





VA CIO Conference: October 2001
Performance Measurement



Performance Metrics

Leon A. Kappelman

Director, Information Systems Research Center
Professor, Business Computer Information Systems
Associate Director, Center for Quality & Productivity
College of Business Administration
University of North Texas

Website: <http://www.unt.edu/bcis/faculty/kappelma/>
Email: kapp@unt.edu Phone: 940-565-4698 Fax: 940-369-7623

Rob Donnellan

DCG Consulting Principal
META Group/Rubin Group Affiliate
Email: rob.donnellan@metagroup.com Phone: 917-414-9004 Fax: 775-806-622



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Metrics: It's all about managing

- ✍ What you don't measure you don't understand.
- ✍ What you don't measure you can't control.
- ✍ What you don't measure you can't manage.
- ✍ Without good measurements progress is unlikely.
- ✍ Think about it -- What measures do you use to:
 - manage operations and projects?
 - manage technology resources and spending?
 - determine the effectiveness of technology spending?
 - communicate your performance?



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Metrics Connect All These Initiatives

- ✍ **Metrics, Project Management, and Enterprise Architecture** share many of the same goals and objectives.
- ✍ **Project Management and Enterprise Architecture** depend upon fair and accurate metrics for their successful.
- ✍ **Security** also relies upon metrics for trend analysis and intrusion prevention.
- ✍ **Telecom** success relies upon good metrics for planning, design, and performance, as well as project management.
- ✍ **OMB Capital Investment Process** uses financial metrics but not non-financial ones like reliability & performance.
- ✍ Improvements in quality and productivity depend on metrics.



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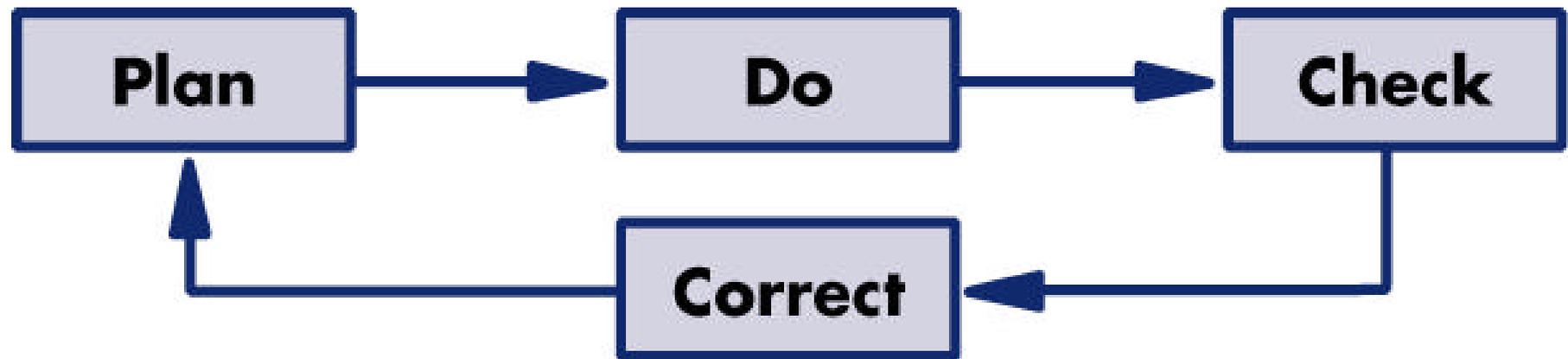
The #1 Principle: Integrate Measures With Value-Generating Actions

- ✍ Measures don't make value happen any more than weighing yourself causes you to lose weight.
- ✍ People taking action make the difference, and measurement is a key tool in their "toolkit."
- ✍ So always know who will be using the performance measures, and what actions the measures will support.
- ✍ Key value-generating actions include:
 - ✍ *Planning and Execution*
 - ✍ *Communicating Performance*



Planning and Execution

Basic Feedback Loop



Measurement provides feedback about execution & performance. It answers important questions regarding how the organization is doing against planned target states, milestones, outcomes, and value. And historical performance will be an input into the next planning session.



