

## What is a Performance Metric?



A **performance metric** measures an organization's behavior, activities and progress towards its stated goals. It should support a range of stakeholder needs from customers, shareholders and employees and can help to gauge the effectiveness of a program's strategies to achieve an agency's goals.

There is no one perfect set of performance metrics—the “right” metrics will depend on the project's **WIG** (Wildly Important Goal) and may require multiple iterations to discover more about the process/system in question.

Below, in your opinion, what are “*performance metrics*”?

Performance metrics are	Examples
	Related to the program or process' <b>WIGs</b> and purpose
	Reliable measurements of outputs and outcomes like # of steps and weight in pounds and kilograms
	Just goals
	Measures of success in relationship to a process, system, program, customer, etc.

It is helpful to focus on a mix of metrics that measure different aspects of the service being provided—for example, use one metric that is meaningful to the customer and another that will resonate with leaders and the organization's strategic goals.

List some of your organization's “**WIGs**”:

WIGs of the organization	Examples
	Decrease the time it takes to identify and hire the best talent in Denver by roughly 45%

Notes:

## MEATY?

Performance metrics can be difficult to grasp, especially when approaching them in the middle of a whirlwind. Try focusing on these five basic metric categories to help you establish a **MEATY** current state and future state case:

				
<p><b>MONEY</b></p> <ul style="list-style-type: none"> <li>*What is the cost of your process?</li> <li>*Hard dollars: cost for physical materials</li> <li>*Cost of materials</li> <li>*Soft dollars: cost of labor time</li> <li>*Cost of AVG FTE per hour</li> <li>*AVG Customer Salary per hour</li> </ul>	<p><b>ERRORS</b></p> <ul style="list-style-type: none"> <li>*How much rework</li> <li>*Quality measures</li> <li>*Number of defects per transaction</li> <li>*Negative ratings and scores</li> <li>*Defect rate</li> </ul>	<p><b>AMOUNTS</b></p> <ul style="list-style-type: none"> <li>*Supply: How many widgets do you make/process</li> <li>*Demand: How many clients do you serve</li> <li>*The number of calls you log</li> <li>*The number of cases you defend</li> <li>*The number of meals you make</li> </ul>	<p><b>TIME</b></p> <ul style="list-style-type: none"> <li>*The length of time it takes to make your widget per week</li> <li>*The length of time per transaction your customers waits for your widgets to be delivered</li> <li>*The length of time per week one actively works on creating and delivering your widget</li> </ul>	<p><b>Yearly Costs</b></p> <ul style="list-style-type: none"> <li>*The length of time it takes to make your widget per year</li> <li>*The length of time per year your customers wait for your widgets to be delivered</li> <li>*The length of time per year one actively works on creating and delivering your widget to its customer</li> </ul>

Like Peter Drucker said, “what’s measured, improves.” Once you determine the appropriate metrics to reach your **WIGs**, list your **MEATY** metrics in the **Current State - CS (box 2)**, **Future State - FS (box 3)**, and **Results (box 8)** section of the A3 template. Rally around your performance metrics regularly to sustain improvements and continuously improve your system at every level.

Q: How can you use the “**MEATY**” to continuously improve your process?

Notes:

**An example:** Agency #C is trying to improve their work order process. They know how many work orders are requested through their system, how long (AVG) it takes to process a work order, and how many are successfully processed correctly the first time. Using this information, they can calculate how much money it **costs** their agency to complete this process. Additionally, this agency will know what the **Yearly Savings** will be. They will know whether their idea is worth pursuing, how close they are to reaching it.

- In order to calculate the **Yearly Savings**; subtract the Future State (FS) Costs from the Current State (CS) Costs: \$25 soft dollar (CS Costs) - \$20 soft dollars (FS Costs) = \$5 soft dollars/year (**Yearly Savings**)

With the metrics listed below in box 8 (Results), fill in the missing **“MEATY”** metrics to identify the **“Yearly Savings”**:

8. Results – Agency #C					
Metric	CS	FS	30 Days	90 Days	Yearly Savings
 Money	\$25/hour per FTE 1 FTE per transaction 1 ream (500 sheets) of paper cost \$50	\$25/hour per FTE 1 FTE per transaction	\$25/hour per FTE 1 FTE per transaction	\$25/hour per FTE 1 FTE per transaction	
 Errors	5% of transactions completed incorrectly	2.5% of transactions completed incorrectly		3% of transactions completed incorrectly	
 Amounts	100 transactions/month 100 sheets of paper/month	100 transactions/month w/ 10 sheets of paper/month			
 Time	10 minutes of touch time/transaction	8 minutes of touch time/transaction	9 minutes of touch time/transaction		2 minutes of touch time/transaction = 20% decrease in time
 Yearly Costs	\$.41/min per FTE *1 FTE/transaction * 10 minutes/transaction * 100 transactions/month * 12 months/year = \$4,920 soft cost + 100 sheets of paper/month * 12 months/year = 1200/sheets/year/500 sheets/ream of paper = 2.4 ream/year * \$50/rem = \$120/year in hard costs = \$5,040 soft dollars (costs)/year	= \$3,948 soft dollars (costs)/year			\$1,092 soft dollars (savings) = 21% Savings in hard and soft dollars

Notes:

## Types of Process Metrics

The following metrics are typically used for measuring performance in process and continuous improvement strategies:

	Metric	Definition
Time & Workload Metrics	Lead Time	Total time to create a service/product and get it to the customer, incl. waiting time
	Processing/Touch Time	Amount of time spent on process steps, not including waiting time
	Response Time	Amount of time to respond to a customer request for a service or product
	% On-Time Delivery	Percent of time the product/service is delivered on time
	Backlog	Number of products or services waiting to start the process
	Wait Time	Amount of time a customer is waiting for a widget/downtime
Quality Metrics	Defect Rate	Percent of services/products that are “defective”
	Rework Steps / Time	Amount of a process spent correcting mistakes or getting missing information
	Percent Complete & Accurate	Percent of occurrences where a process step is completed without needing corrections or requesting missing information
	Rolling First-Time Yield	Percent of occurrences where the entire process is completed without rework; this is the product of the <i>Percent Complete and Accurate</i> for each process step, expressed as a %
MISC	ROI	Return on Investment
Note: not all of these metrics may be appropriate, applicable, or useful for your situation.		

Using the previous example, fill out the table below with metrics from one of your A3s/Innovations:

8. Results – Agency #C					
Metric	CS	FS	30 Days	90 Days	Yearly Savings
Money					
Errors					
Amounts					
Time					
Yearly Costs					

Notes:

## Types of Savings

### Hard Dollar

Improvements that **reduce budget expenses**



### Soft Dollar

Improvements that **save people's time** (opportunity cost)



### Value to Customer

Soft and hard dollar savings to the customer



### Service Level Improvement

Improvements that **add value to people or processes**, with no hard or soft dollar savings



### Human Development

Improvements that **increase knowledge, skills, & abilities** of an individual



Notes: