



Make Measurement Meaningful

How to end your performance measurement struggles and reach your goals sooner and with less effort.

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Measuring KPIs is hard for almost everyone.

In every sector and industry around the world, we share similar struggles with performance measurement.

No time for measuring.

Many don't understand the value of measuring performance. It doesn't feel useful or part of their "real work". Sometimes it even feels threatening.

We have immeasurable goals.

Our goals are intangible, broad, high-level, or visionary, and finding meaningful ways to measure them seems impossible and a waste of time.

Our measures aren't useful.

They count trivial things, are too qualitative to quantify, don't align to strategy, and aren't easy to get data for. Too many measures are meaningless.

People don't own their measures.

Many feel cynical about measures, they don't want to implement or use them, and they don't agree with the choice or design of the measures they are given.

It's hard to get the right KPI data.

The data for measures is either too much, too little or the wrong kind. Important measures are inconsistently calculated, or not implemented at all.

What they say:

"I can't find meaningful measures."

"Our strategy is too hard to measure."

"People just won't buy-in."

"People resist being measured."

"There's a lack of measurement know-how."

"We don't know how to start."

"Our reports aren't useful."

"Performance doesn't improve."

We're always reacting to KPI signals.

Every month the variations need to be explained. The variances keep coming and some might game the measures just to avoid more red traffic lights.

Dashboards don't lead to insight.

Reports and dashboards are overwhelming, and hard to navigate and digest. They don't answer our important questions and don't drive improvement.

Change initiatives fail to hit targets.

Improvement initiatives don't elevate performance high enough, and not without a lot of time and money. It feels like too much is outside our control.

The missing piece to measure performance meaningfully?

It's a deliberate approach to doing it.

In fact, often they're not even aware of the approach they're following, let alone whether it works or not.

Leaders, managers and strategy and performance professionals alike can sometimes forget that performance measurement isn't about filling up the KPI column in the strategic plan. It's not a bureaucratic hoop to jump through.

When we are deliberate about measuring what matters, and measuring it well, we reach our goals sooner and with less effort.

And what that means is we can routinely get returns on our investment in measuring performance (ROIs) of a hundred times or more.



This ROI includes the investments we make in our improvement initiatives: *if we spend time and money on our business, we need to be sure it improves performance of our business.*

The better our approach to measuring performance, the fewer struggles we have. The fewer struggles, the more engagement we get. The more engagement, the more targets we reach. The better we get at reaching meaningful targets, the greater return we get on our improvement initiatives.

Getting the results that matter for the least effort is exactly what a high-performance organisation is. And meaningful measurement is its cornerstone.

We can build a meaningful measurement approach through stages, like those to the left. Each stage takes on a common struggle and replaces its root cause with measurement practices that work.

This paper will help you explore these struggles, their underlying causes and some suggested actions to make it easier, faster and more engaging to measure performance well.

Let's get started...

STAGE	KEY to SUCCESS	ROI	FOCUS
Leverage	<i>Causes, not symptoms</i>	160 x	Execution
Insight	<i>Feedback, not failure</i>	80 x	Reports
Knowledge	<i>Signals, not noise</i>	40 x	Analysis
Truth	<i>Details, then dashboards</i>	20 x	Data
Ownership	<i>Buy-in, not sign-off</i>	10 x	Buy-in
Feedback	<i>Measures, not milestones</i>	5 x	Evidence
Results	<i>Clearly, not weasely</i>	1 x	Goals
Control	<i>Learning, not judging</i>	< 0 x	Purpose

Bad KPI habits have [accidentally] become common practice.

Our performance measurement struggles are caused by bad habits that somehow unintentionally became common practice in performance measurement.

Leaders, strategy and performance professionals alike often don't realise that these common practices are at the root of their struggles. And they also don't realise that the struggles are not necessary.

Performance measurement doesn't
have to be a struggle.