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Communicating Performance

How our performance is perceived drives how we are treated. As we know so well, we cannot expect perceptions to always be shaped by rational forces. The communication of performance will include three categories of measures:

✍ The measures we select

✍ The measures imposed on us “from above”

✍ The measures selected collaboratively



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Principle #2: Design the Value-Generating Actions First, Then the Measures

1. Design the value-generating approaches and actions (models, frameworks, methods, plans, etc.).
2. Identify the key “action-takers.”
3. For *Planning and Execution*, identify the action-takers’ performance questions.
4. Determine the measures (indicators, measures, scales, etc.) that answer those questions.
5. For *Communicating Performance*, identify the key audiences for the action-takers, and the messages for those audiences.
6. Determine the measures that support the messages.



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Identifying the action-takers' performance questions for *Planning and Execution*

Planning will include the *target state* (Where we are going?), the *benefits case* including assumptions (Why we should go there?), and the *actions* and milestones (How we expect to get there?).

Generally, the performance questions fall into four “navigational” categories:

- ✍ *Are the actions being executed as planned?*
- ✍ *Are we continuing to be capable of delivering the expected benefits?*
- ✍ *Have we reached our planned destination?*
- ✍ *Has the destination delivered the expected benefits?*



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VHA's positive health care results with metrics since 1996:

✍️ “An incredible journey over the last six years”

- “transformed our health care system and the way we do business”
- “measured and improved health care services”
- “succeeded in increasing patient satisfaction”

✍️ Achieved all this by:

- “working together”
- “focusing on patients and on quality”
- “hard work and difficult choices”

✍️ BUT, “VHA is not yet as good as we can be” so

- Next step is a “intense self-examination of who we are, where we are going, and what we hope to achieve”
- Aimed at achieving “the very highest standards of leadership, efficiency, quality, and performance”

Dr. Thomas Garthwaite, Undersecretary for Health (September 2001)



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Management's Questions

How do responsible managers "keep the ship on course"?

What do we need to know for better planning and execution?

How to achieve results that are satisfactory for the largest possible segment of our stakeholders?

How do we communicate performance?

How to timely adapt the organisation to trends and developments in the enterprise's environment?

Metrics

Organize it

- Models?
- Frameworks?
- Methods?

Measure it

- Key Indicators?
- Measures?
- Scales?

Analyse & understand it



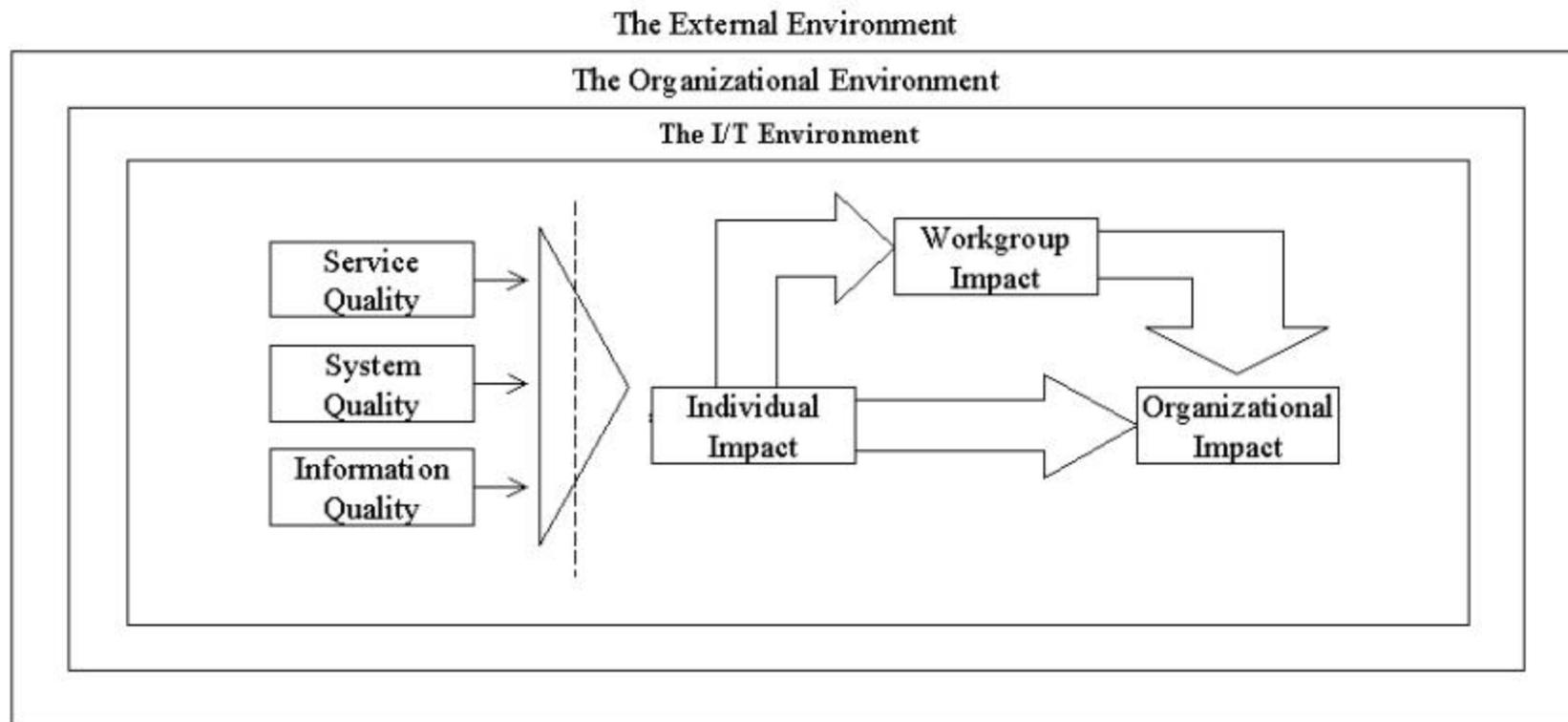
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Organizing a metrics program

