EBL

EVIDENCE-BASED LEADERSHIP PROGRAM

EVIDENCE-BASED LEADERSHIP ONLINE TRAINING

WORKBOOK

STACEY BARR

Evidence-Based Leadership Online Training
WORKBOOK

About the author, Stacey Barr

Stacey Barr is a globally recognised specialist in organisational performance measurement. She discovered that the struggles with measuring business performance are, surprisingly, universal. The biggest include hard-to-measure goals, trivial or meaningless measures, and no buy-in from people to measure and improve what matters. The root cause is a set of bad habits that have become common practice.

Stacey created PuMP®, a deliberate performance measurement methodology to replace the bad habits with techniques that make measuring performance faster, easier, engaging, and meaningful.
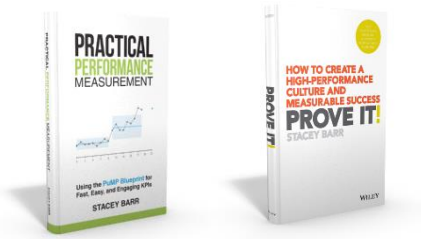
Stacey is author of *Practical Performance Measurement* and *Prove It!*, publisher of the *Measure Up* blog, and her content appears on Harvard Business Review's website and in their acclaimed ManageMentor Program.

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Copyright, etc…

Need help in other aspects of performance measurement?

Beyond the Evidence-Based Leadership Training Workshop, there are several proven ways we can assist you with using measurement to lead a high-performance organisation:

EBL Immersion Workshop

– Exclusively for your senior leadership team to make the organisation's strategy measurable, design measures for it, and prepare to communicate and cascade it organisation-wide, using EBL

– ask your EBL facilitator for more information, or read more at
www.staceybarr.com/products/evidencebasedleadership

In-house PuMP® Performance Measure Blueprint Workshop

– for groups of 15 or more of your performance champions and leaders

– ask your EBL facilitator for more information, or read more at
www.staceybarr.com/products/pumpblueprintinhouseworkshop

Look for more EBL and PuMP® performance measurement resources currently available to help create a high-performance culture and measurable success: www.staceybarr.com

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MODULE 1:
A Fundamental Decision

An invitation to ask yourself the question that lies at the core of Evidence-Based Leadership.

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A fundamental decision

"The implication [of high performance] is that leaders need to make a fundamental decision: do they want to be told they are always right, or do they want to lead organizations that actually perform well?"

Pfeffer & Sutton, "Hard Facts, Dangerous Half-Truths and Total Nonsense"

Your notes:

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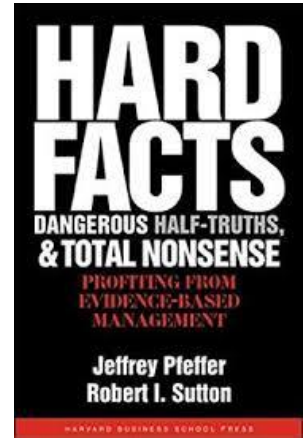
MODULE 2:
Six Habits of EBL

An introduction to the Evidence-Based Leadership framework of six specific habits.

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Which comes first?

☐

A good performance culture?

☐

Or good performance measurement?

Your notes:

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What are your struggles with measuring performance?

Struggles with measuring performance

Your notes:

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Bad habits that prevent a performance culture:

1. **Judging** people's performance, rather than process performance.

2. Writing vague, **weasely** words, rather than clear, simple words.

3. **Brainstorming** lame measures, rather than designing them as evidence.

4. Expecting people to **sign off** on targets, rather than getting their buy-in.

5. Rushing to build **dashboards**, rather than building the right measures, right.

6. Comparing performance **month to month,** rather than focusing on patterns.

7. Reporting actions and **symptoms**, rather than causes and results.

8. **Compensating** for poor performance, rather than finding leverage to fix it.

Your notes:

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The solution started with PuMP

Understanding Measurement's Purpose

Fixing the focus firmly on continuous improvement as the purpose for measurement.

>

Mapping Measurable Results

Translating our strategy into clear, focused, and measurable performance results.

>

Designing Meaningful Measures

Choosing the most feasible and relevant measures that evidence our performance results.

>

Building Buy-In to Measures

Getting ownership from our stakeholders, quickly, easily and engagingly.

Implementing Measures

Documenting in detail the data, analysis and reporting requirements for each of our measures.

>

Interpreting Signals from Measures

Focusing ourselves on gaps between as-is and to-be performance.

>

Reporting Performance Measures

Creating useful and usable performance reports that inspire us to action.

>

Reaching Performance Targets

Improving business processes to move as-is performance toward to-be.

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Why Evidence-Based Leadership?

"If doctors practiced medicine the way many companies practice management, there would be far more sick and dead patients, and many more doctors would be in jail."

Pfeffer & Sutton, "Hard Facts, Dangerous Half-Truths and Total Nonsense"

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Evidence-Based Leadership means…

…practicing, role-modelling and supporting

the whole organisation

to measure, monitor and improve

the results that collectively cause the organisation

to fulfil its purpose and achieve its vision.

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The Evidence-Based Leadership (EBL) framework

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There are three leadership habits of high-performance that the evidence-based leader practices.

These habits describe our own attitudes and behaviours as leaders, and therefore describe the kind of role model we are for the organisation.

These habits are called: DIRECTION, EVIDENCE, and EXECUTION.

DIRECTION is about articulating a well-designed strategy that is results-oriented, understandable to everyone, and ruthlessly prioritised:

- Results, not actions: Goals are results-oriented, not action-oriented
- No weasel words: Write goals in language everyone will understand
- Be ruthless: The more goals you have, the fewer you'll achieve

EVIDENCE is about setting meaningful performance measures for each strategic goal, that are quantitative, aligned to what matters, and focused on improvement:

- Learning, not judging: Evidence is a tool in the hand, not a rod for the back
- Evidence before measures: Measures quantify the evidence of results
- Measure what matters: Aligned to what matters (mission, vision, goals)

EXECUTION is about getting the corporate strategy implemented and the strategic goals achieved, using the leverage found in continuous improvement of business processes:

- Leverage, not force: It's not about working harder, it's about working smarter
- Patterns, not points: Removing variability is more useful than hitting numbers
- Processes, not people: Performance problems are in processes, not people

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There are three organisational habits of high-performance that the evidence-based leader inspires.

These organisational habits are DECISION, ACTION and LEARNING.

DECISION is all about helping people take ownership for the results that matter, by role-modelling ownership, getting their buy-in and giving them a clear line of sight to the corporate strategy:

- Cascade, don't fragment: The line of sight to the strategy is through cause-effect
- Buy-in, not sign-off: Communicate the strategy in a way that engages ownership
- Working on, not just in: Give authority to improve processes, not just work them

ACTION is about helping people get the right things done to achieve the results that matter, through a focus on causal analysis, practicality and collaboration:

- Causes, not symptoms: Remove causes that constrain performance
- Practical, not perfect: When it's 80% there, it's good enough
- Collaboration, not competition: Help people work across the whitespace

LEARNING is about helping people make working ON the business a normal part of their work, by adopting an experimental mindset, learning from failure, and succeeding sooner:

- Experiments, not assumptions: Isolate and quantify the impact of changes
- No failure, only feedback: Celebrating learning - whether it's success or failure
- Iterate, don't procrastinate: Less and smaller goals speed up success

These habits exist for a single purpose: to help the organisation achieve the **impact** it was designed to, the impact that its mission and vision and strategy is all about.

MODULE 3:
The Habit of
DIRECTION

Articulating a well-designed strategy, that is results-oriented, understandable to everyone, and ruthlessly prioritised.

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Your notes:

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The same story of your strategy?

Your notes:

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Management language…

"Management language rarely evokes the physical world, another reason there is no life in it."

Don Watson

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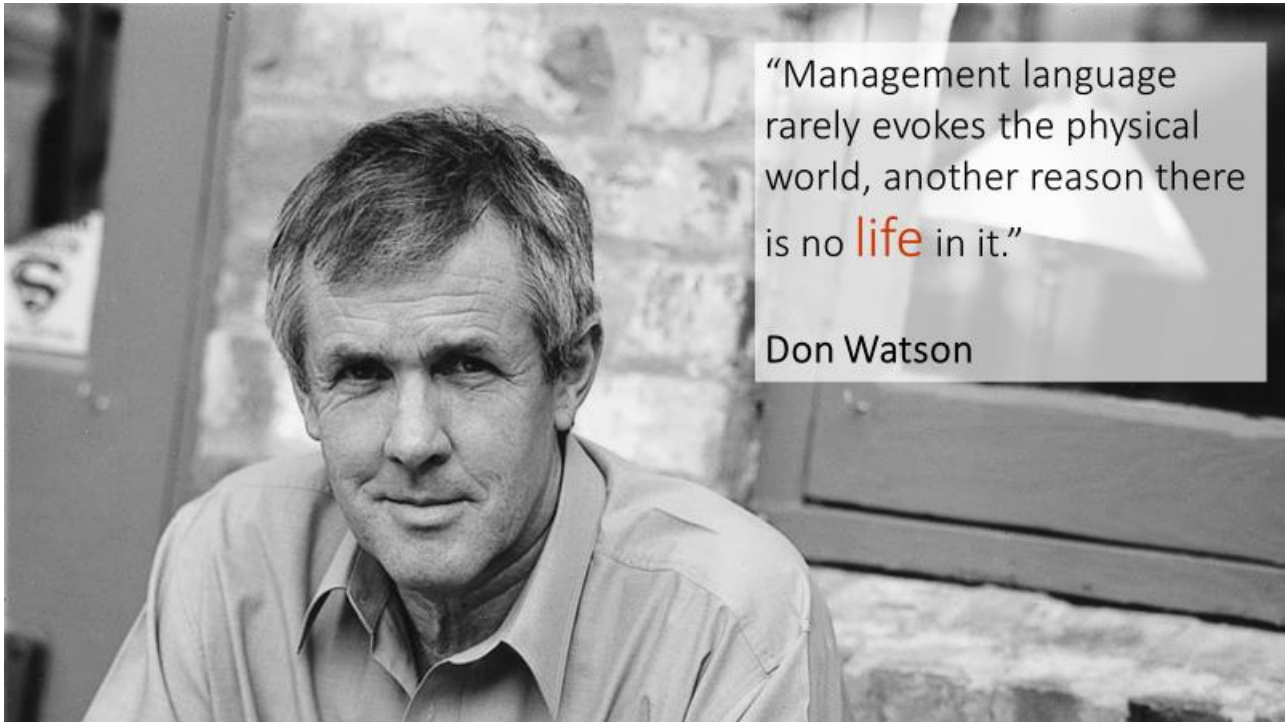
A well-designed strategy?

