



# Taking Control Of Your Productivity

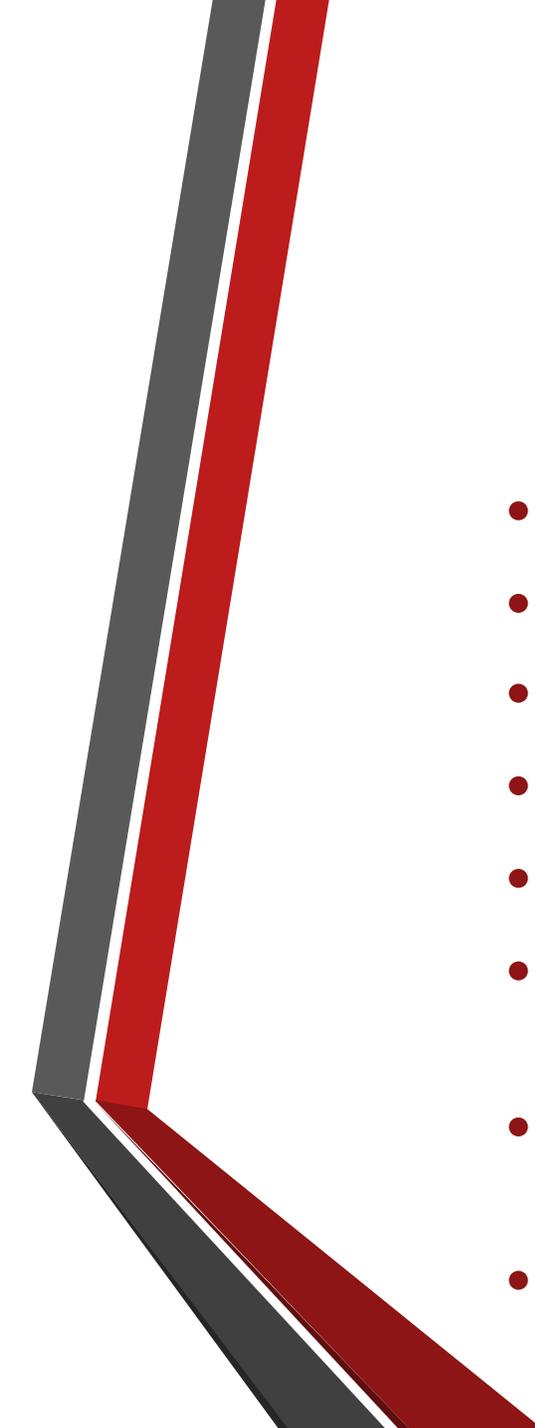
**If You Don't Measure It  
You Can't Manage It!**

Ivan Reynolds



“Key Performance Indicators (KPI’s) provide objective feedback on whether performance is improving. The best performers use KPI’s as an integral part of their ongoing monitoring and performance improvement strategy and place a great deal of emphasis on collecting robust and reliable data, which they review and act upon on a continual basis.”

David Delvin – VP Hitachi Consulting & Mark Turek – VP Energy industry EMEA



# If You Don't Measure It You Can't Manage It

- If it's worth doing, it's worth measuring!
- Conversely, if its not worth measuring, its probably not worth doing!
- The key to efficiency is to manage activity and thus manage cost
- Any activity undertaken or effort expounded has a cost attached
- Any statistical measurement has a correlating cost component to it
- By measuring all activity and understanding the impact, the correlating cost can be determined and the value-add or cost-add defined
- Understanding the cost or value-add of an activity will thus define whether it is worth doing
- This can only be achieved through measuring that activity

# Why Measure

- Measurement is effectively intelligence gathering on you organisation
- What benefits can be derived from measuring?
  - The current status quo
  - Historical information and performance
  - Assist in projections for future performance
  - Determining benchmarks
  - Provide comparative statistics
  - The cost to operate

# What to Measure

- Any activity that has an operational impact or cost implication should be measured
- Productivity measurements should include:
  - Personnel and staff performance
  - Manufacturing and production performance
  - Fleet performance & operational performance
  - Administrative performance
  - Sales performance
  - Customer satisfaction
  - Supplier performance
  - Costs related to all of the above

# Measurement Setting

- Productivity starts with people. To be more precise, productivity starts with you the manager.
- Targets need to be clearly defined. You need to know exactly what needs to be achieved in your business or your division.
- These targets then need to be cascaded down in bite size achievable chunks according to the work requirement. That means aligning them to the individuals required to achieve those results.
- KPI's per individual therefore need to be SMART:
  - Specific
  - Measurable
  - Aligned
  - Realistic
  - Time specific
- Individual KPI's are intrinsically linked to operational KPI's.
- Manage the people properly and they will manage the operational KPI's properly including that of machinery & equipment

# People Management and KPI's

- There are four keys to achieving KPI measurements
  - **Accountability:** Managers for their departments and team members and individuals for their own performance. If you don't hold people accountable, there is no incentive for achieving their KPI's
  - **Managed:** This requires daily follow up on individual, team and process performance. Senior managers need to be aware of what is transpiring on a daily basis and manager any anomalies through the various accountable people
  - **Reviewed:** Individual KPI's are seldom reviewed regularly enough. A quarterly appraisal must be done of each individual, however, a monthly review should also be conducted.
  - **Follow-up:** This is particularly necessary where an individual is not achieving their KPI targets.

# Team Management and Motivation

- Always treat people the way you want to be treated
- Lead by word and deed
- Know the rules, work the rules, stick with the rules
- Everyone is a member of the Team, but the team can only have one leader
- Share the wealth
- Be lavish with you praise and hearty with your approbation
- Explain as if to a little child
- If it's not in writing it never happened
- Follow-up, follow-up, follow-up
- OK is not good enough
- If it doesn't look right, it isn't, fix it
- Listen
- If the people won't change, change the people

# Measurement for Cost Management

- All measurements have a cost implication. All cost have a measurement criteria
- Measurement and cost are intrinsically linked
- Production, manufacturing and operational KPI's are invariably based on the cost to operate. So is fleet performance.
- Budgets are a financially based measurement frequently making use of KPI's to determine the requirement
- Financial KPI's are the holy grail of any business. It is these that tell you whether you are making or losing money, staying in business or going out of business.
- Whether you operate in a cost center or a profit center is irrelevant. Both have a budget baseline and both determine whether you business is making or losing money.

# Way Forward

- Determine what you wish to achieve
- Determine how to measure it and what you wish to understand from the measurement
- Determine the cost correlation so that the measurement will add value
- Understand the capacity of your production or manufacturing environment and the cost to operate
- Likewise, understand the capacity of your fleet or MHE and the cost to operate
- Determine the measurements required to achieve your benchmarks
- Set SMART KPI's
- Determine accountability, manage your team, review regularly, appraise regularly.
- Follow-up, support, motivate and take corrective action regularly
- Enjoy the process



**Thank You!**