

# **Key Performance Indicators - KPI's**

# Aims & Objectives

**Target Audience :** Site Management to Team Leaders

**Purpose of Module :** To ensure employees have the skills to quantify impact, and provide timely direction for an individual's contribution ( at all levels) towards achieving overall business goals

## **Aims & Objectives :**

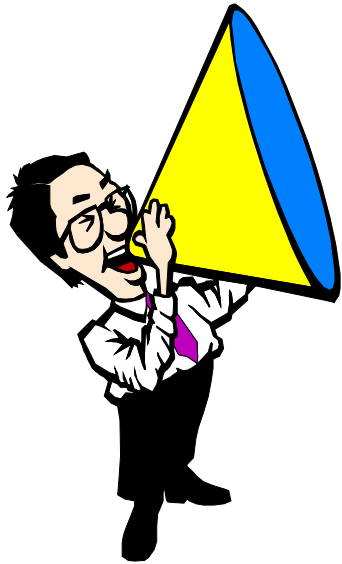
- How to define & measure our given business goals
- Why have KPI's
- How clarity of objectives improves motivation and delivers performance
- Standardised approaches to KPI's
- How to translate and cascade KPI's at all levels
- Explain links to Performance Management

# Key Performance Indicators

## Course Outline

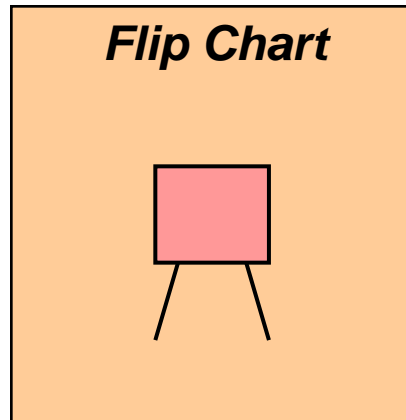
- INTRODUCTION
- WHAT ARE KEY PERFORMANCE INDICATORS?
- CHARACTERISTICS OF A GOOD KPI
- EXAMPLES OF KPI'S
- THE KPI CASCADE PROCESS
- HOW TO CREATE AND MANAGE KPI'S
- SUMMARY

# Introductions

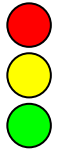


- **Name**
- **Department**
- **Length of service**
- **Knowledge of  
Key Performance Indicators**

# What are KPI's



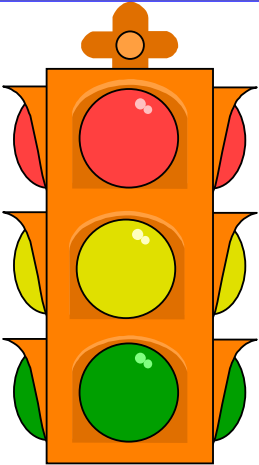
# Key Performance Indicators



## WHAT ARE KPI's FOR?

- TO COMMUNICATE STATUS - ACTUAL v TARGET
  - PLANT LEVEL
  - BUSINESS LEVEL
  - WORK STATION LEVEL
- TO DRIVE IMPROVEMENT BY FACT NOT GUESSWORK
- TO HELP PRIORITISE IMPROVEMENT ACTIVITY
- A CONTINUAL HEALTH CHECK FOR THE BUSINESS
- TO CONNECT THE CUSTOMER TO THE PROCESS

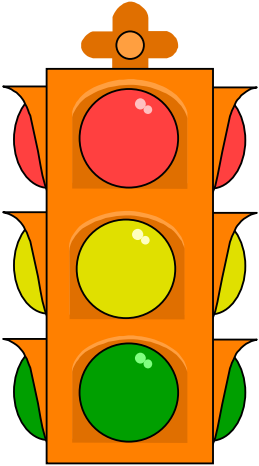
# Key Performance Indicators



## **ESSENTIAL**

- IMPORTANT TO THE VIEWER
- VITAL - AFFECTS THE BUSINESS
- CUSTOMER FOCUSED
- DRIVES IMPROVEMENT

# Key Performance Indicators

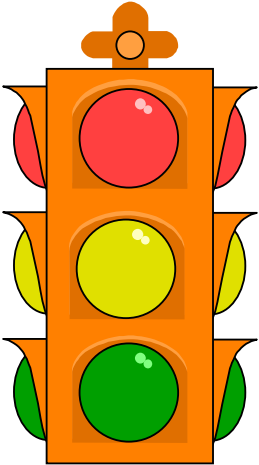


## USEFUL

- CURRENT - UP TO DATE
- EASY TO UNDERSTAND
- IMPORTANT AND RELEVANT
- VIEWER CAN CONTRIBUTE
  - HAS A STAKE
  - CAN HAVE AN EFFECT (good and bad)



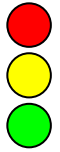
# Key Performance Indicators



## **IMMEDIATE**

- URGENCY / OWNERSHIP
- RESPONSIBILITIES DEFINED
- DYNAMIC IMPROVEMENT PLAN
- AUDIT PROCESS - ACTUAL V's PLAN
- CLEAR OBJECTIVES

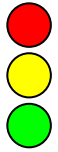
# Key Performance Indicators



## WHAT ARE KPI's NOT?

- **GROUP OF METRICS**
  - NOT EVERYTHING WE MEASURE IS A KPI !
- **STATISTICS**
  - THESE CAN HELP DEFINE KPI's
- **WORK MEASUREMENT**
- **A TOOL FOR BLAME**
- **WALL PAPER**

