Getting Your Performance Measures And Reports to Mean Something

Meaningful measures, not data, deliver results

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Shelley: Today we are privileged to have with us Stacey Barr, the performance measurement specialist. Stacey and I have known each other for about nine years now. And I was privileged enough to be Stacey's coach for about four years.

She's just so very, very passionate about performance measurement, that you are in for an enlightening and entertaining half hour. Stacey had an interest and natural ability in math, which led her into a career as a research statistician. While that gave her a great foundation in how decision makers use or even mis-use quantitative information like survey results, business matrix and statistics, being a statistician wasn't people oriented enough for her.

She has this warm, bubbly personality which you'll get to know as we go through the call. Stacey wanted to have more influence on the quality of decision-making in business, and to help people use information to reach their goals faster, easier and more wisely.

Now for the past ten years, Stacey is a specialist in organizational performance measurement helping corporate planners, improvement officers, business analysts and performance measurement officers to confidently facilitate their organization to create and use meaningful performance measures with lots of buy-in from all levels in the organization.

Stacey has a fantastic website and she has several thousand people visit there each month to pick up the free tips and practical resources along with her free email and newsletter which currently has over 8,000 subscribers worldwide. She's had wide recognition as a expert in the field.

So it's a real honor to have Stacey with us today.

Hi there, Stacey.

Stacey: Hello,

Shelley: How are you?

Stacey: Nice to be with you. I'm fabulous. It's so awesome to be able to talk to you again.

Shelley: Yeah, it is. We haven't caught up for a couple years so it's really nice to be able to connect before the call. Of course we had a chat being girls. [Laughs]

Today, Stacey is going to help you discover why your performance reports sometimes misinform, and she'll provide you with some tips to help you make sure they provide high quality valuable information that you can make better decisions.

So, Stacey most organizations have some of measuring if they are on track to achieving their goals. Can you talk to your experience of some of the systems you have seen organizations and leaders use and, I know you are really protective of your clients privacy, so I'm not expecting any names.

But, what I was thinking is that maybe if you could provide us some examples of the most sophisticated systems that you have seen, that maybe didn't provide the information that they wanted to make good decisions.

And, maybe contrast it with, say, a simple system or some simple systems that you have seen that really enabled great decisions.

Stacey: Absolutely, Shelley.

Sophisticated systems don't always give you the best results

The first example that comes to my mind, about a really sophisticated system, is one that I was involved in helping people in the organization, (a utility company), helping them to develop more meaningful performance measures.

But, in parallel to my doing that there was already in place an IT team that had been contracted in to create this dashboard system. The dashboard system was

technically very impressive. It had little tentacles that would reach down, into all of the business' databases, and pull all this data out and report dozens, actually it was probably more in the line of hundreds, of metrics.

They spent $2 million to develop this system and within two weeks the managers refused to use it. It was the most horrible example of waste, I have ever come across in performance reporting.

Shelley: Why were they refusing to use it?

Stacey: It wasn't giving them the information that they needed. It was too complex for them to sift through and look at hundreds of performance measures. They had originally gotten carried away with the whiz bang, flashing lights, ticks and crosses, smiley faces, whatever of typical dashboard software applications and hadn't thought about the most important thing, which is "What do we need to know?"

Shelley: I often say to people one, two, three, too many. If you get more than five to seven indicators, people just can't get their head around them. And, I remember when I was a leader at Colgate, the first year we got into really measuring, we put something like 17 indicators and people were just confused. It was ridiculous.

Stacey: It is. It's crazy. I love the one, two, three, too many. I might use that if it's all right with you,

Shelley: [Laughs]: Of course.

Stacey: I usually guide people and say, look, in general you don't want managers having more than five to seven measures, and when you are just starting, you don't want them having more than around two or three.

Even simple Excel spreadsheets can shift behaviors and drive better results

Shelley: Yeah. So how about contrasting that with one that you saw that worked very well, but was quite simple.

Stacey: One of my small business clients he was so passionate. He runs a health club in Sydney. And he really wanted better measures for his business and we have set up a little Excel spreadsheet that has one worksheet in there that has captured all of his fortnightly data.

