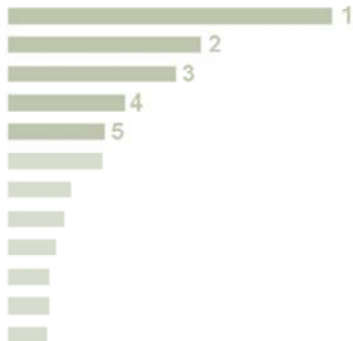


The Top 5 KPI Questions

Strategy & Performance
Professionals Ask Most
– And The Critical One To
Answer First.



G'day everyone!

My name is Stacey Barr, and welcome to this training webinar on “The Top 5 KPI Questions Strategy & Performance Professionals Ask Most – And The Critical One To Answer First”.

I'm joined today by two lovely people who are part of my international team of PuMP Consultants:

Louise Watson of Adura Strategy in Vancouver, Canada, and David Wilsey from the Balanced Scorecard Institute in Raleigh, North Carolina.

What is YOUR biggest question about performance measurement right now?

One of the common challenges that we have (and I'm no exception) is making time for performance measurement. We know it's important, but rarely is it as urgent as all those other demands that end up filling our schedules.

It's made my day to see you stepping out of your whirlwind to make time to expand your knowledge about measuring performance. So Louise, David and I want to thank you for joining us today!

I realise some of you already know me well, through my Measure Up blog.

But I also know some of you don't know me yet, and some of you might not know Louise or David either.

So let us explain a little about how we came to be working together...

about your hosts...



Stacey Barr

Creator of PuMP[®]

staceybarr.com



Louise Watson

Adura Strategy

adurastrategy.com



David Wilsey

Balanced Scorecard Institute

balancedscorecard.org

© Stacey Barr



Stacey:

At this point in my career, I'm probably best known for the way I can make performance measurement meaningful, practical and engaging. PuMP is the name of my performance measurement methodology. Early in my career is where I did all the stumbling and failing and experimenting and innovating that produced PuMP.

I made a lot of mistakes. But all the while I was really testing dozens of techniques and templates to stop people from going down the same old thinking tracks that created the KPI problems they had. So PuMP came from the trenches. It's continued to evolve and reach more and more people around the world: approximately 45 countries actually.

And thanks to Louise Watson and David Wilsey, two of those countries are Canada and the United States.

Louise do you remember what the trigger was for your joining the PuMP team?

Louise:

Yes, Stacey I certainly do. I specialize in "dust-free" strategy, which really means strategy that is so owned, understood and used across an organization that it doesn't have time to collect dust on a boardroom Shelf. Both in my career as an executive with a \$350 million company and then as a consultant, I found both myself and my clients struggled to move from articulating their strategy to being able to know if they were making progress or not. So I went in search of a measurement process that fit with my values as a consultant - and was lucky enough to connect with you Stacey!!

Stacey:

David, you guys at the Balanced Scorecard Institute really kicked off the start of the international PuMP team.

David:

Yes, I have been teaching performance measurement development as part of our Balanced Scorecard consulting and training offerings for almost ten years now, and so when we met, we realized that not only were we kindred spirits, but that the PuMP methodology perfectly complemented our own approach.

At BSI, we specialize in taking academic concepts and methodologies, such as the balanced scorecard, and breaking them down in the simple, step-by-step processes that anyone can learn, and the PuMP methodology fit into that model perfectly.

It's been great to see how many of our previous strategic planning customers are now coming back and taking the PuMP courses to build on what they already have.

Stacey:

So everyone, you're going to get a peak at some of the essentials of the PuMP methodology, through this webinar today. Here's what you're in for...

3 things you'll find out today:

- The top 5 most-asked questions about performance measurement
- Which of these questions is the **CRITICAL** one to answer **FIRST**.
- Frameworks to test and start fixing this problem.

© Stacey Barr

stacey barr


We'll start with your top 5 most asked questions about performance measurement, asked by over 1200 new Measure Up readers last year.

Then I'm going to reveal to you which one of these questions is the **CRITICAL** one to answer **FIRST**.

After that, we'll dig into the answer to this **FIRST** question, and I'll give you two frameworks you can use right away to test whether this problem is affecting your organisation, and how you can start fixing it.

Let's start by seeing what the 5 most-asked questions are, that you have about measuring performance...



Over the course of 2013, new subscribers to the Measure Up email newsletter asked a total of 1289 questions when they signed up.

I went through every question, and grouped similar ones together. I got about 29 unique groups, and they are summarised in this Pareto chart.