# Key Performance Indicators



## **CHARACTERISTICS OF GOOD KPI**

- **DYNAMIC**

- WELL MANAGED - ROTATE VITAL FEW
- OWNED AND OPERATED BY LOCAL TEAM

- **SIMPLE**

- EASY TO UPDATE - MANUAL

- **VISUAL**

- LOCATED WHERE EASY TO SEE
- CHANGES JUMP OUT AT VIEWER

- **ENGAGING**

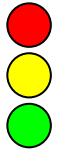
- RELEVANT - CREATES TALKING POINT

- **STANDARD FORMAT**

- EASY FOR OUTSIDER TO UNDERSTAND

- **FEEDBACK RECORDED AND ACTED UPON**

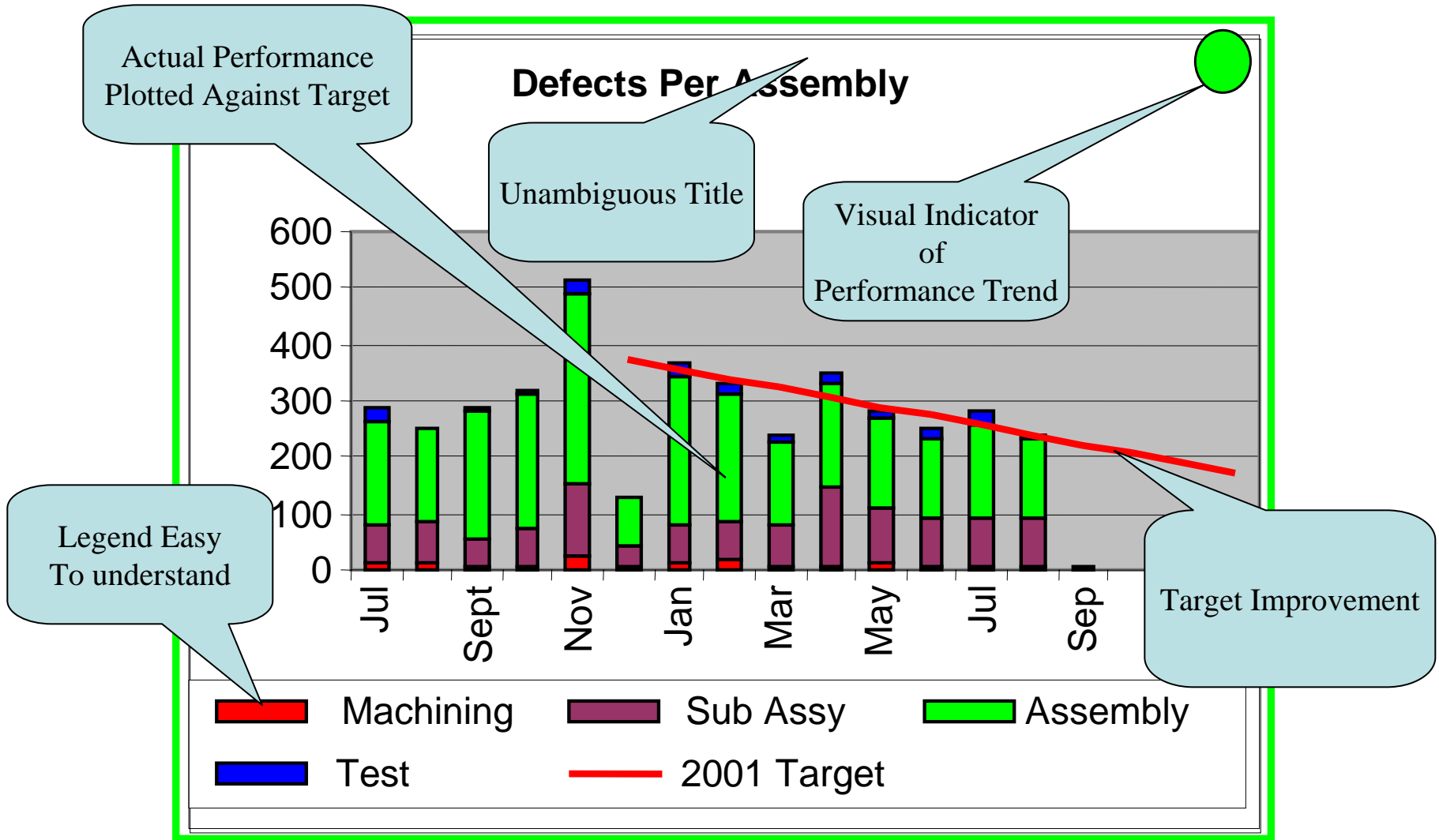
# Key Performance Indicators



## **Business KPI's**

- **Safety Performance**
- **Quality Performance**
- **Cost Performance**
- **Delivery Performance**
- **People Performance**

# Examples



# Examples

## **RAG Colour Coding**

### **RED**

- Outside of target with no improvement or deteriorating trend.

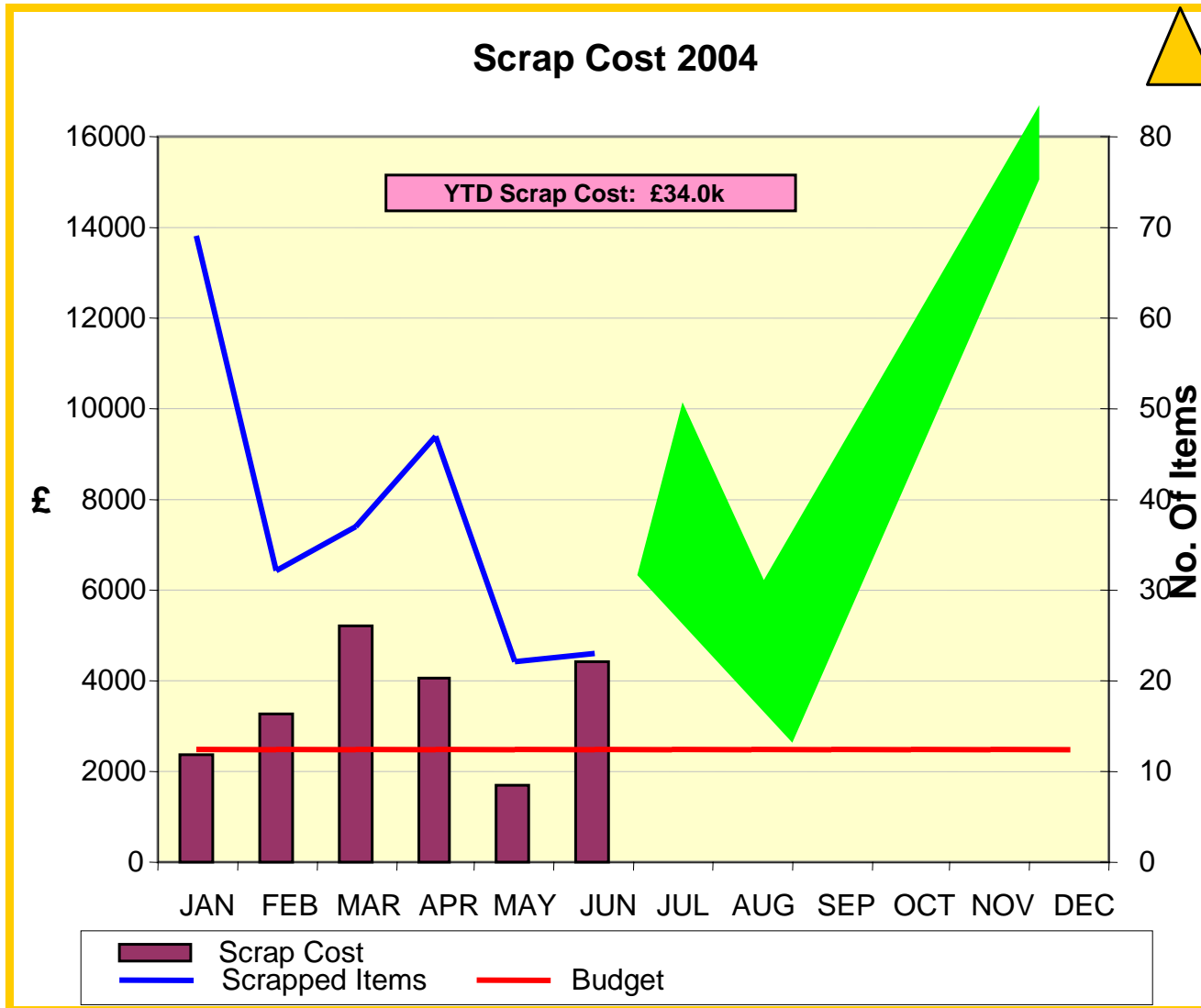
### **AMBER**

- Inside of target but with deteriorating trend.
- Outside of target but with improving trend.

