



# 9 Steps to Measuring Performance

**ALIX LARSON**

Larson Training & Consulting Inc.

April 2003



# Agenda



- ◆ What is a Balanced Scorecard
- ◆ Types of measures
- ◆ Where to use a Balanced Scorecard
- ◆ 9 Steps to Developing a Balanced Scorecard
- ◆ Putting some of the steps into action

# What is a Balanced Scorecard?

“The Balanced Scorecard is a management system that enables an organization to clarify their vision and strategy and translate it into action. It provides feedback on internal and external processes and outcomes in order to continuously improve strategic performance.”



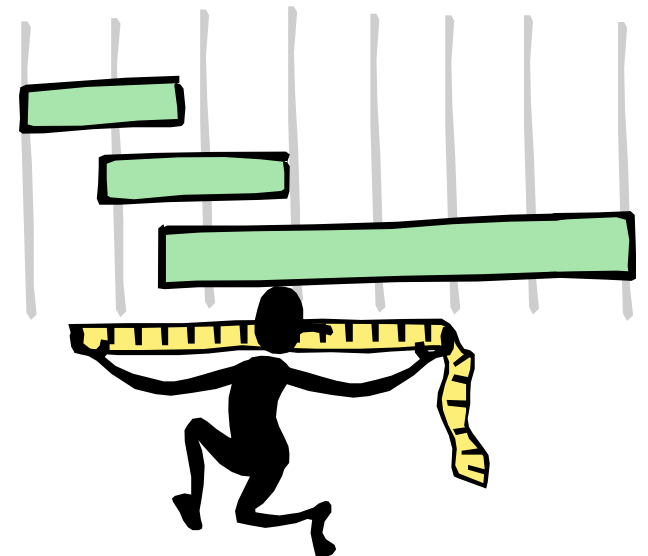


# What does this all mean?

- ◆ It is a measurement system that will help you to:
  - Establish your current position
  - Communicate direction
  - Facilitate learning
  - Stimulate action in the most important areas of your business

# Why Measure Performance?

You can't improve what you don't measure



# The 4 Perspectives

- ◆ There's more to measurement than financial
  - Financial
  - Customer
  - Internal Business Process
  - Learning & Growth



# Financial



Greater financial returns

# Customer



The needs of our customer  
and their satisfaction



# Internal Business Process



Efficiency and effectiveness

# Learning & Growth Perspective



Employee training and  
corporate culture

# Where to apply the Balanced Scorecard

- ◆ Whole organization
- ◆ Departmental / Team
- ◆ Individual



# The 9 Steps of Implementation

- ◆ Step 1 Develop a mission statement
- ◆ Step 2 Develop performance indicators
- ◆ Step 3 Establish current performance levels
- ◆ Step 4 Establish goals
- ◆ Step 5 Establish small goals
- ◆ Step 6 Establish lower performance levels
- ◆ Step 7 Assign weights
- ◆ Step 8 Develop plan for improvement
- ◆ Step 9 Lead for improvement

# Step 1

## Developing the Mission

**Who**

\_\_\_\_\_

(name)

**What**

\_\_\_\_\_

(task)

**How**

\_\_\_\_\_

(quality, timeliness, cost, effectiveness, health, & safety)

**For**

\_\_\_\_\_

(the customer)

**Where**

\_\_\_\_\_

(geographical area)

**Why**

\_\_\_\_\_

(benefit of stakeholders)

# Mission Statement

## Canadian Institute of Certified Management Accountants



*To provide members with the resources, information and leadership that enable them to provide valuable services in the highest professional manner to benefit clients.*

# Agenda to Develop a Mission Statement

What	How	Time
Roles	Facilitator, time keeper, recorder	1 min
Agree on objectives <ul style="list-style-type: none"> <li>◆ Time</li> <li>◆ Process</li> </ul>	<ul style="list-style-type: none"> <li>◆ How long will it take</li> <li>◆ Agreement to support majority</li> </ul>	2 mins
Read aloud individual mission statements	Round robin for each Mission Statement	
Pick one Mission Statement		
Fine tune	Record Mission Statement add/delete	15 mins
Wrap up	Read aloud for consensus	



# Step 2

## Performance Indexing

- ◆ What is Performance Indexing?
  - A measurement tool that can be developed by staff
  - Measures the interests of all stakeholders
  - Measures services to the customer
  - Can measure a variety of performance indicators together
  - Is an excellent diagnostic tool
  - Can be used to communicate change
  - Promotes continuous improvement
  - Can measure the future as well as the past



# Possible Indicators

- Quality
- Timeliness
- Cost effectiveness



- Innovation
- Health & Safety
- Customer Satisfaction



# Possible Performance Indicators for Baggage Handlers

## Quality Indicators

- ◆ Damage to baggage
- ◆ Complaints
- ◆ Lost baggage
- ◆ Accurate re-routing



# Possible performance Indicator for Baggage Handlers

## Timeliness

- ◆ Passenger wait time for baggage
- ◆ Loading baggage
- ◆ Unloading baggage





---

## Step 3

# Establish Current Performance Levels

---

- ◆ Write your estimates on line **3** of the Performance Indicator chart





---

## Step 4

# Establish Goals for Each Indicator

---

- ◆ Good goals are
  - Specific
  - Measurable
  - Agreed upon
  - Realistic
  - Time limited



## Step 5

# Establish Mini Goals



- ◆ Write mini goals in on Scores **4** through to **9** on your Performance Indicator chart





---

## Step 6

# Establish Lower Performance Levels

---

- ◆ Write these in on Scores **1** and **2** of your Performance Indicator chart





## Step 7 Assign Weights

- ◆ Write these in on the **weighting section** of your chart.

The total should equal **100**.





# Step 8

## Develop Plan for Improvement

- ◆ Using an Action Plan, develop plans for improvement.
  - What
  - Who
  - When



---

## Step 9

# Lead for Improvement

---

- ◆ Meet regularly
- ◆ Recognize & reward improvement
- ◆ Problem-solve declining performance