“Comprehensive” IS Assessment Model





Organizing a metrics program

Malcolm Baldrige National Quality Award (MBNQA) Framework





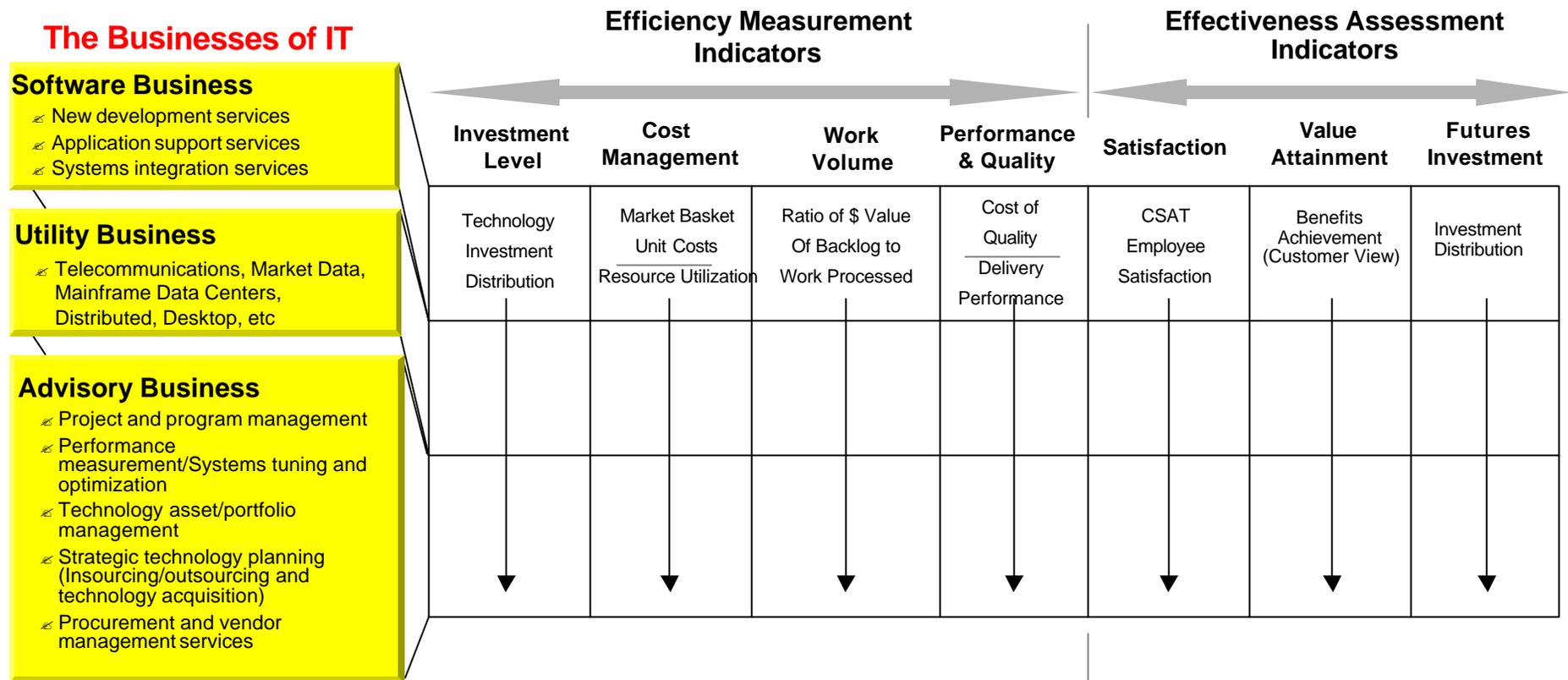
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Organizing a metrics program