#1 in the top 5 most-asked questions is basically “How do I find the right measures or KPIs?” and it was asked 282 times.

Here are some examples of what people asked:

“Effective measures for prevention based programs... How do you measure success?”

“How do I set KPIs?”

“I’m looking for a suite of local government based KPI’s”

“How do you know the correct ones to focus on?”

“How to develop KPI and make them SMART”

“How can I set relevant KPIs for a small business?”

“How to effectively measure research outputs”

“Which KPIs to adopt in the manufacturing sector?”

“How do I choose the right ones?”

#2 in the top 5 most-asked questions is along the lines of “Is there a systematic process to design, implement and use measures or KPIs?” and it was asked 168 times.

Examples of what people asked:

“How do I get my KPIs off the ground”

“How can this be done right the first time?”

“How to define and measure operational KPI's. And how to create KPI hierarchies”

“How do you identify the correct KPI's to use and successfully implement them into your organization”

“How to continue to get better in implementing measures that matter”

“Is there a common process to make KPI's”

“Is there a systematic process to define/design/implement KPIs?”

#3 in the top 5 most-asked questions was “How do you get measures that align to strategy, even when strategy is hard to measure?” and it was asked 146 times

Examples of what people asked:

“How can I measure the performance using Cascading KPI , from the mission & vision till the individual”

“How do I ensure that the results/ objectives are described in a way that is clear and measurable”

“How do you define measurements that will evaluate the business value delivered by a strategic objectives”

“How to measure difficult strategic objectives such as artist excellence and community arts leader”

“Is there a limit to the number of KPI you can have for an objective”

“How to integrate the KPIs onto the balanced scorecard, especially the intangible types of goals”

“How to choose KPIS that support our mission, vision and values but are not so subjective that we can't measure them”

#4 in the top 5 most-asked questions was “How do you get people to buy in to performance measurement?” and it was asked 102 times

Examples of what people asked:

“Engaging leadership for learning rather than compliance.”

“getting interest & engagement from senior management”

“Getting staff to appreciate and buy-in to process.”

“How can I get people to use the performance measures”

“How to get business to understand what a good KPI is and not create ones they can manipulate to look good”

“How to do the people change management for metrics / KPI implementation. Often performance measurement is seen negatively amongst people.”

“Stakeholders engagement”

“We have 50K employees across the State - how to get folks excited about this!”

“Why people just do not give a damn to performance management?”

#5 in the top 5 most-asked questions was : “How do you measure people's performance?” and it was asked 84 times

Examples of what people asked:

“How do you measure an academic?”

“How can you effectively measure the performance of professional coaches and consultants?”

“How do I put in place proper KPI's for my cold storage warehouse manager”

“How do you break into measureable bits the daily operational duties of a HR/ Admin staff”

“How to measure a customer service person effectively when they wear many hats”

“I know you get what you want...how to incentivize with the right KPIs.”

“What to reward those who show upturning and great KPIs”

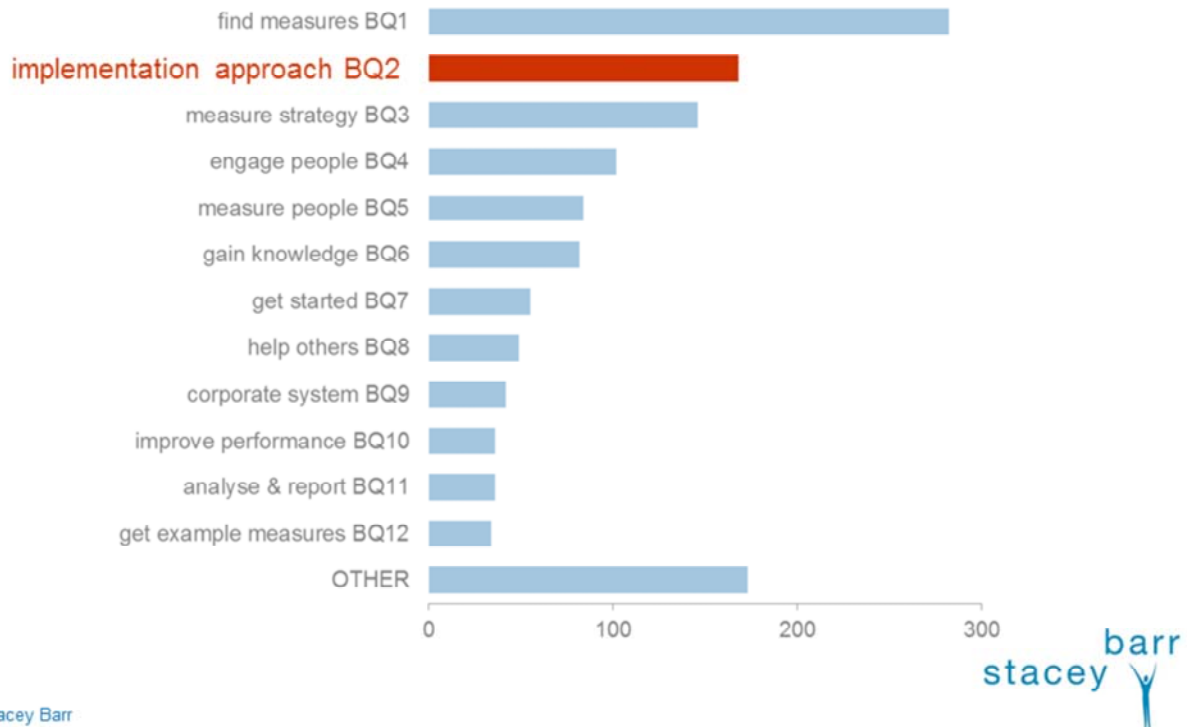
“Some Qualitative jobs are difficult to measure the KPI, how can we make it easier?”