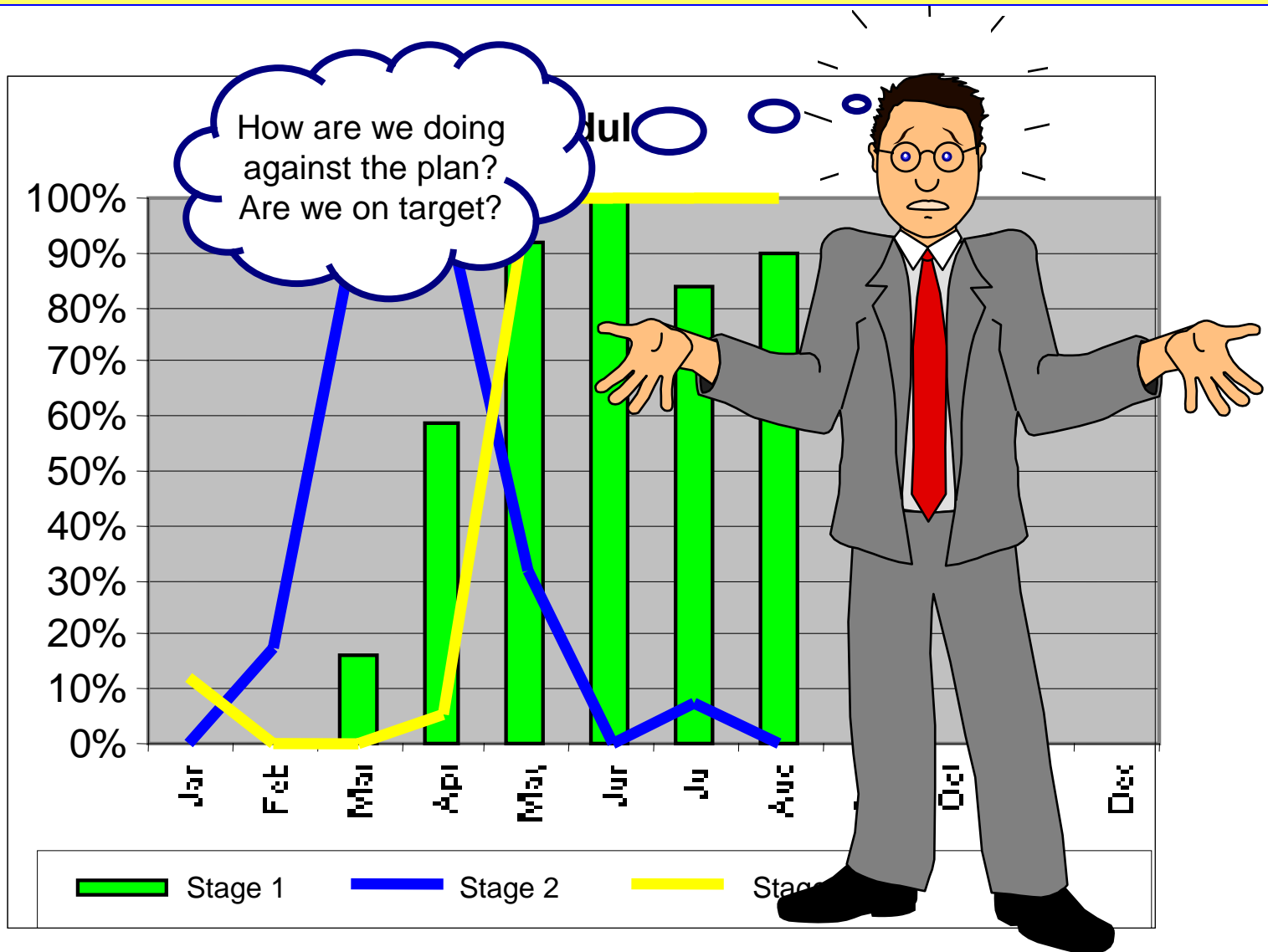
### **GREEN**

- Inside of target with improving or level trend.

