

Metrics Design

Description & Use: To “Establish Metrics” is to measure the performance and key drivers of a process. It has been said, “When you fail to measure, you fail to succeed.” It is difficult to know where to go if you don’t know where you are. It is difficult to know what to do if you don’t know what you have done. Effective measurement ensures that the gap between what is and what ought to be is clear. Effective measurement enables you to improve and deploy your resources in the most effective way.

There are four primary types of measures (or metrics). Each type focuses on measuring a different part of a process.

Input measures provide data about the materials, capital and information you use to produce results or outputs. Common examples of input measures are assets, information, equity, budgets, and raw materials.

In-process or “activity” measures tell about what is going on inside work processes. In-process measures are the things you do (activities and behaviors) that use inputs and produce the direct outputs. Number of calls received, number of hours worked, number of “X” activities completed are examples of activities measures.

Final output measures provide data about the product/service attribute qualities (product characteristics, delivery time), flexibility (range of offerings, response time), and innovation (number of, or percentage of new products), etc. Final output measures may also be the input measure for another processes down the line.

Final impact measures provide data on how customers, employees, shareholders, community, and other stakeholders are impacted by the direct outputs of the Organization. In a hospital, patients are impacted by hospital care. The impact measures capture the ultimate effect of the work such as recoveries, death, revenue, or profitability.

There are significant differences between the direct output and the final impact measures. You may commonly measure your food by direct output, such as hot, cold, tasty, nasty, etc. However, the final impact is what you have to live with—sick stomach, feeling full or empty, weight gain, weight loss, etc. Final outputs are about the characteristics of “it”, what ever “it” is that is produced. Final impact is about what “it” does after it has been produced (increased sales, creates law suits, reduces costs, etc.). Impact measures answer the “So what?” and “What is the ultimate value of this product or service?”

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Steps:

1. Understand stakeholder requirements (See the Stakeholder Analysis Tool)
2. Understand the process “outputs” (See the Process Design Tool)
3. Brainstorm possible ways to measure in each category—input, in-process, output, and impact (develop as many as possible; you will refine the list later)
4. Identify the behaviors or actions that each measure is intended to drive
5. Finalize the metrics that will be used for each category
6. Complete the Measurement Planner

Tips: Be sure when designing metrics to choose the “right” metrics not just the metrics for which you have data or that can be easily measured. It is also important in the design process to determine who needs to receive feedback about how the process or Organization is performing on the selected metrics and targets. While some information should rightly be held in confidence, many times the performance on key metrics should be shared widely so as to engage the heads and hearts of employees in addressing performance gaps or in celebrating accomplishments.

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Metrics Design Template

Process _____

Input	In-process (Activity)	Output	Impact
The measures above will drive what behaviors? (capture the behaviors below)			

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Measurement Planner for _____ Process

Key Metric	Target	Baseline	Who Develops Metric?	How collected & reported?	Frequency?	Implementation Issues?