

HOW TO DEVELOP SOUND MEASURES

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Performance—that is, output—should be measured at all three levels ([Organization, Process, Job/Performer](#)).

Follow this sequence when developing your metrics at the different levels:

1. Identify the most significant outputs of the organization, process, or job.
2. Identify the critical dimensions of performance for each of these outputs. Critical dimensions of quality include accuracy, ease of use, novelty, reliability, ease of repair, and appearance. Critical dimensions of *productivity* include quantity, rate, and timeliness. Critical dimensions of cost include labor, materials, and overhead.
3. Derive critical dimensions from the needs of the internal and external customers who receive the outputs and from the financial needs of the business.
4. Develop the measures for each critical dimension. For example, if “ease of use” has been identified as a critical dimension of quality for a given output, one or more measures should answer this question: “What indicators will tell us if our customers find our product or service (output) easy to use?”
5. Define goals, or standards, for each measure. A goal is a specific level of performance expectation. For example, if a measure for ease of use is “number of customer questions/complaints regarding product use,” a goal may be “no more than two questions/complaints per month.” As continuous improvement efforts bear fruit, goals should become more ambitious.

The following table shows several examples of measures developed in this way.

OUTPUTS	CRITICAL DIMENSIONS	MEASURES	STANDARDS
Insurance claims qualified	Accuracy	Percentage of cases of recovery potential identified	75% of cases of recovery potential identified
		Percentage of coverage issues identified later	Additional or corrected coverage issues identified in less than 5% of cases
		Percentage of loss notices entered in correct claim category	All loss notices entered. Loss notice entries reported by claim category
	Timeliness	Average loss notice processing/confirmation time	15 minutes per loss notice
Orders taken	Accuracy	Number accurate orders/total	100%
	Timeliness	Number of minutes	Within 2 minutes

Important characteristics of this method to developing measures are:

1. They are output-driven. This is in contrast to the frequent practice of settling on goals and measures because they are topical or easy to measure rather than because they will help achieve a critical output.
2. They are customer-focused: the outputs, critical dimensions, and goals are all determined to a substantial degree by customer requirements.
3. They reflect the reality that most outputs have several critical dimensions and that measures must be multidimensional in many cases. We can no longer get away with thinking that “we can have quality or we can have quantity, but we can’t have both.” We *can* have both, as well as timeliness. That is the new customer requirement.



Concepts in this article are covered more fully in Rummler-Brache’s [Process Improvement Certification Workshop](#).