Successful Supervisor Part 39

Measuring Performance

by Bob Whipple, MBA, CPLP

There is an old adage in quality circles that "What gets measured gets done." The saying is often attributed to Edwards Deming, although there is some debate on it. The issue of what to measure and how to feed back performance is a lot more complex and important than many supervisors recognize. This article is to shed some light on common problems that can come up when trying to measure performance.

Selecting the right measures is a first consideration. Believe it or not, it is common for supervisors and managers to select measures that drive performance in the wrong direction. I know that sounds incredulous, so let me provide a few examples to demonstrate that what may seem to be a logical measure can drive poor performance.

In an effort to increase revenue, a computer company decided to measure the number of calls made by the sales force. History showed that the level of sales was correlated to the number of calls. When the measure was instituted, sales people quickly realized they could make more money by making more calls, even if the calls were short and did not produce actual sales. The result was a reduction in revenue. Make sure to verify that all your measures are driving the right behaviors.

An organization was concerned that the "employee satisfaction" numbers were slipping in the Quality of Work-Life Survey. The HR manager read that satisfaction in many organizations is highly correlated to the amount of development conducted in the organization. To improve satisfaction, they mandated at least 50 hours of training for every employee.

The problem was that the managers implementing the training did not deploy it well. They forced people to go to meaningless training in order to make the 50 hour mandate. They did not backfill for employees when they were out for training, so when the employees returned to work, they found a huge mess. "Employee satisfaction" actually got worse, even though the measure (number of training hours) showed they met the goal. Make sure your program to improve one measure does not drive a more important measure to get worse.

A plumbing supply house was interested in improving customer satisfaction, so they asked the counter personnel what they heard from customers. They tried to measure what would make customers happier, so they increased the lighting in the showroom and arranged for better snow plowing of the parking lot. It turns out the actual customers (not the counter personnel) were contract plumbers who were most interested in getting all of their parts delivered to the jobsite exactly on time. The store was measuring the wrong variables. If you want to know what the customer really wants, don't ask a surrogate to give you the information.

It is so easy to fall into these traps when inventing measures. The antidote is to always ***verify*** that every measure is doing the following five things:

1. Actually measuring what is important
2. Driving the right behaviors
3. Not easy to manipulate or "game"
4. Easy for people to understand
5. Producing the desired results

I believe that imagining pushing the measure to the extreme case often will reveal a flawed measure. Looking at the computer sales example, you can easily see that while encouraging more customer interfaces is a good thing, when you push it to the extreme and make the individual sales calls so short that no business happens, the measure actually reduces sales. The verification step is extremely important to do before, during, and after implementation of a new measure. If you forget to do this, it is entirely possible that a well-intended measure is working at cross purposes to your objectives.

This is a part in a series of articles on "Successful Supervision." The entire series can be viewed on www.leadergrow.com/articles/supervision *or on this blog.*

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