

USING METRICS TO DRIVE ORGANIZATION-WIDE PERFORMANCE

Organizations are increasingly recognizing the need to systematically monitor, manage and assess their performance across multiple dimensions as a way to drive business growth and increase customer-centricity. To enable a performance measurement program, an organization uses its business needs and objectives to establish the key performance indicators (KPIs) that will be measured. Historically finance departments have used this concept for focus on measures such as revenue, return on investment (ROI), overhead, and operational costs. More recently this kind of measurement has been extended enterprise-wide, often as a complement to business intelligence systems.

While traditional financial measures describe the results of actions already taken, they provide limited insight

into the causes behind those results, and are not reliable predictors of the future. To get a more actionable perspective on business performance, operational measures are key. Operational measures identify various aspects of current operations by focusing on what the business is actually doing, reveal causes of success and failure, identify areas to improve, and define and communicate priorities to managers, employees, and customers. They can be used to monitor current activities and also to guide decision-making to affect future behavior in targeted ways. Operational measures are therefore key to effective performance measurement

An effective set of operational measures will approach the business from multiple perspectives, both internal and external-facing:



For each perspective, the organization should choose measures that reflect its strategic goals and values, and provide usable guidance and support for management decision-making.

BENEFITS OF PERFORMANCE METRICS

A comprehensive set of good performance metrics can enable management and executives to:

- Gain insights into which products, services, customers, and channels are truly profitable and valuable, and why
- Determine the underlying cost elements for every process, product, service, customer or channel
- Translate strategy into targets and workable plans
- Use "what if?" simulations to support strategic and tactical decision-making
- Map, analyze and improve business processes to increase efficiency, quality and customer-focus

Measuring business performance through well-chosen metrics can also improve business acumen, enhance accountability through clear demarcation of expectations and actual performance, and raise customer confidence

through greater information visibility.

Enabling sound and timely performance management involves establishment of practices, technologies, methodologies and metrics used to gather and apply relevant information. One valuable component is an interface that graphically displays values for key performance measures so that managers can track and communicate individual and project performance relative to organizational goals and strategies – a dashboard.

A dashboard will typically include different chart types (bar, line, gauge, scatter plots, maps) to provide at-a-glance information, and allow drill-down / drill-through to reports and analysis for additional information and context. Dashboards are a valuable way to:

- Provide business users at every level with information they need
- Communicate common business patterns and relationships - trends, rank, part-to-whole, deviation, and correlation

Both dashboards and non-graphical scorecards can be designed to give managers and executives at different levels of the organization ready access to the information that is most important to them.