He had delegated that, to a couple of his staff, to collect that data for him. And, every fortnight he goes in and looks at the graphs that are automatically updated in that Excel application. That's what he needs. He prints them out. Hangs them on the walls, has weekly meetings with his team about them and they are so much more focused.

On things like customer retention and the number of sessions that their clients are coming to for their training and stuff like that. Just really, really simple and obviously very cheap.

Shelley: Yeah, great. And so does that enable him then to turn his business into more profit through leading his people and inspiring them? Is that how it's working?

Stacey: He really has. He's got his team very, very focused now on what the drivers are for the success of the business. The example I gave you, there was about retaining customers, but he's got his salespeople now thinking about not just attracting lots more customers, but attracting the right customers, profitable customers, the ones that he is really targeting.

So it's been a real turn around to how even the sales team think about what the business is for and, therefore, what their contribution to that is, through the sales activity.

Shelley: OK. I'm picking up from that then, Stacey, that it probably all starts at the beginning, doesn't it? You've got to know what it is you are trying to achieve, and your performance reports are really just a by-product of having articulated clearly what it is you want to achieve.

I know that you are a big fan of Steven Covey's principle of begin with the end in mind.

That's the first step in your five steps that guide your measure design technique and your PUMP® approach.

Stacey: This technique is really just one of the measurement techniques that, like you say Shelley, it's the one that you are going to use very early in the process.

So, if you are unsure about what you should be measuring or not sure what the measure should be, this is the technique that you can play with.

Step 1: Begin with the end in mind

Like you say, Step One is begin with the end in mind.

And, that means, don't think about the measure yet. Think about what is the result we are trying to achieve in our business or a corporation… that we know we are going to get benefits from measuring.

So the result for my small business of gym, health club client was: I want to keep my customers. That's the end in mind. I want to keep them. I want them coming back. I want them staying with me for along time.

Shelley: OK. Great. So what was step two, then? Step One was to keep the customers. Step two is…

Step 2: Make it Sensory Specific

Stacey: I call it make it sensory specific. So often when we articulate our result we don't really use language that's very concrete. It's usually quite vague. So what this second step does is unpack that and say, "Well if this result was happening, what would we be seeing around us that would convince us the result was happening?"

What does it look like for this guy to keep his customers?

It means the same people are coming in regularly every week.

It means that they're renewing their memberships and those sorts of things.

So it's being able to write those kinds of things down.

Shelley: So is that any different though from knowing the end, like keeping customers, you'd say, well I need to have a retention rate of 70%. How is that different from being sensory specific?

Stacey: You need to be really clear about what the evidence is you are going to go and look for. You can't go and look for a retained customer. You can't recognize them when they walk in. "Is that a retained customer? "I mean, you probably could if you knew all of your customers, but if you've got hundreds of them, you can't.

So it's about getting to the evidence. This is actually step three, Shelley.

Step 3: Where do I Find the Evidence

Where do I find that evidence?

Where do you find the evidence that a customer is retained? Well, you can go into your books and you look for customers that are constantly renewing. You can look in… well, that would be in your financial reports or systems.

But you can also look at the sign-in register on the desk, when people come back for next session, and the next session … are they turning up regularly?

So, it's about getting specific enough that you can find where am I going to get the data. That's really why you are making it that specific. Step Three is to list what are the different options to how we can track these?

Is it a percentage of people that have renewed this month?

Or is it the percentage of customers that have turned up this week for their session?

So there are a few different ways to measure customer retention and this really helps you get a list of the options that you have.

Shelley: So Step one, know the end in mind. Have the end in mind. Know where you are going.

Step two. Make it sensory specific.

Step three is know where you get the evidence.

What's Step four?

Step 4: Check the Bigger Picture

Stacey: Step Four is really taking a step back more than a step forward.

I'll explain why. [Laughs]

Step Four is called check the bigger picture. So often it's not until you have gotten down to being able to look at some options for measures right in front of you that you start realizing; "Hang on. Measuring that might not be the most intelligent thing I could do for my business". It would be easier to illustrate with a slightly different example.

