

The Secrets of Performance Measurement

There are several simple aspects to achieving effective change management for a poorly performing business:

- First, it is necessary to identify key issues of the business that need to be addressed; **BRAINSTORMING**
- Followed by a structured process to define the key issues and for these aspects, describe how you wish the business to look for the future; **OBJECTIVES SETTING**
- Next is to measure the current performance of each of the key issues; **KEY PERFORMANCE INDICATORS (KPI)**, and to agree the level of improvement you believe can be achieved in a given period; **TARGETS SETTING**
- Most important, is to decide the things you need to do to effect the desired changes; **CORRECTIVE ACTIONS**
- Once these decisions have been made then it is about doing; **IMPLEMENTATION**
- Then, along the journey (one that should never end) it is critical that the management team stays focussed by continuing to measure the improvement (or not) to ensure that the desired results are achieved; **PERFORMANCE MEASUREMENT**

The successful Management Consultant has many tools in his or her toolkit. One of the most important is the **QitS** 'BOS Chart.' BOS stands for Business Operating System and I have used the Chart for over a decade and more recently provided this most effective of tools to many clients to help them achieve their goals. It is my experience that improvements in performance of one hundred percent and more, have and can be achieved. This process is not difficult to grasp but, it is a secret rarely shared with others.

I would like to share with you some of the secrets I have discovered along my journey!

The **QitS BOS Chart** was originally used for measuring and improving Customer Quality. However, the tool has been developed to allow it to be used for managing any aspect of a business' performance.

I am but a simple person! I believe that things are rarely complex as they can be broken down into small discrete packages of work and the responsibilities spread around the business so that everybody is involved and no one person feels isolated and overburdened. The sum of all the packages always adds up to an achievement greater than the whole. Each corrective action generally has a consequence and normally brings greater understanding of the key issue and ultimately the business. That is why I am so passionate about the **QitS BOS Chart**.

PERFORMANCE MEASUREMENT

The process of managing Performance Measurement can be simple:

- STEP 1** For each of the key issues, you will have established suitable measures, i.e. KPIs, for your Objectives.
- STEP 2** Now collect data for the last twelve months and calculate the value of your KPI for each month. Do not be concerned if you do not have data for this period, less data is acceptable as any is always better than none. If you have no data then this month will be your first.
- STEP 3** Set yourselves a target! Don't be afraid, this can always be reviewed, up or down, as you come to understand the issue more.
- STEP 4** Breakdown the data into categories of cause, not effect. The BOS Chart allows you up to 12 categories, e.g. Inventory can be classified as aspects of; Raw Materials; Work in Progress; and Finished Goods, which you feel should not have been made or which are excessive. For instance we have all asked ourselves the question, 'why did we make 110 widgets when the order was for only 100'. It should not be a surprise that we will have 9 or 10 left over; which the customer may or may not take. Why do we do that? Well that's for another time! We could describe this category as 'FGs > 3 months or Over Makes.'
- STEP 5** You can now enter the data into the 'CHART DATA' worksheet. If your data starts in the month of May then click the pink button 'Advance Data 1 Month' in the bottom left hand corner, three times. The first column should now be headed May. Enter the KPI description in to the cell above the pink button. In the cell above, enter the description of the whole measure, i.e. Total Inventory. For each category, enter the description and data for each month available into the light green cells of the DATA ENTRY TABLE.

Microsoft Excel - Customer Returns Categorised By Error Type (June 2002)

ONLY ENTER DATA IN GREEN BOXES

USE BLUE BUTTONS TO ANALYSE REQUIRED DATA

USE RED BUTTONS TO PRINT CHARTS ON YOUR DEFAULT PRINTER

Pareto Details		DEFECT	CUMULATIVE %
8	Dimensional Error	82	75.3
7	Drawing Error	13	88.0
9	Poor Surface Finish	8	95.4
14	Spline Fit	4	99.1
10	Missed Op	1	100.0
11	Damaged	0	100.0
16	Incorrect Drawing Issue	0	100.0
17	Poor Finishing / Deburring	0	100.0
18	Incorrect Etching	0	100.0
19	Quality Paperwork Missing	0	100.0
20		0	100.0
21		0	100.0
TOTAL:		108	