“How to measure peoples performance”

Which of the 5 biggest questions do you think is the most critical one to answer first?

Now I'll reveal which one is REALLY is...

The question to answer FIRST is:



The second most-asked question is the most CRITICAL to answer FIRST. This question was:
 “Is there a systematic process to design, implement and use measures or KPIs?”

It's actually logical that this is the first question to answer.

The other questions represent challenges that people simply wouldn't have IF they had a systematic process or approach to design, implement and use performance measures.

- If you had a systematic performance measurement approach, it would give you the steps to find the right measures.
- If you had a systematic performance measurement approach, it would give you the steps to make your strategy measurable, and to align measures to that strategy.
- If you had a systematic performance measurement approach, it would give you the steps to get people involved and engaged in the right way that builds real buy-in.
- If you had a systematic performance measurement approach, you would have the answers to the remaining questions!

When you see performance measurement as a PROCESS, rather than as an EVENT or bureaucratic hoop to jump through, you quickly understand that HOW you do measurement is at the root of your struggles.

Have you got an ad hoc PM approach?

- ❑ Your **intangible** goals don't have measures.
- ❑ You **brainstorm** measures or look for them in KPI libraries.
- ❑ Your colleagues **avoid** doing measurement because they don't like it.
- ❑ Performance reports focus more on **activities** completed rather than results.
- ❑ People spend more time **criticising** measures than using them.



stacey barr

© Stacey Barr

There are some very obvious and common symptoms that you have a performance measurement approach that is ad hoc, and not systematic and deliberate.

While ever your approach to measurement is ad hoc, you won't have control over it. That means you won't be able to improve it. And THAT means that you will continue to have the struggles that you're having.

Here's a list of the most obvious and common symptoms I see in organisations whose performance measurement process is ad hoc:

- ❑ You don't have measures for intangible goals.
- ❑ You look for measures in KPI libraries or you brainstorm them.
- ❑ Your colleagues don't like measurement and avoid doing it.
- ❑ Performance reports focus more on activities completed rather than results.
- ❑ People spend more time criticising measures than using them.

Louise:

The first point about "intangible" goals is a big one for me. I see many people thinking that good strategy is filled with words like innovation, sustainability, effectiveness and then begin to discount their very own work by saying "but how will we ever measure that - perhaps we shouldn't say that". Writing goals in an "intangible way" is an early warning sign that your strategy will never be dust-free.

David:

Another one on this list that really resonates with me is the misguided focus on activities.

It seems that almost everyone that calls us has a strategic plan that isn't working for them because their measures are almost entirely made up of project milestone targets.

One company wanted to put up billboards as part of a new marketing strategy and they were very happy when the billboards were up on time and under budget.

They didn't even think to measure the results that they should have been focusing on, which were related to the awareness around the actual messages they were trying to communicate.

Stacey:

Which of these symptoms have you seen in your organisation?

Recognising the causes of your performance measurement struggles is our first practical insight for today...

Practical Insight #1

It's your **approach** to performance measurement that causes your struggles with measuring performance.

© Stacey Barr

stacey barr


It's your **approach** to performance measurement that causes your struggles with measuring performance.

The way you go about choosing, implementing and using performance measures either makes it easy and meaningful, or makes it hard.

