How to Manage Performance

Value Chain Competitiveness (VCC)

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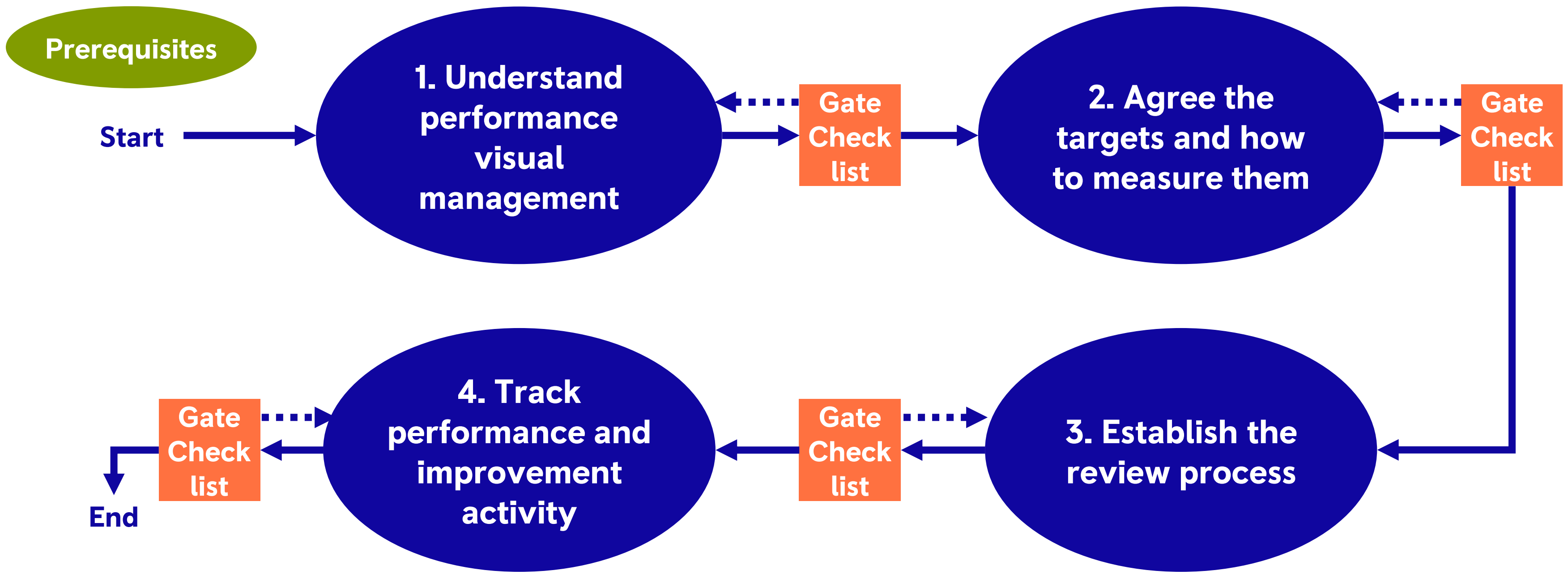
How to Manage Performance

Scope

Objectives & Principles



Scope

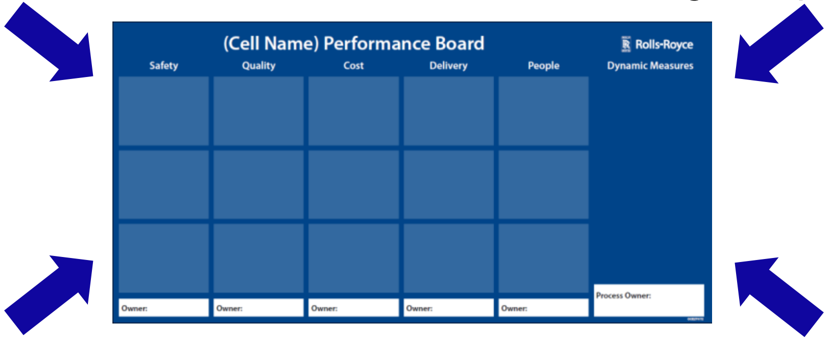
This ‘How To’ will enable you to:

- Create Performance Boards
- Review performance
- Define actions to improve performance

Objective and Principles

1. Connect business and local goals, and maintain the link to show how individual and team contribution impacts business success

2. Plan your journey, track your progress, and display this within the work area. Improve your performance by resolving the problems you find



4. Involve the team in the creation, visualisation and management of the process. The teams contribution is critical in resolving problems and improving performance

3. Only measure the things that you can influence, and use the measures to drive improvement activity, not explain poor performance

Objective and Principles

There are four repeating steps and one central theme within the Performance Management process

1. Deliver a visual workplace - establish a standard for the workplace – what is the OK and not OK condition?

2. Deploy Goals and Targets – where do we want to get to, and how are going to know when we are there?

Make problems visible, Solve them, Continuously Improve

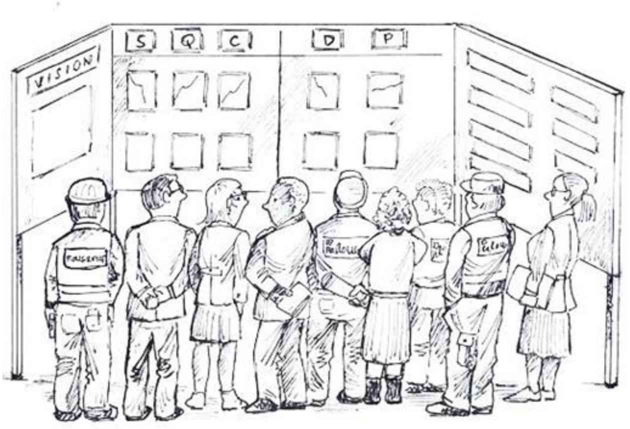
3. Manage Performance – are we heading in the right direction?

4. Deploy improvements - how do I close the gaps?

Objective and Principles

Connecting business and local goals

- Business Plan Deployment / Policy Deployment ensures that business goals are cascaded through the organisation, committed to, and progress tracked
- It ensures that everyone in the business feels connected, and has a contribution to make, giving all employees an incentive to drive for improvement



Measuring our performance – why?

- Measures provide data enabling action to be taken and progress to be assessed
- A care-point: ‘you get what you measure’ so spend time to use the appropriate set which will drive the behaviours and actions required
- Only measure the things you can influence

Prerequisites

Knowledge:

- Knowledge of the goals and targets set for the team
- Knowledge of the current situation

Commitment:

- Buy-in from the team (including the support team) to establish a visual performance management process, and act upon its results

1. Understand performance visual management

Form an improvement group to develop and deploy the performance measures

Deploying the process requires the contribution of the people who work within the process, involve them from the outset.

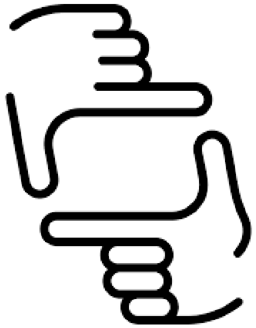
- The number of people involved will be dictated by the size of the area being worked on
- Include all people who work in the area as part of the team – also consider
  - Support function staff
  - Area management / supervision
  - ‘Suppliers’ and ‘Customers’ of the area
- Agree who will do what in the improvement group

1. Understand performance visual management

Agree the scope and boundary

Only measure what you can influence.

