



Do Measures Matter?

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The 2013 annual letter from Bill Gates is a powerful document. It is a must read for anyone trying to get results in their business or personal life. Go the Bill and Melinda Gates Foundation web site and print it off. Keep it for future reference. In a few pages Mr. Gates outlines the need for the right measures matched with the outcomes you are trying to achieve and the power of constant feedback. The example used of the vaccination work done by UNICEF is more inspiring than any business case study you will ever read.

Measures do matter.

We all know the old saying – *what gets measured gets done*. It is absolutely true. Sadly, measuring our progress is not something that is done well or in many cases done at all. Measurement brings clarity of performance and accountability. Those two words strike fear into many people. As Bill Gates points out, it also brings clarity of purpose and progress. Those words should be a call to action not just for the good work done by global charitable groups but for any organization trying to be successful.

Feedback is one of the cornerstones of systems thinking. We start by setting the outcomes we wish to achieve and build measures to assess how we are doing in moving toward those desired outcomes. Without accurate measures we have no clue if we are moving in the right direction.

What are Measures?

Measures are simply assessments of success to ensure continual improvement towards the desired future that has been set. They answer the questions:

- ❖ How will we know if we are being successful?
- ❖ How will we know if we are getting off track?
- ❖ What corrective actions are needed to get back on track?

It is the way we keep score. Trying to play any sport without keeping score; not only is it boring, but it is also impossible to motivate the players or fans. If there is no focus, no one can make adjustments in their game plan. Do we need more offense or defense? Imagine a famous coach giving an inspiring speech between periods without knowing the score. That would be ridiculous, and it is happening in organizations every day. How are managers motivating staff with no scorecard?

How to Measure

First, keep it simple. You do not need to measure thousands of things. Envision the dashboard of a car. There are a few key things that will give a quick assessment of how things are going. With a quick glance you can see how fast you are going, how much gas you have left, and kilometers driven. Warning lights will also come on if you are low on oil, there is a problem with your tires, or you need to have the

engine checked. These simple measures take the guesswork out of driving a car. Take those same principles and apply them to planning in your business or personal life.

You will recall from our *Strategic Thinking Simplicity* model that we start by establishing our desired outcomes in our future state. The next step is to determine how we will measure progress toward that future state. What indicators will tell us if we are on track? The target will determine what and how you will measure. For example, if you have decided that you will finish a marathon next summer, measures would be keeping track of your daily and weekly training runs. If after one month you cannot walk around the block, some adjustments need to be made.

If your outcome is to be the leading provider of some high-tech equipment to hospitals, then sales of that equipment is an obvious measure. Will waiting to the end of the year tell you if you have been successful? Yes and no. Yearend sales or profits are *lagging indicators* and are of course important but are too late to make necessary adjustments. Lagging indicators are historical, quantifiable results, at the end of a period. You also need *leading indicators* such as daily, weekly and monthly sales. Leading indicators are predictive, processes, activities and behaviours. Not all measures will be numbers. Feedback from your sales force and clients will tell you very quickly how you are doing. Getting out of the office and talking to staff and customers is a very good way of getting immediate feedback.

In training for your marathon, the lagging indicator is actually finishing the race. The leading indicators are those daily, weekly and monthly training runs that get progressively longer and easier.

In order for measures to be effective they must be meaningful to those that are looking at them. Take the time to assess or ask your stakeholders what they need to see and when. The board of directors will have some very specific needs, as will senior management, staff, shareholders, suppliers and customers. Feedback from all of these sources will allow you to make immediate adjustments or course corrections as you move toward your desired outcomes.

Look for a broad range of measures that cover things like quality, quantity, time and cost. Match those areas up with customers, employees, society, operations, stakeholders and, of course financials, and you have the foundation of an effective measurement system.

Measures should also be in place for your strategies and actions. This is the “how to” part of us getting to our desired outcomes. By measuring all of the strategies and actions, we ensure that each of the individual pieces we have put in place on our *Action Bridge* are contributing to getting us from our current state to our desired future state.

Ensure that your measures are visible to those that need to see them. Secret measures do no good. Visible measures can motivate and keep everyone focussed on the right outcomes. If we know what we are measuring and who is responsible, we have true accountability. The right metrics drive the right behaviours.

Measures give us the milestones we need to celebrate successes, the data we need to adjust course quickly and the justification to stop doing some things.

Use measures as part of your strategic planning process to change your organization, your life or maybe even the world.

Tips and Tools for Effective Success Measures

- ✓ Systems Thinking is the foundation
- ✓ Use the Strategic Thinking Simplicity model
- ✓ Set your Future State and Desired Outcomes
- ✓ Link your Success Measures to your Desired Outcomes
- ✓ Keep your Measures simple, clear and meaningful
- ✓ Keep your Measures few in number – remember the Dashboard
- ✓ Link the Measures to employees, customers, operations, stakeholders and financials
- ✓ Have Measures for strategies and actions
- ✓ Have a balance of leading and lagging Measures
- ✓ Make your Measures visible to focus and motivate
- ✓ Celebrate successes

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and tools to help your organization become an
industry leader at strategic management

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Simplicity – Clarity – Action - Results

