

## Overview

Performance metrics help to gauge the effectiveness of a program’s strategies to achieve an agency’s goals. There is no one perfect set of metrics—the “right” metrics will depend on the project’s goals and may require multiple iterations to discover more about the process in question. In general, good metrics:

- Are related to the program’s goals and purpose
- Provide a reliable measurement of outputs and outcomes
- Help determine gaps between goals and reality
- Guide program improvement

It is helpful to focus on a mix of metrics that measure different aspects of the service being provided—for example, use one metric that is meaningful to the customer and another that will resonate with leaders and the organization’s strategic goals.

Metrics can be difficult to grasp. Try focusing on just these four metric categories to help you establish a current state and to envision a future state and make metrics the **MEAT** of your innovation.

|   |   |  |  |
|---|---|--|--|
|  <p><b><u>MONEY</u></b></p> <ul style="list-style-type: none"> <li>*What is the cost of your process?</li> <li>*Hard dollars: cost for physical materials</li> <li>*Soft dollars: cost of labor time</li> </ul> |  <p><b><u>ERRORS</u></b></p> <ul style="list-style-type: none"> <li>*How much rework</li> <li>*Quality measures</li> <li>*Consistency</li> <li>*Standard work</li> <li>*Additional Steps</li> </ul> |  <p><b><u>AMOUNTS</u></b></p> <ul style="list-style-type: none"> <li>*Supply: How many widgets do you make/process</li> <li>*Demand: How many clients do you serve</li> </ul> |  <p><b><u>TIME</u></b></p> <ul style="list-style-type: none"> <li>*How long does it take to make your widget?</li> <li>*Is there wait time?</li> </ul> |
|---|---|--|--|

Once you determine the appropriate metrics to use, list your metrics in boxes 2 and 3 of the A3 template. List the MEAT for the current state in box 2, and list how your agency would ideally like those same measures to be in the future state (box 3).

**An example:** An agency is trying to improve their work order process. They know how many work orders are requested through their system, how long (on average) it takes to process a work order, and how many are successfully processed correctly the first time. Using this information, they can calculate how much money it costs their agency to complete this process. The metrics are listed in the A3 format below:

## Current State (Box 2)

- Money:  $100 \text{ work orders/month} * 10 \text{ hours/work order} * \$25/\text{hour} = \$25,000 + \$1,250 \text{ in rework costs (5 done again} * 10 \text{ hours} * \$25) = \underline{\$26,250 \text{ Total}}$
- Errors: 5% completed incorrectly--must be redone; average customer quality rating of 3.5/5
- Amounts: Complete 100 work orders/month
- Time: Average time to complete a work order= 10 hours

## Future State (Box 3)

- Money:  $100 \text{ work orders/month} * 8.5 \text{ hours/work order} * \$25/\text{hour} = \$21,250 + \$0 \text{ in rework} = \underline{\$21,250 \text{ Total}}$
- Errors: 0% completed incorrectly; average customer quality rating of 4.5/5
- Amounts: Complete 100 work orders/month
- Time: Average time to complete a work order= 8.5 hours

Later on, you would put these same metrics in box 8 of the A3, this time showing the actual results of your innovations:

## Results (Box 8)

|           | CS             | FS             | 30 days        | 60 days        | 90 days         |
|-----------|----------------|----------------|----------------|----------------|-----------------|
| <b>M:</b> | \$26,250       | \$21,250       | \$24,462       | \$22,725       | \$21,875        |
| <b>E:</b> | 5% error rate  | 0% error rate  | 3% error rate  | 1% error rate  | 0% error rate   |
| <b>A:</b> | 100 w.o./month  |
| <b>T:</b> | 10 hours/w.o.  | 8.5 hours/w.o. | 9.5 hours/w.o. | 9 hours/w.o.   | 8.75 hours/w.o. |

## Types of Process Metrics

The following types of metrics are typically used for measuring performance in process improvement. Note: not all of these metrics may be appropriate, applicable, or useful for your situation.

|                         | Metric                      | Definition   |
|-------------------------|-----------------------------|--|
| Time & Workload Metrics | Lead Time                   | Total time to create a service/product and get it to the customer, incl. waiting time  |
|                         | Processing Time             | Amount of time spent on process steps, not including waiting time  |
|                         | Response Time               | Amount of time to respond to a customer request for a service or product   |
|                         | % On-Time Delivery          | Percent of time the product/service is delivered on time   |
|                         | Backlog                     | Number of products or services waiting to start the process  |
| Quality Metrics         | Defect Rate                 | Percent of services/products that are "defective"  |
|                         | Rework Steps / Time         | Amount of a process spent correcting mistakes or getting missing information   |
|                         | Percent Complete & Accurate | Percent of occurrences where a process step is completed without needing corrections or requesting missing information   |
|                         | Rolling First-Time Yield    | Percent of occurrences where the entire process is completed without rework; this is the product of the <i>Percent Complete and Accurate</i> for each process step, expressed as a % |