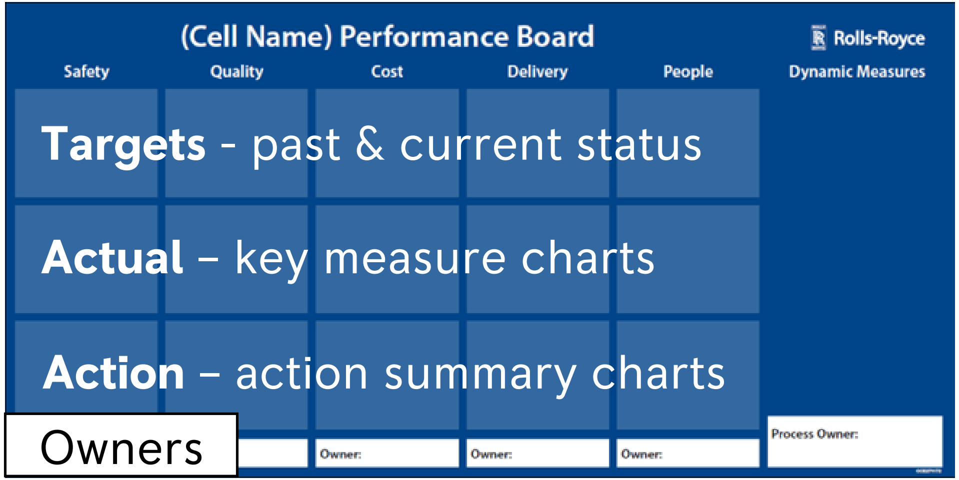
- Confirm the scope and boundary of the processes that you will be measuring the performance of
- Consider creating a 'SIPOC' chart to capture the process boundary
  - S – Suppliers
  - I – Inputs
  - P – Process (steps)
  - O – Outputs
  - C – Customers
- A Value Stream Map or a Process Flow chart could be used to confirm the boundary of the process



1. Understand performance visual management

Develop a Performance Board

- A board needs a title representing the area or team in which it is located
- A performance board normally contains A4 sized windows to hold information across headline measures – eg. Safety, Quality, Cost, Delivery & People
- Under each headline measure there should be enough area to hold sheets covering Targets, Performance tracking (charts), Action plans, and Owners (of each measure & the board)



1. Agree location

Agree the location, and set up the infrastructure

- The Performance Board should occupy a prominent position in the working area

- When selecting the location take care to ensure
  - The board faces into the working area, it is to be used by the team, not the visitors!
  - The board is clearly visible, enabling the team to quickly ‘grasp the current situation’ when they enter the working area
  - There is sufficient room around the board for the review team to gather and assess performance
  - When holding review meeting at the board, ensure that it will not disrupt either the process, or those who work in the area (particularly office environments)
  - The environment (noise, lighting, temperature, safety) is appropriate

Gate checklist 1: Understand performance visual management

- ☑ The people working in the area, support functions, customers and suppliers have been involved in establishing the performance management process
- ☑ The scope and boundary of the processes that will be covered by the Performance management process has been confirmed
- ☑ A Performance Management board standard has been developed and agreed
- ☑ The location for the Performance Management board has been agreed

2. Agree the targets and how to measure them

Review and agree the existing goals

Collate the existing goals and targets

- Review the current Business Plan Deployment and reconfirm goals, targets and status with the management team

Ensure goals and targets are clear;

- What does it really mean?
- How do we know when it is achieved?
- Has anyone checked that it can be done?
- Can we do it?
- When does it need to be done by?

Confirm the headings on the board and align the goals

- Headline measures should be consistent across the business
- Align the goals beneath the appropriate measure header
- Check - can the goals be delivered by the team?

Specific
Measurable
Achievable
Realistic
Time bound

2. Agree the targets and how to measure them

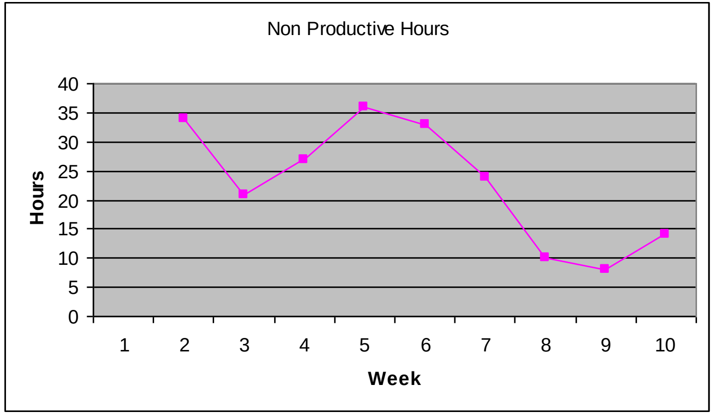
Turn the goals into meaningful measures

Primary measures typically link to the goals, while secondary measures help understand why they behave the way they do.