Now you know that you need to look closely at your approach to performance measurement, as the first step to:

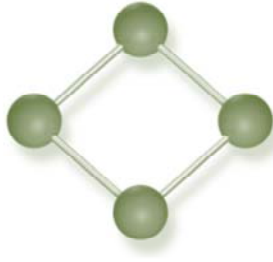
- Finding the right measures
- Getting buy-in
- Aligning measures to strategy
- And so on...

So what exactly should you look at, when you look at your performance measurement approach?

The Anatomy of a Performance Measurement Approach



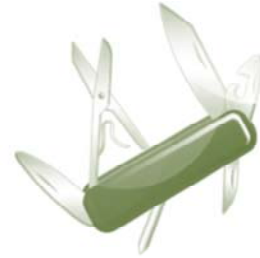
steps



frameworks



templates



tools

© Stacey Barr

stacey barr

An approach to performance measurement is the collection of steps, frameworks, templates and tools that give you the systematic means to choose, create and use performance measures to improve performance.

I'll repeat that, because it was a mouthful, and an important mouthful:

An approach to performance measurement is the collection of steps, frameworks, templates and tools that give you the systematic means to choose, create and use performance measures to improve performance.

There are a few reasons why performance measurement is one of the hardest things to do in business:

- It does NOT come naturally.
- It's ignored in most business training.
- Most people have only bad past experiences.
- Bad habits have become common practice.
- Essential steps have been left out because no-one knew they were necessary.

Louise:

I use the strategy mapping tool quite a bit and it is a very powerful tool in many ways. It leads you very well to making "intangible" goals into "results based" statements. However, before I found you, Stacey, and PuMP, the process would end there and then we would try and piece together a few steps to come up with a good measure. Now with PuMP, clients have a systematic approach to carry on from the great result they are so happy to have just stated.

David:

We get calls all the time from people that are told to develop or cascade measures without any context or methodology.

One military unit had a scorecard and we got panicked calls from their internal departments.

The finance and the medical units were simply replicating measures that were created at the military unit level because they were told to.

They knew that it didn't make any sense, but they were following orders.

I always feel bad when we get those calls, because people just don't have the tools to do it right.

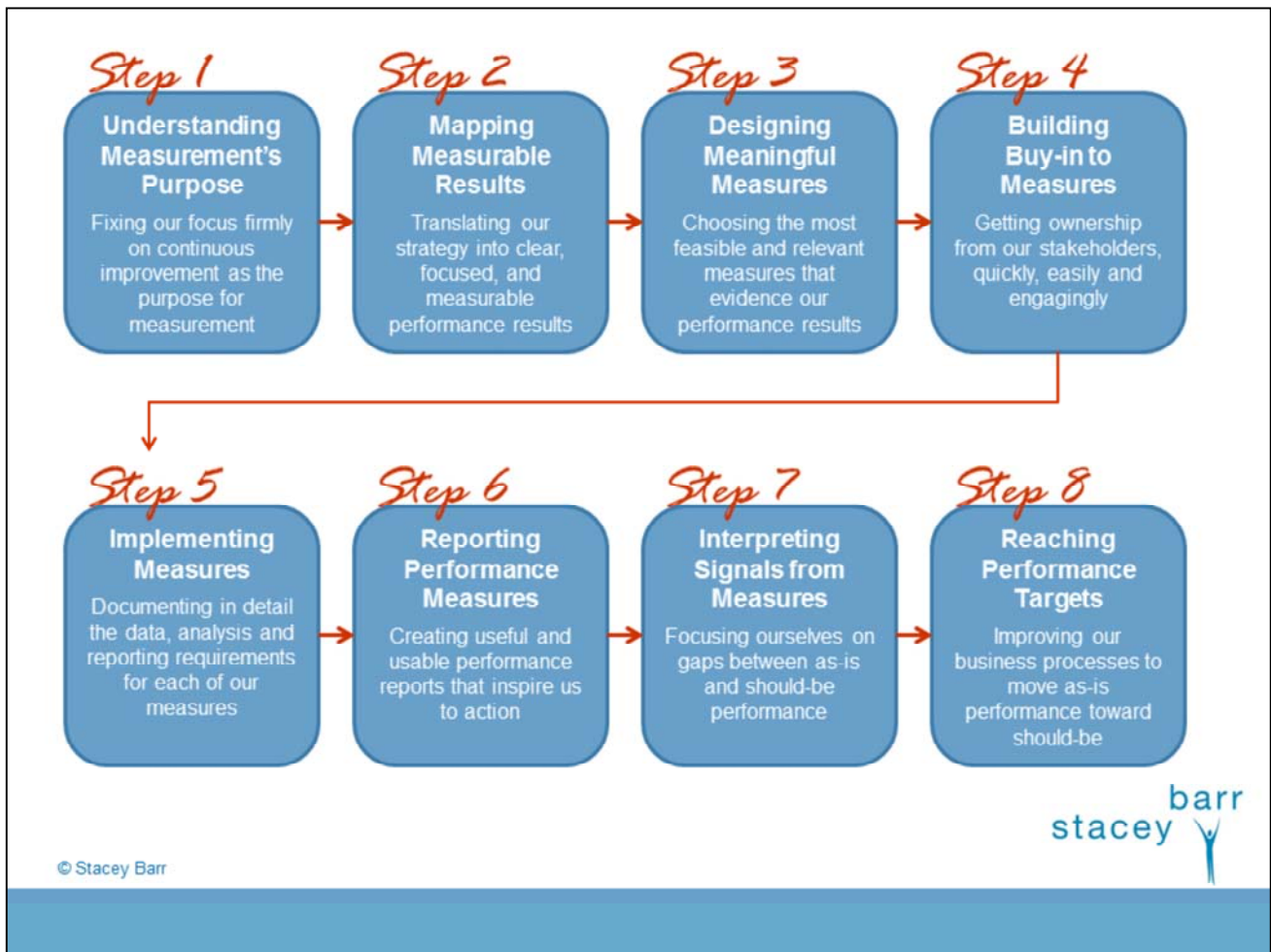
Stacey:

So an approach to performance measurement should SPELL IT ALL OUT clearly and actionably.

Your approach to performance measurement should detail exactly how to:

- make goals measurable
- align measures to strategy
- design meaningful measures
- engage people to the point of excitement
- build a time and cost efficient data collection and reporting system
- present measures without distortion
- interpret measures without reacting to noise
- use measures to improve business processes

Let's look at an example of a Performance Measurement Approach...



Step 1 in this approach is Understanding Measurement's Purpose.

Frameworks:

- a diagnostic to help people appreciate what good performance measurement is about
- a guideline for forming Measures Teams

The Templates & Tools:

- a Performance Measurement Implementation Plan
- a diagnostic questionnaire and analysis spreadsheet

Step 2 in this approach is Mapping Measurable Results.

Frameworks:

- a collection of tests to see how measurable a goal is
- an hierarchical method for arranging measures in cause-effect relationships

The Templates & Tools:

- a Measurability Tests template to make goals measurable
- a Results Map template to visually arrange results & measures in a relational diagram

Step 3 in this approach is Designing Meaningful Measures.

Frameworks:

- a definition of what a performance measure is, and isn't
- a formula for how to write a measure
- a technique for designing measures for any goal

The Templates & Tools:

- a Measure Design template

Step 4 in this approach is Building Buy-in to Measures.

Frameworks:

- a set of guidelines for quickly and easily engaging people with a set of measures, in an event called a Measure Gallery

The Templates & Tools:

- a Measure Gallery planning template

Step 5 in this approach is Implementing Measures.

Frameworks:

- a set of specifications for how to flesh out the details of each measure so it can be implemented as intended

The Templates & Tools:

- a Measure Definition template
- a Measure Definition Dictionary (database model)

Step 6 in this approach is Reporting Performance Measures.

Frameworks:

- a set of design principles for structuring, formatting and detailing performance reports

The Templates & Tools:

- a Performance Report Design template
- a Performance Report layout template

Step 7 in this approach is Interpreting Signals from Measures.

Frameworks:

- a set of rules for how to interpret real signals in measures using XmR charts

The Templates & Tools:

- an XmR chart spreadsheet template

Step 8 in this approach is Reaching Performance Targets.

Frameworks:

- a guideline for how to use measures to diagnose causes of performance shortfalls and find fixes

The Templates & Tools:

- business process flowcharting

Do you know the name of this approach to performance measurement?

It's called PuMP.

Let's do a quick check and see how PuMP contrasts to your current approach to performance measurement...

How does your current approach to performance measurement compare to PuMP?



© Stacey Barr

stacey barr
Y

How does your current approach to performance measurement compare to PuMP?

- We have steps missing or incomplete
- We have frameworks missing or incomplete
- We have templates missing or incomplete
- We have tools missing or incomplete
- None of the above: our approach is the same or similar

Let's summarise with practical insight #2...

Practical Insight #2

Performance measurement is a process, not an event. There are several essential steps that need to be done well to make it easier, faster, more meaningful and more engaging.

