

DEFINE METRICS

WHAT IT IS

While there may be dozens or hundreds of metrics that an organization can use to assess performance, most organizations attempt to whittle down the large list of metrics into a set of key performance indicators (KPIs).

The primary method for selecting KPIs is to identify the set of metrics that align to the business strategy.

WHY IT'S IMPORTANT

Selecting an aligned set of KPIs to measure the activity and effectiveness of the function is one tactic to overcoming the reluctance on the part of some business and operations leaders to fully embrace OpEx.

Beyond that, having the right metrics in place is standard for any business function, so OpEx shouldn't be an exception.

HOW TO SUCCEED

Strike a Balance

When defining the core set of KPIs for the function, seek a balance between activity-based and outcomes-based KPIs.

Set a Target

A KPI without a target is impossible to properly interpret, which makes it useless as a tool to help manage the function.

Use Visual Management

Visual management is a powerful tool to communicate performance and improve team productivity, especially where interdependent teams work in close proximity.

SAMPLE EXECUTION STEPS

- 1 If KPIs have not already been defined as part of the strategy setting process, then review each strategic objective and align on 1-3 KPIs that will be used to measure performance against that objective.
- 2 Create a target for each KPI.
- 3 Review the KPIs and targets with the OpEx team.

SAMPLE ASSESSMENT

- 1 Have you defined a set of KPIs for the OpEx function that align with the major OpEx strategic objectives?
- 2 Do all KPIs have targets?
- 3 Is there a balance between activity-based and outcomes-based KPIs??

Ready to start
your assessment?

Yes, give me access to
the interactive version.

Not yet. I'll explore more
content first.