One of the larger clients that I had is a good example.

One of the things they wanted to measure was customers: 'Were we our customers first choice'.

When they came down to figuring out that they would, 'just measure proportion of people that said this TAFE institute was the first place they came to look for their course', they realized that's not really what they wanted.

They wanted the customers actually to be the final choice, not the first choice. We want customers to say, 'We are the place that you have chosen to do your study or your course'.

So, checking the bigger picture for them was really saying, by measuring the ideas that we've got here, what could be some unintended consequences of that?

For this organization it was, "Yeah, we're always customer's first choice but they never up choosing us in the end."

Shelley: Oh, gosh. That's enlightening isn't it?

Stacey: Yeah, it is. [Laughs] It really is.

It makes sure you put your attention on what really matters.

Shelley: Yeah. And so did that change all their marketing materials and things like that?

Stacey: I think it did actually.

First, it changed the message that they shared internally about what mattered. And that almost set up this: 'We're our customer's first choice' as a motto internally and that could have really caused some problems.

I don't know what they changed it to, but that was one of the strategies they were going to do as a result of this little session that we had together.

Shelley: Great. So what's step five?

Step 5: Name the measure

Stacey: Step Five is name the measure. I know that sounds so trivial, but it's just incredible. It's like a full stop at the end of the process.

We have chosen this measure, out of all those ideas we had, because we really do believe it's the best evidence of the result that we want to achieve. And we're going to give it a name. It could be a little ceremony.

It's not usually more than just that - coming up with a fun five, up to five-word, name for a measure.

Writing a sentence to describe what it means and that's really what you need before you can go and start implementing the measure. In other words getting the data, starting to report it, that sort of thing.

Shelley: OK. Cool. So where does your performance reports fall into the process? Is it in Step Five?

Stacey: No, it's further down. Designing performance reports is actually another technique in the PUMP® methodology that I use.

But, the one that we just talked about, that Shelley is so important, because people don't do it. They jump straight to performance reports. Straight to: Oh, what's all the data we've got? What are all the things we could track?

Let's stick them all in this performance report. And you end up with the situation very much like the first utility organization I gave as an example.

Where you get carried away with reporting, but you haven't reported anything that matters.

Shelley: So, Stacey, how do we tell the difference between our performance report that is filled with content that enables good decisions and one that is going to lead us up the wrong path?

Stacey: There's a few things to look for. The very first thing to look for is: does the report ever get used? That kind of sounds like a no-brainer, but the number of times I've worked with teams of people and I'm thinking of an executive team I worked with years ago now.

They had performance reports that they would take to their monthly meeting about two or three inches thick were these performance reports. When I interviewed each of them to get improvement ideas, streamline that process they all admitted to me that they never read them.

So that's the first thing.

If people just aren't using the performance report there's your first clue that it's not working.

The second is, if they complain about not being able to find the information that they need. It takes to long to wade through it. That's another problem.

And, that's because a lot of people when they create performance reports, is that they break the useful versus interesting rule.

In other words they fill it with all the stuff they think might be useful, or interesting and not highlight what's really useful.

So useful means, that it aligns with the goals you have set for your business or your organization. If there's not a strong alignment between the structure of your performance report and the structure of your business plan, in other words the goals or critical success factors, whatever that you have articulated, then you have got a report that really needs to be overhauled.

Re-done, overhauled.

Shelley: How else do you distinguish between one that filled with good content and one that's not?

Stacey: Well, if you got the alignment thing okay, so that you know the measures that you've got in there do align with your goals, then another problem that you could be facing, is the way those measures are presented, is not encouraging you to understand the causes of the performance results, that you are getting.

And, doesn't encourage you to come up with the actions that you need to take, to get your measures moving towards their targets. Usually that means that your measures are just data reported in tables. There's too much text in your report that is talking about what we did last month and Joe Blow's initiative and all that sort of stuff. It's just crud.