Our measurement struggles are simply the symptoms of an approach that isn't working. We've already explored the most common of these measurement struggles, on the previous page.

And because our struggles are so common, it's fair to say that they have a common set of causes.

The causes of our measurement struggles are bad KPI habits. These bad habits are innocent practices that became popular in the absence of a better way.

Unfortunately, these bad KPI habits have stuck. But we can certainly unstick them.

We can replace the bad KPI habits with professional performance measurement habits. These are not difficult or earth-shattering. Many of them seem so obvious in hindsight. And best of all, they work.



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The difference between an amateur and a professional is in their habits. An amateur has amateur habits. A professional has professional habits. We can never free ourselves from habit. But we can replace bad habits with good ones.

Stephen Pressfield, "Turning Pro: Tap Your Inner Power and Create Your Life's Work"

Professional performance measurement habits lead to more meaningful measures, with less effort, and more leverage to reach our targets.

So, let's look at each of the common bad KPI habits, one at a time, and:

1. Explore what the bad KPI habit is, and why it's a problem.
2. Consider a solution to the struggle it causes us and the new professional KPI habit to adopt.
3. See how the PuMP methodology, specifically designed for performance measurement, provides a practical technique that becomes the new professional KPI habit.

There is more about PuMP later in this paper, but for now, let's start exploring...

Bad KPI Habit 1:

Judging people with performance measures.

The struggle of people feeling threatened by measures is caused by the bad habit of using measures to judge people's performance.

When people feel that the measures are about them, they will understandably get defensive.

- They use factors outside their control as excuses
- They argue against the choice of measures
- They only want to measure their effort, not results
- They manipulate the measure to look good.

All these behaviours sabotage performance; they never help it improve.

A better habit:

Make performance measures tools in their hands, not rods for their backs.

Reframe performance measures as tools to help people improve their processes. We want them to feel empowered to improve performance, not disempowered being judged by it.

The first step in a good performance measurement process is to make sure people understand the real purpose of performance measurement – which is to help them improve the organisation's processes.



Step 1 of PuMP frames what performance measurement is supposed to be about, before any time or effort is given to answering that question “how do we measure that?”

PuMP's Step 1 is called Understanding Measurement's Purpose. It means fixing the focus firmly on continuous improvement as the purpose for measurement.

The technique of PuMP to facilitate this is called the PuMP Diagnostic, and it's a dialogue-based team assessment.

With the PuMP Diagnostic, the team achieves a few important things:

- Explore what good measurement practices are, in contrast to the typical measurement practices
- Understand their own strengths and improvement opportunities in how they measure performance
- Calculate their own Measurement Maturity Score, to benchmark their measurement journey
- Start their performance measurement journey with curiosity, confidence, and a shared vision of what they can achieve together.

Bad KPI Habit 2:

Writing goals with ambiguous weasel words.

The struggle of goals seeming impossible to measure almost always comes back to the words that were chosen to write those goals.

The worst words we can use are weasel words:

accessibility, benefits, capacity, dynamic, efficient, fit-for-purpose, holistic, innovative, key, leveraged, outcomes, productivity, quality, reliability, sustainable, transparent, unique, wellbeing.

The problem with weasel words is that they have different meanings to different people, and in different contexts.

