Key success factors of KPI’s in Operational Excellence

Webinar: BearingPoint & KPI Library
October 9th 2012
To improve you have to measure results....

...but will measurements and targets automatically stimulate the required behavior?
What happens in real life....

- **Not the right Measurements**
  - Too high level
  - Not the right frequency
  - No trending
  - Targets not SMART

- **No People involvement**
  - No Interaction
  - No Gemba
  - No Positive focus

- **No recognizable Structure**
  - No link between what we measure and what we want to achieve
Success factors for KPI’s in Operational Excellence

- Use the correct KPI’s
- Create a recognizable structure
- Establish the right behavior
Success Factor I: Use the correct KPI’s

Market Share

Customer Satisfaction

Price
Quality
Service level
...

“Delivery”
On Time in Full

Planning
Capacity
Efficiency
...

Pieces per manhour

Strategic objective

Primary driver

External KPI

Internal KPI

Enablers

Performance indicator
Success Factor I:
Use the correct KPI’s

KPI’s need to:
- Be SMART
- Be measured in the right frequencies
- Show trends
Success Factor II: Create a recognizable structure....

Realizing Strategy

- Quick response
- Low cost
- High quality

SPEED
- Smoothing workload
- Flow
- Pull system

QUALITY
- Six Sigma
- Mistake proofing
- Early warning

STABLE FOUNDATION
- Total Productive Management
- Elimination of Waste
- Visual Management
- Standardized work
- 5S (Sort – Straighten – Shine – Standardize – Sustain)
Success Factor II: Create a recognizable KPI-structure

**SPEED**
- Days Sales Outstanding: 42 Days
- Production Throughput Time: 5 Days

**QUALITY**
- Training plan compliance: 66%
- First Time Pass Rate: 98.3%
- Customer complaints: 0%

**STABLE FOUNDATION**
- Overall Equipment Effectiveness: 76%
- 5S audit compliance: 45%
As daily used by our clients ...
... with a Drilldown to every detail!
Key success Factor III: Establish the right behavior

- Share performance
- Show involvement (Gemba)
- Create involvement
- Focus on the positive
Key Conclusions

It’s important to measure the right KPI’s

It’s important to create a recognizable KPI-structure

It’s important to create involvement by establishing the right behavior
# How to start?

<table>
<thead>
<tr>
<th>If</th>
<th>Then</th>
<th>Why</th>
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<tbody>
<tr>
<td>1. You have Excel based KPI’s</td>
<td>Use KPI Library and train usage</td>
<td>To ensure involvement by easy access and direct feedback</td>
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<td>2. You have an incomplete set of</td>
<td>Check and develop missing KPI’s</td>
<td>To ensure a good and useful dashboard</td>
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<td>KPI’s</td>
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<td>3. You have no good structure</td>
<td>Set-up a KPI structure linked to corporate objectives</td>
<td>To ensure reaching corporate objectives in a structured way</td>
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<td>behind your KPI’s</td>
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Questions
Your contact

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