You want very succinct performance reports, which have really time series information, ideally in a graph. Any kind of supplementary information that might

help you do cause-analysis, which could be… for example, if one of your measures is a cycle time measure, what you could also include in that report, with that information, is maybe a little Pareto, you know, a little bar chart that shows you where is that cycle time going? What are the things that are taking it up?

And, therefore, if we want to reduce our cycle time, where would we start?

Shelley: So, if somebody has never actually done any performance measurements before, or have never had good reports, where would you suggest they start, to get them going on this process?

Stacey: I would suggest starting with what's waking you up at 3:00 in the morning. And that is usually… well, maybe it's not waking you up at 3:00 in the morning, maybe it's just constantly bugging you everyday.

Maybe it's always on your mind.

But it's going to be a particular part of either your team, your division, your organization, your business' goals, but it's going to be the one that's really not doing well.

It's the one that you almost want to make like an ostrich and bury your head in the sand about, or that is waking you up or giving you butterflies every time you think about it.

You start there and you say, what is the result I really want here?

And, that kicks you off from the process once you have articulated that, what is the result I really want here? Then you design a measure for it.

Then you go and get the data and you bring that measure to life.

Then you start monitoring it and tracking it, reporting it regularly and then you start asking what's causing this?

You want to know where it currently is and ask why is it there?

That will encourage you to go look for a little bit more data, get teams together to analyze the process, look for problems that could be causing you to not be doing as well in that result as you want to. You start an improvement project and you start improving it.

Maybe even set a target for the measure.

Cycle time blowing out and it's taking five days to process a customer order, you want to take two days. You've got to analyze that order process and say, how can we reduce that cycle time?

"The 'soft side' is the most important side in measurement"

Shelley: Great. What about the softer side of the world. Like you know that in your team the morale is not as good as it could be and you decide you need to do something to fix that. How does the process work with those, I put this in inverted commas, "soft type areas"?

Stacey: From a performance measurement specialist perspective, the soft side is the most important side in measurement. It's so much more important that people feel good about measuring. That's much more important than measuring the right things, from a technical point of view.

One of my, she's not actually a client. She's a friend. She runs a business that uses… it's kind of like corporate development. She has this kitchen, and corporate teams come and learn to cook. It's like a team building exercise.

Her team that runs that business with her, went through a problem or a real challenge about a year ago, where she split with a business partner and they

were all feeling disillusioned about where the business is going to go, and morale was quite low.

And, what she did was have a series of conversations with her teams to really refocus them on,"What do we want to make this business into?", "What do we want our team to be really good at and to become and to create?"

And she formulated results out of those dialogs, out of those conversations. She established measures with her team and regularly reviews those measures. So the measures became the focal points to keep people focused on what they were going to create, as opposed to all the problems that were really dampening their morale.

Shelley: That's the thing isn't it - acknowledge reality, but focus forward, isn't it?

Stacey: It is. It's definitely acknowledge reality. That's where you are going to tap into what you are going to be most passionate about pursuing and creating.

Shelley: But you don't want to immerse yourself in it if it's not going well. You want to immerse yourself in the dream, isn't it?

Stacey: You do. And that's another reason why it's very important to measure what you want to have, as opposed to what you don't want to have.

Shelley: Yeah. And I guess in those softer sides, that whole thing of making it sensory specific makes it so much more powerful. Because then you can say, "Well how will we know when we have got to our end result or we will see people smiling more or people will be coming in engaged with what they are going to do and things like that", isn't it?

Stacey: Yeah. That would be participating. They will be contributing proactively. They'll be putting their hand up to really help solve difficult problems. There's all sorts of things that that sensory specific step can bring out for you that's very relevant to your unique situation.

Shelley: Great. Great. All right, so can you recap for us Stacey the five steps just once more? Times just absolutely flying by and there is so much stuff that we could be covering but … and maybe we could do another interview a little bit later if you've got some time.

But do you want to recap the five steps for everyone before we start to finish up?

Stacey: Absolutely, so these are the five steps to use when you know you need to set up a measure for something.

