

Performance Management

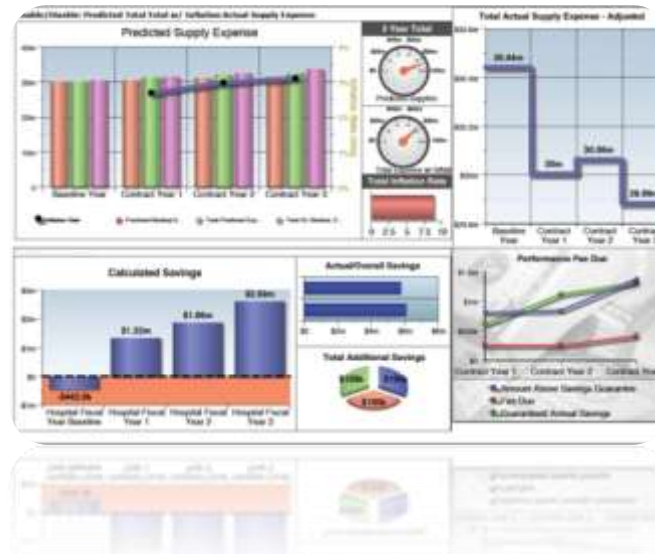
KPI Identification





What is Performance Management?

Performance Management is having access to the right information at the right time; letting decision makers align the right decisions with each other and with corporate goals. The information you track becomes your Key Performance Indicators (KPIs). An effective performance management solution is critical to the success of a company.



A performance dashboard provides data visualization — the ability to view your KPIs graphically.

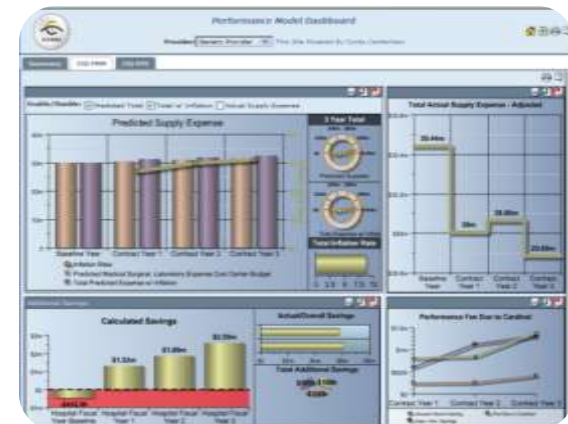


What is Performance Management?

While all dashboards provide a graphical view of a set of KPIs, not all dashboards are true performance dashboards. A performance dashboard needs to provide you with the information you need to monitor, analyze, and manage the key activities and processes that lead to achieving your objectives.

A true performance dashboard must have the following elements:

- Real-time or Right-time data
- Compatibility with any data source
- Ability to drill-down into the data
- Quick to deploy
- Easily customisable





KPI Characteristics

Characteristic	Description
Aligned KPI's	Must always be aligned to corporate strategy and objectives
Owned	Every KPI must have an owner by an individual or group who is accountable
Predictive	KPI's measure value and are therefore an indicator of business performance
Actionable	Should be populated with timely actionable so that remedial action can be taken when required and not when it's too late
Few in number	KPI's should focus people on a few high value tasks and not scatter attention on too many things
Easy to understand	KPI's should be easy to understand and not based on complex formula that users cannot influence
Balanced and linked	KPI's should balance one another and not undermine one another sub optimizing a process
Trigger Changes	The act of monitoring a KPI should trigger action and positive change
Standardised	KPI's should be based on standard definitions across the organization so that dashboards show a consistent set of results
Context driven	Targets and thresholds should be linked to performance so that users can gauge performance over time
Relevant	Over time KPI's loose impact and need to be reviewed
Reinforced and incentivised	The impact of a KPI can be magnified through careful use of incentives



