



Performance Architecture

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E **Value** Ation: Measure What Matters

When was the last time your management asked for an evaluation of a new process, system, or initiative? Recently? We hope so, because while evaluation may be of concern in organizations, it is often executed poorly or not at all.

As Performance Architects, we focus on the results of work produced by people. Without evaluation, how do we know the value and impact of that work? Recalling our premise that a Performance Architect is anyone, in any function and in any role, whose work enables employees to perform better, then evaluation becomes another tool for monitoring the quality of results produced by people.

The way leadership knows if our work is of value is if it is periodically and systematically evaluated, the results analyzed, and their findings applied to produce improvement.

Evaluation Defined

Evaluation involves determining the merit or worth of a program, process or product. (Scriven). Performance Architects use evaluation to determine the impact of their performance improvement solutions (Binder, p.6). We assess the expected results using a variety of measures to determine if we saved money (ROI), time, or work effort. Generally, we want to know if our work has made a positive difference in results.

We find it useful to think of evaluation as Geary Rummmler does. He likens the work of a performance improvement professional, for our purposes a Performance Architect, to that of a physician. (Rummmler, p. 132) After an office visit, an analysis of the patient's symptoms, a diagnosis, and a prescription for treatment, the physician follows up with the patient to *evaluate*, the effectiveness of the treatment. Otherwise, how would the doctor know if the treatment did the job?

Why it Matters

When a new business process is installed or improvements are made to an existing business process, Performance Architects want to know the impact on results. Evaluation outcomes build credibility both for the work completed and those who accomplished it.

Evaluation produces evidence that our work has value. We use evaluation findings to make business decisions. Evaluation shows the impact of improving performance on the organization and is part of the continuous improvement process.

Well-designed evaluation processes produce evidence-based practices that organizations can build on. They show us that we have made a difference.

Evaluation in Your Organization

For years, organizations evaluated financial measures almost exclusively. That practice has evolved to considering broader metrics, often captured on some form of a Balanced Scorecard. This change was based the realization that an exclusive emphasis on financials, while ignoring other results such as customer satisfaction, would eventually impact the bottom line.

How are results evaluated where you work? Start by looking at what your organization already measures. If your organization uses an instrument other than the Balanced Scorecard, it is still likely that different groups are collecting many of the same metrics. Your Finance department is a good source of information about what is being measured. Ask to see a recent copy of the Balanced Scorecard or other instrument related to your functional area.

Inspect What You Expect

What categories are being evaluated in your organization? When Kaplan and Norton first introduced the Balanced Scorecard in 1996, these were the suggested categories to measure:

- Financial
- Customer
- Product/Service/Image
- Process
- Internal

As more organizations adopt the Balanced Scorecard, they choose these or other metrics that reflect what leadership wants to measure.

Balanced Scorecards vary in effectiveness, depending upon the metrics selected and their importance and validity within the organization. Some Balanced Scorecards capture metrics that fail to provide a complete picture of how the business is doing. Leaders in organizations using flawed Balanced Scorecards are relying on data that cannot help them reach their goals. (Haig & Addison).

3 Types of Indicators

Take a closer look at the indicators the Balanced Scorecard or other instrument is using. You should see three types:

- Leading indicators – signal future events, such as construction permits issued, or number of open positions posted
- Lagging indicators – follow an event that has already happened, such as employee turnover, number of lost bids, or employee accident rates
- Coincident indicators – occur at the same time as the conditions they reflect, such as the unemployment rate, new hire totals, hours worked in manufacturing

Taken together, these three types of indicators provide a complete picture of the particular aspect of the business being evaluated. If a Balanced Scorecard is not balanced, it is usually because it relies on lagging indicators. You need all three to provide a truly Balanced Scorecard.

So How Is It Working?

What does the data at your organization tell you? How is it being used to help the business meet and exceed expected results? Is the Scorecard you've seen balanced or not? There are a number of questions that can help determine if useful data is being gathered and evaluated on a Balanced Scorecard.

With our focus on people in the workplace, we share relevant questions in two key areas. Does your organization's Balanced Scorecard provide this information?

Customer Information

1. How hard is it for customers to do business with our firm, and how much do we irritate or frustrate them?
2. Who are our most profitable and important customers, and where do we stand in our relationship with them?
3. Are any of our important customers looking around for another supplier or using one already?
4. Do we have any customers that we would be better off without?

Employee Information

5. How much do we irritate our employees and make them frustrated or unhappy?
6. Is our corporate culture still positive, and do people really live by the values we have on the wall?
7. How well are we communicating important information to our employees and other partners?
8. Do we have the right people in the right jobs, and do they have the knowledge and skill we need for today and tomorrow's work?
9. How much time do our employees spend each day doing what we hired them to do?
10. Are our employees and leaders ethical and honest?
11. How are we really doing on diversity?
12. How safe is it to work in this organization?
13. How healthy are the executives and employees who work in this company?

(Brown, p. 43, used with permission)

Evaluation Done Well: An Example

It is helpful to have an example of an organization that takes a considered and systematic approach to evaluation. [Boeing A&T](#), a Baldrige-winning company, is such an organization. They created Process-Based Management (BPM) as part of their Baldrige implementation. BPM "...defines an organization as a collection of processes focused on customer satisfaction and waste reduction by defining measures, and stabilizing and improving processes." (Garretson and Harmon, p. 2)

They have a named process owner for every process in their Enterprise Process Model. The owners of the processes deemed most critical are required to measure, manage, and report on them regularly. Should a process not meet its goals, the process owner develops a plan to improve it. (Garretson and Harmon, p. 6)

With an owner assigned, the specific measures for the process are identified based on Key Performance Indicators (KPIs), the metrics used at Boeing A&T. When it is time to evaluate the process, the process owner usually works with a team to evaluate it and make improvements when required. (Garretson and Harmon, p. 7)

If we assume that management supports BPM because it enables understanding of the entire business's use of processes, then a critical responsibility is to identify which processes require

improvement and prioritize those. With an organization-wide process evaluation function, it is possible to systematically determine which processes are not working and that would benefit from improvements.

Summary

Evaluation completes the circle and focuses on results. A good doctor asks questions to evaluate treatment. Shouldn't you? If you are not familiar with evaluation and measurement at your organization, plan an exploration. Remember:

"If you can't measure what you are doing, you've got to wonder whether you are really achieving change or not. Moreover, without measures, you'll find it hard to convince others that you are doing any good. Drilling down, the 80/20 rule always applies – some differences make more of a difference than others. With good evaluation, you keep identifying the 20% that gives you 80% of the effect you want, and you can focus more and more on that 20%."
– Paul Harmon

"Take nothing on its looks; take everything on evidence. There's no better rule."
– Charles Dickens, *Great Expectations*, chapter 40.

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