“Seven Indicators of Highly Successful Organizations”





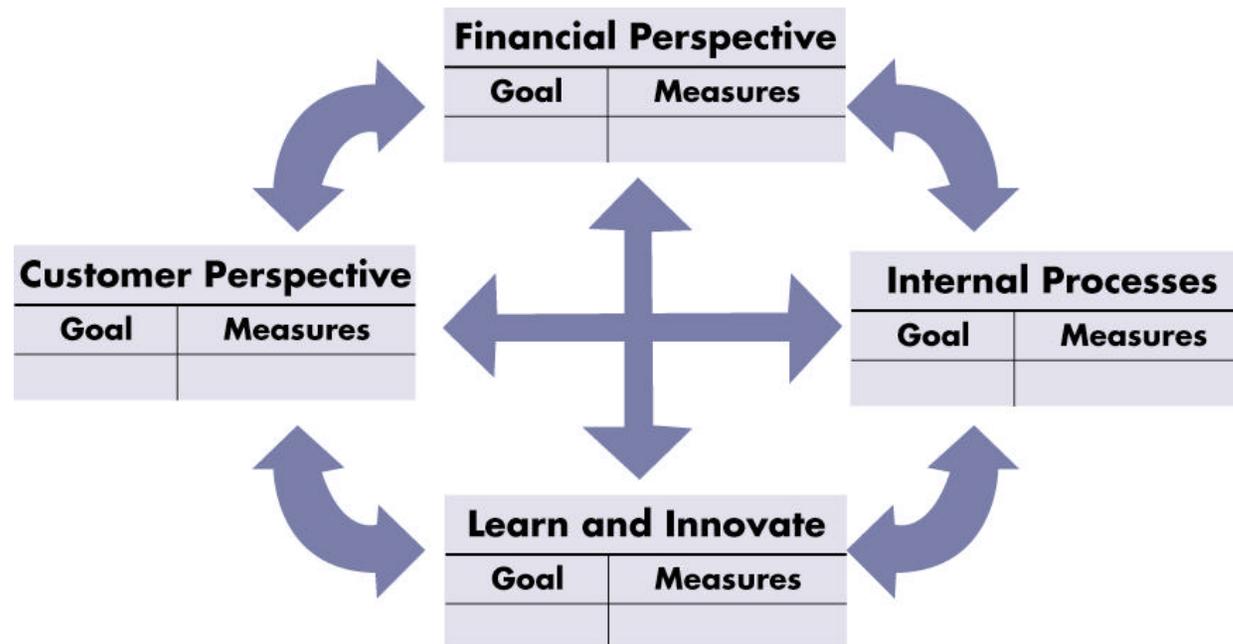
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Organizing a metrics program