Performance Management

- Process Mapping

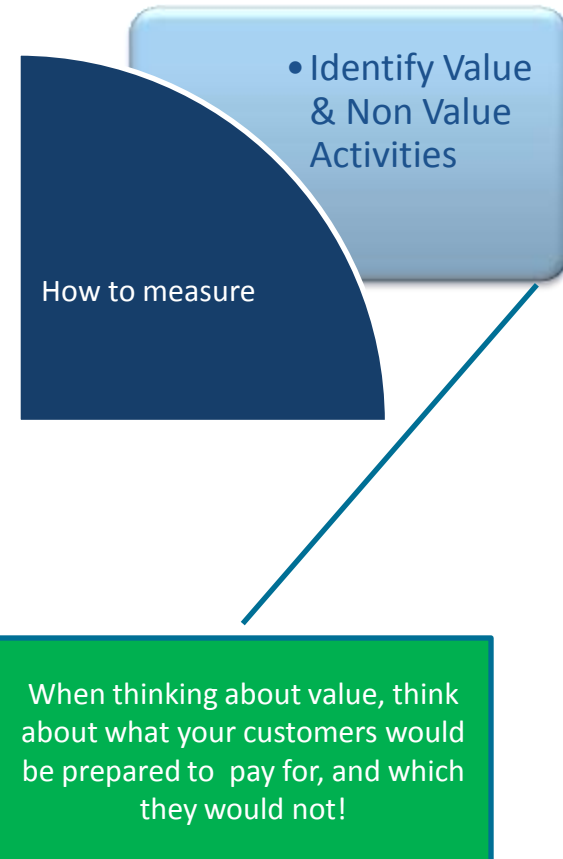
What to
measure

- A “Learn To See” exercise is undertaken
- Map the “true” business processes
- Identify process owners
- Identify key inputs and outputs from process flows
- Identify any current controls and their use



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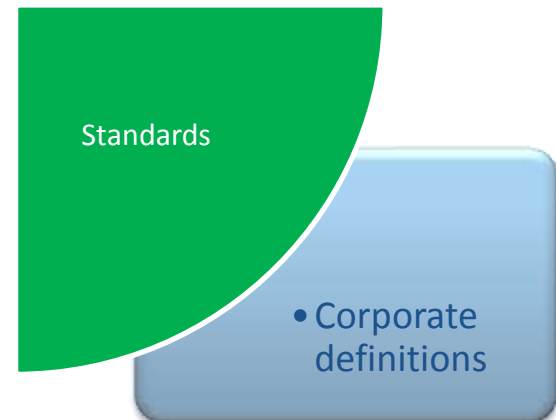
- Identify which process add value to your organization and which do not
- Identify critical and supporting processes





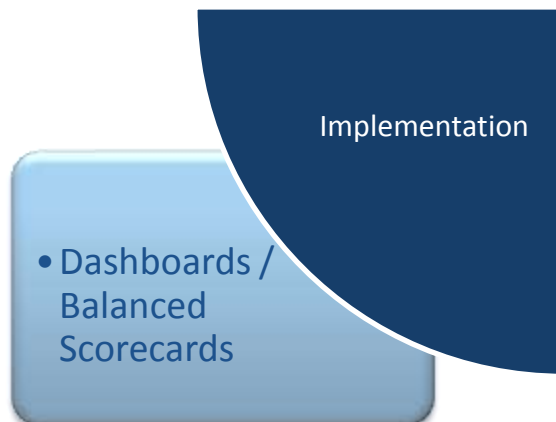
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- Identify and define any standards used within the organization
- Publish and agree the definitions throughout the business