- Goal - reduce lead-time by x
- Primary measure – process lead-time
- Secondary measure - Overall Equipment Effectiveness (OEE) of the capacity constraint (helps to explain why lead time has increased or decreased)

Develop measures ensuring that they are:

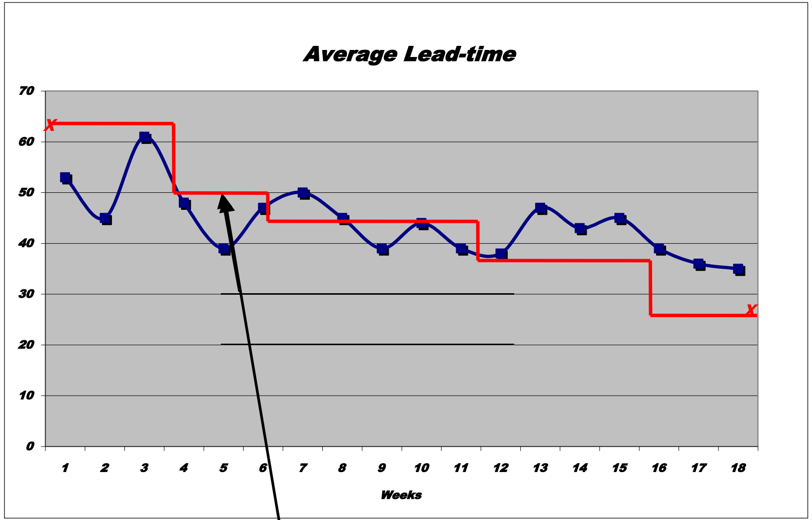
- Consistent with the goals
- Consistent with other teams and business metrics
- Meaningful to the local process(es)
- Stimulating the right behaviours
- Simple and understood
- Easy to collect data and update



2. Agree the targets and how to measure them

Set targets

- Targets provide us with something to aim for, a quantifiable level of desired performance (they should not be vague)
- Target lines should be stepped, which links in the improvement activity and expected benefits
- Targets need to be reviewed across the timeframe (eg. quarterly check-points through a year) to ensure effective improvement activities
- Be prepared to change the plan and the measures as the team learns more about what drives the performance (plan-do-check-act).
- Add targets to each chart



The stepped red target line reflects a series of planned activities with expected benefits defined

2. Agree the targets and how to measure them

BACK Map NEXT

Agree the update frequency and ownership

- Position the measures onto the board under their appropriate headings
- Check – within 3 minutes would someone who is unfamiliar with the area be able to
  - Understand the current situation (on plan, ahead or behind)
  - Understand why
  - Understand who is taking what action to close the gap, and when this will be delivered
- Confirm how data will be captured
  - Who will gather the data and update the measure
  - How the data will be captured, by who and how often
  - How often this will happen (hourly, each shift, daily, weekly, monthly)

'Keep it simple'

Gate checklist 2: Agree the targets and how to measure them

BACK Map NEXT

- ☑ The goals for team/process are Specific, Measurable, Achievable, Realistic and Timed
- ☑ A standard performance board has been developed
- ☑ For each goal, primary and secondary measures have been defined
- ☑ Target/planned condition for each measure have been defined, and enable the visual tracking of gaps between the current and planned condition
- ☑ Definition for how, who, and when the data will be collected and the measures updated/displayed
- ☑ Performance board(s) established in the area

3. Establish the review process

BACK Map NEXT

Define the purpose, objectives and outcomes for the review

Define, capture and publish:

- The purpose - a broad statement of what you want to achieve at the review
- The objective - the specific aims of the review
- The outcomes, what are the outputs that result from the review

Standard meeting document

Issue Date :	

Meeting Notice

Issued By		Telephone		Authorised By (If required)	
Dept		email			

Subject		
Objective of Meeting		
Expected Outcomes	1	
	2	
	3	

Meeting Date :		Start		Finish	
Location					

Agenda

Ite	Item	Who	Start	Finish	Preparation	Owner

Special Requirements (Documents / Materials, Safety Equipment etc.)