Balanced Business Scorecard





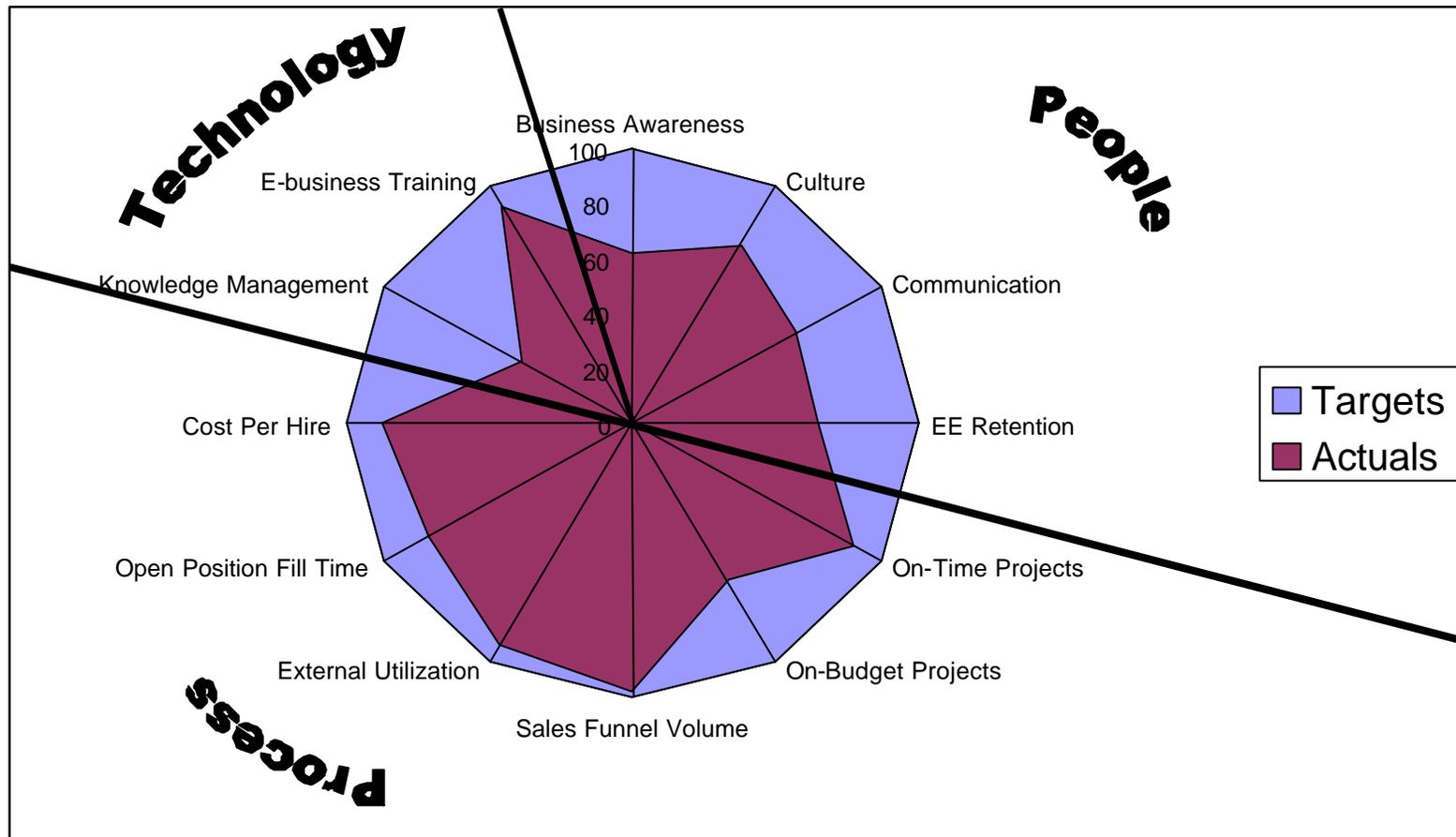
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Organizing a metrics program

Corporate Value Compass





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Selecting metrics

IT Considerations

- **Service Quality**
 - SERVQUAL
 - Help desk satisfaction
- **System Quality**
 - Reliability
 - Response time
 - Ease of use
 - Cost benefit analysis
- **Information Quality**
 - Availability
 - Accuracy
 - Timeliness

Workforce Considerations

- **Individual Impact**
 - Use
 - User Satisfaction
 - Productivity
 - Decisions quality
- **Work Group Impact**
 - Productivity
 - Solution quality