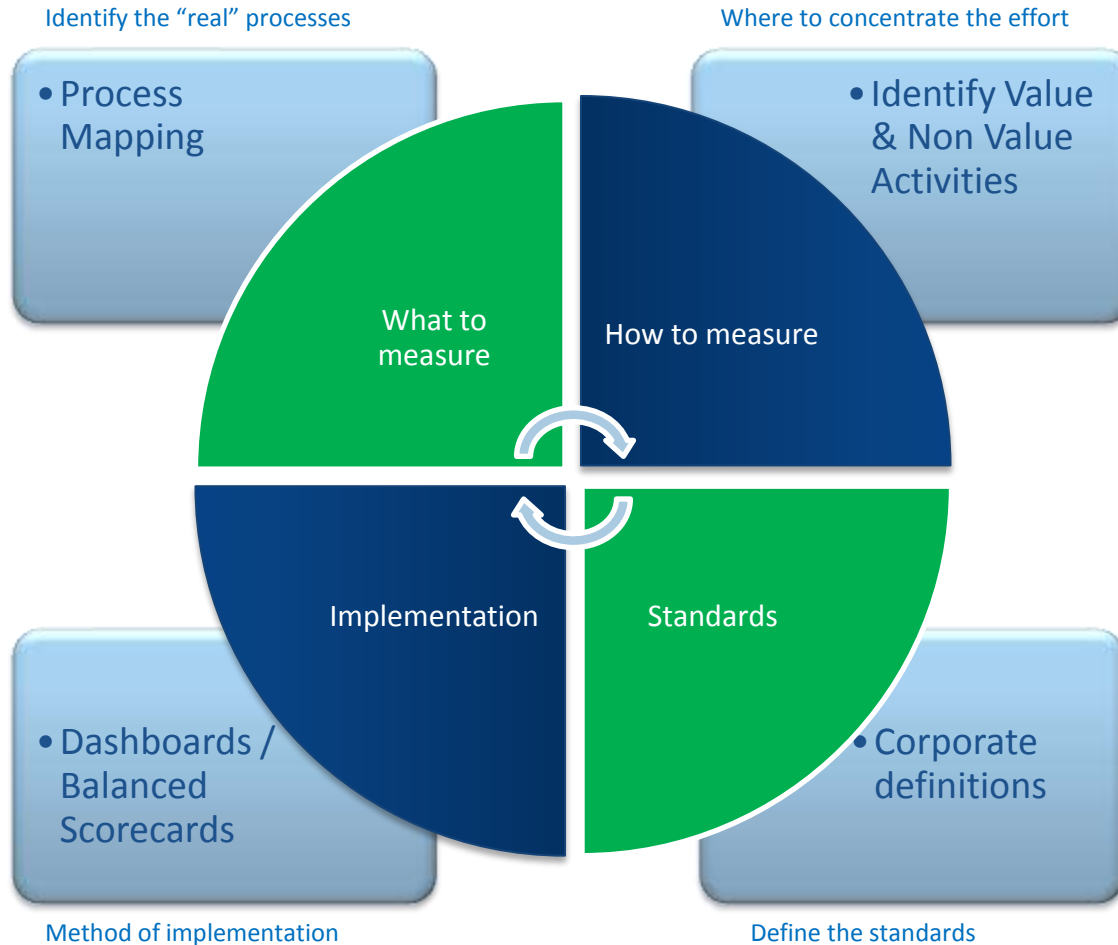
Performance Management



- Consult on the most appropriate method of implementation
 - **Scorecards** measure people, business units or logical entity against specific targets
 - **Dashboards** measure a process, a piece of equipment or a specific business metric such as YTD sales



Performance Management





KPI Management

KPI Management & Implementation

The management of a KPI is a critical part of the implementation process

The use of a KPI should allow the KPI owners to make positive changes to the business without a corresponding detrimental affect in other areas of the business