For an energy company:

- Enhance supply reliability and quality.
- Zero-Harm Culture program to ensure a safe workplace for people.
- Foster a resilient and adaptable workforce.

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Habit #1 means articulating a clear DIRECTION

Original goals	New goals
Enhance supply reliability and quality.	Customers' electricity supply is uninterrupted. Customers' equipment is not damaged by voltage fluctuations.
Zero-Harm Culture program to ensure a safe workplace for people.	Safety is the first topic in every team activity.
Foster a resilient and adaptable workforce.	People don't suffer chronic work stress. People participate willingly in change projects.

Your notes:

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A clear direction is <u>measurable</u>

Measurability Test*:	If it fails the test:
A: Results-oriented	Turn the action into a result by asking WHY
B: No weasel words	Translate the weasel words into 5th grader language
C: No multi-focus	Treat each focus as a goal on its own
D: Should, can, will	Be ruthless about what should, can and will be improved
E: Link to strategy	Ensure a strong line of sight to purpose and priorities

Measurability Tests are a technique from the PuMP methodology.

Your notes:

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PuMP Step 2: Mapping Measurable Results

You can download a pdf of this PuMP Summary Page in MODULE 3 of the EBL Online Training website.

The Measurability Tests is one of two techniques in step 2 of PuMP (we'll meet the other technique in MODULE 6 of this EBL training). There are five Measurability Tests to help make your goals easier to communicate, understand and measure:

TEST A: Is it a result, or an action?

☐ Just because a goal starts with a verb does *not* automatically make it an action. Look past the verb and decide if the goal is describing a task or project to get done (action), or a state of performance that can be continually improved through a series of different actions (result).

☐ If your goal is an action or activity, write down what the most important intended result is.

☐ Ask "why is it important to do this activity?"

☐ Ask "what is the intended result of doing this activity?"

☐ Ask "what should be better or different if this activity succeeds?"

☐ It will make your measures about PERFORMANCE and not just trivial statistics or milestones.

TEST B: Are there any weasel words?

☐ Highlight weasel words in your goal, or your reworded result, from above.

☐ What do those words actually mean? Answer this question with what immediately comes to mind. It helps to talk out loud, and have someone else write down what you say.

☐ Rewrite your result in plain English, ideally in words that a 10-year old would understand.

☐ It will make your measures easier to find.

TEST C: Is the goal multi-focus?

☐ Are there several performance results tied up in your result statement? Are there two or more implied results than are joined by the word "and"?

☐ If so, write a separate result statement for each one.

☐ It will make your measures more relevant and able to give a complete picture of what your goal is trying to achieve.

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TEST D: Should, can and will we improve it?

- [ ] Is this a result that you should improve?
- [ ] Is it a result you can improve? You can improve it if it's in your circle of control or influence.
- [ ] Is it a result you will improve? You will improve it if you have resources allocated to improve it, like budget, a team, a project or initiative.
- [ ] If you do not answer 'yes' to all three, then it's not important enough to measure and maybe not important enough to allocate resources to.
- [ ] It will make sure you only measure what you really need to, not just what you can.

TEST E: How does it align with the rest of the strategy?

- [ ] Which other results in the organisation's strategy does this result have a cause-effect link to?
- [ ] If there is no strong relationship between this result and the strategy or purpose of the organisation, there's no point having it and definitely a waste of time measuring it.

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ACTIVITY: Is your goal measurable?

Goal:	
Is it a result?	Yes / No
If not, what is the result?	
Are there any weasel words?	Yes / No
If so, what do they mean?	
How could the goal be rewritten?	

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Summary of EBL Habit #1: DIRECTION

DIRECTION is about articulating a measurable strategy:

- **Results, not actions**: Goals are results-oriented, not action-oriented

- **No weasel words**: Write goals in language everyone will understand

- **Be ruthless**: The more goals you have, the fewer you'll achieve

Your notes:

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MODULE 4:
The Habit of
EVIDENCE

Setting meaningful performance measures for each strategic goal, that are quantitative, aligned to what matters, and focused on improvement.

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#2
EVIDENCE through measuring

Setting meaningful performance measures for each strategic goal, that are quantitative, aligned to what matters, and focused on improvement.

Your notes:

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Driving the right behaviour?

Your notes:

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Without data…
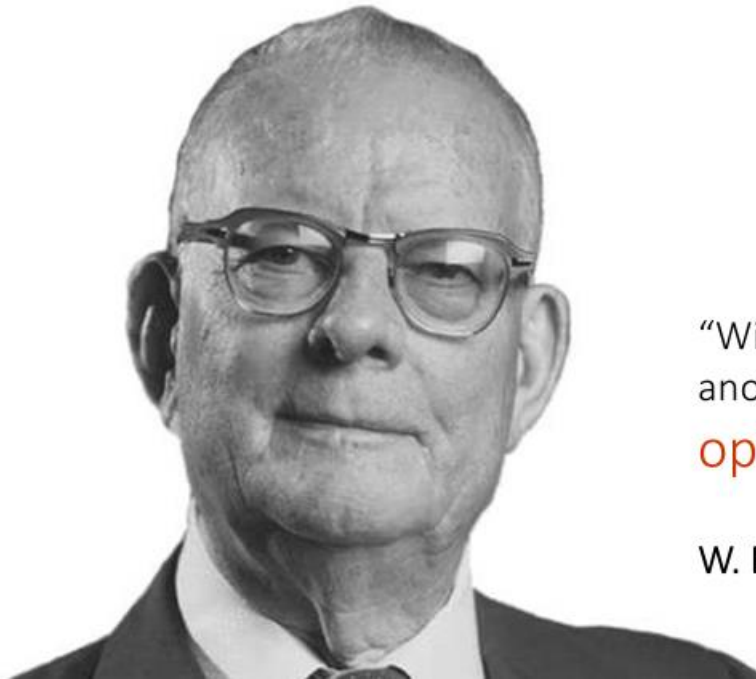
"Without data you're just another person with an opinion."

W. Edwards Deming

Your notes:

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Meaningful measures?

For the energy company:

Original goals	Original measures
Enhance supply reliability and quality.	Average outage time per customer. Voltage fluctuations.
Create a 'zero-harm culture' to ensure a safe workplace for people.	Safety Culture Assessment Tool. Win SafeWork Award.
Foster a resilient and adaptable workforce.	Employee Absenteeism. Resilience Program implemented for all staff.

Your notes:

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Habit #2 means measuring strategy for EVIDENCE

New goals	New measures
Customers experience uninterrupted supply.	Average outage time per affected customer.
Customers' equipment is not damaged by voltage fluctuations.	Number damages due to voltage fluctuations.
Safety is the first topic in every team activity.	Average staff agreement that safety was discussed before the activity was carried out.
People don't suffer chronic work stress.	Percentage staff experiencing downward HRV trend.
People participate willingly in change projects.	Average hours per week that staff spend on change programs they volunteered for.

Your notes:

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Meaningful measures are evidence

Measure Design*	What to do:
1. Result	Focus on one goal or result to measure, at a time
2. Evidence	List sensory evidence of the goal or result happening
3. Potential measures	Quantify each piece of evidence to create measures & choose the most relevant and feasible
4. Check	Pause to consider unintended consequences of the chosen measures
5. Name	Name and describe each measure, meaningfully

Measure Design is a technique from the PuMP methodology.