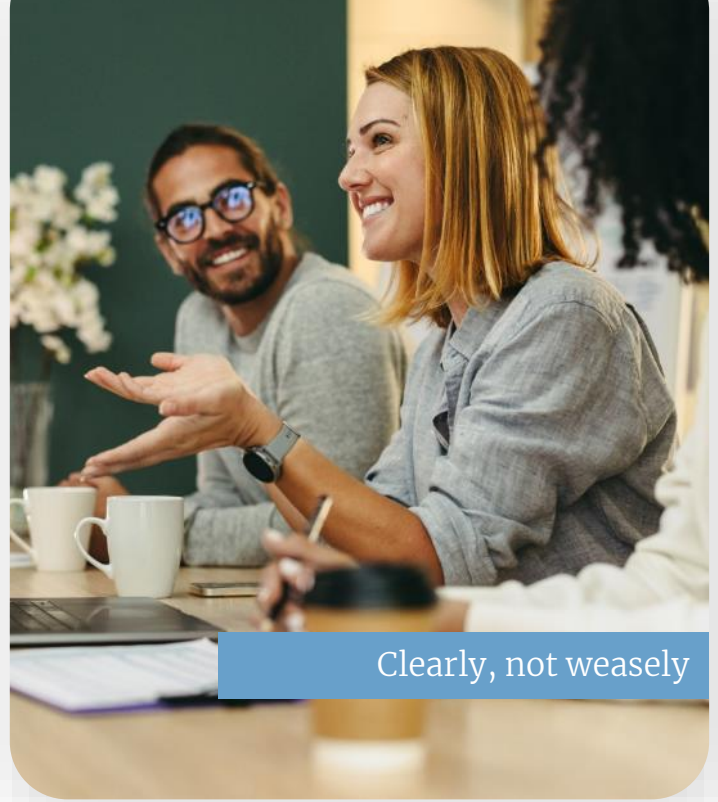
Weasel words aren't specific and observable, so they can't be measured.

A better habit:

Write goals that a 5th-grader can understand.

It takes much practice to write what we mean in the simplest words we can muster, without trivializing our goals. But if our goals can't paint a unified picture of our intended future in the minds of those who must help to create it, then those goals won't be achieved.

The second step in a good performance measurement process is to start with clear, specific and measurable goals before searching for performance measures.



Clearly, not weasely

Step 2 of PuMP makes sure our goals are measurable, before we spend time looking for measures. And it makes sure they are goals worth measuring, too.

PuMP's Step 2 is called Mapping Measurable Results. *It means translating our strategy into clear, focused, and measurable performance results.*

There are two techniques in PuMP to facilitate this. The first is the Measurability Tests, to make sure each goal is written measurably.

The second is the Results Map, which visually aligns goals and measures throughout the organisation.

Together, the Measurability Tests and Results Map techniques help us to:

- Easily find measures that directly relate to our goals, and give us the feedback to achieve them
- Avoid measuring anything that doesn't matter now, to preserve time, effort and attention
- Align every team with the goals and measures that focus on their contribution to achieving the organisation's purpose and direction.

Bad KPI Habit 3:

Brainstorming to come up with performance measures.

The struggle of having too many useless and irrelevant performance measures is caused by how we choose them.

The worst culprit is brainstorming. Brainstorming is an opening-up process to explore many and varied ideas. But choosing performance measures is the opposite: it's a deliberate narrowing-down process.

When we brainstorm measures, we end up with:

- Too many measures that are too hard to shortlist
- Measures that don't align strongly to our goals
- Non-measures: actions, data sources, milestones
- Nothing better than what we already have.

A better habit:

Choose measures that quantify direct evidence of the goal.

The key to good measures is to design them from the observable evidence we'd see, touch, hear, or detect, that would convince us the goal we're trying to measure is being achieved. When we know the evidence, we can then quantify it.

The third step in a good performance measurement process is to choose our measures from the most relevant and feasible quantifications of the evidence of our goals.



Measures, not milestones

Step 3 of PuMP gives us a practical way to choose the best measures for our goals, that are directly relevant, and feasible to implement.

PuMP's Step 3 is called Designing Meaningful Measures. It means choosing the most feasible and relevant measures that evidence our performance results.

The technique of PuMP to facilitate this is called Measure Design. It is a logical tool to guide a conversation about what evidence would convince us our goal was happening, how to quantify this evidence into measures, and how to choose the measures that will work best.

The Measure Design technique helps us to:

- Think outside our traditional measures and data sources, to discover better measures that are still feasible to implement
- Ensure we have truly quantitative performance measures, that can be consistently calculated and understood by every user
- Get excited about using those powerful new measures to meaningfully achieve our goals.