© Stacey Barr

stacey barr


Performance measurement is a process, not an event. There are several essential steps that need to be done well to make it easier, faster, more meaningful and more engaging.

PuMP is an example of a real approach to performance measurement that includes the essential steps, and has deliberately designed techniques to make measurement easier, faster, more meaningful and more engaging.

I'm always on the look-out for a similarly robust approach to performance measurement. If you know of one, please tell me!

Something that people often say to me when they first learn PuMP is that it seems to take a lot of time and effort. You know, there are 8 steps, and sub-steps for the techniques within each of these 8 main steps. It can take weeks and sometimes months to develop a set of really good performance measures.

Are you thinking the same thing, that this seems to take a lot of time and effort?

Compared to typical approaches that are missing a lot of essential steps AND wasting time producing useless performance measures, it might look that way.

But this actually isn't the case at all. Let's look at why...

Bureaucratic Hoop?



© Stacey Barr

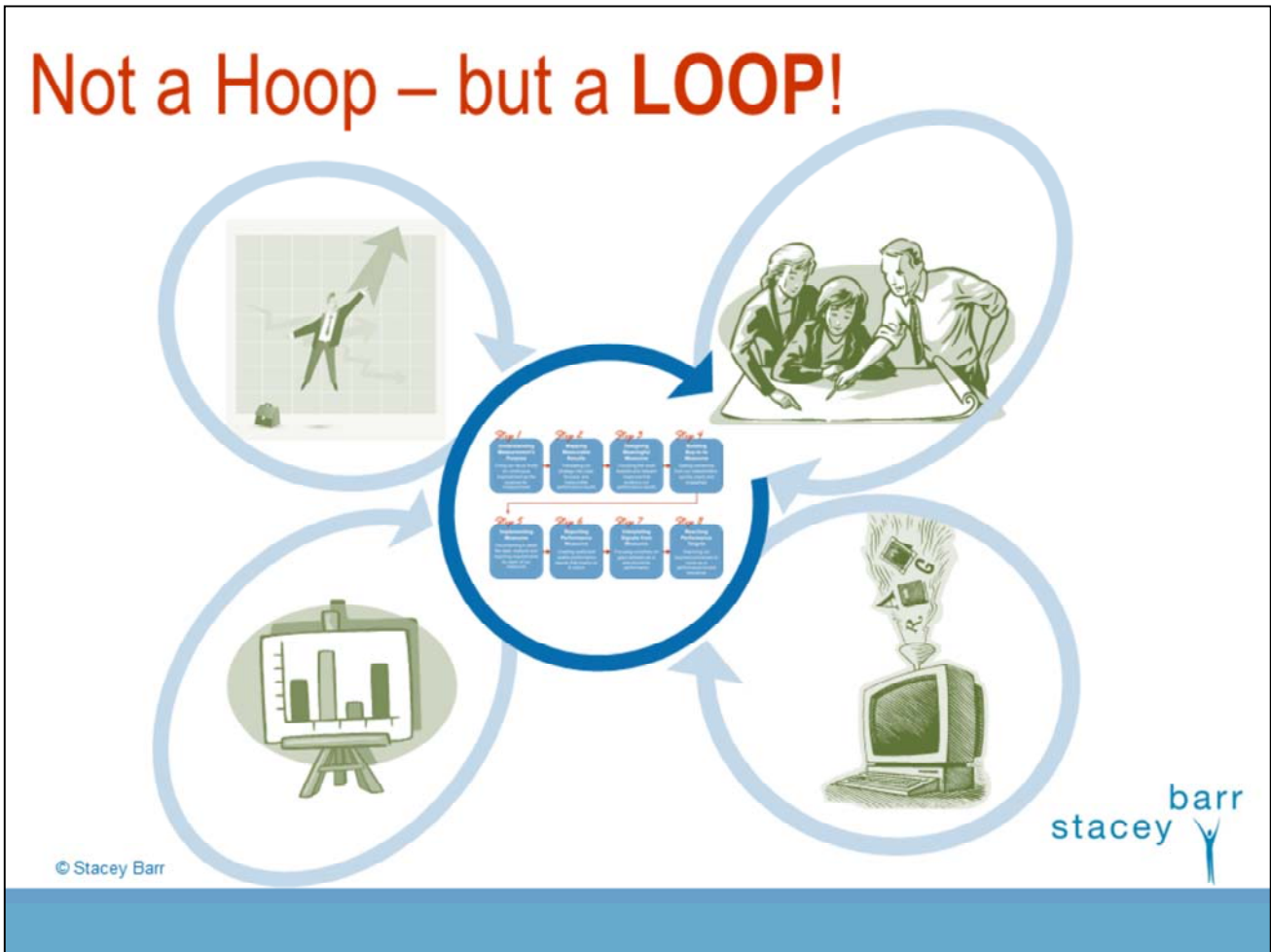
stacey barr
Y

You or your colleagues might be like a lot of people and believe that performance measurement is a bureaucratic hoop you have to jump through. Not fun. Not beneficial. Just necessary governance stuff.