# Examples

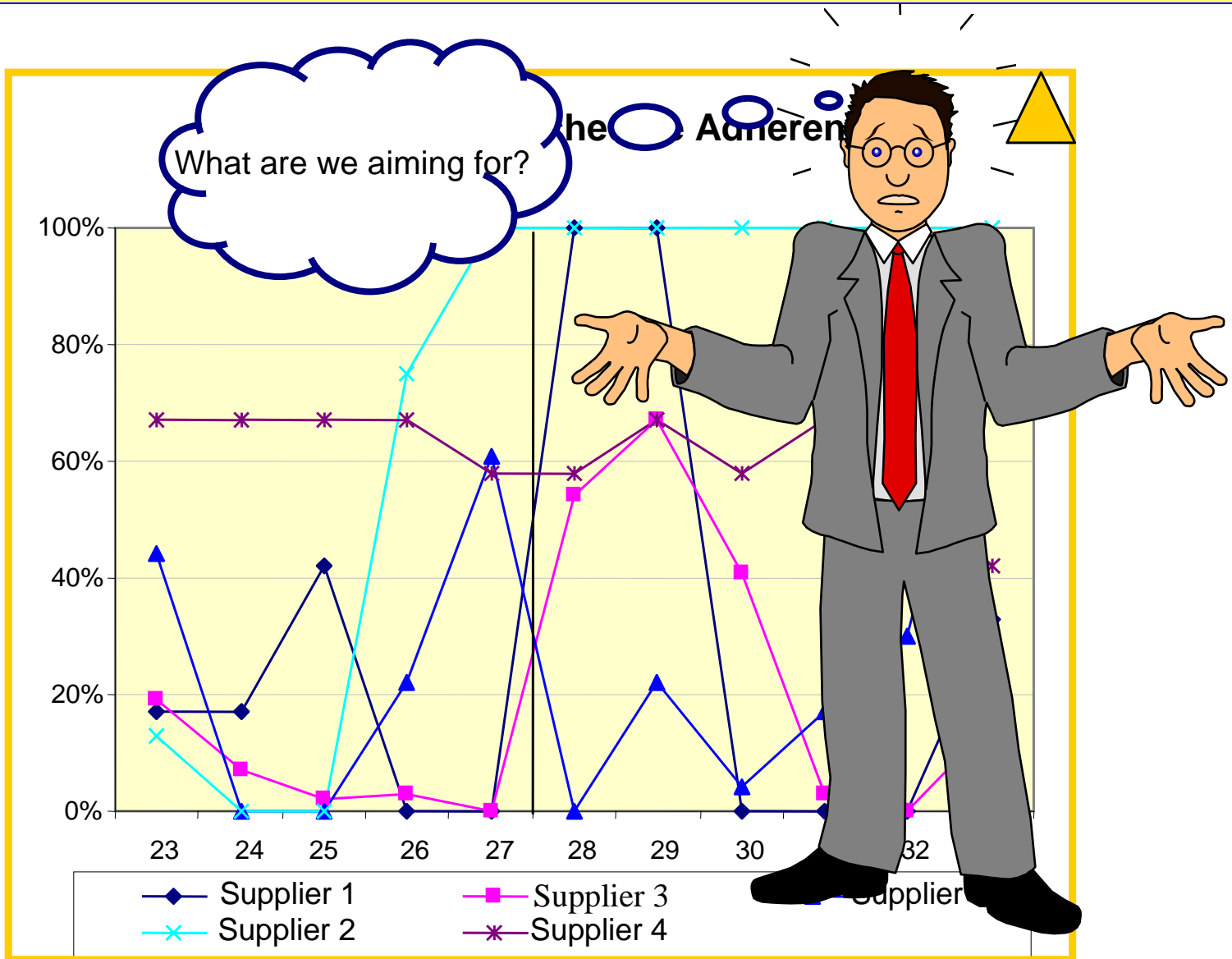


# Examples

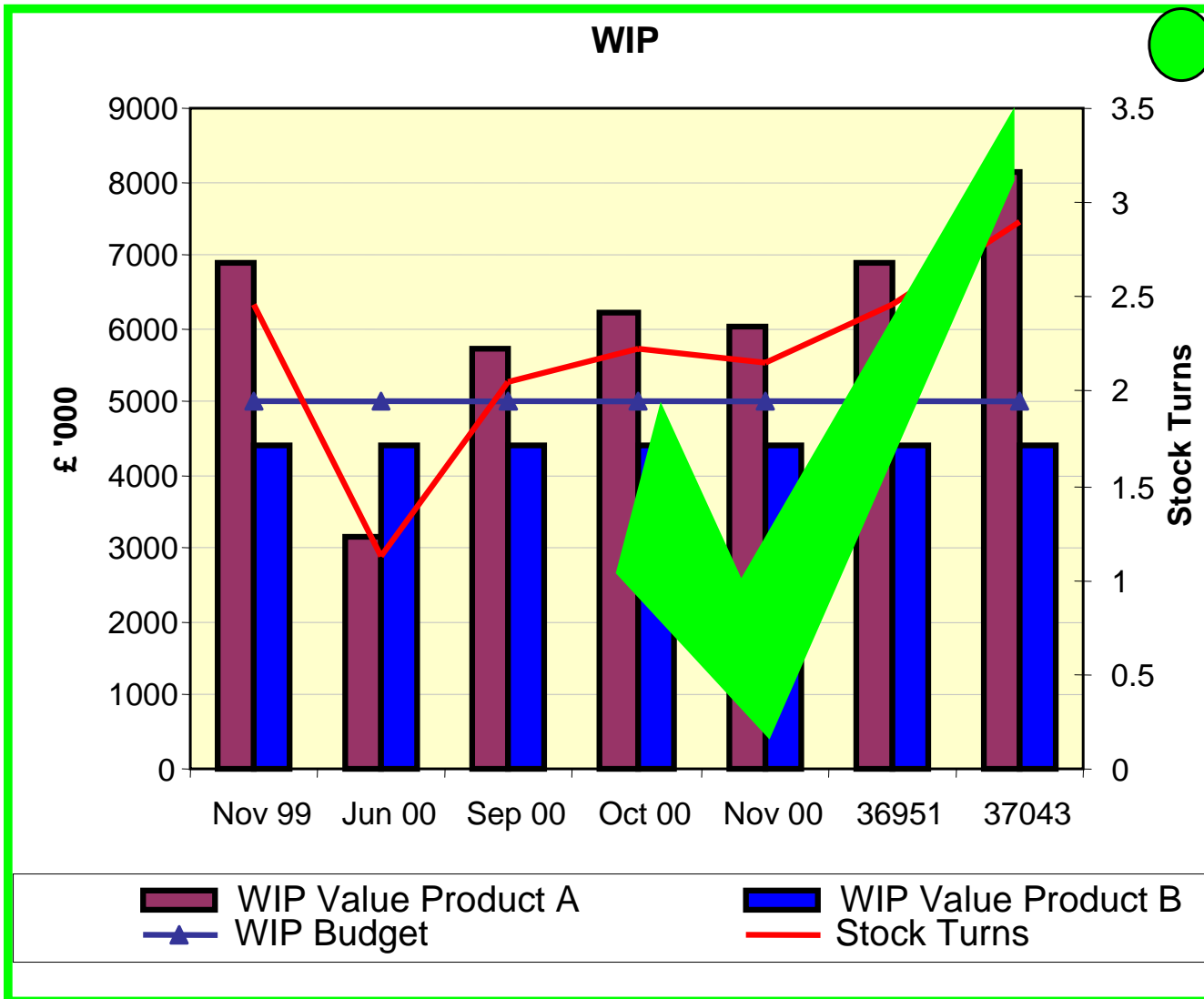




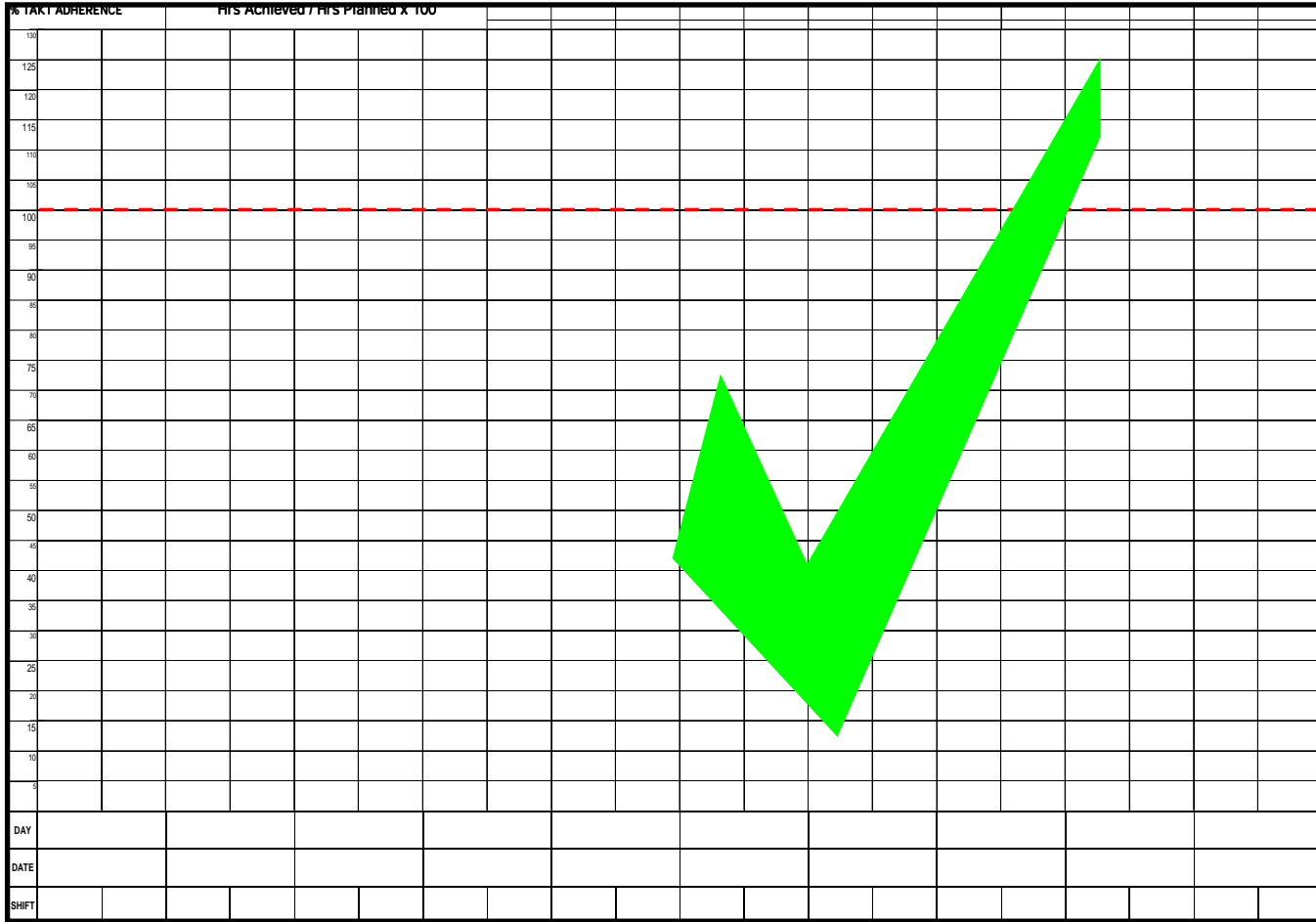
# Examples



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# Examples





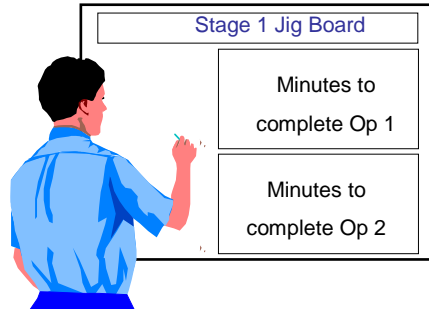
# Performance Management Cascade

## Step 1 - Team Leaders manage the Key Drivers of performance

- Are we **fully manned** to complete the workpackages?
- Is **overtime** under control?
- Are we hitting targets (**Minutes to complete Operations**)?

