What Organizations with High Buy-in for Measurement Do Differently

APQC's research highlights key factors for gaining work force support

By Michelle Cowan

APQC's research shows that the most critical factor for the success of any performance measurement program is high buy-in from the work force. Before employees will invest the time and effort to use measures of performance, they must understand how the data and information from the measures will help them do their jobs better and lead to positive and desired business outcomes.

2010 Survey Data

In 2010, APQC surveyed over 220 organizations about their measurement efforts. According to the survey results (Figure 1), organizations have low buy-in because:

1. Responsive action is not taken after the measures are reported.
2. Measures are not fair because individuals do not have total control over the outcome.
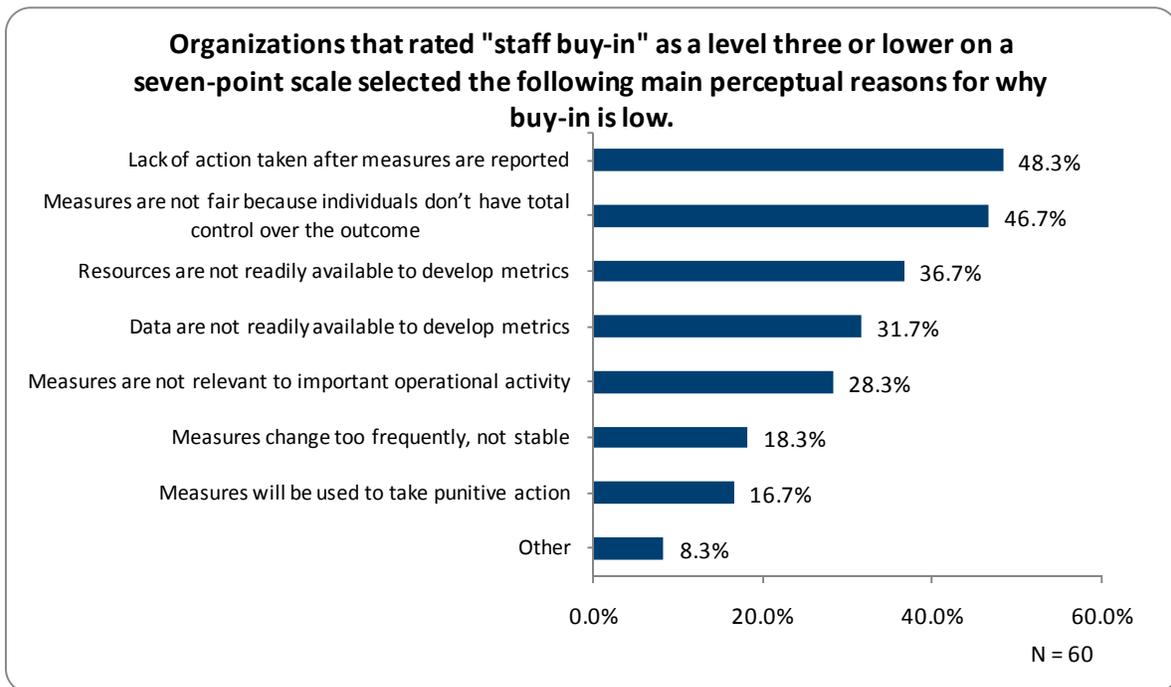3. Resources are not readily available to develop metrics.

Organizations that rated "staff buy-in" as a level three or lower on a seven-point scale selected the following main perceptual reasons for why buy-in is low.

Reason	Percentage
Lack of action taken after measures are reported	48.3%
Measures are not fair because individuals don't have total control over the outcome	46.7%
Resources are not readily available to develop metrics	36.7%
Data are not readily available to develop metrics	31.7%
Measures are not relevant to important operational activity	28.3%
Measures change too frequently, not stable	18.3%
Measures will be used to take punitive action	16.7%
Other	8.3%

N = 60

Figure 1

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Organizations with high buy-in have processes in place to ensure that measures are acted on and that appropriate resources are allocated to respond to and maintain the measures. Some have measurement teams, and others create entire departments devoted to measurement analysis for continuous improvement. These organizations also take the time to involve staff from the beginning of measure development so that the measures correspond to actual work and can be affected by employee behavior.