Bad KPI Habit 4:

Not involving people in creating measures.

Getting people engaged in measuring performance is probably the toughest struggle of all. Its cause is very simple: not involving people properly and authentically in choosing, creating and using performance measures.

We're not saving time by not involving them. We're making sure we waste even more time later on, when we try to create and use those measures. Asking people to sign off on a list of KPIs isn't contribution or participation or involvement. It's an afterthought.

We don't need to get everyone involved in every step of choosing, creating and using performance measures.

A better habit:

Build ownership through contribution, not consultation.

Firstly, form a small Measures Team to build measures on behalf of their part of the organisation. Then, for everyone else, give them a fast and easy way to openly contribute to what the Measures Team develops, during the process and not at the end.

The fourth step in a good performance measurement process is to actively involve people in the choice of measures that they hold a stake in.



Buy-in, not sign-off

Step 4 of PuMP is a special kind of event that gives anyone and everyone an opportunity to weigh in with their ideas about a set of measures, and thusly buy in to those measures.

PuMP's Step 4 is called Building Buy-in to Measures. *It means getting ownership from our stakeholders, quickly, easily and engagingly.*

The technique of PuMP to facilitate this is called the Measure Gallery. It is an event that is open, flexible and engaging, for people to come and participate in any way that suits them.

The Measure Gallery technique helps us to:

- *Quickly and easily gather ideas to improve our draft performance measures*, so what we end up implementing has had a solid sanity check
- *Engage the interest and commitment of stakeholders*, anyone who has an effect on, or might be affected by, the measures we've drafted
- *Grow authentic interest in better measurement practices across the organisation*, organically and without pressure or coercion.

Bad KPI Habit 5:

Rushing to build dashboards and reports.

Our struggle with how much time and effort it costs to implement measures has its primary cause in our tendency to want a new dashboard or report, with all the fancy features, *as soon as possible*.

We often don't think about what it takes to build a performance report or dashboard. The app is far less important than getting these details right first:

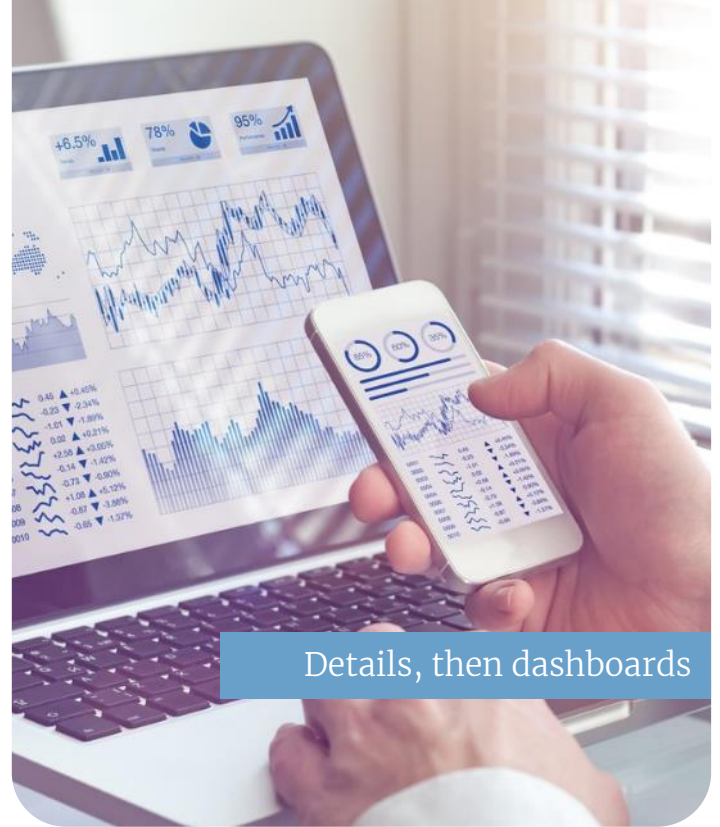
- Every measure is useful, not just interesting
- Each measure has a single agreed and detailed formula
- The data is available for each measure
- It's clear how every measure links to strategy and other measures.