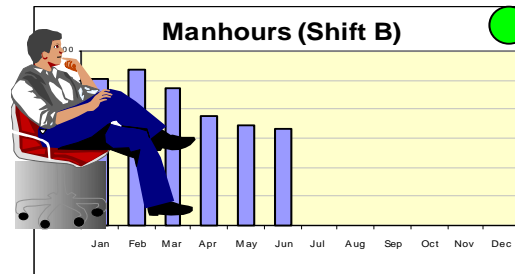
## Step 2 - Manager holds daily Team Leader review by work package

- Actions timely and focused
- Support given when needed



## Step 3 - Assembly Managers review Weekly Performance with Managers.

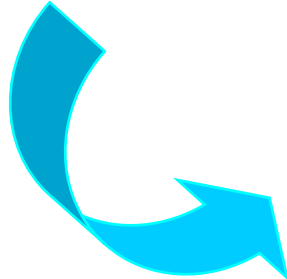
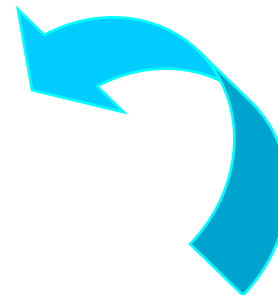
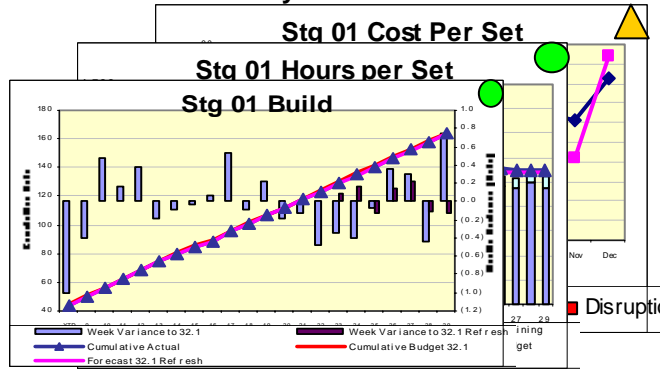
- Cost accountability introduced. Focus on shift by shift performance.



# Performance Management Cascade

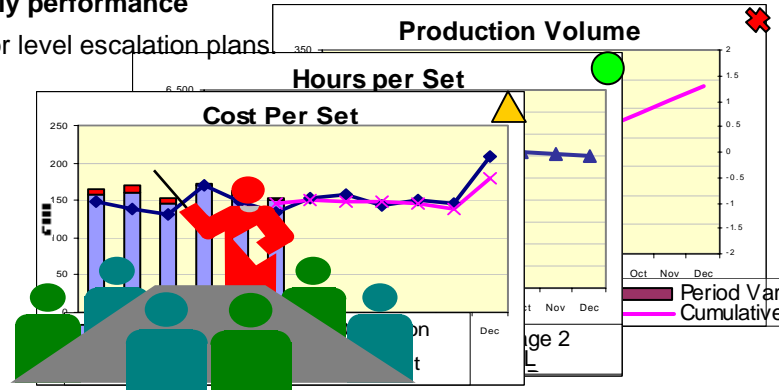
## Step 4 - Head of Business reviews Weekly Performance

- Good informed debate resulting from upward cascade of Team Leaders' performance
- Countermeasure plans if targets not being met



## Step 5 - Senior Management Team reviews Monthly performance

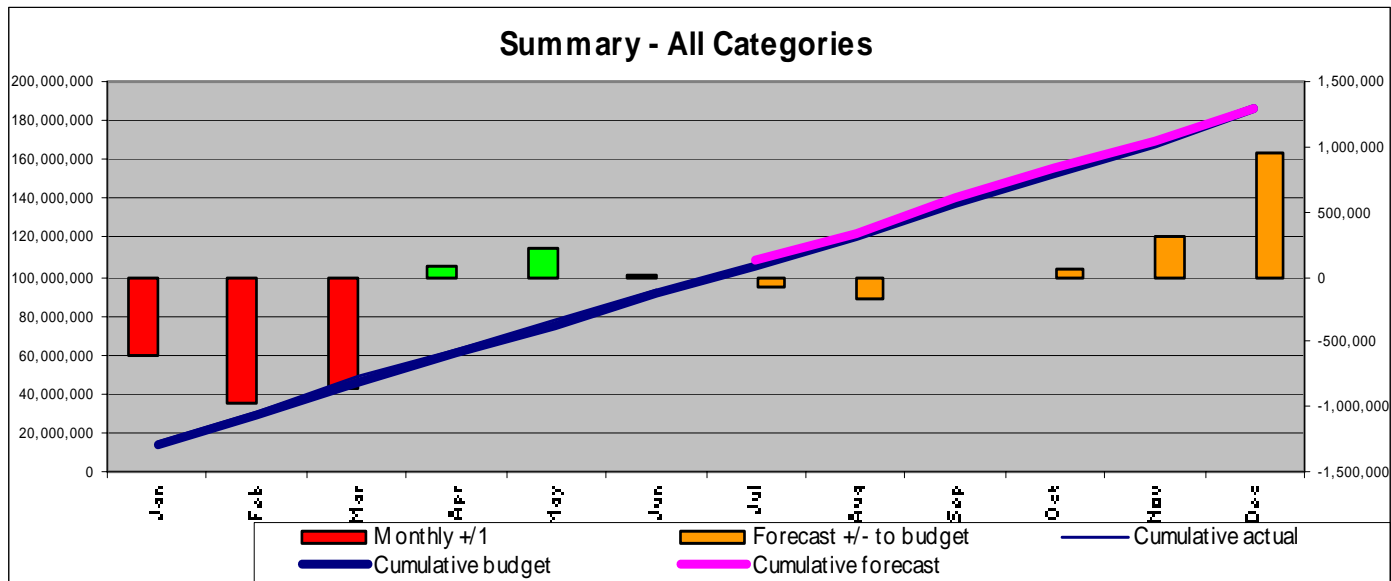
- Senior level escalation plans



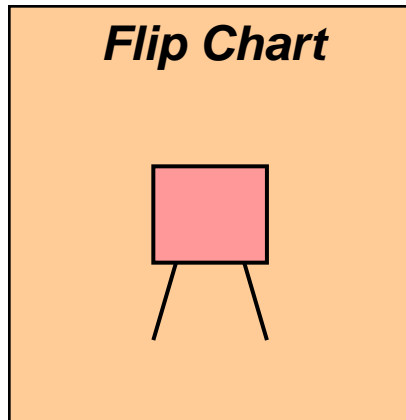
# Performance Management Cascade

## Step 6 - Site Cost Performance consolidated. Manufacturing Director reviews Factory Manager Performance.

- Forecasts of cost performance compiled to ensure corrective actions taken to achieve "Budget".
- Risks & Opportunities monitoring and control.

