

Lesson 6

Performance measurement

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Objectives

The candidate can...

- 3.4 describe the following elements of performance measurement:
- critical success factors (CSFs)
 - key performance indicators (KPIs)

Performance measurement

Techniques:

- Balanced Scorecard (BSC)
- Critical Success Factors/ Key Performance Indicators



Balanced Scorecard

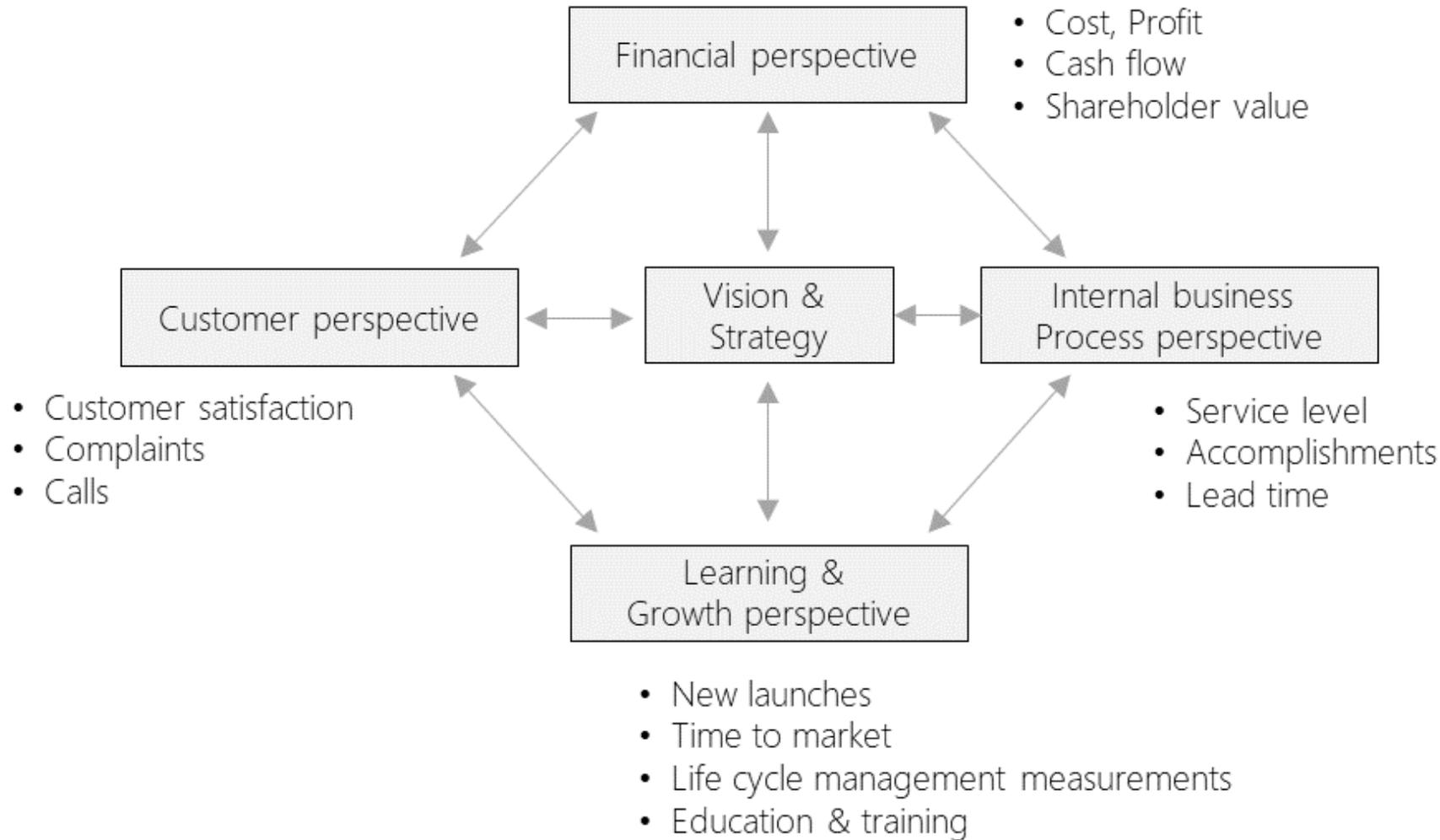
Method in which a strategy is translated into operative terms that can be measured for effectiveness:

1. **Customer perspective:** quality of sales, complaints, customer satisfaction
2. **Financial perspective:** cash flow, market share growth, payback times of investments
3. **Internal Business Process perspective:** motivation, leadership style, know how, quality management
4. **Learning & Growth perspective (Innovation):** innovations, improvements



Balanced scorecard

Fig. 3.5





CSFs & KPIs

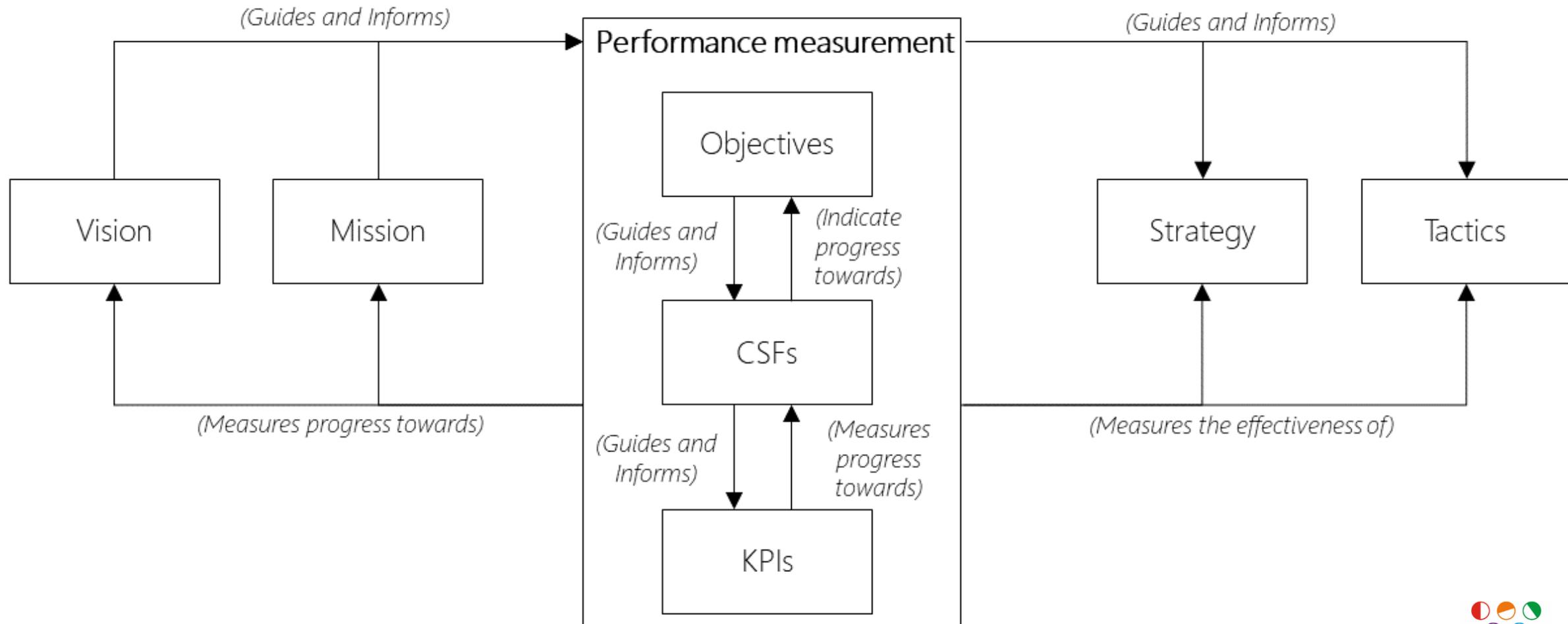
- Critical Success Factor (CSF): factors of performance that an organisation considers vital to its success.
- Key Performance Indicator (KPI): Measurable indicators which are related to a CSF.

CSF	KPI	Unit	Performance target	Measured value
Excellent Customer service	Pick up telephone	Seconds	< 20 sec.	25
	Waiting time at counter	Minutes	<= 3	6
	Redirects	Amount	1	2



Fig. 3.6

Performance measurement & VMOST



Summary

Question nr.	Question(s)	Technique
1	What capabilities do we already have?	Resource Audit
2	What factors will/do impact us?	5 Forces, PESTLE
3	Where do we want to be?	V MOST
4	What are we (not) good at? What will give us competitive advantage?	SWOT-analysis
5	How do we identify and measure success?	Critical Success Factors, Key Performance Indicators, Performance Targets
6	How do we check we have a balanced viewpoint?	Balanced Scorecard

Next Lesson

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