

Example Measures of Success

KPIs & Performance Measures by Functional Area

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A key aspect of the work carried out on Semta's Business to Skills Model has been the investigation into Measures of Success.

This has been associated in the first instance with improvements in quality, cost and delivery. These represent some of the key barriers (or gateways) to productivity and competitiveness.

The purpose of the following tables is to provide example background indicators to those managers seeking to make a business case for employee development through training programmes.

In making a business case, there will generally be a need to show an 'improvement' in some specific activity or process and in turn in knowledge and know-how.

For this improvement to be forecast, the initial state must be known. And, whenever possible, this state must be defined in an objective, quantitative manner.

Example tables

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Example Measures of Success

Sales and marketing

	Quality	Cost	Delivery
<ul style="list-style-type: none"> Income from sales Income from new business generated Cost of sales Lead time/schedule adherence to process orders and generate bids 			
Market awareness rating of company/ product/ service			
Market share (%)			
Market position in chosen markets			
Market presence (no. of markets present in)			
Image and reputation (ranking in surveys v competitors)			
Ranking in performance league tables			
Actual or % spend on market research			
Actual or % spend on benchmarking			
Actual or % spend on developing new market channels			
Actual or % spend on advertising			
Customer satisfaction scores (internal/independent generated)			
Number of customer complaints			
Customer loyalty (% of retained customers)			
No of leads and potential value of leads			
No or value of proposals with customers			
Sales conversions ratio (by value or no.)			
Sales lost to competition			
Income from new customers			
Income from retained customers			
Income from referrals			
Income by product or service grouping			
Income by geographical area			
Cost of sales/cost of marketing			
Cost/income sales ratio			
Time spent with customers (face to face, telephone, email)			
Footfall % or hard number (increase in number of customers into an outlet)			
Number of customer-related standards in place			
Speed and efficiency in processing orders			
Time with customers (before, during, after sales) – face to face, telephone, email/other			
Number or % of commitments met over a given period			
Numbers of overdue orders (or % of overdue orders)			
Number of order amendments / schedule changes			
Quantity of agreed and accepted rejects/total quantity of units delivered			
Lead time from receipt of order to acknowledgement			
Lead time from receipt of order to proposal with customer			
% of sales employee time spent on learning and development relating to sales and marketing			

Example Measures of Success

Research & development

<ul style="list-style-type: none"> • Cost of R&D • Quality (R&D converted to products and services) • Delivery (lead time to generate ideas and schedule adherence) 	Quality	Cost	Delivery
Spend on R&D (as % of costs, as % of turnover)			
Spend on market research (as % of costs, as % of turnover)			
Spend/time on benchmarking (actual or as % of spend)			
Spend/time on external networking			
No of new ideas or concepts produced over a given period of time			
No of new ideas exchanged or shared across the company			
Level of reuse of ideas and concepts			
Cost of taking an idea from concept to development of product			
Number of new developments in the 'product' pipeline			
Number of new developments at each stage in the product pipeline-concept & development			
Number of innovations			
Number of papers, patents, design copyrights, trademarks etc			
Number of conferences and events attended over a given period			
Number of links with Universities and Research Organisations			
Level of investment in University or Research Organisations			
Level of collaboration with suppliers/partners for new products/services (volume or value)			
Time from concept to development of product			
% of employee time spent on technical /R&D knowledge acquisition and development			

Example Measures of Success

Engineering and new product development

	Quality	Cost	Delivery
<ul style="list-style-type: none"> • Delivery time to production (lead time and schedule adherence) • Cost of design and development • Quality of design (no. of changes) 			
Compliance to customer specification			
No. or % of engineering changes post-design freeze			
No./ % of engineering changes after release to manufacture			
% on-time drawing release			
% of total design time used for redesign			
Adherence to project schedule			
Product development costs,			
Percentage of design effort subcontracted to third parties			
Total product development time			
Total effort to develop product			
Manufacturing ramp-up time			
Number of parts within the product			
Average time to process and implement design changes			
Number of new products or service launches over a given time (actual or as % of total)			
Number of new developments in the 'product' pipeline			
Number of new developments at each stage in the product pipeline – development, test etc			
Product development costs			
Conversion rate from R&D into new products (%)			
Level of spend/time benchmarking (actual or as % of spend)			
Level of collaboration with suppliers & partners for new products & services (volume or value)			
Current time to market/reference time to market			
Employee time spent on engineering knowledge acquisition			

Example Measures of Success

Operations

<ul style="list-style-type: none"> Quality of product or service offered to customer Delivery lead times and on time performance for delivery to customer Operating costs 	Quality	Cost	Delivery
Quality of product/service offered (% or ppm defects)			
Reliability of product or service provided			
Warranty levels (actual or %)			
On time delivery performance (actual or %)			
Time to market or lead-time			
Current time to market/reference time to market			
Lead time for delivery of product or service			
Production cycle times			
Overall equipment effectiveness			
Set-up times			
Downtime for equipment			
Distance travelled			
Customer orders not delivered when promised/customer orders received			
Costs over a given period (actual or %) - across company, by business unit/team, function or product			
Costs/employee (across company, by business unit/team, function or product)			
Level of waste, scrap or rework (actual, % of total – overall, by business unit or product grouping)			
Level of duplication or errors (actual, % of total – overall, by business unit or product grouping)			
Level of stock/buffer carried (actual, % of total – overall, by business unit or product grouping)			
WIP and inventory turns			
Time spent per activity (actual, % of total)			
Reliability			
Maintainability			
Availability			
Reproducibility			
Utilisation			
Billable utilisation			
Labour efficiency			
Material efficiency			
Operating costs			
Order management			
Material acquisition costs			
Inventory carrying costs			
Finance costs			

