

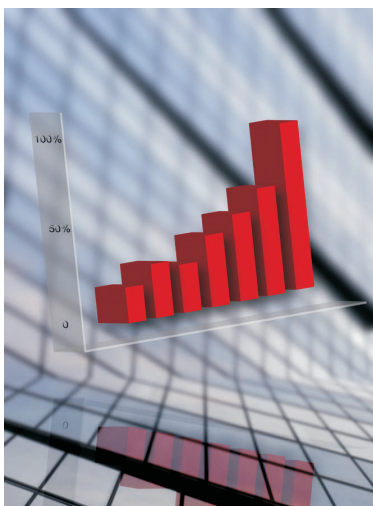


Tracking Key Performance Indicators Leads to Greater Efficiencies and Savings

By Tony Petrucciani, CEO Single Source Systems, Inc.

They sent us home with big yellow envelopes addressed “To the parents of...” The envelopes were heavy and smelled like doom. The flaps were sealed, but we held them up toward the classroom's florescent light unsuccessfully trying to find hints of our success or failure. On the way home—just in case—we made mental lists of all the worksheets, quizzes and tests that were totally unfair.

Some habits never change. Instead of report cards being scrutinized, it's now reports and spreadsheets that are held up to desk lamps and intently pondered by C-level officers, sometimes with the same level of dismay and confusion. Could that last glitch in performance really have caused such an impact? Only, this time, it's not allowance money at stake.



resulting insights lead to improvements in productivity, use of resources, customer satisfaction and bottom-line savings.

Such dramatic results, however, require a diligent effort, one that begins with identifying goals, determining what data should be collected and planning how to collect it.



Collecting data is only valuable if the statistics are timely, accurate and complete. In order to create high impact, Fact-based decisions require reliable data on every variable—not just a few .

These may see like unimportant, rudimentary steps, but they are actually milestones in the process which will determine how applicable the data will be to resolving issues and how many drivers, dependencies and correlations will be accessible. The next steps in the performance management process are equally instrumental.

Setting the desired standards and linking the financial impact of such standards make the analytics particularly valuable to the officer looking at the bottom line. Assigned accountability and the ability to drill-down in performance statistics to the individual level, is important for the manager tasked with identifying the weak spots and remedying them.

Such an investment of time required to set up, monitor and research possible drivers may cast doubts whether the results are worth the efforts. The answer is, YES. Of course, yes.” With the correct analytics, the company can change its entire management process...moving from a reactive management style to one that is proactive. When the company moves into a proactive mode, it can set long-term goals, build upon past successes, duplicate proven strategies and continually refine systems.

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Tracking Key Performance Indicators (Continued)

In stark contrast some companies fall into the failure-avoidance crouch that is inherent in a reactive mode. When sudden, escalated issues trigger knee-jerk reactions, large amounts of energy (labor and resources) are consumed in that burst of must-fix-now drama. Once the dust settles there is little opportunity to identify and fix the cause of the problem before the next storm starts to rumble. In this catch-up, make-do business model, efficiency is nonexistent. Profits may be just as elusive.

In order to maximize the benefits of tracking KPIs, manufacturers will likely want to focus on these key areas:

Operations. In the operational category, data concerning output will be essential, such as: downtimes, variances on parts and labor, over runs, on-time deliveries, and daily through-put and first-trip resolution rates for installations, maintenance and service calls. Exceptions to the pre-determined standards must be identifiable.

Performance. When investigating performance issues, the manager will need more detailed data, such as performance per department, per work station, per technician, per product and per piece of equipment. Without data to this level it will be nearly impossible to identify drivers, pinpoint correlations and determine critical dependencies in order to make improvements leading to greater efficiencies. When individual managers can have their own set of analytics, it is easier for the manager to focus on a key set of indicators which may need more frequent monitoring, perhaps even hourly.

Financial. Most importantly, perhaps, is the financial impact of performance indicators. This is the key data



Monitoring Key Performance Indicators enables managers to make informed decisions leading to company growth.

that helps CFOs determine priorities for improvement actions and project the return on investment for policy, equipment or personnel changes.

Although it is not an element which can be identified in data, reported in pie charts or mandated through performance requirements, there is another critical performance indicator that is truly KEY: the discipline required to review the analytics DAILY, react to them daily and make plans according to them on a continual, long-term basis. If the KPI data doesn't merit a reaction then it isn't truly key, or worth the time it took to collect.

When Key Performance Indicators are diligently tracked, analyzed and utilized, the result will surely be positive: company growth through efficiency improvements and well-founded decisions based on reliable facts. As the adage goes...success is in the details.



About the author: Tony Petrucciani is the CEO of Single Source Systems, a company that develops software solutions to help companies maximize efficiencies in service management. His expertise on the topic originates with Single Source' development of software solutions containing robust analytical capabilities, such as role-based dashboards. Tony is also a committed user of performance dashboards, reviewing his company's statistics daily.



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