Organizational Outcomes

- Cost of service/goods
- Customer retention
- Return on investment (ROI)



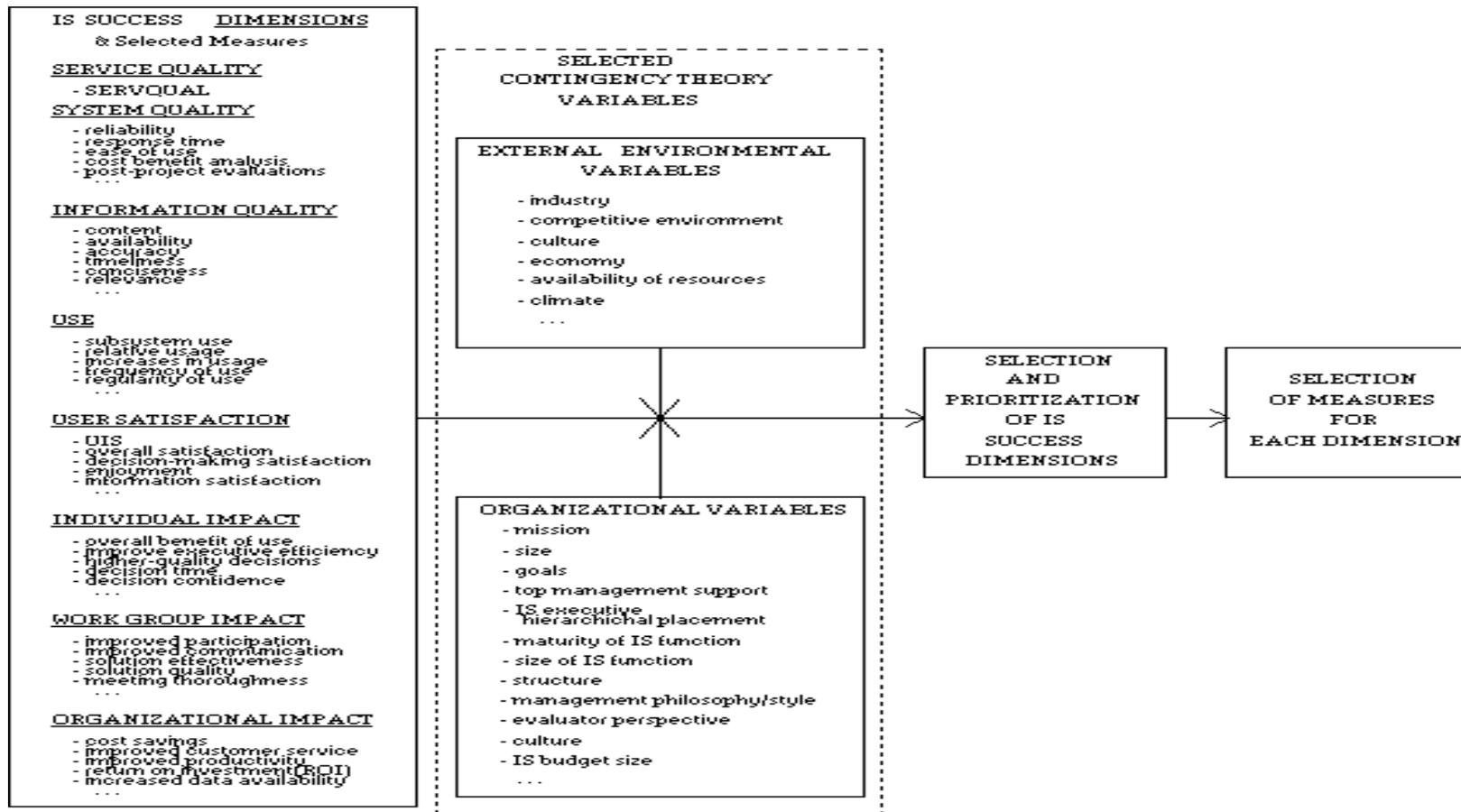
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Selecting metrics

IS Metric Selection: Contingency Approach





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Analyzing, Understanding, & Using It

Implementation Guidelines

- ✍ In the early stages: manage to speed rather than quality (it is more important to get started than to have perfect data in the Dashboard), and expect it to evolve rapidly. For these reasons, use a prototyping approach.
- ✍ Learn to work with “dirty” data, because the data will almost never be as good as you’d like. But also learn how to assess data quality.
- ✍ Focus a little more attention on the harder job of integrating the measures with the value-generating actions than on establishing the information-delivery processes.
- ✍ Resist the temptation of automation until past the Pilot stage – it will distract you from more important tasks.
- ✍ Embrace learning. Design and build your measurement program to evolve. Regularly take a hard look at its cost and value, and make it better.