A better habit:

Adopt the discipline to bring the right measures to life, in the right way.

Every measure needs a unique name, a verbal description, a quantitative calculation formula, the right data sources, signal interpretation rules, and ownership.

The fifth step in a good performance measurement process makes it essential that each performance measure is defined in enough detail to implement it correctly and consistently.



Details, then dashboards

Step 5 of PuMP brings this much needed discipline into measuring the right things, by making sure every measure is clearly and correctly defined.

PuMP's Step 5 is called Implementing Measures. It means documenting in detail the data, analysis and reporting requirements for each of our measures.

The technique of PuMP to facilitate this is simply called Measure Definition. It is a template that captures a single version of the truth about each measure is calculated and reported and interpreted.

The Measure Definition technique helps us to:

- Trust that each measure will be implemented as intended, with the correct calculation and data
- Provide a single reference about the details of any measure, so anyone can understand what the measure means, its rationale, and its limitations
- Manage all the organisation's measures in a single place, to more easily update, add or even remove measures throughout their lifecycle.

Bad KPI Habit 6:

Reacting to point-to-point variations.

Our struggle of feeling like we're riding a monthly variation-explanation rollercoaster is the result of comparing performance month-to-month or year-to-year. But it turns out, this isn't valid.

Our measure values have their own unique amount of natural variability, more than a sample of two points can ever help us understand. We can't ignore variability when we interpret our measures. If we do, we can often mistake it for a signal of change, when there isn't any real change at all. And we also risk missing signals of change, too.

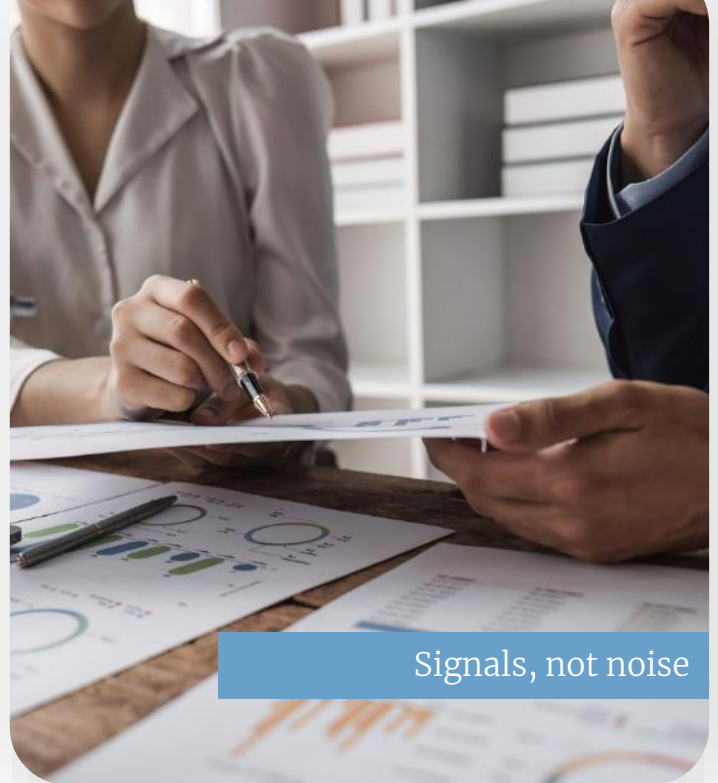
There are better ways to get true signals of change from our measures, than misplacing our trust in point-to-point comparisons.

A better habit:

Use statistical thinking to separate real signals from the noise.

A better practice is to focus on patterns in the variability of a measure over time. There is no need – and often it's a risk – to focus on the individual measure values.