High buy-in organizations share a number of characteristics that were highlighted in APQC's 2010 survey. By correlating those organizations reporting buy-in levels of six or higher on a seven-point scale with their responses on other survey questions, APQC determined that organizations with high buy-in:

1. Maintain a higher percentage of leading indicators.
2. Use performance measures as a control tool to ensure targets are met.
3. Use performance measures as a change management tool.
4. Find the greatest value in using measurement data to achieve the following:
    a. Improved customer satisfaction
    b. Aligning process outputs/outcomes to customer requirements
    c. Positive return on quality (e.g., lower operating costs, reduced waste)

INCORPORATING MORE LEADING INDICATORS

Leading indicators, also called predictive measures, assess factors that generally lead to improved performance. Whereas lagging indicators (or outcome measures) report the results of the process (e.g., time to process an invoice, number of X manufactured, number of correct orders), leading indicators indicate whether or not prior action is being taken to create an environment or structure that will lead to desired outcomes.

For instance, organizations may measure how many employees attend certain trainings, if the appropriate kinds of training are being provided, or if particular educational materials have been sent out. Leaders can measure employee satisfaction, the materials on hand to perform the job, and other factors that lead to improved performance (either based on historical data or research and trial assumptions).

Emphasizing leading indicators demonstrates leadership's recognition that many factors influence outcomes and employees' abilities to perform. Predictive measures connected to outcome measures give a better end-to-end picture of processes and can more accurately pinpoint where issues may occur, thus reducing finger pointing and increasing the likelihood of improvement.

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USING PERFORMANCE MEASURES TO SET TARGETS

At high buy-in organizations, expectations and protocol are set around measurement results and are followed through. Measures are tied to targets for performance, and action is taken when those targets are not reached. Likewise, when measures are met or exceeded, appropriate recognition is given.

Organizations with explicit targets should have action plans in place if measures are not met. Changes to processes, reevaluation of technologies and tools, and/or specific training might be necessary. Employees must see that hitting measurement targets is an organizational priority that will be consistently responded to, but they also need to understand that measurement is not designed as a threat to their role or employment. Training and involvement in measures can mitigate the anxiety some employees could feel. Additionally, if the organization repeatedly demonstrates a willingness to reexamine its processes, tools, and even the measures themselves, the work force can feel more comfortable and certain that the organization is using the measures for the benefit of the whole.

USING PERFORMANCE MEASURES FOR CHANGE MANAGEMENT

To initiate change, organizations can set performance targets or develop measures around activities where they want to see specific changes take place. This is another way that the work force can see the priorities of the organization in action. When measures are obviously used to focus attention on processes in need of change, the pressure is off the employee to protect his/her job. Instead, the employee is encouraged to focus efforts on improving business performance.

Organizations with high buy-in institute measures as a way to track progress and monitor resources in areas of the business they want to evolve or grow.

FOCUSING MEASUREMENT ON IMPROVED QUALITY AND CUSTOMER SATISFACTION

Instead of merely measuring the performance of processes and employees, high buy-in organizations institute measures with the goal of improving quality and customer satisfaction. In these enterprises, speedier cycle times and reduced costs are not the end-goals of measurement. While higher productivity and cost savings are generally beneficial, none of those improvements matter if the level of quality does not meet customer expectations. The fastest turnaround times in the world will not save an organization that cannot keep customers because of a failure to meet expectations.

In an organization where customer-defined quality drives measurement, the work force is banded together to uncover what customers want and refine processes so that the organization can achieve that level of quality. Sometimes, allocating additional resources to a system or allowing more time for a given process will result in an increase in customer satisfaction that ultimately benefits the organization more than direct cost savings. A larger customer base that is willing to purchase more products or services will often yield a higher net gain than a simple but easier-to-see reduction in time or cost.

Every improvement that is made must be tied to what it means for the customer. Again, the emphasis is not on employee scrutiny but on a mission to delight customers. This focus yields improvement results

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but requires a deeper focus than many measurement programs that measure a lot of activities but fail to tie that performance to overall business objectives.

Conclusion

Organizations with high buy-in for measurement from staff approach measurement strategically. They do not measure everything and provide multipage reports of uninterpreted data to process owners. They select relevant measures, tie measures to business outcomes, explain the measures to the work force, outline how the measures will be used, and follow through on measurement results to increase the quality of performance.

Employees have the opportunity to give feedback, and resources are allocated to maintain measures and respond to measurement results. By focusing on leading indicators, processes in need of change, and customer-defined quality, organizations can increase their employees' comfort with the measures and willingness to use metrics to enhance performance. Ultimately, measures can be used to foster a greater linkage between actual work, employees, business strategy, and leadership.

ABOUT APQC

For over 30 years, APQC has been on the leading edge of improving performance and fostering innovation around the world. APQC works with organizations across all industries to find practical, cost-effective solutions to drive productivity and quality improvement. We are a member-based nonprofit currently serving more than 500 organizations in all sectors of business, education, and government.

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