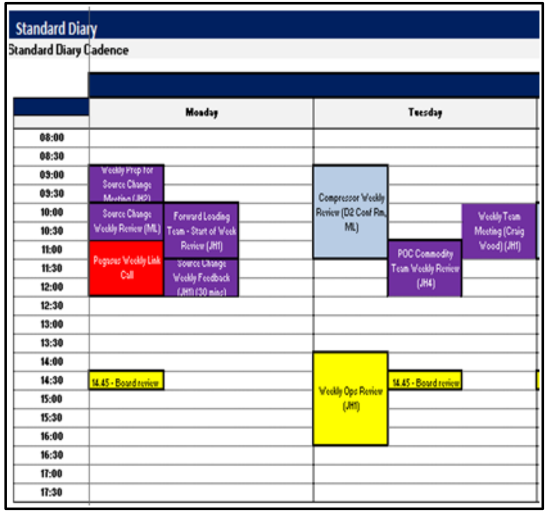
Attendees

Function / Department	Name	Function / Department	Name

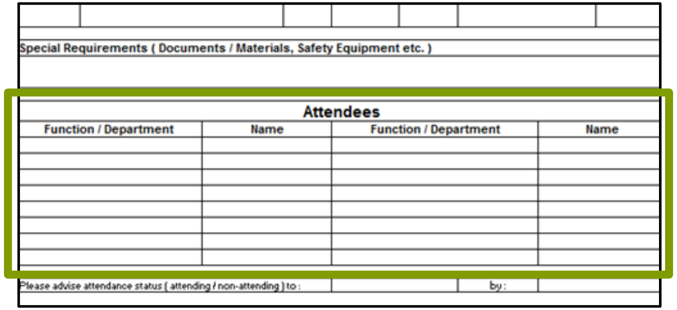
3. Establish the review process

Agree the roles and frequency of review

- Agree who will participate and lead the reviews and how often they will occur
- Ensure the attendees of the review have the capability to solve the potential problems identified
- Agree who will lead and will support each review
  - Support function staff
  - Area management / supervision
  - 'Suppliers' and 'Customers' of the area
- Agree frequency of review
  - These could be periodic – eg. each day, week or month
  - Event based – linked to pre-defined activities
- Note. any dynamic measures should be reviewed in the working period (day or shift) for handover to the next shift



Standard diary



Special Requirements (Documents / Materials, Safety Equipment etc.)

Attendees			
Function / Department	Name	Function / Department	Name

Please advise attendance status (attending / non-attending) to : by :

Standard meeting document

3. Establish the review process

Agree the agenda and preparation items

- Define the standard agenda – Item, Who, Start, Finish.
  - Eg. Review of each measure target vs actual and capture gap actions across
    Safety – Quality – Cost – Delivery – People
- Define the pre-work required for each of the agenda items – Preparation, Owner
  - Eg. Collect and plot latest measure data point and update problem follow-up sheet with latest status
- Some consideration points:
  - Is there any equipment / safety requirement?
  - Is full attendance needed for the whole review?
  - How do you keep meeting disciplines (time-keeper, attendance monitor)?
  - How do you know if the meeting has been effective?
  - How do you keep the team involved / engaged?

Issue Date :

Meeting Notice

Issued By		Telephone		Authorised By (If required)	
Dept		email			

Subject	
Objective of Meeting	
Expected Outcomes	1
	2
	3
Meeting Date :	Start / Finish
Location	

Agenda

Item No.	Item	Who	Start	Finish	Preparation	Owner

Special Requirements (Documents / Materials, Safety Equipment etc.)