Your notes:

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PuMP Step 3: Designing Meaningful Measures

The PuMP Measure Design technique has the following five steps to help you build the most feasible and relevant quantitative measures for your goal (but the goal must first be measurable, as we explored in MODULE 3 of this EBL training!):

Step 3.1: Begin with the result in mind

- ☐ write down the result or outcome you want to measure using a simple sentence (that is, don't just write down 2 or 3 key words – make it a bit more meaningful and clear)
- ☐ this result should come from your Results Map
- ☐ <u>one result</u> per Measure Design – you are designing measures as evidence of the result and it makes no sense to try and design a measure that will evidence more than one result
- ☐ try to write what you want to create, not what you want to avoid (this may not always be possible though, so don't fret)

Step 3.2: List sensory evidence

- ☐ Write down the sensory evidence that you and others would see, hear, feel or do that would let you know that this result or outcome was actually happening
- ☐ what differences would you notice, compared to now, if this result were actually happening?
- ☐ use sensory language – the language that describes what we see, hear, feel, or observe in some way
- ☐ avoid using inert language like "enhanced" or "effective" or "accountable" – use sensory rich language as it will be easier to design measures for
- ☐ avoid listing things that are really strategies to assist the result to happen, or flow-on effects that could happen as a result of this result – you want to describe the specific result itself, because that's what you need to design the measure for
- ☐ avoiding listing "spin off" benefits of the result (like profit is a spin off benefit of customer loyalty, or staff productivity is a spin off benefit of staff engagement) – make sure your sensory specific statements describe your result and nothing else

Step 3.3: Create potential measures

potential measures

- ☐ go back to the 'be sensory specific' section and list the things you could potentially physically quantify as evidence of the result
- ☐ make sure you write each potential measure as a quantification: count of… sum of… percentage of… average of… ratio of…
- ☐ be very specific in describing the thing you are quantifying
- ☐ don't judge the relevance or feasibility yet, just get them written down

strength

- ☐ for each piece of evidence you list, rate its strength relative to your result
- ☐ use a rating scale of 1 to 7, where:

  - 7 is if you could virtually rely solely on this measure as proof your result was happening
  - 4 is if you could rely in part on this measure, but maybe need some additional evidence to tell the complete story
  - 1 is if you could see the result wasn't improving, even though the measure was improving

feasibility

- ☐ for each piece of evidence you list, rate its feasibility in being brought to life
- ☐ use a rating scale of 1 to 7, with the following anchor points:

  - 7 is if you already have the right data for this measure
  - 4 is if you don't have the data, but could cost-effectively get it
  - 1 is if you don't have the data and it would not be worth the effort or cost to collect it

Step 3.4: Check the bigger picture

- ☐ what could be the unintended consequences of achieving this result (both the positive and the negative)?
- ☐ does this imply that this result has relationships to other results (and if so, what kind of relationships – cause & effect or companion or conflict)?
- ☐ what other results might you need to measure to help avoid these consequences?
- ☐ in hindsight, is this still a good result to pursue?

Step 3.5: Name the measure(s)

- ☐ pull out the evidence above that rated highest for both strength and feasibility
- ☐ aim for 1 measure, maybe 2, and at a stretch 3 measures for each result (you might discover that your original result is actually several results)
- ☐ decide what to call the measure, being informative and succinct

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☐ write a simple description of the measure, starting with the language you used to express it in the potential evidence part

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ACTIVITY: How could we measure that?

Goal (made measurable with the PuMP Measurability Tests):			
Sensory evidence:			
Potential measures:		S	F
The best measure:			

Summary of EBL Habit #2: EVIDENCE

EVIDENCE is about setting meaningful performance measures for goals:

- **Learning, not judging**: Evidence is a tool in the hand, not a rod for the back
- **Evidence before measures**: Measures quantify the evidence of results
- **Measure what matters**: Aligned to what matters (mission, vision, goals)

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MODULE 5:
The Habit of
EXECUTION

Getting the corporate strategy implemented and the strategic goals achieved, using the leverage found in continuous improvement of business processes.

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#3
EXECUTION through leverage

Getting the corporate strategy implemented and the strategic goals achieved, using the leverage found in continuous improvement of business processes.

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Fighting the tide of tradition

Your notes:

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The whirlwind…

"The real enemy of
execution is your day job!
We call it the

whirlwind…"

Chris McChesney

Your notes:

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A high-leverage solution?

Corporate Goals

1. Increase the efficiency of energy supply through delivery of the works plan.

Change initiatives

1. Reduce indirect costs and overheads.
2. Reduce FTEs.

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Habit #3 means high return on investment
EXECUTION

Total Purchasing Spend

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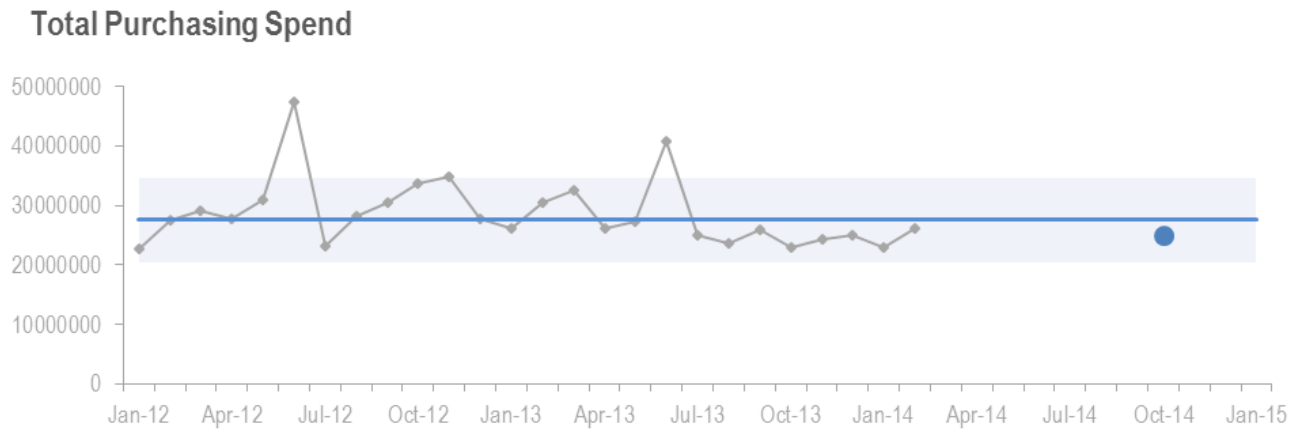
High return compared to cost of change initiatives

Total Purchasing Spend

- $20,000,000 the first year
- Another $20,000,000 the next year
- With low-cost change initiatives

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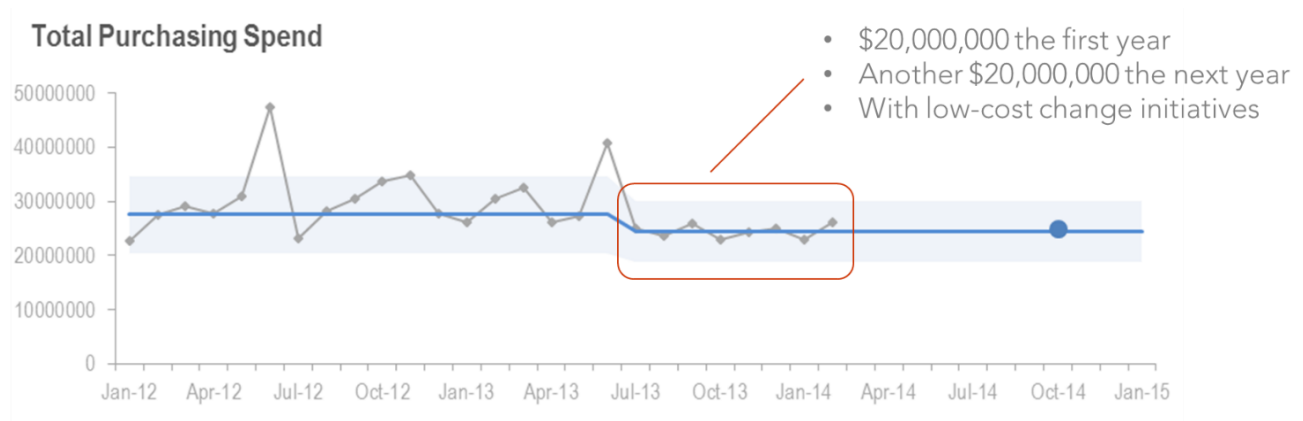
ROI is the focus of high-leverage execution

What change do we want?	What return did we get?	What did it cost us?
67 to 30 days	23 days = $500,000 over 7 months	Staff time. Expenses. Opportunity costs. $12,000
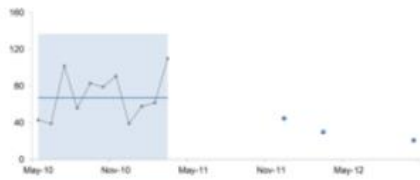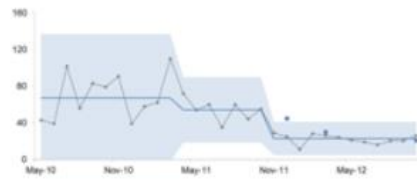
$$\text{ROI} = (\text{return} - \text{cost}) / \text{cost} \times 100\% = 4067\%$$

Your notes:

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PuMP Step 6: Interpreting Signals from Measures

There are four important signals to look for in your performance measures. These signals have specific rules, with high statistical significance (in other words, they have a very low chance of being random, like month-to-month comparisons are).

Unstable (chaos)
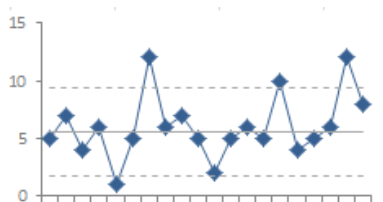
IDENTIFY: No predictability, heaps of random variability. There is little control or influence being exercised over the result (e.g. policies or standards or systems). Or perhaps there are actually a bunch of signals going on. Or it might just be very "noisy" performance.

RECALCULATE: Don't bother with when to change your Natural Process Limits and Central Lines – instead, focus on standardising the process that produces this result until you get more stability or predictability in performance.
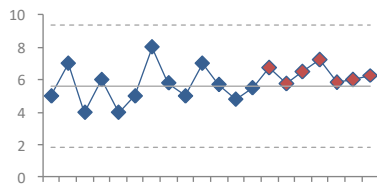
Special cause (or outlier)
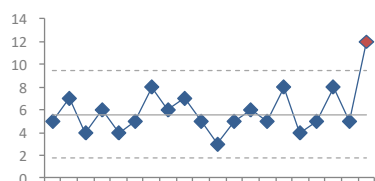
IDENTIFY: A point outside the Natural Process Limits indicates something unusual happened. Just find out what it was, don't try to fix it unless it's a real problem, but it's likely to be a one-off.

RECALCULATE: Don't recalculate anything.