Example Measures of Success

Planning costs			
Management information system costs			
Paperwork costs			
Cost of making mistakes			
Cost of expediting			
Cost of quality control			
Bid cycle time			
Quality measures			
Technology investments as % of overall costs			
Incoming and outgoing quality			
Performance against plan			
Inventory accuracy			
No. of components			
No. of product options			
No. of levels in bill of materials			
No. of new products			
Number of Engineering changes			
Design turns			
Reuse of engineering design			
Design quality (number engineering changes)			
Pre-production quality (number of engineering changes after test and before production)			
Product development time			
Total effort to develop product (man hours)			
Manufacturing ramp-up time			
Number of parts within the product			
Average time to process and implement changes			
Design realization			
Percentage of engineering changes occurring after release to manufacture			
Percentage of projects terminated before implementation			

Example Measures of Success

Supply chain and purchasing

<ul style="list-style-type: none"> • Cost of supplied goods • Delivery performance of suppliers • Quality of supplied goods 	Quality	Cost	Delivery
Cost of supplied goods			
Cost as % of overall costs			
Number of suppliers			
Number of suppliers/employee			
Lead times for suppliers/vendors			
Delivery performance of suppliers			
Incoming quality			
Cost/supplier			
Supplier satisfaction rating			
Number of suppliers who have passed supplier audits			
Number of suppliers who meet certain supplier rating levels (e.g. quality standards)			
Support for suppliers (cost or time) from the company			
No joint ventures/collaborations with suppliers			

Quality

<ul style="list-style-type: none"> • Cost of quality • Quality of goods 	Quality	Cost	Delivery
Incoming quality			
Quality levels/employee working in quality			
Inventory accuracy			
Outgoing quality			
Scrap and rework			
Product reliability			
Cost of quality			
No. of defects per unit			
Supplier quality levels			

Example Measures of Success

HR

	Quality	Cost	Delivery
<ul style="list-style-type: none"> • Cost of HR support • Quality of employees (% match to business requirements) • Delivery – recruitment time and time to get employee capable for requirements 			
Staff turnover			
Absenteeism			
Time lost due to accidents			
% of workforce cross-trained			
No. of certified skills per person			
Cost of recruitment			
Number of employees gaining professional certification			
Employee Engagement Index (EEI) score			
Employee Satisfaction (ES) score			
Level of succession planning in place			
Number of hours training per employee			
Investment in learning and development per employee			
Investment per employee/improvement in profit per employee			
Level of performance appraisals undertaken			
No. of people who understand their roles and responsibilities			
No. of people with clear objectives and goals for the year			
Number of people whose goals link to the overall business strategy			
Number of team based projects in the company			
Number of relevant accreditations (e.g. IIP)			
Level of input (time and cost) to maintaining people based accreditations			
Level of time spent by managers gaining buy in from staff to objectives of 5 year strategic plan			
Time spent on formal communications (actual or as % of time available)			
Total number of structured training & development days per year/number of full-time employees			
Match of current culture with required culture			
No. of people in job rotation			
No. of secondments			
No. of people in mentoring programmes			
Information capital– knowledge management systems and databases, and networks that make information and knowledge available to the organization			
Organisation capital– a combination of culture, leadership. Alignment and teamwork that help an organization ensure knows its vision, mission, values and strategy			
Human capital– employee’s know-how required to perform internal processes that support a strategy			

Example Measures of Success

IT

	Quality	Cost	Delivery
<ul style="list-style-type: none"> • Cost of provision of IT support to the business • Delivery (Service Availability) • Quality (Effective Functionality) 			
Cost of IT investment (as % of costs or revenue)			
Order processing time			
Response times (IT help desk)			
Decision cycle time			
Invoice/payroll processing time			
% on-time maintenance service			
% of time the 'system' is available to users (including and excluding planned downtime as a % of time per day/week/month) against Service Level Agreement (SLA)			
Response time – for business critical queries the response timer in seconds may be measured against expected SLA			
Resource utilization (% of CPU and disk space used on a daily/weekly/monthly/yearly basis) against SLA with reference to its impact on response time and availability			
%/no. queries 'dropped'/not completed by the system against SLA			
User satisfaction with performance (efficiency) and coverage (effectiveness) system available to support their work roles			
Query/Transaction hits by department by day/week/month/year) as against ROI expectations (capital, development, maintenance and support costs overtime)			
Cost of IT investment (as % of costs or revenue)			

Example Measures of Success

Finance

<ul style="list-style-type: none"> • Level of cash • Level of gearing • Cost of financial support to the business • Cost of borrowing • Delivery (timeliness of information on financial reporting) • Quality (accuracy of information) 	Quality	Cost	Delivery
Return on Capital Employed (ROCE)			
Return on Assets			
Return on investments (ROI)			
Cash flow			
Cost of finance department			
No financial reports produced			
Cost of producing financial reports			
Number of people using financial reports			
Accuracy of financial reporting information			
Timeliness of financial reporting information			
Cash in the bank or in hand over a given period			
Cash flow over a given period			
Amount outstanding with debtors and creditors			
Amount owed to banks and other lenders			
% owed to bank/% owned by shareholders			
Debt/capital employed			
Amount being paid in interest charges			
Financial stability – maintenance/reduction in costs/turnover of stock over a given period			
Credit rating over a given period			
Short-term Assets / Short Term Liabilities			
Trends in profitability e.g. by business unit / function, by products or services, by geographical area			
Trend in balance sheet e.g. by business unit / function, by products or services, by geographical area			
Earnings per share (eps)			
Price/earnings (p/e ratio)			