link them all the way through to the company or organisation strategy in a way that makes that strategy clear, easy to understand, very focused on the right things, and of course worded in a way that's measurable, which means Step 3 can be done more easily, and that's designing measures, and it's using the exact same technique that you've been using in our Hard to Measure Teams program, the Measure Design process, that five step template.

Step 4 is about growing buy-in and building that buy-in beyond the team who's developing the particular set of measures that are being developed. The Measure Gallery invites input from everybody else, from other colleagues in their department or business group, colleagues outside their department, in other departments or business groups, executives, and other stakeholders too, even people outside of the organisation like customer, or regulators, or industry experts, they can come and have input into the measures before they're implemented. And there's something about the way a Measure Gallery works that really does stimulate a very high level of buy-in, and

quite a buzz of excitement too about the measures. It also means the team can more confidently start implementing their measures, which happens at Step 5.

Step 5 is about making sure that each measure has a clear, single version of the truth instruction for how it should be brought to life or implemented, how it should be calculated, et cetera. They're Measure Definitions, and all of the Measure Definitions come together to form a corporate Measure Definition dictionary for your organisation.

Step 6 is about performance reporting. It's about designing useful and usable performance reports that are actionable, not just reporting on everything and anything, and throwing any old graph in there, and changing the graph type from page to page just to keep it interesting, it's about deliberately designing a report that has that purpose of focusing people on performance gaps and how they're going to close those performance gaps. There are some very important techniques that you need to be aware of that go against the mainstream. I've got to say that the way a lot of dashboards are being put together these days and performance reports are put together, they go actually in the opposite direction they need to go in order to be useful. So, performance report design really is – it's art, but it's also science.

Step 7 is about interpreting the performance measures, validly interpreting the true signals in the measures, not just reacting because this month is 10 percent worse than last month, the other 10 percent might be part of the normal variation or normal noise that particular measure has. We've got to learn to sift out the true signals from our measures. And that means using a different kind of chart type than we're used to, it's a little bit statistical, but it's very easy and every single person that I've taught it to has understood it and loved it, and felt that it's just going to radically change the way that they use their performance measures. OK, I said every single person, but now that I've said that I can think of one who was a little bit hesitant about it, so you know, that's out of hundreds.

Step 8 is using the measures, it's about putting the measures to practice, it's about taking those implications of the signals in your measures to highlight the performance gaps that really need to be closed and to focus on process improvement to close those gaps, not on telling people to work harder, not on hitting anybody over the head with the measure, but rather focusing attention and resources, and strategic initiatives on removing the causes of those performance gaps from the business processes.

So, that's how PuMP® works, and you can see there's more in it, it's a lot more complex, there just is more in it, each of the techniques and steps are quite easy and straightforward, but you wouldn't want to take a hard to measure team through that, I mean it's just a little bit too much for them at this stage. So once they've been through the process that we've been learning together, this might be their next step, and certainly this would be a great model for your other teams to use as well, and start uniting everybody together with the same approach to measurement, not the ad-hoc approaches they might currently be using.

When your team is ready for the next level of performance

OK, so – I should let you know, if you want to learn more about PuMP® Performance Measure Blueprint process we run regular workshops, *two-day workshops* for that Performance Measure Blueprint program.

But we also have an *on-line, on-demand* version of that as well that you can sign up to anytime and start with straightaway, it's the same content as in the live workshop, but it's packaged into, very similar to this, bite-size steps that you can watch as videos and audio, online, on-demand, it's always there for you, you can go back to it as many times as you want to and all the resources are there for you to download, plus instructions for how to implement.

The Blueprint Workshop tends to focus more on learning and practising, with a little bit of coaching from us, then planning how you're going to apply it back at work. The Online Program, though, focuses more on learning and implementing as you go, so you'll learn a step, then implement it with you team, so it's a bit more sort of guided in that way, so that you're implementing as you learn.



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