Long run

IDENTIFY: At least 8 consecutive points running on one side of the Central Line (or 10 in 12, or 12 in 14) indicates a sudden but small change. It may be by design, and if not, find out the cause.

RECALCULATE: Use the 8 points that constitute this new suggested level of performance, and use those points to recalculate your Central Line and Natural Process Limits.

Short run (near the limits)
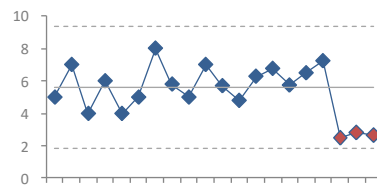
IDENTIFY: At least 3 out of 4 consecutive points closer to the control limit than to the Central Line is also a sudden but large change. Because the size of the change is so dramatic, 3 or 4 points are enough to be confident it's a real change. It may be by design, and if not, find out the cause.

RECALCULATE: Wait until you have at least 5 points that continue to follow the new suggested level of performance, and use those points to recalculate your Central Line and Natural Process Limits.

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ACTIVITY: Are our change initiatives high-leverage?

Goal (made measurable from the Measurability Tests):	
Measure (designed from the Measure Design technique):	

Low leverage (avoid):	High leverage (test):

Summary of EBL Habit #3: EXECUTION

EXECUTION is about high ROI process improvement:

- **Patterns, not points**: use XmR charts for all measures

- **Leverage, not force**: find constraints and remove them

- **Processes, not people**: flowchart the most important business processes

Your notes:

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STACEY BARR

MODULE 6:
The Habit of
DECISION

Helping people take ownership for the results that matter,
by role-modelling ownership, getting their buy-in and
giving them a clear line of sight to the corporate strategy.

STACEY BARR

#4
DECISION through focus

Helping people take ownership for the results that matter, by role-modelling ownership, getting their buy-in and giving them a clear line of sight to the corporate strategy.

Your notes:

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STACEY BARR

Where's Wally?

Your notes:

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Understanding and interest

"Whenever you cannot describe the vision... in five minutes or less and get a reaction that signifies both **understanding** and **interest**, you are in for trouble."

John P. Kotter

Your notes:

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A clear line of sight?

For the energy company, and their procurement department:

Corporate Goals

1. Increase the efficiency of energy supply through delivery of the works plan.
2. Generate a higher rate of return for shareholders from sustainable energy production.
3. Enhance supply reliability and quality.
4. Create a 'zero-harm culture' to ensure a safe workplace for people.
5. Foster a resilient and adaptable workforce.

Procurement Goals

1. Fit for purpose products & services.
2. Value for money procurement.
3. On time delivery of products & services.
4. Communicate to customers.
5. Train procurement staff in customer service and fact-based negotiation.
6. Implement supplier contract management process.
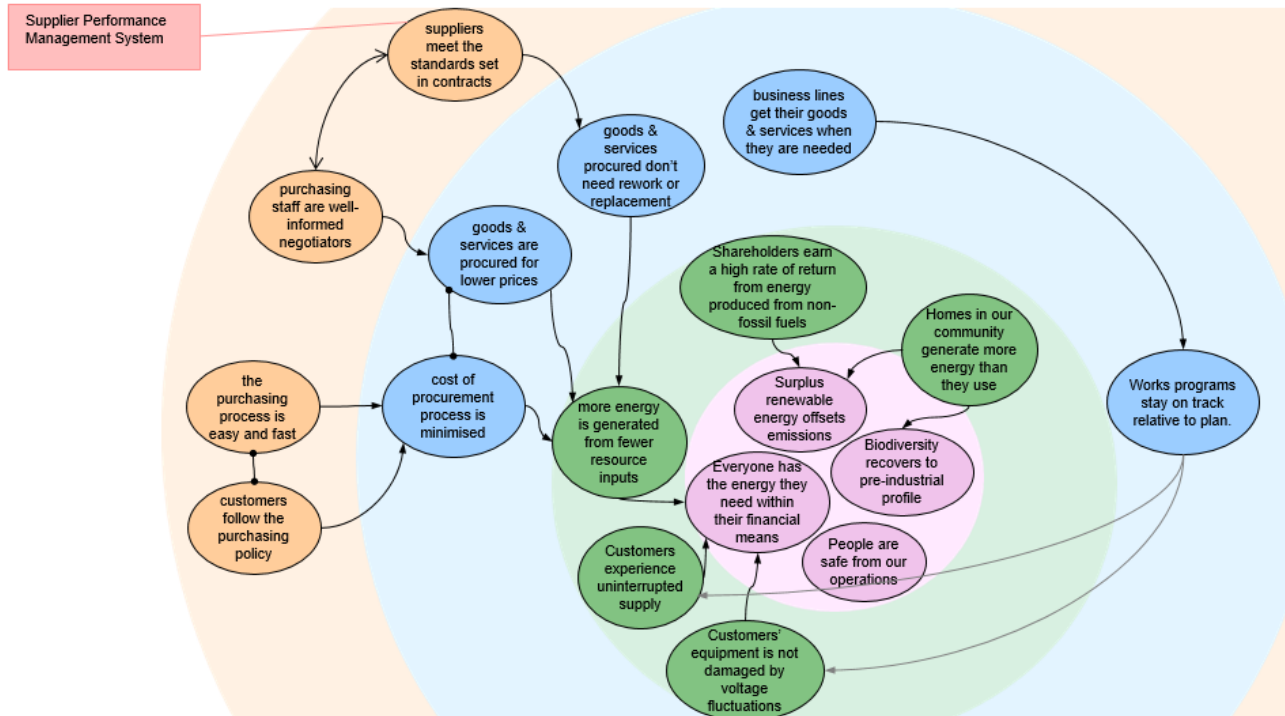7. Improve inventory management process.

Your notes:

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STACEY BARR

Habit #4 means cascading strategy to inspire DECISION

Your notes:

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Focus makes decision easier

Start with the organisation's purpose…

… and organisation-wide goals.

Let business units decide their impact on the strategic results.

Let teams decide their impact on the business unit results.

Your notes:

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STACEY BARR

PuMP Step 2 (again): Mapping Measurable Results

The Results Map is the other of two techniques in step 2 of PuMP (you met the first one, Measurability Tests, in MODULE 3 of this EBL training). Here are the basic parts of the PuMP Results Map:
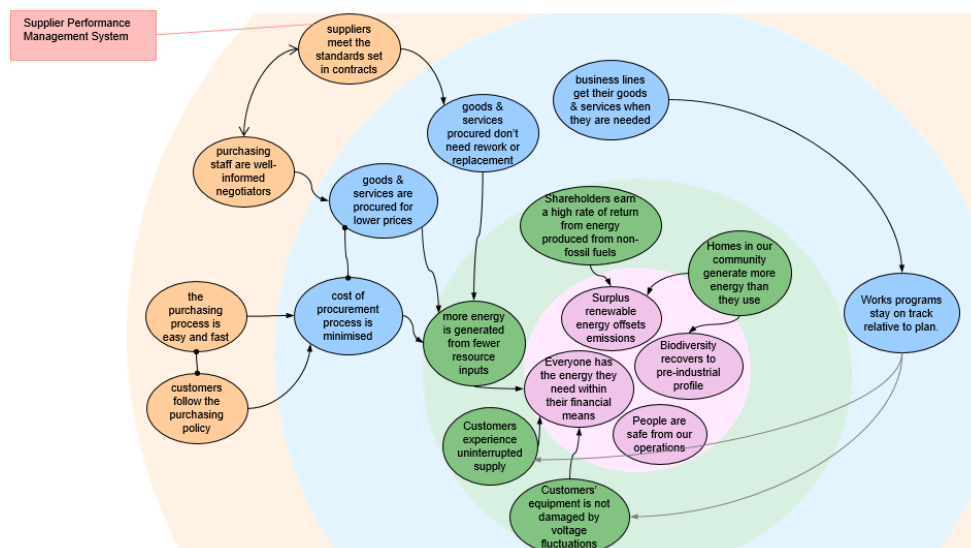
Pink layer: success & sustainability results

☐ results implied by the vision

☐ results implied by the mission (or purpose of your organisation or business)

And optionally:

☐ results implied by the values (or living them)

☐ stakeholder perceptions of value

☐ stakeholder definitions of sustained success for your organisation

Green layer: corporate capability results

- ☐ results implied by corporate goals or objectives or key result areas or critical success factors or corporate priorities (2 to 10 year timeframe)

Blue layer: process or functional results

- ☐ results implied by departmental goals or objectives
- ☐ the most important business process results
- ☐ results implied by business unit or functional purpose
- ☐ results intended to be achieved by programs or projects aimed at impacting strategic results - but not the on-time and on-budget project results!
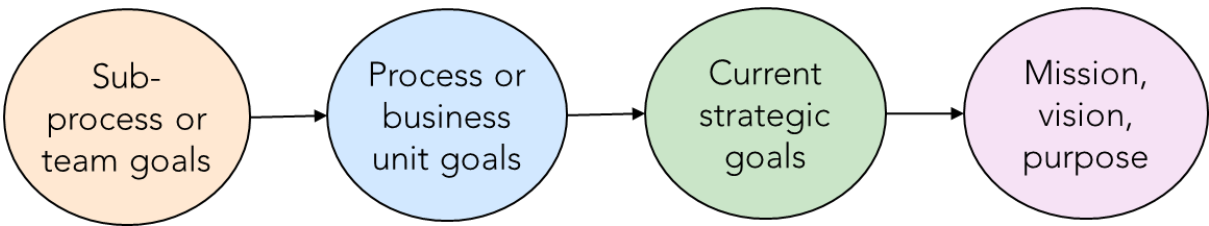
Orange layer: activity or team results

- ☐ results implied by operational goals or objectives
- ☐ results of activities most impacting on end process results
- ☐ results implied by a team's impact on activity or end process results
- ☐ results of projects aimed at impacting tactical results

Notes for all layers

- ☐ Build your Results Map from the outputs of the Measurability Tests.
- ☐ Check for true "results" language rather than action language – you want to end up designing measures for how well activities have worked, not how much activity you are doing.
- ☐ Avoid weasel words (but don't sweat on it for hours). Be as specific and explicit as you can, because it will make Measure Design easier.
- ☐ Put the relationship links in as you build the map, linking the results to one another depending on the relationship type. Keep the number of links for any one result to the 2 to 3 most important links. Everything is connected to everything if you think about it long enough, and that's not the objective of Results Mapping – just the priorities.
- ☐ If you want to align projects, actions or change initiatives to your performance results (and their measures), put them in boxes around the outside of the Results Map and link them with a simple line to their targeted result.