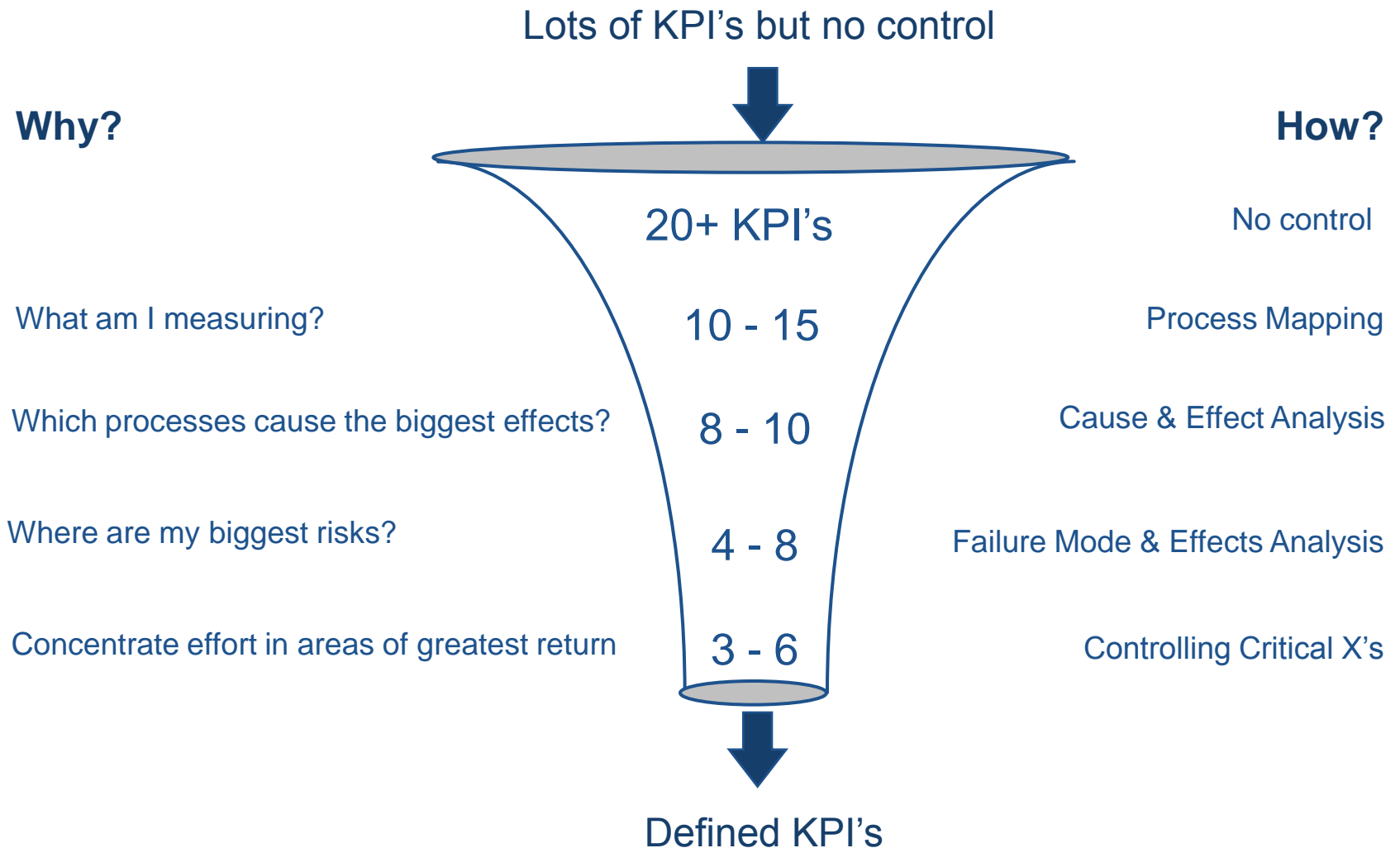
There are typically two methods of implementing KPI's

- Scorecards: measures performance against specific targets or industry benchmarks, usually over the longer term and can contain both tactical and strategic KPI's.
- Dashboards: measures process/machine or individual performance, normally in (near) real time

Remember, you cannot manage or improve anything if can't measure it!



The Funnel Effect





Continuous Improvement

