

Leadership Barometer 144 Measures

by Bob Whipple, MBA, CPTD



Having the wrong measures is a common and hurtful practice in many organizations. The old adage is that "what gets measured gets done" is true. It is also very harmful to performance if the measures are not well constructed. Reason: if you measure the wrong thing, it will drive people to do things different from your objectives. If you are skeptical, consider the following real examples.

Driving the Wrong Behaviors

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 they instituted the measure, sales people realized they could make more money by making more calls. The quality of the calls became less important than the quantity. The result was a reduction in revenue. Make sure all your measures are driving the right behaviors.

Trading One Problem for Another

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. To improve satisfaction, they mandated at least 50 hours of training for every employee. The measure caused them to do a knee-jerk reaction to the real problem.

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. 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 force a more important measure to get worse.

Focusing on the Wrong Things

A plumbing supply house was interested in improving customer satisfaction. They increased the lighting in the showroom and arranged for better snow plowing of the parking lot. Those measures had no significant positive impact on customer satisfaction.

It turns out the real customers were more interested in getting all of their parts delivered to the job site exactly on time. If some parts were late or were the wrong parts, it had a huge impact on contractors doing the work. The store was measuring the wrong things.

Five Ways to Make Measures Work

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 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

Conclusion

The verification step is extremely important to do before, during, and after implementation of a new measure. If you forget to do this, a well-intended measure may be working at cross purposes to your objectives.

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