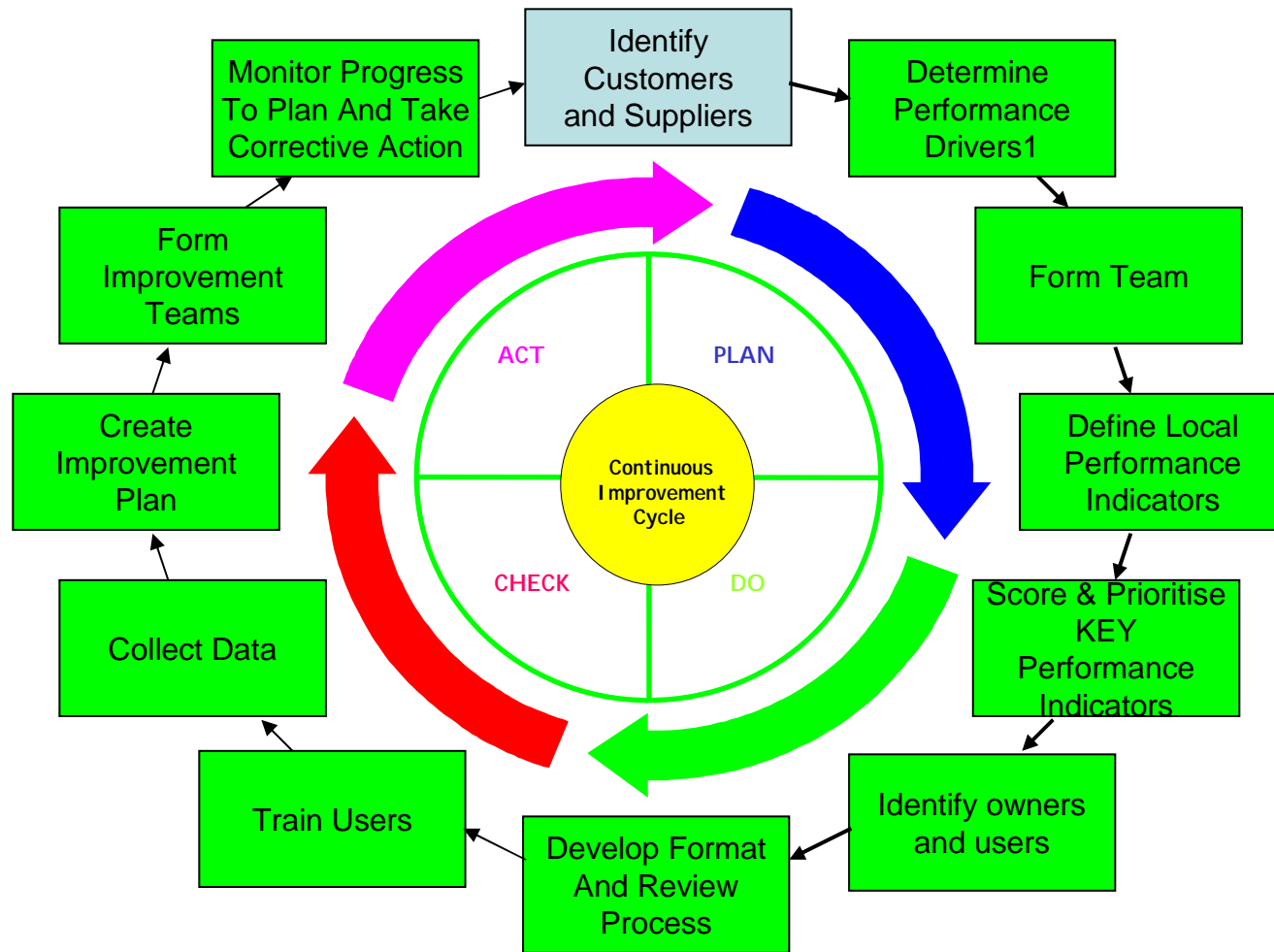


What KPI's do you think would be applicable to your area

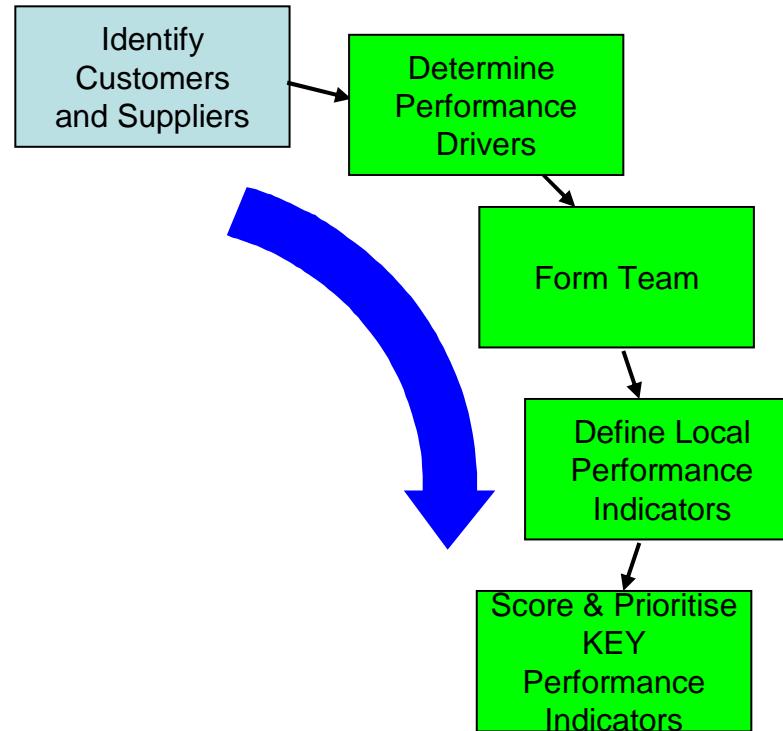




# How to Create and Manage KPI's



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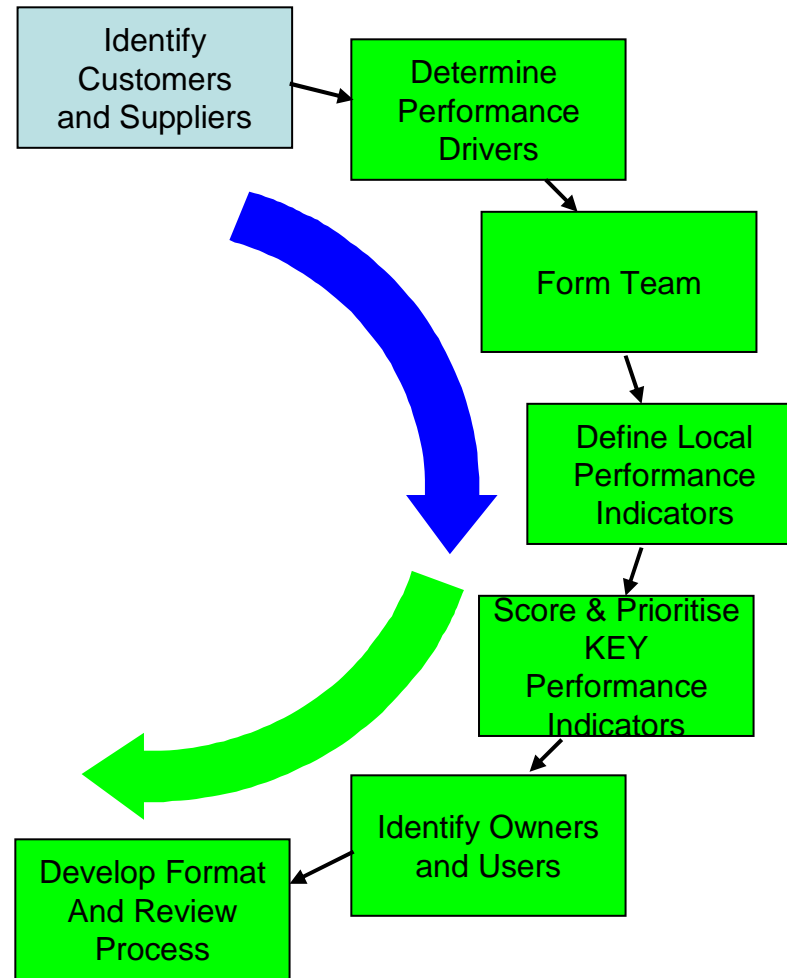
		Scoring Method					
		1 = Low					
		5 = High					
		Ease of recording data	Impact on business	Frequency of occurrence	Total		
QUALITY	1	5	5	5	125	✓	
	2	5	5	2	50		
	3	2	5	5	50	✓	