STACEY BARR

ACTIVITY: How could your goal cascade?

Sub-process or team goals → Process or business unit goals → Current strategic goals → Mission, vision, purpose

Your goal:	
Process or business unit:	
Their goal:	
Sub-process or function:	
Their goal:	

And map the flow:
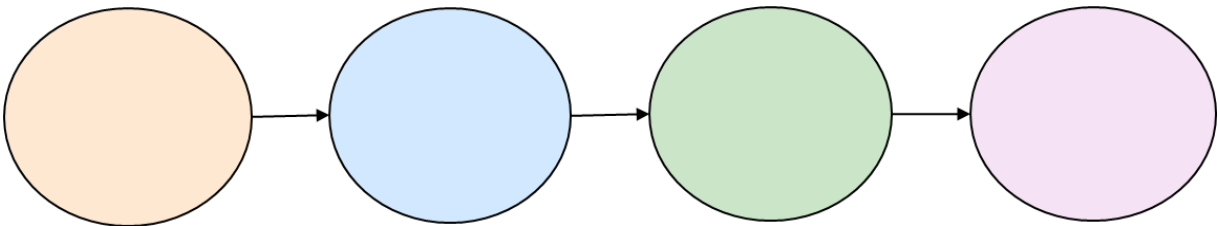
Summary of EBL Habit #4: DECISION

DECISION is about helping people take ownership for the results that matter:

- **Cascade, don't fragment**: The line of sight to the strategy is through cause-effect

- **Buy-in, not sign-off**: Communicate the strategy in a way that engages ownership

- **Working on, not just in**: Give authority to improve processes, not just work them

Your notes:

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MODULE 7:
The Habit of ACTION

Helping people get the right things done to close
performance gaps, through a focus on causal analysis,
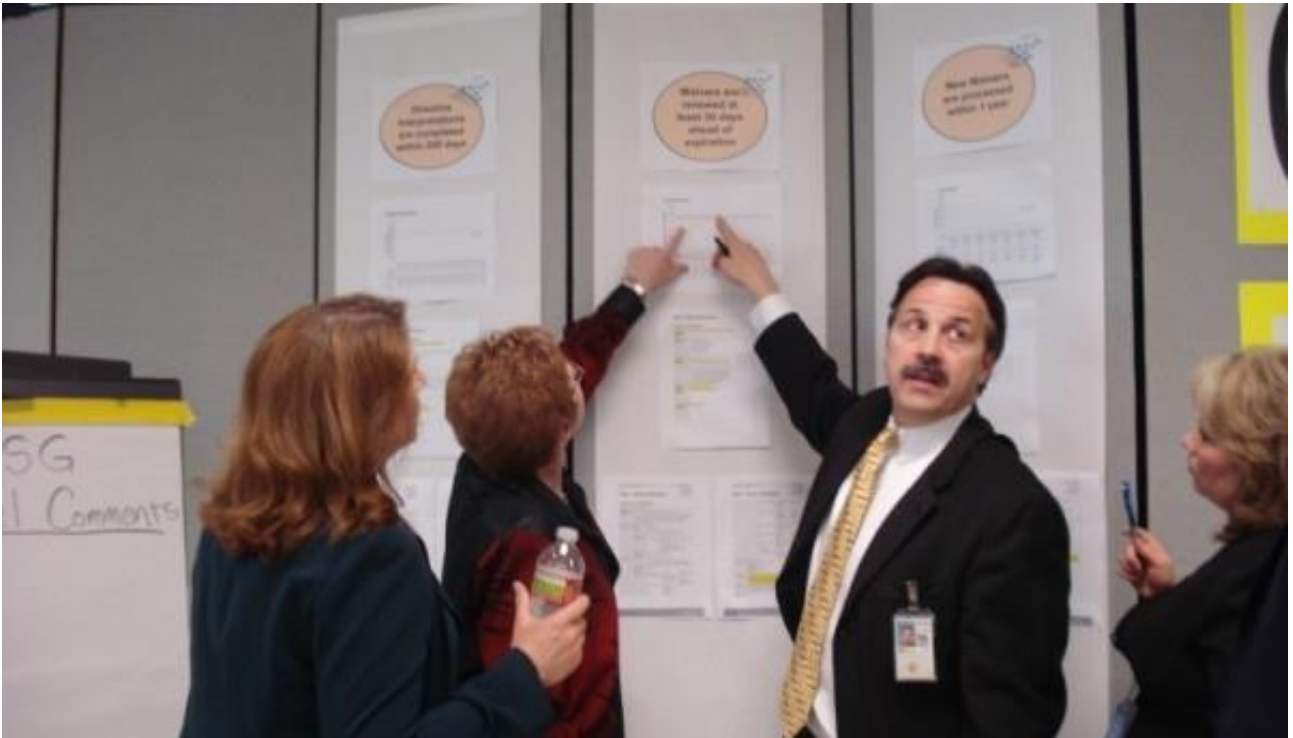practicality and collaboration.

STACEY BARR

#5
ACTION through targets

Helping people get the right things done to close performance gaps, through a focus on causal analysis, practicality and collaboration.

DIRECTION

Learning

Decision

IMPACT

EXECUTION

EVIDENCE

Action

Your notes:

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STACEY BARR

Do they have authority to change?

Your notes:

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STACEY BARR

Translate learning into action, rapidly…
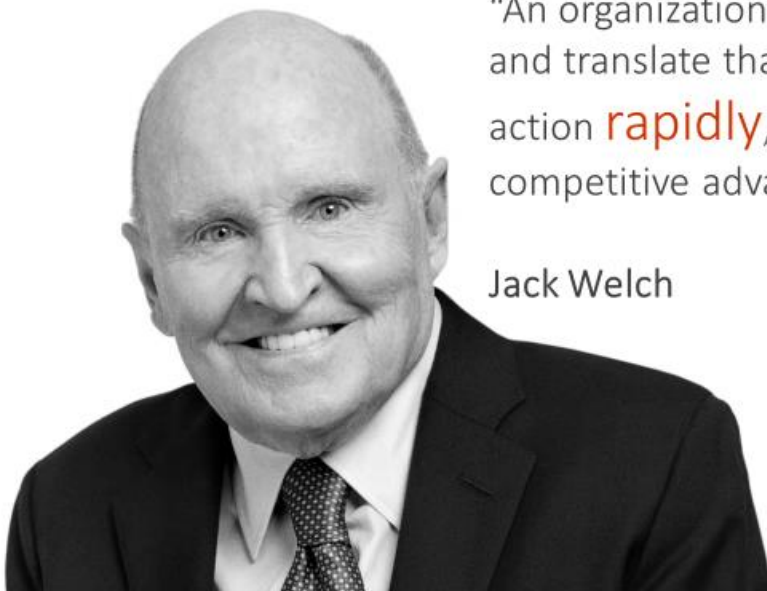
"An organization's ability to learn, and translate that learning into action **rapidly**, is the ultimate competitive advantage."
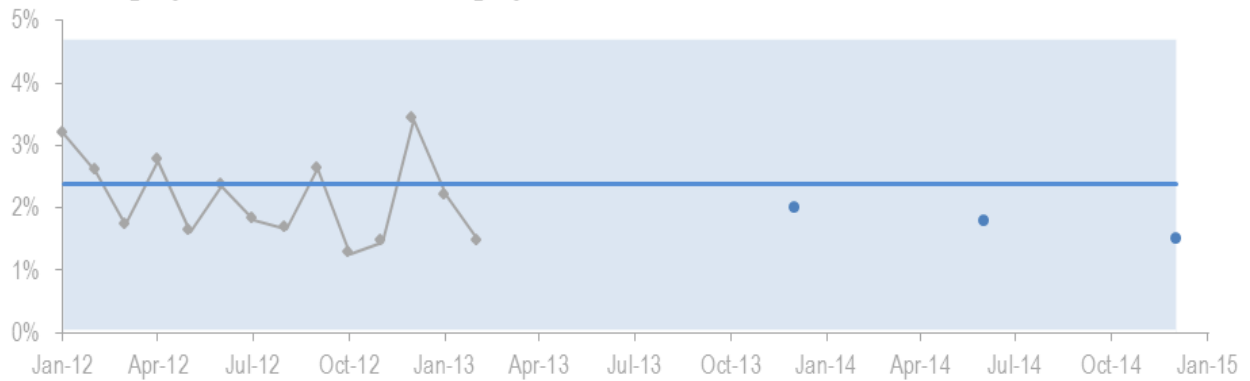
Jack Welch

Your notes:

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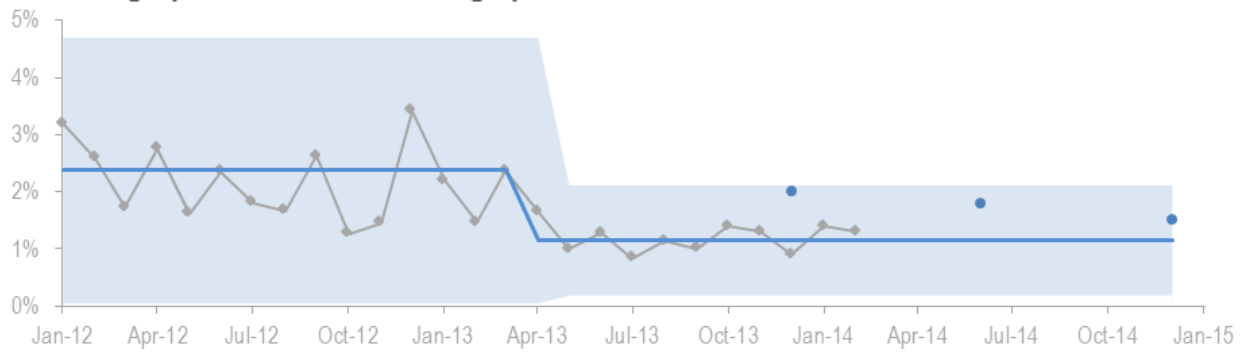
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EVIDENCE-BASED LEADERSHIP TRAINING WORKSHOP

STACEY BARR

Motivating targets?