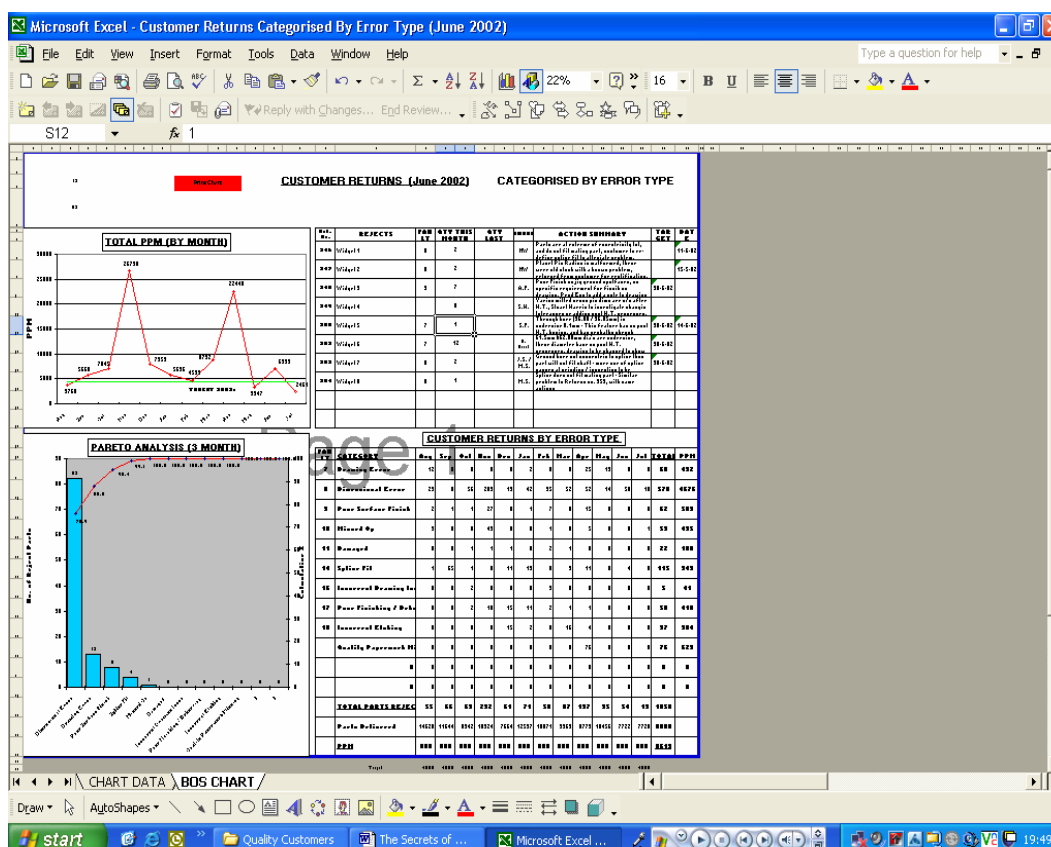
DATA ENTRY TABLE		Month1	Month2	Month3	Month4	Month5	Month6	Month7	Month8	Month9	Month10	Month11	Month12
Category		Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
7	Drawing Error	13	0	0	0	0	2	0	8	25	12	0	0
8	Dimensional Error	23	0	56	203	19	42	35	52	52	14	50	18
9	Poor Surface Finish	2	1	1	27	0	1	7	0	15	8	0	0
10	Missed Op	3	0	0	43	0	0	1	0	5	0	0	1
11	Damaged	0	0	1	1	0	0	2	1	0	0	0	0
14	Spline Fit	1	65	1	0	11	13	0	3	11	4	0	0
16	Incorrect Drawing Issue	0	0	2	0	0	0	3	0	0	0	0	0
17	Poor Finishing / Deburring	0	0	2	18	15	18	2	1	1	0	0	0
18	Incorrect Etching	0	0	0	0	15	2	0	16	4	0	0	0
19	Quality Paperwork Missing	0	0	0	0	0	0	0	0	16	0	0	0
20		0	0	0	0	0	0	0	0	0	0	0	0
21		0	0	0	0	0	0	0	0	0	0	0	0
Parts Shipped		14638	11644	8942	10324	7664	12597	10871	9363	8773	10456	7722	7720
Target													
DATA													
AT THE MOMENT -- Use Parts Delivered data													
Analyse Months 1 to 3													
Analyse Months 3 to 5													
Analyse Months 5 to 7													
Analyse Months 7 to 9													
Analyse Months 9 to 11													
Analyse Months 2 to 4													
Analyse Months 4 to 6													
Analyse Months 6 to 8													
Analyse Months 8 to 10													
Analyse Months 10 to 12													

CHART DATA / BOS CHART

STEP 6 You can now analyse the data by the most and least important, in descending order, by clicking on the appropriate yellow button at the bottom of the worksheet; for the three month period you are interested. This will provide more meaningful data in the form of a Pareto table; to be found in the left hand top corner of the DATA CHART worksheet.

STEP 7 Sit down with the experts in your company to understand why the TOP THREE CATEGORIES, no more, have occurred and agree corrective actions which if applied to the business will reduce the size of or improve the key issue, e.g. let's make the quantity required by the Customer's order and no more; if we scrap one then we will make one to replace it! Be sure to allocate actions to an owner, the person who will be responsible for implementing the agreed action.

STEP 8 Click on the 'BOS Chart' worksheet and give it a title at the top and above the table in the bottom right hand corner. Add the description of the measure, KPI to the title box of the graph in the top left hand corner. Now enter the information into the top right hand table of the chart. Be sure to enter the initials of the responsible person for each action!



- STEP 9 To print, click on the grey button 'Print this Page,' and publish the BOS Chart on highly visible notice boards in the company.
- STEP 10 Hold regular review meetings to ensure that actions are being followed up and closed out. Update the Data and BOS Charts at the end of each meeting. The chart then can act as a record of the meeting and make it unnecessary for long detailed Minutes to be generated.

There are four quadrants of the **QitS BOS Chart**, their interpretation is self explanatory:

1. Bottom Right Hand - **Data Table**
2. Bottom Left Hand - **Pareto Chart**
3. Top Left Hand - **Trend Chart**
4. Top Right Hand - **Root Cause and Corrective Action Table**

Quadrants 1, 2 and 3 are completed automatically from the Data Chart worksheet!

I am an avid user of the **QitS BOS Chart**, and with its help I have achieved some amazing results. It is not a magical solution to your problems but it does make the analysis and communication of change so much easier; **it is all on one page of A4 paper!** The BOS Chart has been a well kept secret, but one that can now be available to you and your business. I hope that it will be as much an asset to you and your business as it has been to me, and those companies I have helped back to health.

Carl Laxton
Interim Professional

To download an evaluation copy of the **QitS BOS Chart** visit www.caljel.co.uk