But that's not what performance measurement is at all.

It's not a hoop. It's a... LOOP!

I'll show you what I mean...



There are a few very important management processes that are essential to an organisation being able to fulfil its mission and achieve its vision.

Strategic Planning is the first one. It's a cycle that is ongoing, year after year. It makes sure that the organisation knows what matters and knows what to do to achieve what matters. Louise, do you want to add anything on how PuMP links to strategy design?

Louise:

Yes, Thanks Stacey. PuMP is critical in making strategy understandable. The PuMP process makes you write in plain language that reduces the chance that people are making wrong assumptions about what words really mean. And it helps the leadership have a shared understanding of what they want to ACHIEVE, not just what they want to improve. One of my current clients recently shared how Step 2 in PuMP - writing results - has forever changed how they think and talk about their strategy.

Stacey:

Data Management is another. It's a cycle of continually fine-tuning the data the organisation needs to capture and organise, so everyone can know rather than guess.

Performance Reporting is another important management process. Without it, no-one can know for sure where performance is compared to where it ought to be.

Process Improvement or Strategy Execution is another important management process. It's the deliberate way that the gap between current performance and desired performance gets closed.

David: Any comments about the role that PuMP has in strategy execution?

David:

I like to think of measurement as the step that keeps us strategic planners honest.

Strategy tends to be written as imprecise ideals, whereas measurement needs to be specific.

PuMP gives people the scientifically sound tools they need to be able to say now wait a minute, are we really achieving what we wanted to? Did this process improvement activity really make a difference? Are we sure? Or are we making decisions based on gut instinct?

Stacey:

Performance measurement CANNOT be a futile and unnecessary bureaucratic hoop, because it is the only way that these other four management processes can be linked.

Performance measurement is a loop, not a hoop. It's a feedback loop, to be more precise.

Strategic Planning sets goals that require monitoring, so the performance measurement loop needs a step to design the right measures.

Data Management needs to align to the data needs of the organisation, so the performance measurement loop specifies clearly what those data needs are.

Performance Reporting needs to highlight where the gaps are in current performance, so the performance measurement loop presents the measures in a way that reliably displays those gaps.

Process Improvement and Strategy Execution need to focus effort where it's needed most and also be confident that those efforts are working, so the performance measurement loop highlights priorities and tests how well efforts are really working.

In very advanced organisations, this learning that the performance measurement loop generates is captured in a Knowledge Management system and fed back into the next Strategic Planning cycle.

I'm wondering how well it works this way in your organisation...

How many people in your organisation see performance measurement as a bureaucratic hoop?



© Stacey Barr

stacey barr
Y

How many people in your organisation see performance measurement as a bureaucratic hoop and NOT as a feedback loop?

- None
- Some
- About half
- Most
- All

Our third – and for this webinar our final – practical insight is this...

Practical Insight #3

When people understand that performance measurement is a feedback loop –not a rod for their back – they see the true value in doing it.

© Stacey Barr

stacey barr


When people understand that performance measurement is a feedback loop –not a rod for their back – they see the true value in doing it.

We need to start talking differently about the context of performance measurement. And one of the most important first steps is to STOP talking about measuring people.

Instead, talk about measures as tools to help people monitor and diagnose and improve the processes they work in.

This will empower them: and the fear will gradually go away and then real performance improvement will start to happen.

So we have some hope now... Hope that there is a different way of SEEING and DOING performance measurement, so it works properly.

Back to that important FIRST question...

“Is there a systematic process to design, implement and use KPIs?”

Yes! And PuMP is a great example.

© Stacey Barr

stacey barr


Back to that important FIRST question...

From the research, the most important question to answer first is “Is there a systematic process to design, implement and use KPIs?”

It's near impossible to answer any of the other big questions about performance measurement until you have a good answer to this one:

You can't find the right measures until you have an approach to determine what the evidence is of the result you want to monitor.

You can't measure seemingly immeasurable goals or objectives, until you have an approach to make goals and objectives more measurable.

You can't get people to buy in until you have an approach that includes them in a way that matters to them and makes them feel valuable.