1. **You begin with the end in mind.** That's Step One which is write down what the result are we trying to create that we want to develop a measure for.

2. Step Two is **make that result sensory specific**. List the things that you would see here, touch, taste or smell with your senses that you would detect when that result is happening.They are the clues for Step Three, which is,

3. **What's the evidence?** What are the things we can count or measure that would tell us how much that's happening. In other words that would be evidence of the degree to which our results are appearing.

4. Step Four is **check the bigger picture**, which is to make sure that you are measuring these things, really the right thing for us to do. Are there any unintended consequences associated with it? That could have you change your result or it could have you change your measures.

5. Then Step Five is **choose the best measure**. Well, sometimes you are choosing the best two measures out of your list. And give them names. That's what you are going to bring to life. They are the measures that you start implementing.

Shelley: So if somebody wants to find out more about this process and maybe look at some results that others have got from using your system, where do they go?

Stacey: Well, they could join one of my e-zine lists, which twice a month I send out little articles. It's totally free. Little articles about all sorts of things to do with making measurement easy and fun and very practical. So if you really want to learn about how to better use measures to achieve your goals faster, then the link to go to is http://www.staceybarr.com/signup.html

And, what you will get for signing up, there is obviously the newsletter, that gives tips on performance measures, but also they will get an e-book when they sign up. "The 10 Secrets to KPI Success".

Shelley: I'll put link on the website as well. So, if you are in the car listening that's not a problem. It will be on the website for you.Now Stacey there's one question that I like to ask everyone when I interview and that is: **if you could leave your loved ones with only one piece of wisdom, what would that be?**

Stacey: This is something that I've really been thinking about and at different times in my life the answer might be different, but right now the message I really think, not just my loved ones, but I think the world needs to hear, is that the patterns matter more than the points.

We get carried away in little individual things that happen in our lives and it's really the overall pattern that matters more than anything. Generally you are heading in the direction you want. What are the patterns teaching you as opposed to each individual?

Shelley: Great. Fantastic. I keep saying to people turn the news off and get on with living your life and the world is doing great.[Laughs]

Stacey: I like it.

Shelley: Well, thank you so much, Stacey. It's just been fantastic having you here and I'd love to interview you again, because I know there is a lot more we could dig into.

We've just added another tool to your Breakthrough Leadership treasure chest and knowing that your performance reports can be relied upon to help you make

good decisions will certainly enable you to be more productive and effective. That gives you more time to do what you do best, which is to align, lead and inspire yourself and your people so that you can all be at your best.

For a transcript of the interview please go leadership-and-motivation-training.com. If you aren't a member of the club and you have gained benefit from listening to this audio, then please swing by leadership-and-motivation-training.com and join up. I'd love to have you part of the team.

This is Shelley saying goodbye for now until we come together again to align potential.

About Shelley Holmes

Using tools, tips, ideas and strategies that help them to be really clear about what is 'success critical' and how to get there fast, **Shelley inspires leaders to be a 'rockstar' in their industry, by living, loving, and leading at a remarkable level.**

For several years, Shelley was a key leader in a High-Performance organization (that had national and international recognition). It is this real-world experience that underpins and brings to life the theory and insights gained, from her deep study of high performance leadership.

Around the globe, she has worked with organizations (with total revenues in excess of $116 billion) and supports thousands of individual leaders through, coaching, consulting, workshops, webinars, audio programs and the Make A Dent Leadership website (which has over 5,000 visitors per day).

Shelley's Philosophy...

Whether you like it or not how you show up at work defines you as a human being.

On grand and small scales, the way you interact with others, the products and services you are a part of delivering, all roll together to become a part of the legacy that you leave behind. The way you deal with others, the things you teach them, that cause them to grow, and become a better version of themselves …. as individuals, work colleagues, leaders, and parents … now that defines who you are!

There are hundreds of resources like this at Make A Dent Leadership where you can join our community of leaders who are focusing on being inspired and inspiring and making their dent in the universe.

If you are ready to be the best possible version of yourself, to lead with more energy and passion than you thought possible... if you are ready to make a dent in the universe ... then:

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