



## Are You Measuring the Right Things?

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There is a saying in business: What gets measured gets done. Organizations that effectively manage their measures achieve superior results. In all sectors, leaders use measures to drive organizational improvement and outperform their competitors.

However, just defining top-level measures is not enough. Organizations must align and cascade measures at all operational levels. By developing the right measures in the right places, you get not only a true picture of performance, but also a performance management map that can be used to:

- Support the achievement of strategic goals.
- Provide targeted direction and alignment for workgroup and employee efforts.
- Sustain ongoing business performance and improvement.
- Manage shifts in business directions that require operational performance changes.
- Achieve balanced financial and non-financial results across stakeholder groups.

As a CLO, you play a critical role in ensuring that leaders at all levels possess the skills, knowledge and ability to define the right performance measures. These measures should be aligned with the strategic goals and priorities of the organization. Through targeted learning efforts, you must help leaders, managers and employees understand the importance of defining and cascading vertically aligned measures, how to define horizontally linked process measures and how both will foster organization-wide business success.

For example, a CEO and the executive leadership team may ultimately be accountable for a strategic measure like a customer satisfaction index, while an operations manager and his or her team of field service installers can only be accountable for a customer satisfaction rating based on feedback from the customers they service and the processes they manage. If this work team and others have the appropriate line-of-sight measures, the data they collect will roll up, contributing to the overall customer satisfaction index. So the work team's success in reaching performance targets will

help determine whether or not the executive team achieves its goal as defined in the top-level index. This scenario may seem simple, but many senior executives and managers define the wrong measures for their level of performance accountability.

The activities and methodology required to systematically define, deploy and link measures throughout an entire organization need to be well timed and carefully orchestrated. Senior executives, managers at all levels, technology support and front-line employees are all involved. However, three simple reminders will help strengthen measurement alignment:

- Collect and communicate strategic information, data and plans. Identify a variety of inputs that will help you and other leaders define the right measures for your work teams, such as executive-level strategic goals, priorities and measures, core process measures, and key customer (internal and external) and supplier requirements.
- Provide practical measurement education and training. Overloading managers and employees with theoretical approaches to measurement will more than likely make the process even more challenging. When defining measures for their work groups, most managers need and want real-world examples for their particular area of responsibility. From these examples, they can learn how to apply the methodology effectively.
- Ensure there is a systematic way to gather and report results. It's important to remember that what gets reported gets noticed. And what gets noticed gets managed. Unfortunately, many organizations still go through extensive efforts to define measures, yet do not have a systematic way to gather and report the results on a regular basis. If your organization is going to fall into this distressing category, then it might as well not expend the effort it takes to define the right measures in the first place.

Taking the lead to ensure that your organization is capable of defining, deploying and reporting the right performance measures at all levels is a critical value-add that a CLO can bring to the table. ■

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