Attendees

Function / Department	Name	Function / Department	Name

Standard meeting document

3. Establish the review process

Schedule the reviews and update as appropriate

- Schedule the reviews with attendees
- Confirm roles and send out the meeting notice well in advance
- Ensure members with meeting roles are confirmed as good-to-go
- Run the Performance Review and ensure any agreed adjustments are incorporated into the standard – Plan-Do-Check-Act

Gate checklist 3: Establish the review process

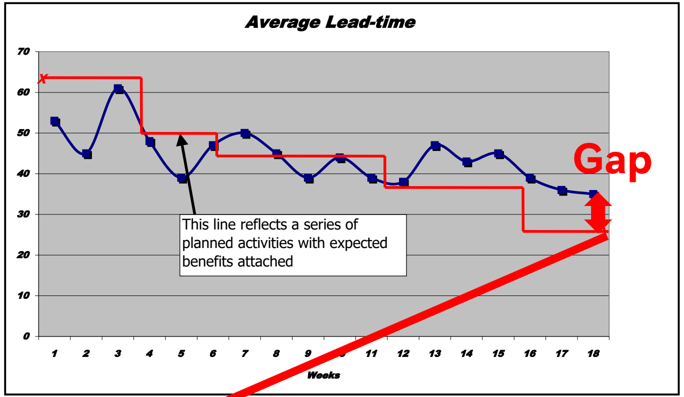
- ☑ The purpose, objectives and outcomes expected from the performance reviews have been defined
- ☑ Review meeting roles and review frequency agreed
- ☑ Agenda items and preparation standard defined and agreed
- ☑ Performance reviews have been scheduled

4. Track performance and improvement activity

Understand gap – plan v actual and record concern

- Review any gaps between where you wanted to be, and where you are
  - Are measures on plan?
  - Are there actions already in place to close the gap?
  - What is the status of these actions?
  - Do we need to do anything differently?

- If new action is required, record the Concern on the Problem Follow Up Sheet
  - The concern is a definition statement for the problem, record the facts as you see them



	Problem Follow Up Sheet			Championed by			
				Activity/Project			
No. / Date / Raiser	Concern Description / Sketch	Cause (& immediate containment)	Countermeasure Action Steps	Who (Champ)	When (Overall)	Category	Status

Category	1	Do Now	2	Within 1 week - Team	3	Within 1 week - External Resource	4	Mid-term Activity
Status		Problem Identified		Countermeasure Proposed & Agreed		Countermeasure In-Progress, with Owners and Targets Agreed		Problem Solved and Confirmed by Raiser

4. Track performance and improvement activity

Understand Cause and record

- Understand why the gap exists
- If the cause of the problem is immediately clear, record it. However
  - Avoid speculation, don’t guess what the root cause of the problem is
  - Avoid a long debate, work with the facts
- If no cause is clear, assign an owner to investigate, a completion date, then move on

Why did this problem occur?
Record the root cause

		Problem Follow Up Sheet		Championed by			
				Activity/Project			
No. / Date / Raiser	Concern Description / Sketch	Cause (or immediate containment)	Countermeasure Action Steps	Who (Champ)	When (Overall)	Category	Status

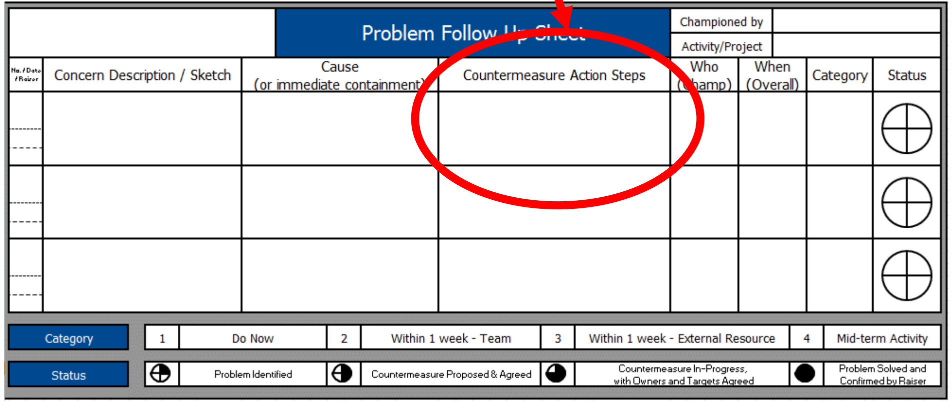
Category	1	Do Now	2	Within 1 week - Team	3	Within 1 week - External Resource	4	Mid-term Activity
Status		Problem Identified		Countermeasure Proposed & Agreed		Countermeasure In-Progress, with Owners and Targets Agreed		Problem Solved and Confirmed by Raiser