The sixth step in a good performance measurement process is to use proper statistical methods to easily and accurately measure the gap between as-is performance and to-be performance and know exactly when that gap is changing.



Step 6 of PuMP challenges our traditional approaches to interpreting quantitative measures, inviting us to focus on change over time to close performance gaps.

PuMP's Step 6 is called Interpreting Signals from Measures. It means focusing ourselves on gaps between as-is and to-be performance..

The technique we use in PuMP to facilitate this is the XmR chart. It's not unique to PuMP and has a long and successful history in manufacturing. But the XmR chart is equally powerful in performance measurement, in general.

The XmR technique helps us to:

- Stop wasting time explaining random noise in our measures, and focus on true signals over time
- Quickly come to consensus about what performance is doing, and spend more time exploring why it's doing that and how to respond
- Measure our performance gaps and see them close, as we work out the best actions to improve performance and reach targets.

Bad KPI Habit 7:

Focusing reports on activity progress.

Our struggle with performance reports and dashboards that lack actionable insights is caused by how those reports are designed.

Too often, they're designed to focus on action progress, or use visualisations that turn discussion to failure rather than learning. Typically, we see:

- Lots of tables of numbers and % comparisons
- Progress reports on milestones and activities
- A large variety of graph types, dials and gauges
- A wide variety of quasi-relevant detail
- Artistic, but not informational, use of colour

These make it hard to navigate, time-consuming to digest, and too diluted to notice actionable insights.

A better habit:

Performance reports need answer only 3 questions.

There are several principles of useful and usable report design, and one of the quickest and simplest is to apply a filter to the type of information that is allowed to be included. That filter is a set of three questions that the report should answer:

1. What is performance doing?
2. Why is it doing that?
3. How should we respond?



Feedback, not failure

Step 7 of PuMP gives a framework to design dashboards and reports that easily guide us to improvement actions, if and when action is needed.

PuMP's Step 7 is called Reporting Performance Measures. It means creating useful and usable performance reports that inspire us to action.

The technique of PuMP to facilitate this is known as Report Design, but it applies equally well to dashboard design. It is a framework and a template to build reports that answer those three questions, mentioned in the box to the left.

The Report Design technique helps us to:

- Include and arrange the right measures for the team, so they can focus on goal progress.
- Lay out and format the dashboard or report to quickly interpret and respond, so no time is wasted looking for insights
- Be decisive about improvement action to move closer to our goals, using the right information in the right sequence.

Bad KPI Habit 8:

Treating symptoms and compensating.

The struggle of performance improvement efforts failing to reach targets, despite our best intentions, is often because they are too much like Band-Aids.

Spending money on a bigger warehouse to improve on-time delivery only treats the symptom of poor supplier relationships. Hiring more staff to clear a backlog only treats the symptoms of an inefficient work process. Educating customers to have realistic expectations only treats the symptoms of a culture that isn't customer-centric.

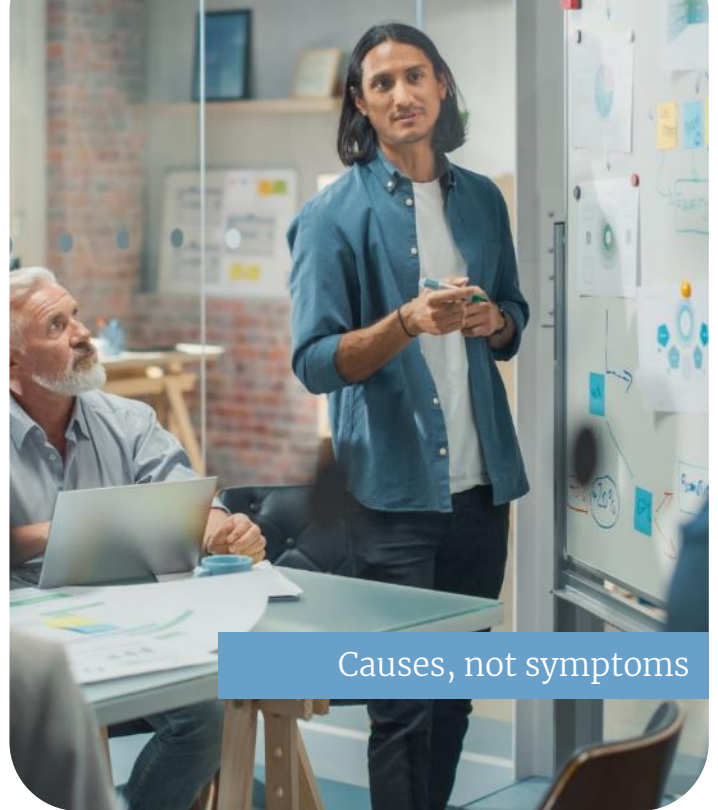
This effort only compensates for underperformance. The real problems will surface again. We need our performance improvement efforts to fix problems once and permanently.