You can't measure people's performance until you have an approach that puts attention on improving processes, rather than blaming and judging people.

Is there a systematic process to design, implement and use KPIs?

Yes there absolutely is! And PuMP is a great example.

SEGUE:

Louise, David and I have some options for how you can learn PuMP with us. So before we open up for your questions about performance measurement, we'll give you the link to read more about the PuMP Blueprint Workshop and where you can attend one...

To start PuMP this year...



One-on-one
facilitation
\$20,000



PuMP Workshop
tuition
\$2,200



PuMP Online
tuition
\$1,200

Both: \$2,200*

© Stacey Barr

* Until 5pm, Friday 13th June

stacey barr
Y

Louise and David can work with you one-on-one to facilitate you and your team through all of the PuMP techniques and apply them in your first implementation of great performance measures.

The fee for working one-on-one with a PuMP Consultant as your implementation facilitator is between \$15- and \$20,000 to choose, create and put to use meaningful measures for a team.

If you go to staceybarr.com/about/thepumpteam, you'll find Louise and David's contact details there.

The PuMP Blueprint Workshop is the option for you if you want to learn good measurement skills for yourself, if you want to test it out before you invest in professional facilitation, or if you just won't have the budget for professional facilitation.

The investment you'll make to participate in PuMP Blueprint Workshop is obviously less than private consulting. You'll learn the same step-by-step methodology to measure what matters. And the investment for this is \$2200.

You can read all about the workshop at www.performancemeasureblueprint.com.

David – what are the dates and locations of your upcoming PuMP Blueprint Workshops?

David:

Our next PuMP offering is in Chicago June 16-17. Technically it is too late for the early bird discount, but if someone on this webinar were to contact me right away we can see what we can do. If that is too soon for you, our next workshop is in Washington DC on Sept. 15-16.

Stacey:

Louise – we have a workshop in Vancouver too...

Louise:

One thing to note is that Vancouver currently has early bird pricing until June 31. So sign up now while you can take advantage of this. Plus, I am lucky to be co-delivering this course with Stacey herself. YES, if one of your goals is to see Stacey's curly hair in real life in 2014, then Vancouver is for you :)

Stacey:

Workshops are fantastic for fully engaging in what you're learning – you're listening, you're thinking, you're asking, you're discussing, you're doing... And that makes the learning richer and deeper.

But like any workshop, once you leave the room and head back to work you can start to forget some of the content. And there's every chance you didn't absorb 100% of the content either. That would be impossible. So what can you do?

Well, you can couple your live workshop learning with a backup online learning. The PuMP Blueprint is also an online program, available 24/7. As soon as you register for the PuMP Blueprint Online Program you start your lifetime personal membership. This means you can review the PuMP Blueprint as often as you like. You even get free access to updates to the methodology over the years.

The registration fee for lifetime membership in the PuMP Blueprint Online Program is \$1200.

So if you want to come to a PuMP Blueprint Workshop this year, and you register quickly, we have a bonus for you. This bonus is just for you for registering for today's webinar with us. It's our way of thanking you and supporting your enthusiasm to make measuring performance better in your organisation.

The bonus is this:

→ Free PuMP Online personal membership for you (value \$1200).

This offer will self-destruct on Friday 13th June at 5pm Brisbane time: quite literally it times out automatically and we won't accept any applications after that because fairness to everyone is tremendously important to us.

When you register, we'll check your name against the attendee list for these webinars, and we will personally email you with instructions for immediately setting up your PuMP Blueprint Online Program membership.

Register for a PuMP Workshop by 5pm
on Friday 13th June, Brisbane time.

performancemeasureblueprint.com

balancedscorecard.org/PuMP

© Stacey Barr

stacey barr


Our PuMP Blueprint Workshops for the year are listed over at performancemeasureblueprint.com – you can get all the locations and dates and direct links to register for workshops that my PuMP Consultants, including Louise and David, are hosting around the world.

You can read all about the workshop and register online or via a fax-back form at www.performancemeasureblueprint.com.

Make sure you register by Friday 13th June at 5pm Brisbane time – before it self-destructs - to get the bonus of your free PuMP Blueprint Online Program personal lifetime membership.

Thank you!

© Stacey Barr

stacey barr


Thanks everyone for joining in today. I hope it was a fruitful use of your time and that you learned a tonne.

So hopefully Louise, David and I will get to meet you at a PuMP Blueprint Workshop this year.

Louise and David, thanks for joining me today...

And again, thank YOU for joining us today: this is Stacey Barr, the performance measure specialist, signing off with a smile... until next time!