Purchasing OpEx as % of Purchasing Spend

Your notes:

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Habit #5 means inspiring ACTION to close performance gaps

Purchasing OpEx as % of Purchasing Spend

Your notes:

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Answering 3 questions makes action easier

What is performance doing?

Why is it doing that?
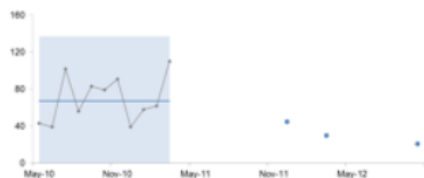
"dead time" due to waiting for approvals.

How should we respond?

Redesign the process to remove the need for approvals in 90% of cases.

monitoring performance + interpreting performance + initiating action = accountability

Your notes:

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An EBL performance dashboard

FIT FOR PURPOSE		actual	target	cause	response
🔴 % Rejects		5.2%	4%	Supplier Performance Management System is delayed until May 2014.	Re-prioritise projects to make time for Supplier Performance Management System to begin asap.
🔴 DIFOT - to inventory		90.9%	97%	The signal of improvement is the result of increasing purchasing policy compliance.	No Action. This will naturally increase again as compliance continues to grow with continued coaching.

VALUE FOR MONEY		actual	target	cause	response
✓ % Spend Saving		6.6%	10%	The low hanging fruit have been picked. The savings are more challenging now.	Stretch target to be cancelled for this year. Cost reduction targets are already met. Further spend savings risks supplier performance.
✓ Purchasing OpEx as % of Purchasing Spend		1.1%	1.5%	Cost reduction strategies have worked better than expected.	No action. Target exceeded.

Your notes:

PuMP Step 7: Reporting Performance Measures

PuMP's Step 7 is about the five principles of designing performance reports or dashboards that are useful and usable:

Step 7.1: Structure to strategy

- [ ] the headings are consciously chosen to align with business plan goals or objectives or priorities
- [ ] the report logically "hangs together": with each layer of headings as a natural cluster (e.g. major headings relate to the business goals and sub headings relate to the strategies chosen to reach the goals)
- [ ] the contents page is designed around the chosen headings and logical layers of the report structure to make it easy to navigate and prioritise attention

Step 7.2: Answer what? why? now what?

- [ ] performance measures are consciously chosen to answer a set of questions specific to the focus of the report: what questions should this report answer?
- [ ] the report encourages valid interpretation of the performance measures (e.g. a paragraph devoted to interpreting the graph's story in everyday language)
- [ ] the report encourages the audience to enquire and learn rather than blame (e.g. by providing information about the causes of changes or levels in performance)
- [ ] the report encourages its audience to take action to improve performance (e.g. by translating performance results and causes into implication for the business)
- [ ] any supplementary information included in the report assists the audience in interpreting performance or in choosing appropriate ways to respond to it
- [ ] each performance measure is "owned" by at least one member of the report's audience

Step 7.3: Use graphs that signal

- [ ] each graph is based on a performance measure that is capable of answering a specific question related to the purpose of the report
- [ ] each graph contains enough information to answer the specific question(s) it was intended to answer (e.g. title, axis labels, legends, footnotes)

- [ ] each performance measure is presented using a chart type that is appropriate for that type of measure:

  - for comparisons of a performance measure over time, use a line chart or statistical process control chart
  - for comparisons of a performance measure by some classifier (like region or customer segment or age group), use a vertical bar chart
  - for comparisons of various causes or reasons by their impact on a performance result, use a Pareto chart or horizontal bar chart with the bars ordered by size from largest to smallest

- [ ] each graph preserves the integrity of the data and does not distort the data in any way

- [ ] comparisons are kept in true visual proportion by using the whole logical range of the vertical axis

- [ ] trend lines that have low statistical reliability (R^2) are not included on the chart

- [ ] each graph is kept simple and uncluttered, showing only the information required to answer the driving question(s)

- [ ] no gridlines, no data labels, no 3-D, maximum of 3 measures on a chart (ideally only 1)

- [ ] each graph is formatted using visual principles that make it easy on the eye and follows a general standard so that all graphs of the same type are presented the same way and therefore make interpretation and comparison more reliable (e.g. avoiding colour if black and white printing is likely, avoiding patterns as fills which seem to send you cross-eyed)

Step 7.4: Design to engage

- [ ] the layout assists the audience in finding specific information they are looking for (e.g. headings are always at the top of the page, footers contain the page number, paragraphs are separated with adequate white space)

- [ ] different elements of the report are placed in a logical manner on the page, so it is easy to see, for example, which list of causes of performance changes relates to which performance measure graph

- [ ] the layout makes the report easy to physically handle (e.g. if members of the audience have to sift through a folder full of reports, then single-sided printing in landscape may be better than double-sided printing on portrait)

- [ ] the report uses text, paragraph and table styles to make it easy for the audience to understand the structure and content of the report (e.g. by contrasting major headings from minor headings using font size)

- [ ] the range of text, paragraph and table styles used within a report are kept simple and few: and are used consistently throughout the entire report (e.g. if a square bullet is used for formatting the paragraph about causes of performance changes, then that same bullet should be used for all paragraphs about causes of performance changes)

- [ ] the relative priority of performance results are visually flagged to speed up interpretation (e.g. adverse trends are made to stand out more by using a big red cross next to the graph

or paragraph that interprets them, whereas a big green tick might accompany a positive trend)

☐ formatting standards for reporting performance are adopted organisation wide to reduce confusion in how to interpret and use performance reports

Step 7.5: Automate

☐ the reporting process is streamlined and automated to allow analysts to spend the majority of time on analysing data and looking for insights that will inform action, and not collating and cleaning data

☐ the chosen medium for the report is cost-effective (e.g. the time, money and effort invested in producing the report is easily offset by the savings that result from using it)

☐ the performance report can be produced quickly enough to deliver the required information about strategy execution and progress in the required time frame

☐ the report is easily accessible to all members of its audience

☐ confidentiality, where required, is reliably maintained

ACTIVITY: What is our performance gap?

The measure:		
Current performance: (have a guess)	*Central line:*	
	Natural process limits:	
Target performance: (what would be nice, if you haven't already got a target)	*Central line:*	
	Natural process limits:	
Performance gap: (your target minus your current performance)	*Central line:* *(difference in value)*	
	Natural process limits: *(difference in width)*	
Actions to close the gap: (which are high-leverage, not treating symptoms)		

EVIDENCE-BASED LEADERSHIP TRAINING WORKSHOP

S T A C E Y B A R R

Summary of EBL Habit #5: ACTION

ACTION is about helping people get the right things done to achieve the results that matter:

- **Causes, not symptoms**: Remove causes that constrain performance

- **Practical, not perfect**: When it's 80% there, it's good enough

- **Collaboration, not competition**: Help people work across the whitespace

Your notes:

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STACEY BARR

MODULE 8:
The Habit of
LEARNING

Helping people find the fastest and cheapest way to close performance gaps, by adopting an experimental mindset, learning from failure, and iterating to success.

STACEY BARR

#6
LEARNING through testing

Helping people find the fastest and cheapest way to close performance gaps, by adopting an experimental mindset, learning from failure, and iterating to success.

DIRECTION

Learning   Decision

IMPACT

EXECUTION   EVIDENCE

Action

Your notes:

The discipline to fail?

Your notes:

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STACEY BARR

In the spirit of science…
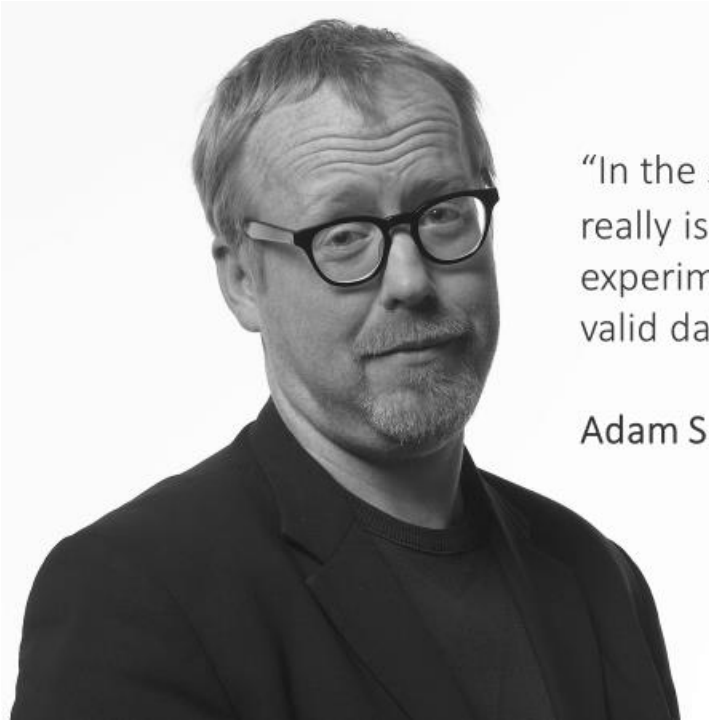
> "In the spirit of science, there really is no such thing as a 'failed experiment'. Any test that yields valid data is a valid test."
>
> Adam Savage

Your notes:

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What worked?