A better habit:

Find and remove the root causes in business processes.

The most powerful way to elevate performance and reach our targets is to dig into our business processes to look for root causes. Root causes are the leverage to get very big improvements with very little effort.

The eighth step in a good performance measurement process is to reach our targets by fixing the root causes that almost always lie in business process design.



Causes, not symptoms

Step 8 of PuMP is an overarching approach to using performance measures to guide root cause analysis that will lead us to reach our targets.

PuMP's Step 8 is called Reaching Performance Targets. It means improving business processes to move as-is performance toward to-be.

The technique of PuMP to facilitate this is also referred to as Reaching Performance Targets. It's a simple framework that uses our performance measures as the lens through which we improve our processes, with any cause-oriented method, such as Lean Six Sigma.

The Reaching Performance Targets approach helps us to:

- Keep our improvement effort and investment directed at what matters, as defined by our measures.
- Learn from our improvement efforts and not waste time on initiatives that might not be working
- Achieve high ROI for our improvements as we find more leverage in how to lift performance once and for all.

There are 8 steps in a deliberate performance measurement process.

PuMP is the most rigorous, practical and engaging approach to develop meaningful performance measures for all the goals that matter.

PUMP

PuMP-trained facilitators lead small teams through these eight deliberate steps to measure and reach their goals and align them to the organisation's purpose and direction. Let's recap PuMP's steps:

STEP 1 Understanding Measurement's Purpose.

We begin by helping the team understand what good measurement means and how to do it properly, avoiding the most common struggles and problems, and engaging them from the start.

STEP 2 Mapping Measurable Results.

Before we get into measures, the team translates their goals or objectives into measurable performance results, and link and align them to the rest of the organisation's strategy.

STEP 3 Designing Meaningful Measures.

With no need for brainstorming, the team follows a five-step measure design technique to carefully craft measures that are the most relevant and feasible evidence their performance results.

STEP 4 Building Buy-in to Measures.

Before implementing the measures, the team involves a wide variety of stakeholders in a very easy, fast and social event. It builds buy-in and excitement, both for measuring performance in general and for their new measures in particular.

STEP 5 Implementing Measures.

With a set of well-supported measures, the team details and documents exactly how each of them should be implemented, in a Corporate Performance Measure Dictionary.

STEP 6 Interpreting Signals from Measures.

Step 6 uses the PuMP Interpreting Measures technique to make the true signals of change in the team's performance measures obvious, statistically valid, and insightful.

STEP 7 Reporting Performance Measures.

To communicate and monitor their measures, the team follows five principles to produce performance reports that answer the three questions they should answer, and that are engaging and easy to navigate, to make priority insights jump off the page.

STEP 8 is Reaching Performance Targets.