4. Track performance and improvement activity

Define countermeasures, and implement

- Agree actions
- When the root cause has been confirmed, what actions need to be taken to fix it?
  - How do we get back to the planned position?
  - How do we stop it happening again?
  - Who will do this?
  - What do they need to be able to do this?
  - How long will it take?
  - How will we confirm that the problem is fixed?
- Record the actions, the owners and due date, and update the status.
  - Make the actions specific
  - If necessary allow the owner to define the specific actions after the review to save time

What are we going to do to fix the problem and stop it coming back?



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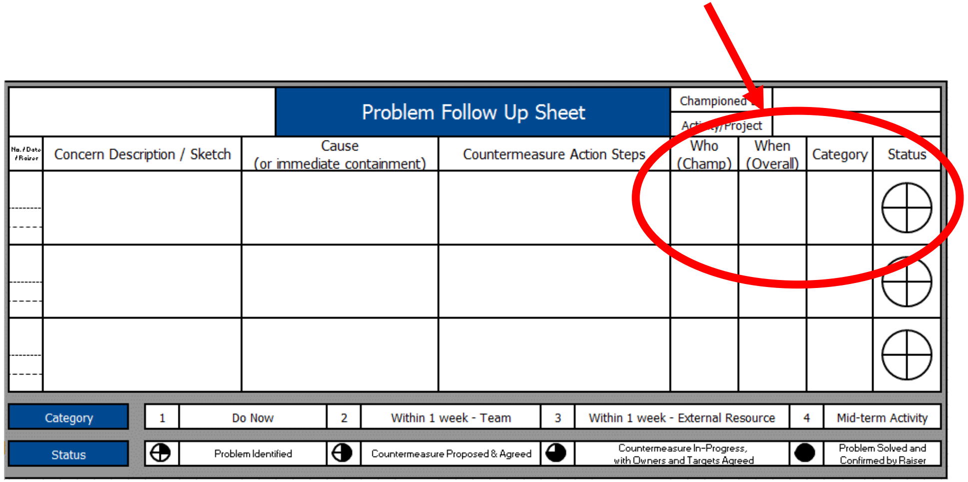
4. Track performance and improvement activity

Check close-out to plans

- Review the close out of actions
- Review the status of the Problem Follow Up Sheet
    - Focus on the priority actions
    - Have they been delivered?
    - Can we confirm that the problem is now solved?
    - If not, what else do we need to do?
    - Do we need to revisit the root cause?
- Use the time wisely
    - Create an environment which welcomes all contribution
    - Have one to one sessions for detailed discussions where the wider team involvement is not essential
    - Follow-up outside of the review where appropriate

Focus on the critical actions, initially on the ones that are behind plan



Gate checklist 4: Track performance and improvement activity

BACK Map

- ☑ The reviews are focussing on the gaps between our planned (target) and current condition
- ☑ Where gaps exist, the teams are identifying the concern (problem statement) with supporting facts
- ☑ The reviews are using time-wisely, avoiding speculation, and identifying root-cause where this is clear, or assigning actions to investigate
- ☑ Counter-measures are being defined to close out problems or protect the customer until the problem is resolved
- ☑ Reviews are taking place to close out actions
- ☑ An environment is created where the team are contributing to improving the performance of the process