	4	5	3	2	30		
	5	4	5	3	60	✓	
	COST	6	3	5	5	75	✓
		7	1	5	5	25	
		8	3	5	3	45	
		9	5	4	5	100	✓
		10	5	5	5	125	✓
		11	5	5	2	50	
		12	5	5	2	50	
		13	2	4	5	40	
		14	3	5	4	60	✓
		15	4	4	3	48	
	DELIVERY	16	5	4	2	40	
		17	2	5	4	40	✓
		18	3	4	4	48	✓
19							
20							

Ease of recording data  
Impact on business  
Frequency of occurrence

Define Local Performance Indicators

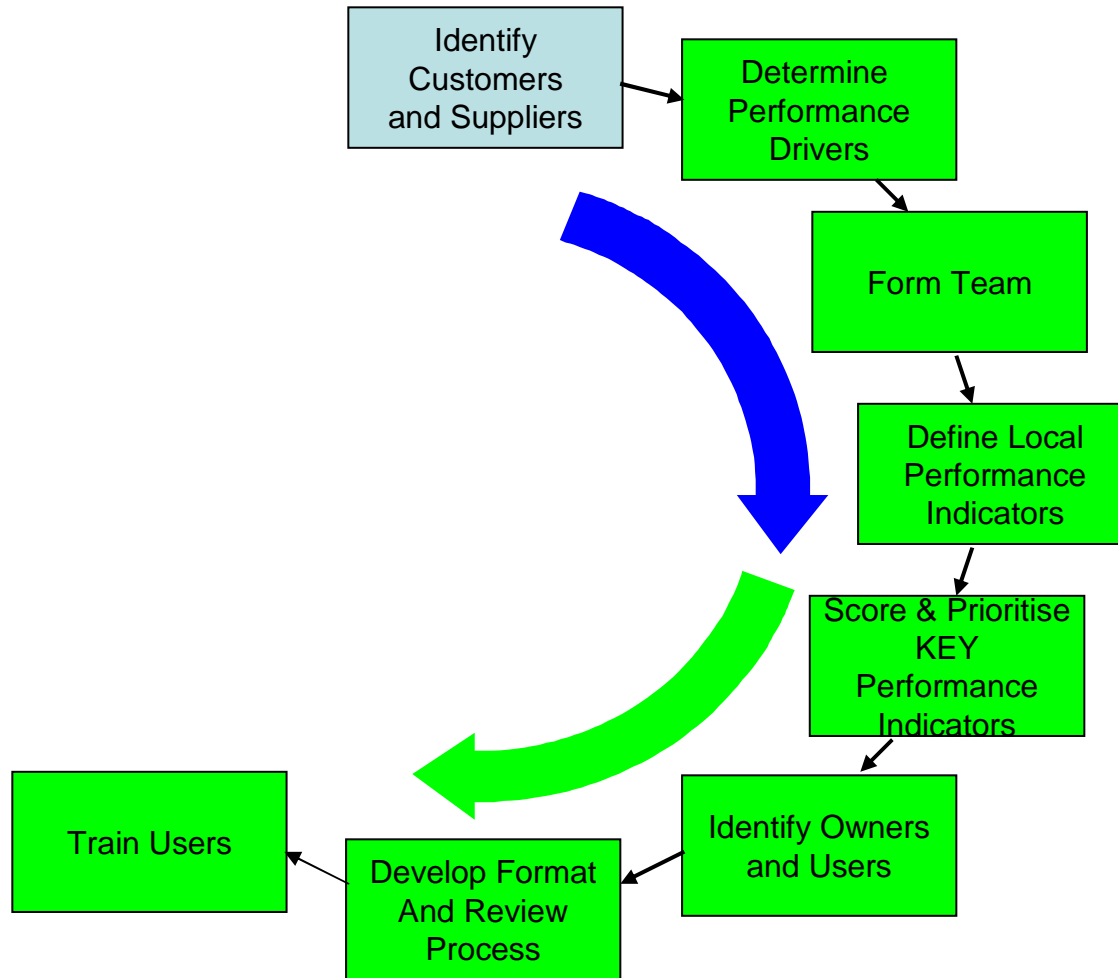
Score & Prioritise KEY Performance Indicators

