

# Chapter 9

## Measuring Results

Sometimes people have trouble measuring because they are unclear about what it is they want to accomplish by doing so. Some people simply don't know how to measure. Nonetheless, managers keep asking for better measures so they can decide which programs to fund and support. All of us are being asked to prove that our programs are worth the investment. Here are some examples.



### FIELD NOTES: MEASURING RESULTS

- A large data processing firm wanted to certify its resellers. The resellers had asked for the certification. They claimed that being “brand certified” would give them a competitive edge. Senior management wanted to know how the payoff would be measured.
- A company decided to require quality training for all employees. The company had seven field offices located in three states. The training was scheduled to last from one to one and a half days. The training manager wanted to know how success would be measured.
- The HR vice president got his company to support a corporate university because a benchmarking study had found that employees were attracted to and more inclined to stay with companies that have aggressive employee development programs. The company also bought, at the vice president's insistence, a new computer system so HR staff at corporate headquarters could transfer information to field HR staff. In the past, they had relied on phone calls and faxes. Senior management now wants the vice president to show the return on investment.

In each of these cases, people wanted support for their program or intervention. What they hadn't figured out was how to measure its worth or effectiveness. Measurement, when done well, helps people make better decisions about where to direct resources, what programs to fund, and if they should invest more (or less) in current programs. Our role as performance consultants is to help clients develop better measures and measuring systems.

## EXPERIENCES FROM THE FIELD: ABOUT MEASURING

I've learned that my clients and I do not share a common language or understanding of evaluation. For example, clients frequently use the words *evaluation* and *measurement* to mean the same thing, but at other times they use them to mean completely different things. By listening and questioning, we can help our clients define what they want to evaluate and why. Here is how I use these and related terms:

- *Evaluation* is the act of judging something or placing value on it. To learn what your clients value, observe what they pay attention to. For instance, if a client keeps talking about something or repeatedly raises a particular issue, that subject is important to him or her. Our job as performance consultants is to use our questioning and active listening skills to find out what makes a subject important to our clients.
- *Measuring* is the act of comparing. When clients talk about needing to improve performance, they are motivated by the difference between current performance and some standard or goal they want to obtain. They would not know that their current performance needed improvement if they had not compared it to something and found it lacking in some way. Measuring is done by gathering information about a situation, activity, or process and then comparing the information against criteria that define a desired standard. As performance consultants, our job is find out if our clients have considered sufficient information and to determine what criteria should be used as a basis for comparison.
- *Criteria* are the gauges or yardsticks people use to weigh, rank, or value what it is they are comparing. The criteria may be stated, unspoken, or assumed. For example, when people say “the training worked,” they are measuring the program or intervention they are referring to (in this case, training). What such statements leave unclear is the criteria they are using. The criterion might be that the participants liked the training or that after the training was complete, a performance problem went away. When you hear “The

safety program fell short of what we wanted” or “People don’t get it,” those making the statements are basing their conclusions on some criteria. Our job is to ask questions to find out what information people are using as the basis for their conclusions—what they are using to judge adequacy. Commonly used criteria are time, speed, quantity, weight, accuracy, purity, consistency, earnings, costs, savings, compliance, satisfaction, appearance, appropriateness, and performance.

- *Metrics* are units of measure. They allow for precision and exactness. For example, if the criterion is speed, the metric used might be seconds to the fourth decimal point (as in Olympic swimming and running competitions). For some other purpose, the metric for speed might be days, weeks, or even months. The metric for weight might be grams or tons. When product performance is measured by sales volume (the criterion), the metric could be tens of thousands of dollars. If the criterion for product performance changes from sales volume to customer satisfaction, the metric might be the number of customer complaints over a six-month period.

Measuring can be the impetus for formal needs assessments (described in Chapter Seven), it can influence the process of identifying appropriate interventions (as described in Chapter Eight), and it can affect how a program gets evaluated (the focus of this chapter). What is most important is that everything gets measured for a reason. Here are some examples.



### FIELD NOTES: TRANSACTIONS, NEW ACCOUNTS, AND THE PERFORMANCE APPRAISAL FORM

A retailer decided to launch a promotion. The retailer hired a public relations (PR) firm to design the campaign. They agreed that the PR firm would receive a bonus if the promotion was a success, and the store owner agreed that the criteria for measuring the promotion’s success would be the number of transactions (cash register sales) recorded during the campaign. This criterion provided only a partial picture of the promotion’s effects, however. Promotions often encourage customers to buy items priced at or below cost; therefore a high number of transactions may or may not mean that the store is making money. In fact, it may only be breaking even, or possibly losing money. Transactions by themselves do not give an accurate picture of financial success. Thus although the criterion of number of transactions met the PR firm’s needs, it may not have met the store owner’s needs. If the store owner’s objective was to grow the business, to increase profits, or to build customer loyalty, the owner would not know whether the promotion had met his objectives. Other criteria were needed.

A bank had a \$5 million merchandising budget to attract new customers and encourage current customers to buy additional products, such as mortgage loans, auto loans, and certificates of deposits. Merchandising is used to attract customers to other products or services at the point of sale, in this case, the bank. The merchandising budget was for signs, banners, window decals, fliers, and lobby displays.

One of the bank’s products was free checking with no minimum balance for three years. To determine the return on investment of the merchandising effort, the bank asked its branch managers to track the number of new checking accounts opened over a one-month period. Free checking is a loss leader, however; customers who want free checking usually have low-balance accounts, which makes them the most costly accounts to service. Banks therefore lose money on free checking accounts. Measuring only the number of new free checking accounts does not accurately measure the return on investment for the merchandising campaign.

The HR director for a municipal government developed a new performance appraisal process. The municipality’s employees were all unionized, and the union had negotiated that performance measures and salary could not be linked. The HR director wanted to prove there was nevertheless a benefit to adopting a new performance appraisal process and convinced management that a new performance appraisal form would have value and increase productivity despite the union contract. The director suggested that they measure the form’s effectiveness based on how many managers used it. However, the number of managers using the form has no bearing on productivity. Other criteria were needed before HR could prove that the cost to develop the form and train managers how to use it was worth the investment.

These stories illustrate two common measurement problems: insufficient criteria and inappropriate criteria and metrics:

- *Insufficient criteria.* In each case, only one criterion (the number of transactions, new checking accounts, and managers who used the process) was used. Other measures the retailer might have used were the number of add-on transactions (transactions for items that were not part of the promotion), the margin (profit) that resulted from those other transactions, and how much the overall sales volume changed. The retailer could then have compared these measures to the cost of the promotion, which included the costs of advertisements and printed collateral materials and the amount of time it took sales clerks off the floor to be briefed on the promotion. In the case of the new appraisal process, the HR department could have measured whether performance had improved, how the process affected development, or if it reduced turnover.
- *Inappropriate criteria and metrics.* In each of these cases, the only thing that was tracked was volume over a period of time. None of these measures tracked if costs were eliminated, avoided, reduced, or shifted to other parts of the organization, and as a result, management got a distorted picture of what happened. For example, new checking accounts may have been opened, but if the balances were low, the cost of servicing those accounts was not recovered, thus increasing overall costs. The bank should have used other criteria that are better indicators of business results.



# FIELD TECHNIQUES: GETTING MORE THAN TWO SOURCES OF MEASURES

It takes more than two sources of measures to get an accurate picture of what is working and how well it is working. Therefore, find out:

- Whose needs are being met by the current mode of measurement
- Why the client chooses to use certain criteria and metrics
- How the picture would change if different criteria or metrics were used
- What other criteria or metrics could be added that would give a more accurate picture of the situation
- How you can capture the information you need in a reasonable and cost-effective way



## FIELD NOTES: MEASURING THE SUCCESS OF A BLENDED LEARNING SOLUTION

Before she joined the firm, Deborah's department had contracted with a vendor to develop a Web-based component for training new employees. The company asked Deborah to prove the investment in the component was worth it. Deborah learned that the new training program was nine weeks long, that on average eight hundred to nine hundred new employees were trained annually, and that forty-five full-time trainers were dedicated to delivering the training. The initial investment for the Web-based component was \$1.2 million. The promise made to management was that the Web-based component would shorten the time required for training new employees. What had happened instead was that the length of the training got longer by two weeks, not shorter.

Deborah knew that the length of the training program was only one measure of its success. A second measure could be the overall cycle time it takes to bring a new employee to proficiency. A third measure could be how the Web-based component affected the indirect costs of the center. Deborah began her search for the other measures. She learned that:

- The training course was now longer because more content had been added. In the past, the content covered by the Web-based component had been left to supervisors to cover once an employee was released to his or her job.
- In the past, it had taken on average another fifteen weeks beyond the training period to bring a new employee to proficiency.
- Proficiency was measured in terms of average call-handling time and order accuracy.

After the company added the Web-based component to the training course, new employees achieved the standards for order accuracy and call-handling time within seven weeks. This meant that the overall cycle time had dropped from twenty-four weeks (nine weeks of class time plus fifteen weeks of on-the job training) to eighteen weeks (eleven weeks of class time plus seven weeks on the job). Achieving order accuracy faster reduced the cost of rework due to errors (an indirect cost), and the supervisors' time to coach the new employees was reduced by half (an indirect cost). The reductions in cycle time and indirect costs proved the value of the Web-based component. If Deborah had looked only at how the Web-based component had affected the length of the class, she would have had a distorted picture of the impact it had.

## MEASUREMENT: THREE PHASES

Measurement should occur at three points during the life cycle of an intervention (see [Figure 9.1](#)). First, the results of the measurement activity are used to create a business case for supporting an intervention. Once an intervention is approved, measurement is done to ensure it is workable. After an intervention is implemented, measurement is done to determine the results or impact.

[Figure 9.1](#). When Measurement Occurs and Why

Phase I: Analysis	Phase II: Design and Development	Phase III: Implementation and Maintenance
Purpose: To determine the scope of the need	Purpose: To increase the odds an intervention will produce the desired results	Purpose: To determine the degree to which an intervention fulfilled the goals set during Phase I
Output: A business case with: <ul style="list-style-type: none"> <li>• An argument for an intervention</li> <li>• A call to action</li> <li>• Baseline measures</li> <li>• The goal and expected gain or benefits</li> <li>• Leading and lagging indicators of success</li> <li>• Project milestones</li> </ul>	Output: Recommended corrective action based on a formative evaluation of the intervention and its components: <ul style="list-style-type: none"> <li>• Usability</li> <li>• Compatibility</li> <li>• Feasibility</li> <li>• Workability</li> <li>• Status at milestones</li> <li>• Progress against leading indicators</li> </ul>	Output: A summative or confirmative evaluation of an intervention's results: <ul style="list-style-type: none"> <li>• Outputs</li> <li>• Outcomes</li> <li>• Fallout</li> </ul>

## The Business Case

When measurement is done before an intervention is agreed on or funded, the result is a business case that describes the need for an intervention and presents an argument for action. The information in the business case should come from more than one source, such as through observations, interviews, or surveys. The business case describes the current condition (also known as the *baseline*) and what is to be gained if action is taken (the intended results). Ideally it should contain the leading and lagging indicators of success. *Leading indicators* are interim results or behaviors that predict ultimate success, such as the rate of adoption by the target audience and trends in consumer survey data. This information is essential to the next phase of measurement activity. *Lagging indicators* are the results that occur at the end of an agreed-upon period of time, such as the annual turnover rate, healthcare costs, or dollar volume of sales.

## Formative Evaluation

Measurement should happen during the design and development of an intervention and its components to confirm the project is on track and to identify the need for corrective action. Measurement at this time is *called formative* or *in-process* evaluation. It includes tests of usability, compatibility, and feasibility. During the design and development phase, assumptions were made that need to be confirmed: for example, how easy it is for the user to use the intervention or its components compared to what was intended and if the interface between the intervention's technologies works as intended. Measurement at this phase increases the odds that an intervention will be successful.

## Summative or Confirmative Evaluation

Measurement should occur once an intervention is launched and at predetermined times thereafter to measure the results and confirm the intervention is working as planned. Measurement at this time also identifies any unintended consequences (good and bad), such as adoption by people beyond the target audience or an increase in indirect costs by a user group. As a performance consultant, you are in an ideal position to show the purpose, benefits, and outputs of measuring during all three phases.



## FIELD NOTES: GETTING SUPPORT FOR MEASURING

Carol wanted her program to reduce stress in the workplace by changing the behavior of senior managers. But the organization had no history of even measuring needs, much less results. Instead, action occurred once a sponsor declared a need. Carol determined to use this program to do a more formal measurement effort. To begin, she wanted to develop the business case that would document health care and related costs associated with the managers' current behaviors. She wanted to use the business case as a technique to persuade the president, the executive HR vice president, and the senior executive team to identify and agree on the baseline measures, what the leading indicators of success would be, and how they wanted to confirm the program was working as intended. She began by explaining to the president, the executive HR vice president, and the medical director when, why, and how she thought the measurement should happen and what the benefits would be. They used the opportunity to suggest leading indicators, ways to get the data by leveraging other data-gathering efforts, and what she should do if she found the program was getting off track. Daring to explain the when, whys, and how of measuring such an important initiative set a new precedent for Carol and her team.

# HOW TO SELECT CRITERIA

One of the hardest parts of measuring anything is knowing what to use as criteria. When should the criterion be money? When should it be time? When should it be compliance, customer satisfaction, volume, or something else? As a performance consultant, your goal is to identify sufficient criteria to corroborate the results. You want an accurate picture of the situation. Following are discussions of some possible measurement criteria.

## Costs

All interventions affect costs in one or more ways. They can eliminate costs, reduce costs, avoid costs, or shift costs to someone else or to a later time. An intervention affects costs if it:

- Saved time (time is money)
- Eliminated activities such as checking work fewer times or reducing the number of steps in a process (activities consume resources)
- Improved product performance such as lengthening the shelf life or reducing the amount of maintenance required
- Improved processes, such as eliminating the need for checking, waiting, or handling, or resulted in products and services that deviated less from standard
- Increased human productivity (for example, increasing the unit of work per hour)

I pay particular attention to whether the intervention shifted costs. This happens when the intervention increases the number of activities to be performed by others (such as forcing them to do more checking, take more steps to do their work, wait longer, use more resources, or do work they would not ordinarily have to do). Shifting costs also happens when others are forced to use more resources or more expensive resources than they have in the past.

Another consideration is the cost of the intervention itself. What did it cost to develop, and what did it cost to implement? Be sure to include both direct costs (such as consultant or vendor fees or any resource dedicated to the project) and indirect costs (for example, administrative and management time). How do these costs compare to the cost of the problem? What other costs did the intervention affect?

## Satisfaction

Next, I think about how satisfied all the vested parties are with the results of the intervention—the consumers, internal customers, management, and the employees performing the job. As a criterion, satisfaction is more than how happy people are; it includes how they feel about the intervention, how it was developed, who was involved, and how it was implemented. Another component of satisfaction is how confident the vested parties are that the program will fulfill its promise. A third component is image. In this case, you find out how strongly people want to be associated with the intervention. If the intervention is popular, more people will want it known that they played a role in its identification, development, or deployment. If it is unpopular, they will disassociate themselves from it.

## Rate of Adoption or Use

Interventions work only if people do them, use them, or embrace them as part of doing business. Consider measuring who is using the intervention, how many are using it, and how often they are using it.

## Goal Accomplishment

Behind every intervention there should have been a need to satisfy, an issue to resolve, an opportunity to seize, or a problem to be avoided. The criterion then becomes what the client will accept as evidence the intervention achieved its purpose.

# FIELD TOOLS: THE COMMON MEASURES, CRITERIA, AND METRICS JOB AID

[Figure 9.2](#) mirrors the first four columns of the scorecard introduced in Chapter Seven for needs assessment. It contains a more detailed list of what commonly gets measured, the criteria used, and possible metrics. Use it with your team and client to come up with more ways to measure what happened, what changed, and what still needs attention. Add any criteria and metrics you would like so that it meets your needs. Discuss what might be a feasible way to measure the project you are working on.

[Figure 9.2.](#) Measures, Criteria, and Metrics Scorecard

<i>Key Measures: what organizations pay attention to and value</i>	<i>Criteria: things commonly used to measure performance</i>	<i>Metrics: what gets counted, weighed, and so on</i>	<i>Ways to get the information or metrics</i>
<i>Customer satisfaction</i>	Perceptions and opinions; complaints and returns; referrals	Ratings of how strongly the opinion is held; number of incidents; cost to resolve problems	Focus groups; rating scales on surveys; customer service numbers
<i>Employee satisfaction</i>	Morale; grievances; turnover and retention	Mean score on survey; number of incidents per year; percentage within x months; cost to recruit	Surveys; focus groups; interviews; exit interviews
<i>Market share</i>	Actual compared to potential or competition	Dollar amount or percentage of sales; number of units sold; cost to increase service	Market research; industry indexes
<i>Productivity</i>	Time at task; units produced; calls received; process versus cycle time	Percentage of time; number and average per time; average call-handling time; size of gap; indirect cost to achieve	Time sheets; production records; worksheets
<i>Product performance</i>	Cost; recalls; variance;	Dollars or cents per unit-	Finance; statistical process

<i>Customer performance</i>	Costs; returns; returns; customer opinion; unscheduled service; waste	Number of units per unit; standard deviation; ratings; number, percentage, or ratio; direct and indirect cost of waste	Statistical process control (SPC) data; focus groups; service calls
<i>People performance</i>	Yield; waste; time at task; attainment of objectives; cost of supervision; rework	Ratio or percentage; percentage of time; percentage of achievement; ratio of managers to employees; direct and indirect cost to achieve	SPC data; time sheets; plans; budgets
<i>Financial performance</i>	Fixed costs; variable costs; margin; rate of growth; cost of sales; cost of service	Ratio; percentage or dollars per unit	Daily reports; actual dollars versus budgeted dollars; sales analyses
<i>Compliance</i>	Formal filings; incidents; reportables	Quantity, dollar value; rate per 1,000 hours; number of incidents	Quality control reports; complaint calls; citations
<i>Growth</i>	Training; succession plans	Number trained; dollars per employee; training that meets individual development plans; retention (dollars, number, or percentage)	Actual versus budget; changes in the database



## FIELD TECHNIQUES: GETTING EVIDENCE

When clients have difficulty coming up with measurement criteria, I ask them what they will accept as evidence that the program worked, the problem was solved, or the situation improves. This seems to be an easier question to answer than, “What criteria do you want to use?” Evidence is made up of the behaviors and results that have to be present or absent for people to believe changes have been made.



## FIELD TOOLS: EVIDENCE WORKSHEET

[Figure 9.3](#) has examples of evidence for each intervention. [Figure 9.4](#) is a worksheet you can use to list what you and your client will accept as evidence that your intervention has worked.

**Figure 9.3.** Examples of Evidence

	Intervention	Example
Information focused	1. Interventions that define: what you did to achieve clarity	An operational definition exists and is used; mistakes and rework have decreased.
	2. Interventions that inform: what you did to make sure people have the information they need when they need it	Incidents of errors and misunderstandings are down; the cost to go back and clarify or correct is down.
	3. Interventions that document: what you did to make information accessible and retrievable over time	Documents are used and have reduced cycle time for harder and less frequent tasks.
Consequences focused	4. Interventions that reward: what you put in place to make sure behaviors and results that are desired get rewarded and celebrated	Cost shifting has decreased; margins are up; complaints by employees about being treated unfairly are down.
	5. Interventions that measure: what you put in place to ensure that behaviors and results are measured according to valid criteria	A sufficient number of people have used the measures to improve processes or performance, and this has positively affected costs, service, and so on.
	6. Interventions that enforce: what you put in place to ensure there are positive and negative consequences to actions and results	Enforcement is up and appropriate.
Design focused	7. Interventions that organize: what you did to change the structure of work relationships	Cycle times and costs have decreased, and satisfaction has increased.
	8. Interventions that standardize: what you did to automate and standardize tasks, processes, and so on	Costs and cycle time have changed positively.
	9. Interventions that (re)design: what you did to make space, equipment, and materials safe, easy to use, and so on	Time lost to accidents, sick leave, and absenteeism have decreased; productivity is up.
Capacity and capabilities focused	10. Interventions that reframe: what you did to help people see new possibilities and move forward	Less time is spent rehashing old issues; more time is spent on tasks that contribute.
	11. Interventions that counsel: what you did to help people deal more effectively with personal issues	The number of people who use the services is up; there is less absenteeism and tardiness.
	12. Interventions that develop: what you did to keep people current and prepared for the future	Number of people prepared has increased; bench strength for the future is greater; turnover is lower; job satisfaction is higher.

Action focused	13. Interventions that advocate: what you did to stir others to action	More people changed their behavior in ways that were promoted by the intervention; more people publicly endorsed programs.
	14. Interventions that serve: what you did to help others	People volunteered service to those in need and donated goods and services.
	15. Interventions that align: what you did to keep promises and practices in harmony with each other and between purpose and practice	Customer surveys show less dissonance or disagreement between what is said and what is done.



**Figure 9.4.** Evidence Worksheet

<i>Intervention</i>	<i>If you have evidence that:</i>	<i>What will you recommend?</i>	<i>What will you accept as evidence that things have improved? What metric will you use?</i>
1. Defining	There is disagreement about goals, no shared understanding, or conflicting objectives.		
2. Informing	People are uninformed, and the consequence is poor performance; people don't get the information they need.		
3. Documenting	Documentation (job aids, manuals, help screens, and so on) is lacking, inadequate, inaccurate, or hard to access.		
4. Rewarding	The wrong behaviors are celebrated; desired performance is overlooked; there are few incentives for people to do better, do more, or to do things differently.		
5. Measuring	Measures of good performance are lacking or inappropriate.		
6. Enforcing	There are no consequences for poor performance.		
7. (Re)organizing	The way jobs and tasks are structured adds costs, reduces morale, or interferes with service.		
8. Standardizing	Lack of standardization is adding unnecessary costs.		
9. (Re)Designing	Equipment, materials, tools, or work space add time, add costs, increase errors, or reduce morale.		

10. Reframing	People are stuck, applying the same solution with no results, or resist change.		
11. Counseling	People are preoccupied with themselves, their future, or their family; people's behavior interferes with others' work or calls into question their effectiveness.		
12. Developing	People's skills are out-of-date; there is little opportunity to develop skills for the future.		
13. Advocating	People make promises but fail to carry them out; programs are aborted or only partially implemented.		
14. Serving	People have the resources and time to help others facing extenuating circumstances, and the help would enable others to meet goals or resume a previous level of self-sufficiency.		
15. Aligning	People's practices are not congruent with what the organization says it values; the amount of resources assigned to a program or initiative does not match the professed priorities of the organization.		

To use the worksheet, think about the kinds of projects or programs you are working on. Then:

1. List what you will take as evidence that your project or program has been successful.
2. Be sure to list corroborating evidence (this is analogous to having more than one measure or set of criteria).
3. Discuss how different people might want different evidence depending on how they see the situation.
4. Discuss what might be a feasible way to get the evidence you are looking for.



## FIELD TECHNIQUES: GETTING TO THE OBVIOUS

Clients sometimes assume the right people know what is being measured, how it is being measured, and why. These are dangerous assumptions. Subordinates in particular are inclined to behave as if they understand even when they don't. It takes courage to ask questions, especially if someone of higher status has the answers. One of the benefits to being a consultant is that you are expected to ask questions. Ask open-ended questions that elicit information, clarification, or additional insight. Stay away from closed questions, except to confirm your understanding of a point or to get directions. Here are some examples of open-ended questions:

- "What made you notice there was a problem?" Ask this to find out what they pay attention to, what they value.
- "What makes you think the situation needs improvement or is not up to par?" Ask this to find out their reason for seeking a change and to determine if they are acting on firsthand or secondhand information.
- "What exactly has changed?" Ask this to find out what they track and if it is the same as what they pay attention to and value. If the answers are the same, the client is on track.
- "Can you think of a time when it [whatever is being measured] was okay? What was different then?" Listen for whether the answer is the same as for the previous question or if they are using other criteria. Again, this indicates whether the client "has a clue."
- "What would have to be different for you to change your opinion of the situation?" Ask this to find out what criteria the person is using.

- “What will you take as evidence things have improved?” Again, you are trying to get at all of the criteria.
- “How much do things have to improve? How will you know when the change is enough?” Ask this to find out the metric. Do things have to change 1 percent or 100 percent?

A good consultant is willing to ask tough questions instead of politically correct questions. You want clients to reflect on and question their own thinking. This is important because:

- What clients pay attention to and what they want to measure might not give them an accurate picture of performance.
- The criteria and metrics being applied might not be appropriate; they might even be misleading.
- More than one criterion is necessary to get an accurate picture of performance.



### FIELD NOTES: CRITERIA FOR PERFORMANCE IMPROVEMENT

Mike, who heads his company's shared services department, had to prove that centralizing word processing, financial analysis, and performance analysis had not only been cost-effective but had more effectively driven costs out of the system. He had already studied the effects of the intervention on one supplier and could place a value on what the system had gained in that case. Now he had to prove that combining these services and following a consulting process had allowed him to drive costs out of the system better.

Mike set up two sets of criteria to evaluate his department's effectiveness. The first set gauged how well everyone on his staff modeled the principles they espouse. Mike wanted evidence that his group was respected and was used as consultants to other departments on initiatives to improve the system's performance. The second set concerned his staff's ability to deploy and institutionalize performance improvement initiatives worldwide that would drive costs out of the system and improve product quality. In the past, the company had insisted that its suppliers measure their processes and outputs, but had never done so itself. The company had also invested in new programs on a regular basis, only to never implement them. Mike and his staff were putting in place processes for measuring results and holding other departments accountable for implementing the programs they supported. Measures that Mike would accept as evidence of his department's worth included the number of strategic projects his team had been asked to work on, how often his team had been invited to participate on strategic teams, whether the team's client had adopted their recommendations, and lower costs that could be linked directly to their interventions.

Kelly's department was making the transition from delivering training to performance improvement. She knew she would have to prove the value of this move. She and her staff began by making sure that this change in mission had supported the company's mission and goals. Next, they identified the criteria and metrics they would use to evaluate how this change affected the company. Their criteria were their ability to measure how efficiently they did their work and whether what they did improved performance as measured by criteria selected by the client. In the past, the department did not have a process for measuring results.



## FIELD TECHNIQUES: MEASURING YOUR RESULTS

To gain practice measuring, think of becoming a performance consultant, adding consulting services to your repertoire, and positioning yourself as an expert in performance improvement. Next, think what the impact might be on yourself, your department, or your organization using the measurement principles discussed in this chapter:

1. What will you accept as evidence that adding performance consulting was worth the investment in time and money?
2. What will you use as criteria: cost, satisfaction, adoption, goal accomplishment, increased outputs, better outcomes, greater consistency of products, or something else?
3. If you choose cost, which costs do you want performance consulting to affect?
  - Whether you are an internal or external consultant, start with your internal costs (your cost of doing business, or overhead, which is a fixed cost). What was this cost in the past? How will adding consulting services enable you to reduce your fixed costs: by outsourcing services or by being more efficient?
  - How will adding consulting services increase your output? Your fixed costs may remain the same, but if you increase your billable hours or increase the amount of time you have available to consult because you are more efficient, the ratio of fixed costs to outputs will be more favorable.
  - What do you want the effect to be on your direct or variable costs? Do you want it to enable you to reduce the use of costly outside services such as consultants and vendors, which will reduce your direct variable costs? If your costs are less than those of consultants and you can bring the same level of expertise to the project, it may be more cost-effective for you to do the work. This could reduce your direct costs.
  - Will the change reduce turnover in your department? What does it cost to recruit competent performers?
  - If you are an external consultant, what costs do you want it to reduce?
4. If you choose satisfaction as a criterion, whose satisfaction will you measure? Your own? Your staff's or colleagues'? Your management's? Your clients'? Your consultants' and vendors'?

5. If you choose adoption or deployment as a criterion, will you count the number of instances clients use your performance consulting services or the proportion of time spent on consulting versus other services?

- Will you count the number of times you are called in early to facilitate defining the problem, evaluating the scope of the problem, and selecting the team to work on the problem?
- What will you accept as evidence that your services are valued and being used appropriately?

6. If you choose goal accomplishment as a criterion, what was the goal for becoming a performance consultant and adding consulting services? What will you take as evidence that you are achieving your goal?

By now, you should understand that assessment, analysis, and evaluation are closely related. They all involve some element of measurement.

## SUMMARY

If the large data processing firm described at the beginning of this chapter wants to evaluate the cost benefit of certifying its resellers, it first has to answer a few important questions: Does having a certified reseller shorten the sales cycle, thus reducing the cost of sales? What is the average length of the sales cycle now? What is the cost of sales? What does it cost now to recruit and train a reseller? Does the certification reduce the cost of recruitment? Does it contribute to retention?

The company that wants to roll out quality training to all employees should first ask what it wants to change as a result of the training. Is the training intended to help everyone reduce the cost of their work processes? Is it intended to make all staff more customer oriented? If so, how will that be demonstrated? What impact will it have on the company's ability to compete, increase market share, retain profitable customers, or retain high-performing employees? The criteria it might use to measure the impact of the training might be reducing the cost of expansion, avoiding the cost of winning back customers it had lost to the competition, and reducing the cost of recruiting and retaining high-performing employees.

To prove the cost benefit of setting up a corporate university and investing in an electronic information system, the HR vice president should find out the current cost of recruiting, training, and retaining qualified HR staff worldwide. Other information that would provide a basis for comparison is the gap in skills and knowledge of HR staff because of the company's inability to communicate efficiently with them. Another piece of information is how satisfied HR's customers are with the department's performance and how much of that satisfaction is due to HR's being qualified or informed.

Measuring begins with getting information on how current performance affects cost, satisfaction, and goal accomplishment. Once you know this, you can get information about what changed as a result of the interventions. You want to know if the intervention improved performance. The evidence you need is how the intervention affected cost, satisfaction, adoption, and goal accomplishment. If you do not have any information about current performance, you can measure performance after the intervention, but you need to be clear as to what you and your client will accept as evidence of worth and value.

## WHERE TO LEARN MORE

Becker, B., Huselid, M., and Ulrich, D. *The HR Scorecard: Linking People, Strategy, and Performance*. Boston: Harvard Business School Press, 2001. This is a must-read book for better understanding ways to demonstrate the value of your work. It has an excellent discussion on leading and lagging indicators.

Brown, M. G. *Keeping Score: Using the Right Metrics to Drive World-Class Performance*. New York: AMACOM, 1996. This is an excellent book on how to measure and metrics to drive performance.

Hale, J., and Westgaard, O. *Achieving a Leadership Role for Training*. New York: Quality Resources Press, 1995. The book describes how to apply the Baldrige criteria and ISO 9000 principles to managing the function of training and performance improvement. It has numerous examples of criteria and ways to measure performance.