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Analyzing, Understanding, & Using It

Critical Success Factors

- ✍ Establish a periodic assessment program
 - Make it part of individual and group performance reviews
- ✍ Determine the goals, focus, & scope
 - Align them with enterprise goals
 - Aim for completeness & comprehensiveness
- ✍ Use collaborative approaches to planning and metric selection.
 - Develop understanding and agreement about evaluation measures and methods.
- ✍ Assess the assessment.

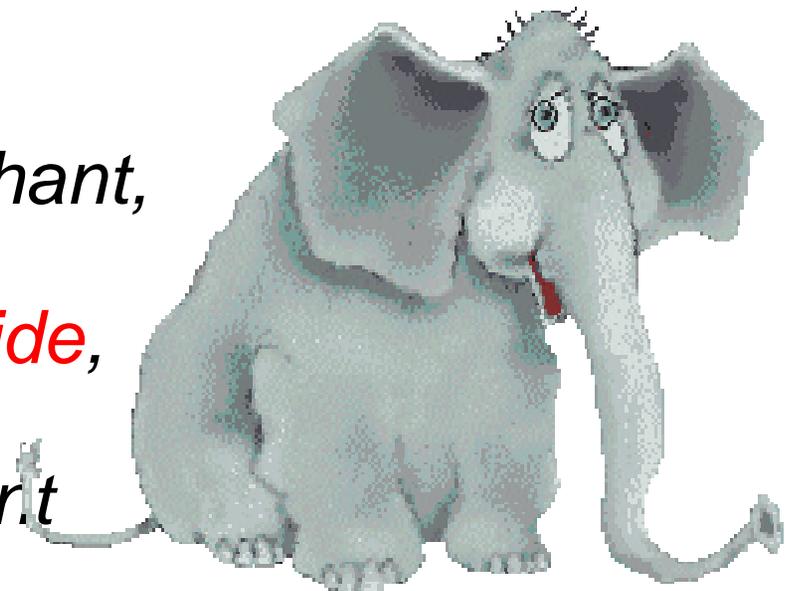


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American poet John Godfrey Saxe (1816-1887)

- ✍ It was six men of Indostan
To learning much inclined,
Who went to see the Elephant
(Though all of them were blind),
That each by observation
Might satisfy his mind*
- ✍ The **First** approached the Elephant,
And happening to fall
Against his broad and sturdy **side**,
At once began to bawl:
"God bless me! but the Elephant
Is very like a **wall**!"*





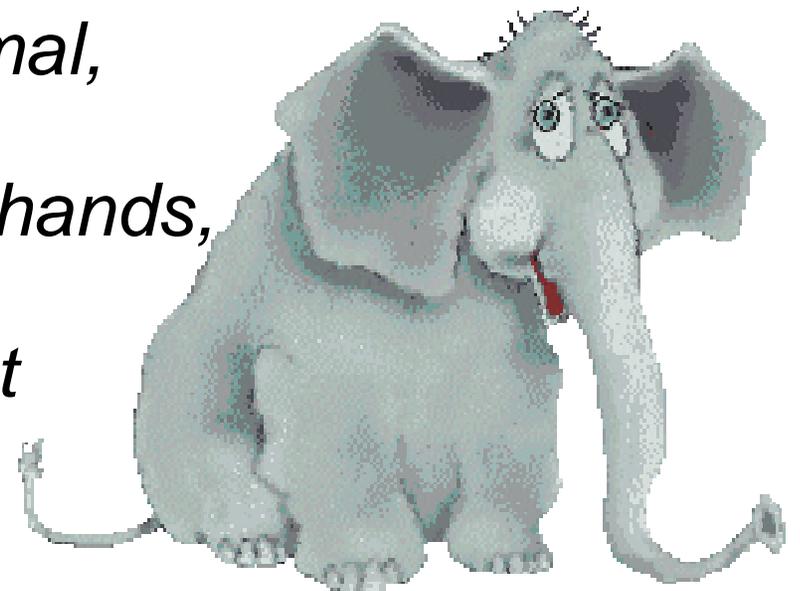
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✍ The *Second*, feeling of the *tusk*,
Cried, "Ho! what have we here
So very round and smooth and sharp?
To me 'tis mighty clear
This wonder of an Elephant
Is very like a *spear!*"

