



Aligning Performance Metrics with Business Metrics

GENERAL PROCESS	EXAMPLE 1 SERVICE TRAINING FOR TECHNICIANS	EXAMPLE 2 PROJECT MANAGEMENT FOR ENGINEERS
1. Identify strategic goals, business objectives and business metrics	Cost of warranty Cost per repair Time per repair Cost of labor NTF/CND Number of parts per repair Cost of parts Number of calls per repair Annualized failure rate	Time to market Cycle time
2. Define any process improvement objectives	Reduce the cost of training (maximize efficiency, effectiveness)	Reduce time to market, cycle time
3. Determine how metrics are calculated	Example: Cost of Warranty = Annualized Failure Rate X (Materials Cost + Labor Cost)	Example: Time to market = Time from concept to distribution (by product category)
4. Identify key job results and critical job performance behaviors	Master performers Industry benchmarking Management	Experts on Project Management Steering Committee
5. Examine the relationship of metrics to performance	Challenges: Metrics not available by individual or group, metrics influenced by causes other than poor performance	Challenges: Many initiatives begun at the same time, many good project management skills in place
6. Define the missing links: Agree on performance measures that the client accepts as linkages	Customer satisfaction Revenue generation of Service	Meet commitments to project deliverables and milestones Team agreement on priorities for trade-offs among schedule, scope and resources Viable project schedules Confidence in plans for managing risk Overall performance as a project manager
7. Select the most promising metrics	Accuracy of repair Time to repair (with caveats) Revenue generation Customer satisfaction	Time to market All in the section above
8. Evaluate performance against those metrics	Outcomes: Service Training was off the hook for Cost of Warranty figures. Training headcount increased while other areas downsized. New relationships were built and sustained for a better business partnership	Outcomes: Course content was adjusted for maximum transfer/business impact Management support of this initiative became part of the incentive system. The department's needs analysis process was changed with the support of the line of business. New relationships were built and sustained for a better business partnership between training and the line.