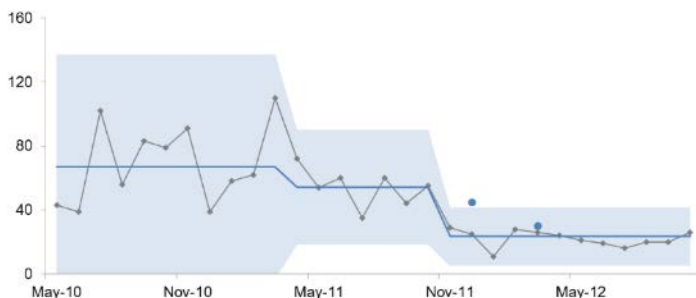
In Step 8, the PuMP Using Measures technique helps us choose and implement performance improvements that target the root causes, moving performance to its target, for the least effort and hence a high return on investment (ROI).

The right measurement approach can get a 40x ROI.

If just one team uses PuMP to measure something important, they can make a huge difference.

Steve worked in the Federal Aviation Administration in the US. His team used PuMP to reduce the time to place failed flight controllers in new positions.

They tracked this measure in a special chart that shows true signals of change, the XmR chart:



You can easily see how Steve's team dramatically improved performance. They reduced the time from 67 days to 23 days and reduced the variability (improved predictability) too.

They invested \$12,000 for PuMP training and staff time and created a saving of \$500,000 in the first 7 months.

That's a 40 times return on investment. And just one example of a very straightforward use of measuring well to reach a target.

When we practice performance measurement deliberately, we facilitate:

- Bigger, faster and lasting improvements
- Improvements aligned to our strategic direction
- Improvements that get people collaborating and taking ownership of their results.

PuMP does this through measurement that helps us focus on what matters most, gives us feedback about the reality of performance, and acts as a fulcrum so we can get the most leverage in our improvement efforts.

Get started with PuMP

It's relatively easy to get started with PuMP. You don't need an organisation-wide roll out. You can start with just one team, and let it grow organically from there. Here's how:

- Gather a small group of people who care about measuring what matters and measuring it well (we can guide you on how to select such a team).
- Give them the PuMP know-how (we have options depending on your timeframe, budget and location).
- Together as a Performance Measurement Community of Practice, help each other along the journey of using PuMP to get a quick win like Steve's team did.

This will trigger the culture and capability for reaching high-ROI targets.

This will transform your approach to measurement, which will transform your organisation's performance.

About the author

Stacey Barr

Stacey Barr is a globally recognised specialist in organisational performance measurement.

She discovered that the struggles with measuring business performance are, surprisingly, universal. The biggest include hard-to-measure goals, trivial or meaningless measures, and no buy-in from people to measure and improve what matters. The root cause is a set of bad habits that have become common practice.

Stacey created PuMP[®], a deliberate performance measurement methodology to replace the bad habits with techniques that make measuring performance faster, easier, engaging, and meaningful.

Stacey is author of [Practical Performance Measurement](#) and [Prove It!](#), publisher of the [Measure Up](#) blog, and her content appears on [Harvard Business Review's website](#) and in their acclaimed ManageMentor Program.



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PUMP

The deliberate, step-by-step performance measurement process, that makes measuring what matters faster, easier, more meaningful and engaging.

STEP 1

Understanding Measurement's Purpose

Fixing the focus firmly on continuous improvement as the purpose for measurement.

STEP 2

Mapping Measurable Results

Translating our strategy into clear, focused, and measurable performance results.

STEP 3

Designing Meaningful Measures

Choosing the most feasible and relevant measures that evidence our performance results.

STEP 4

Building Buy-In to Measures

Getting ownership from our stakeholders, quickly, easily and engagingly.

STEP 5

Implementing Measures

Documenting in detail the data, analysis and reporting requirements for each of our measures.

STEP 6

Interpreting Signals from Measures

Focusing ourselves on gaps between as-is and to-be performance.

STEP 7

Reporting Performance Measures

Creating useful and usable performance reports that inspire us to action.

STEP 8

Reaching Performance Targets

Improving business processes to move as-is performance toward to-be.