Purchasing OpEx as % of Purchasing Spend

Your notes:

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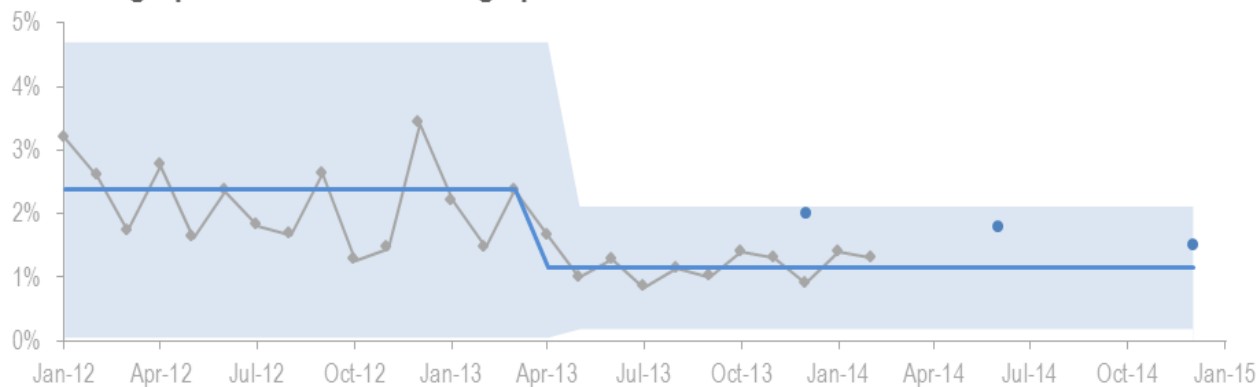
Habit #6 means inspiring LEARNING through testing

The measure to test:

Purchasing OpEx as % of Purchasing Spend
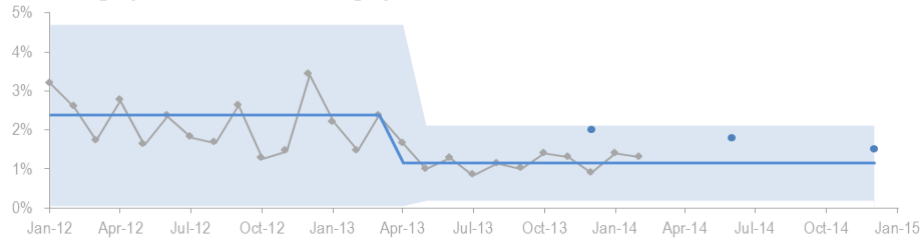
Did the change initiatives work?

	YES / NO
DIFOT to inventory 	YES / NO
% Purchasing Spend on P-cards 	YES / NO
% Purchasing Spend on Approved Contracts 	YES / NO

The measure to test:

Purchasing OpEx as % of Purchasing Spend

Were there untintended consequences?

DIFOT - issues from inventory	YES / NO

Your notes:

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STACEY BARR
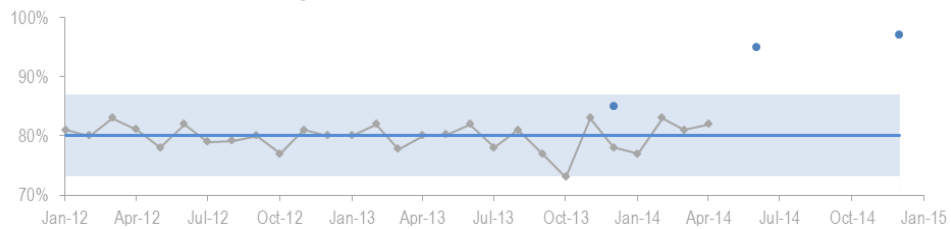
Business experiments make learning faster

Otherwise, find another hypothesis to test

| Choose the performance gap to close | Hypothesis to close a performance gap | Implement the initiative & observe the impact | If the hypothesis stands, roll out the initiative |

Reduce *% Weekend Adjacent Sick Leave* from 68% to 40%

"Employees take less sick leave when they have authority to make their own decisions."

In the chosen teams, get managers to allow employees to make their own decisions.

Change company policy to allow employees to make their own decisions.

Your notes:

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STACEY BARR

PuMP Step 8: Reaching Performance Targets

You can download a pdf of this PuMP Summary Page in MODULE 8 of the EBL Online Training website.

You will also find a PuMP Summary Page for business experiment design.

Learning through testing is only possible when we use our performance measures in a way that is similar to science: with a focus on finding and fixing causes, not treating symptoms. There are five steps to use measures to reach targets the PuMP way:

Step 8.1: Set sensible targets

When you understand how to validly interpret your performance measures using the PuMP Measure Interpretation technique and XmR charts, you realise quickly that we need to change the way we typically set targets. Rather than setting an annual target, or a monthly target, we need to set targets for the Central Line or upper and/or lower Natural Process Limits in our measures' XmR charts. These values represent the capability of our processes and their current performance level, so it makes most sense to set targets to improve these.

Here are some more target setting tips:

- ☐ Avoid setting targets for perfection, like zero incidents (that might be your vision, but as a target it will easily demoralise people) – set targets for step-improvements toward an ideal.
- ☐ Set interim and stretch targets – reach the easy interim targets to build momentum and wisdom for how to achieve the stretch targets.
- ☐ There is no science to it, you have to find a balance between what people believe they can attempt and what you want to inspire them to reach.

Step 8.2: Prioritise performance gaps

Not every measure points to an urgent improvement. There are a few conditions that suggest you have a performance gap well worth closing:

- ☐ Where is current performance moving away from targeted performance?
- ☐ Where is current performance making no progress toward targeted performance?
- ☐ Where is current performance improving, but not fast enough to reach targeted performance?

☐ Where is current performance heading back below targeted performance?

Step 8.3: Find the causes

It's often not until you start using your performance measures – and any supplementary information – that you begin to realise the type of information you really need. New questions often come up when you interpret your measures, new questions about causes.

Too many initiatives to reach performance targets are about educating people, increasing budget or increasing resources – all treating symptoms. You need to dig deeper than the obvious. Flowcharting business processes and looking for weak links or disconnects in their design is great way to find the root causes and avoid treating symptoms. All results come from a process or system that produces them.

It can also be worth the time to drill down into more data to see if you can answer these questions, so you don't jump to a premature conclusion about what to fix.

Step 8.4: Choose high-leverage solutions

Performance measurement should go hand in hand with strategy execution, the implementation of those initiatives and projects that were chosen to achieve the strategic and operational goals. Sometimes your performance measures will show you that the strategies are working. But often they can show the opposite.

There's no crime in cancelling a strategic initiative if it just isn't improving performance. In fact, it's a crime if you don't because you're wasting precious time and money. When you need another way to close a performance gap, the design of the business process producing that result will hold the clues.

Have a 'no excuse' mentality, which means focus on what you can influence, not just what you can control!

Step 8.5: Look for signals and check for impact

In the context of the cause analysis, look for signals that suggest whether the initiatives or improvements or strategies you have implemented have had the impact you wanted. Look for true signals, NOT limited comparisons like this month compared to last month or this month compared to target! You'll simply need to look back at your measure's XmR chart a few periods after you made the improvement, to see if there's a long run or short run there to see if your improvement worked.

ACTIVITY: Can we isolate the effect of our change initiative?

The measure:	
The change initiative:	
Possible methods to isolate the effect:	*Before, during, after:* *Control group:* *Multi-variate analysis:*

STACEY BARR

Summary of EBL Habit #6: LEARNING

LEARNING is about helping people make working ON the business a normal part of their work:

- **Experiments, not assumptions**: Isolate and quantify the impact of changes

- **No failure, only feedback**: Celebrating learning - whether it's success or failure

- **Iterate, don't procrastinate**: Less and smaller goals speed up success

Your notes:

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MODULE 9:
Implementation is Iterative

The implementation of evidence-based practice organisation-wide will follow iterations, starting from the top.

STACEY BARR

Implementation is Iterative

Your notes:

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Strength through iteration

Your notes:

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STACEY BARR

Stage 1: Decide on evidence-based leadership

Results, not actions.
No weasel words.
Be ruthless

Experiments, not assumptions.
No failure, only feedback.
Iterate, don't procrastinate.

Cascade, don't fragment.
Buy-in, not sign-off.
Working on, not just in.

DIRECTION

LEARNING

DECISION

IMPACT

EXECUTION

EVIDENCE

ACTION

Leverage, not force.
Patterns, not points.
Processes, not people.

Learning, not judging.
Evidence before measures.
Measure what matters.