# How to Create and Manage KPI's

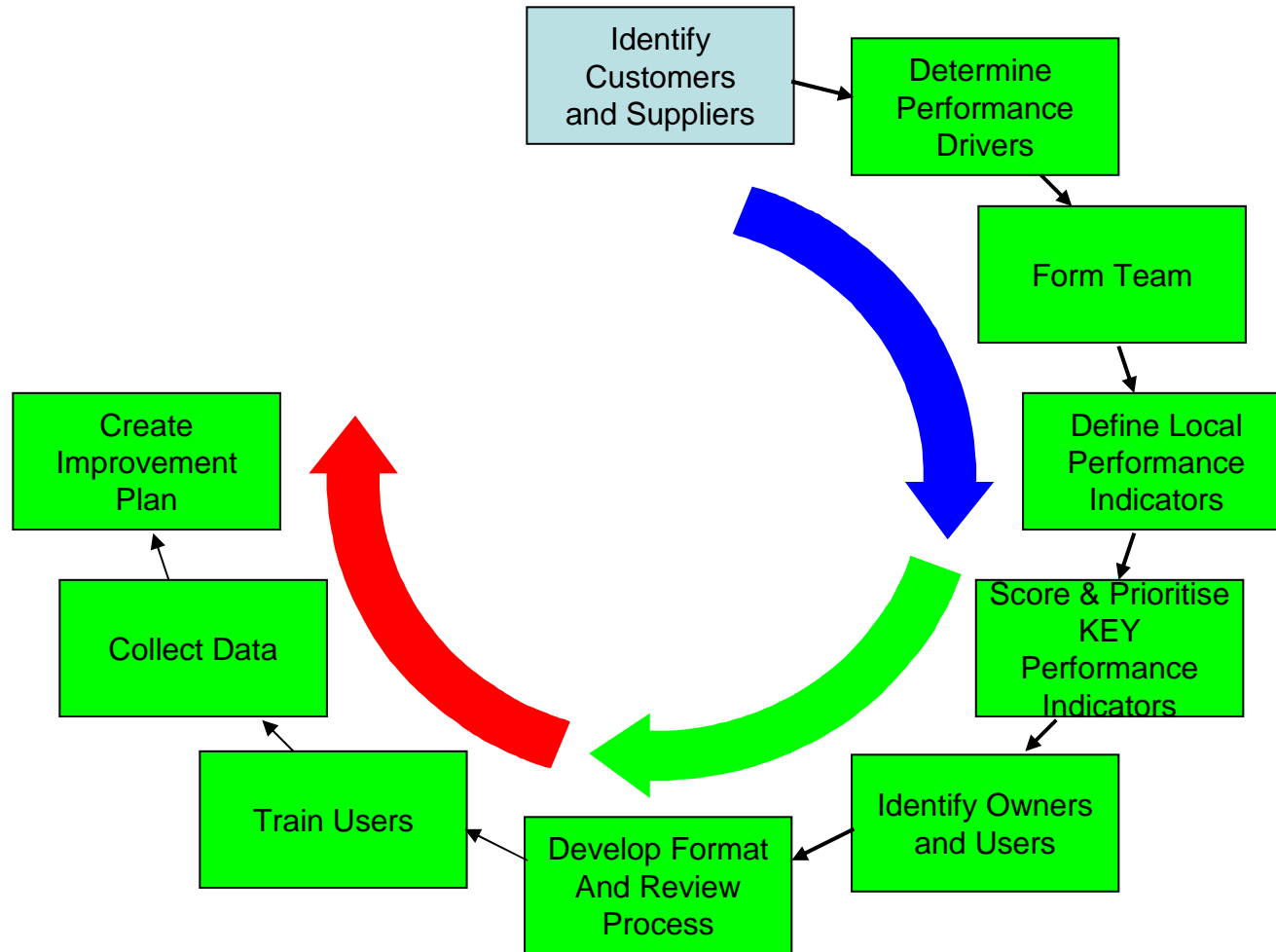




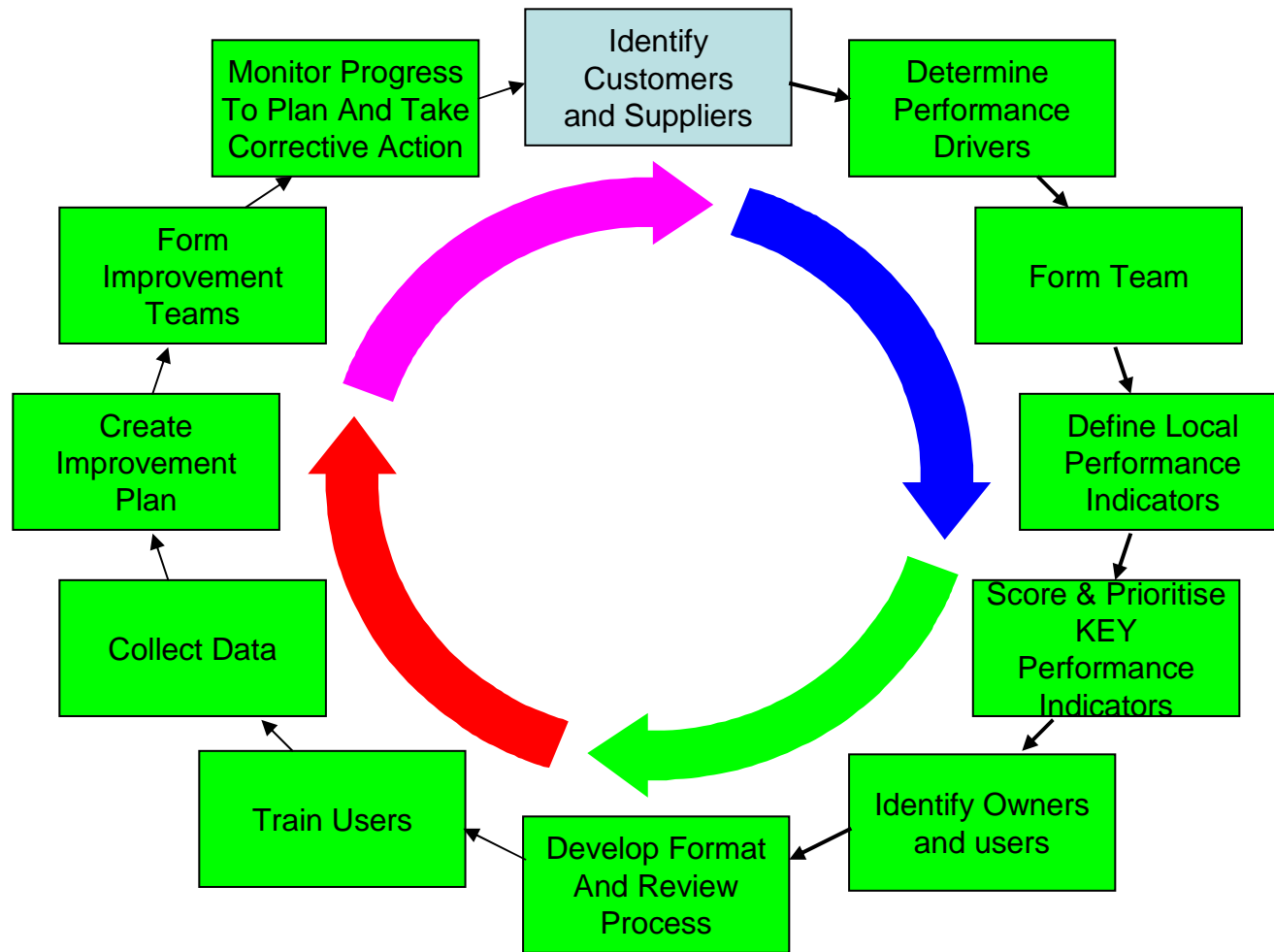
# How to Create and Manage KPI's



# How to Create and Manage KPI's



# How to Create and Manage KPI's





# Typical KPI's

<u><b>KPI - examples</b></u>	<u><b>Target</b></u>
<b>Quality</b>	
Defects <i>(Defects per unit)</i>	1 Defects per unit
Errors <i>(errors per unit)</i>	2 errors per unit
<b>Delivery</b>	
Schedule adherence <i>(Hours delta to plan)</i>	0 delta (nil Hours behind or ahead of plan)
Cycle Time <i>(Hours per Unit)</i>	To be agreed
<b>Cost</b>	
Manning <i>(man hours per set)</i>	270 hours per unit
<i>(Cost per unit)</i>	£5,000 per unit
<b>People</b>	
Skill Level	75% people trained to Practitioner Level
Training Hours	40 hrs per man per year

**Key performance indicators need to be simple and focused**

# KPI's



## SUMMARY

- Direct relationship to business plan
- Communicates progress against plan
- Drives continuous improvement
- Visual - provokes a response
- Effective - simple and easy to understand
- Ownership - relates to everyone
- Up to date - dynamic management