✍ The *Third* approached the animal,
And happening to take
The squirming *trunk* within his hands,
Thus boldly up and spake:
"I see," quoth he, "the Elephant
Is very like a *snake!*"





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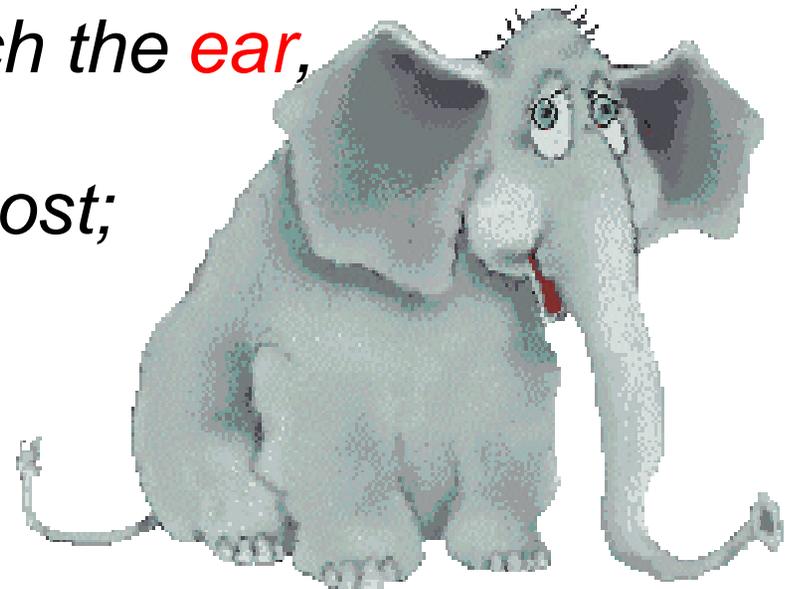


✍ The *Fourth* reached out an eager hand,
And felt about the *knee*.

"What most this wondrous beast is like
Is mighty plain," quoth he;

"'Tis clear enough the Elephant
Is very like a *tree*!"

✍ The *Fifth*, who chanced to touch the *ear*,
Said: "E'en the blindest man
Can tell what this resembles most;
Deny the fact who can
This marvel of an Elephant
Is very like a *fan*!"





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- ✍ The **Sixth** no sooner had begun
About the beast to grope,
Than, seizing on the swinging **tail**
That fell within his scope,
"I see," quoth he, "the Elephant
Is very like a **rope!**"*
- ✍ And so these men of Indostan
Disputed loud and long,
Each in his own opinion
Exceeding stiff and strong,
Though each was partly in the right
And all were in the wrong!*





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Next steps?

- ✍ **Organize a metrics working group**
- ✍ **Get participation & commitment from administrations & offices**
- ✍ **Identify IT metrics of most value to VA**
- ✍ **Determine how to collect data accurately with least overhead, time, and effort**
- ✍ **Implement pilot(s)**
- ✍ **Monitor, evaluate, and improve on a continuous basis**
- ✍ **Expand the use of metrics in IT to continuously improve systems development and operations in order to better serve veterans and their families.**

THIS ONE IS FOR THE BREAKOUT



Goals and Objectives

- ✍ Measure performance toward objectives on a fair & consistent basis across all of VA**
- ✍ Identify areas for improvement and training**
- ✍ Identify “runaway” projects early and bring them back on track**
- ✍ Collect facts needed to demonstrate that**
 - VA is achieving its mission to veterans**
 - VA is spending money effectively to do so**

THIS ONE IS FOR THE BREAKOUT