Causes, not symptoms.
Practical, not perfect.
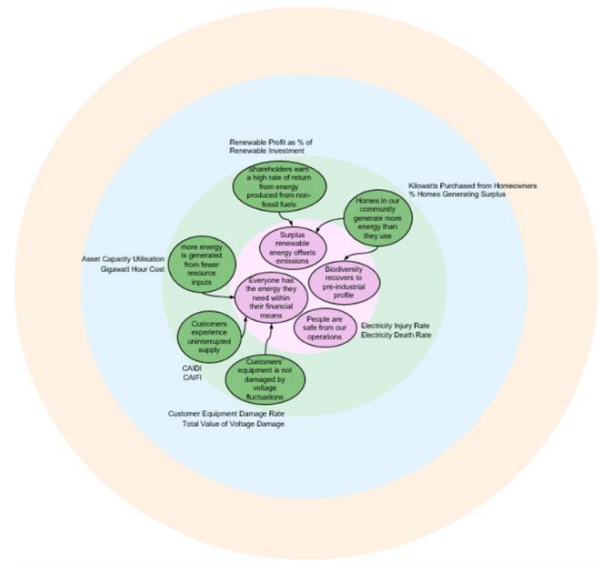Collaboration, not competition.

Have you?

☐ Yes

☐ No

☐ Don't know (this is actually 'No')

STACEY BARR

Stage 2: Create a measurable corporate strategy

1. Make the goals measurable
2. Design meaningful measures for the goal
3. Map the measurable goals and their measures
4. Design and schedule the Measure Gallery

Your notes:

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STACEY BARR
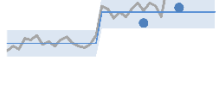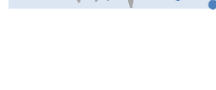
The 2 day EBL Immersion

We take the first step of evidence-based leadership to make your corporate strategy more measurable and easier to communicate, to design measures, and to plan the continued implementation of your evidence-based leadership habits.

- Translating your corporate strategy into measurable performance results, using PuMP's Measurability Tests

- Designing meaningful measures for the strategic performance results, using PuMP's Measure Design technique

- Mapping the measurable corporate strategy, and its measures, into a tool for easily communicating and cascading the strategy, using PuMP's Results Map

- Drafting the design of your strategic dashboard, to monitor your new strategic measures as evidence of progress of the strategic goals

- Designing and scheduling the communication of the strategy to get buy-in, and next steps for cascading it and implementing the measures, using PuMP's Measure Gallery

STACEY BARR

… and build your EBL performance dashboard

VALUE FOR MONEY	actual	target	cause	response
✓ % Spend Saving	6.6%	10%	The low hanging fruit have been picked. The savings are more challenging now.	Stretch target to be cancelled for this year. Cost reduction targets are already met. Further spend savings risks supplier performance.
✓ Purchasing OpEx as % of Purchasing Spend	1.1%	1.5%	Cost reduction strategies have worked better than expected.	No action. Target exceeded.
● Customer Rating of Ordering Simplicity	5.7	7.5	The targeted number of purchasing staff are not attending.	Test an online training course to make it easier for people to undertake it.
● % Purchasing $ on Approved Contracts	54.2%	80.0%	Combined impact of simpler ordering and encouraging customers to use contracts.	No Action. This will continue to improve as a consequence of other measure improvements.
✓ % Purchasing $ on P-cards	0.9%	1.0%	Combined impact of simpler ordering and encouraging customers to use contracts.	No action. Target exceeded.

ON-TIME DELIVERY	actual	target	cause	response
● DIFOT - issues from inventory	80.1%	97.0%	Inventory management process is uncontrolled.	Standardise inventory management process flow.
● Cycle Time of Issues Resolution	75.4	10	Lag time to allocate and investigate issues accounts for over 50% of the current cycle time.	Dedicate a Procurement Troubleshooter and single point of contact for customers.

LEGEND

● Insufficient progress or no progress toward target
● Sufficient progress toward target
✓ Target achieved
● Target

Your notes:

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Stage 3: Cascade the strategy

Your notes:

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PuMP Step 4: Building Buy-in to Measures

The technique we use in Step 4 of PuMP is called the Measure Gallery, and here is how it works:

Step 4.1: Who needs to buy in?

Depending on how much buy-in you need, consider inviting:

- ☐ colleagues that could not be directly involved in the measurement process
- ☐ managers and supervisors
- ☐ different experts, that can give rigorous feedback about the measures or data sources
- ☐ other departments or areas of the business, that you want to influence to take the same journey you have taken

Step 4.2: Invite; don't mandate.

Make sure you <u>invite</u> them, don't mandate their participation:

- ☐ Send an invitation, not an agenda!
- ☐ Let them know they can come any time the Gallery is open, and stay for as little or as long as they like
- ☐ Make sure you have something to offer them as a reward or enticement: snacks work very well

Step 4.3: Space for dialogue.

A Measure Gallery is not a presentation or a workshop or a meeting. It's completely different. You want people talking with each other, not listening to a presentation. No PowerPoint!

Where to have it

Ideas for where to set up a Measure Gallery:

- ☐ in a conference or meeting room
- ☐ around your office space

- ☐ on your intranet site (you'll need some form of interactive capability, where virtual visitors can leave comments)
- ☐ traveling road show (you take it on the road to other offices!)
- ☐ provide coaching, instructions and documents for local contacts to set it up at different sites

When to have it

Some useful times to have a Measure Gallery include:

- ☐ after you have some draft Measure Designs
- ☐ after you have some draft Measure Definitions
- ☐ after you have a draft report to show

What to display

On the walls around the room, display things like:

- ☐ your business/team/department goals or objectives (whatever you're trying to measure)
- ☐ your Measurability Tests
- ☐ your Results Maps
- ☐ your filled out Measure Design templates
- ☐ your filled out Measure Definition templates
- ☐ examples of charts showing your measure trends

How to display it

Some tips for making sure your Measure Gallery flows well:

- ☐ have 2 to 3 sets of your material, and devote a wall to each set (this will ensure as people move around the room, they don't have to crowd around the same set of info)
- ☐ make sure there is enough walking space, so remove tables and chairs if possible
- ☐ include some fun: snacks, tea and coffee
- ☐ give visitors a wad of post-it notes and a pen, so they can write their feedback and ideas anywhere

Step 4.4: The right people will come.

Do not measure the success of your Measure Gallery by the number of people that come! It's about the quality of the feedback and the experience that your visitors have as they discuss measures with you.

It might only take one person to be engaged, that will cause a ripple effect in getting others engaged too.

Generally though, quite a lot of people are likely to turn up to your Measure Gallery.

Step 4.5: Gather feedback & use it.

The feedback you gather from visitors to your Measure Gallery is valuable to:

- ☐ improve your Results Map – fill in what's missing, clarify language, trim down to highest priorities
- ☐ improve your measures – ideas you hadn't considered, which measures seem most relevant
- ☐ improve your Measure Definitions – ideas for data sources, testing the best owners, better ways to calculate the measure values

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Stage 4: Let the cascade flow naturally

Your notes:

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EVIDENCE-BASED LEADERSHIP TRAINING WORKSHOP

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Stage 5: Reflect and learn for the next iteration

Are we better at EBL?

- **The senior leadership team practicing** evidence-based management and routinely supporting its practice organisation-wide.

- **Aligning all decision-making and action** with the purpose and strategic direction of the organisation.

- **Measurably elevating the overall performance** of the organisation and its positive impact in the world.

Your notes:

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EVIDENCE-BASED LEADERSHIP TRAINING WORKSHOP

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ACTIVITY: How could you start?

List up to five actions you might take to begin evidence-based leadership in your organisation:

Action #1	
Action #2	
Action #3	
Action #4	
Action #5	

EVIDENCE-BASED LEADERSHIP TRAINING WORKSHOP
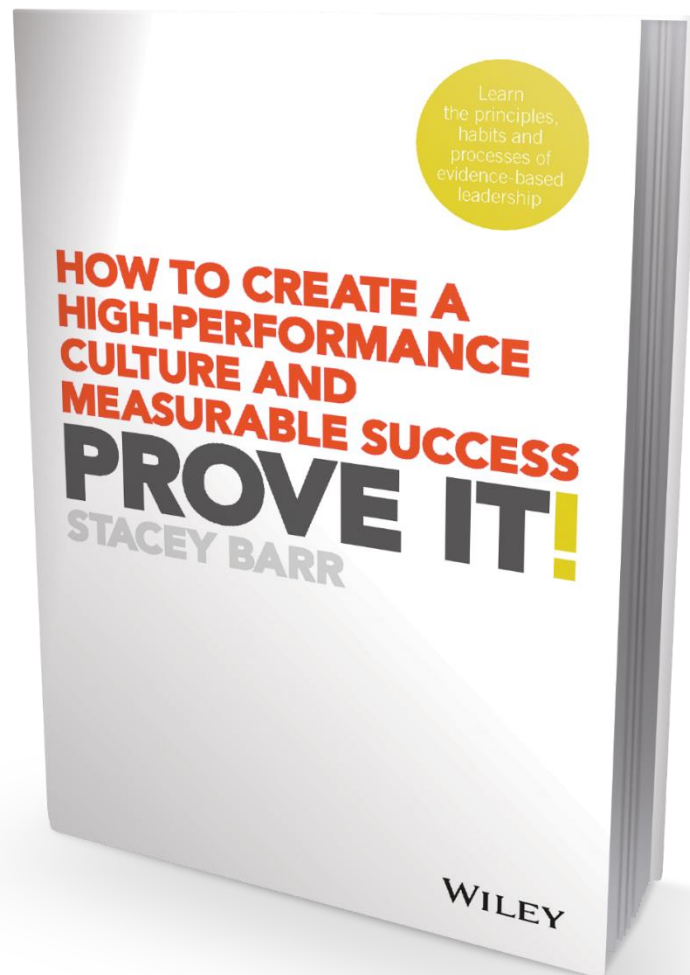
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Dive more deeply into whichever part of the EBL framework you wish to.