

Evaluation by an independent management consultant

As I study the forms given to each individual, I see that the metrics have not been worked out properly. I'm sure the editors don't know exactly what they are actually measuring.

For other sectors like supply chain management, customer services (like eBay or Amazon.com) or even HR, it is not too difficult to build up KPIs and measure productivity through volume of sales generated, ROI, shortened time of delivery, reduced wastage, customer satisfaction, improved skills & competency at work etc...

From the forms attached, I can see that they are too basic and rudimentary in nature. The editors may not be aware that they are trying to use the **'response-time metric'** as one measurement. Other metrics are **'process efficiency dimension'**, (the work process is familiar to them), **'productivity'** (resource utility maximisation to bring out a faster product) and **'profitability'** (less time taken to do the work, less wastage)

However, meeting these criteria has many drawbacks namely:

- they cannot measure the quality of work because very fine tools have to be designed to measure quality. Anyway, quality is also very subjective.
- can't change the work ethics of the employees who see this as an extra meaningless exercise because they have not been told the goal of the exercise
- management is not working in consensus with employees, who resent it as waste of time and see this as a form of control as well as distraction from their work proper
- employees see this as a 'big brother' treatment of them which may demoralise rather than help improve their quality and quantity of work

The greatest problem it will present is, the ENORMOUS AMOUNT OF DATA to be collected and processed. Extra work comes in, which means extra RM will have to be utilised trying to draw info from the data. Perhaps new people will have to be employed to do this process of futility.

Eventually when management sees that the productivity has dropped and workers are demoralised, they will wonder whether they did the right thing.

Added to this, is the fact that there has to be a very high and quick learning curve to draw meaning from the data gathered. I'm sure KPMG has not taught the company how to process the information gathered, principally because the top people have not sat down to decide what they wanted to measure besides profitability and ROI.

KPI is very closely tied with KRA (key result areas) and team work to motivate the teams or departments to improve their work processes as well as improve their work culture. KPI also aims to reward those who are productive (a form of measurement of their bonuses) but as usual, this will be hard to measure and also open to abuse.

At the end of the day, the management will realise this was an exercise in futility and drop it like a ton of hot potatoes. Management has to communicate with their subordinates so that they can get their cooperation and understanding. Without this in place, any programme they want to implement will land up being a failure.

What KPI standards need to be:

KPI helps an organisation define and measure progress towards organisational goals - quantifiable measurements agreed to beforehand that reflect the critical success factors of an organisation.

There are a number of steps to improve process flows but following are 5 principal steps (with reference to editorial):

- identify the activities that create value
- determine the major steps to deliver that value
- eliminate non-value added steps
- ensure product and services availability based on customer demand
- continuously improve the processes

6 steps to creating and implementing a comprehensive programme:

- educate senior management team...the benefits and processes necessary for total support prior to implementation
- conduct brainstorming sessions to identify the areas of deficiency (waste areas) ..document and disseminate info discussed
- communication: getting out the word of change companywide. One of the most important tasks prior to implementation is that all concerned need to be kept in the loop to comment and give feedback on all the changes to the infrastructure and processes.
- creation of teams: key areas of their responsibility is to cut down waste and to add value to the processes
- training: educating the workers and managers to the relative and necessary benefits of the changes.

Added to the forms that you all have been given must be built-in **benchmarking standards**.

- What constitutes to an acceptable piece of work (all details need to be worked out and quantifiable)
- what is the acceptable time limit for X piece/s of work to be completed (give and take a certain % of leeway)
- what is an acceptable number of pieces of articles/reports per day/week etc....also the length etc...also the presentation, and the amount of correction or lack of it

- for the sub editors or copy clearers ...how many pieces of cleared articles is acceptable within a given period of time (articles have to be graded according to the amount of corrections needed by the editors first...quite easily determined because you all know the writers)

This is merely a suggestion for benchmarking... you all may have more as you look through your job specs.

With the standards set out clearly, the system can possibly eliminate issues like unequal work distribution or favouritism because everyone has clear guidelines to follow. However, it necessitates a committee sitting down and combing through the benchmarking standards required...more work so that there can be fairness. As you go through the forms you have to pick out each metric that the management is trying to measure and identify each unit carefully.

Instead of implementing KPI and wasting so much money, **Star management should engage a consultant to come up with a competency meter to gauge whether the employees are able to handle the work they are doing.** If they can't, send them for retraining and even after retraining if they can't produce acceptable work, they should be asked to leave or redesignated because that work is not suitable for them. In this way, they will be able see why they have to leave. How can you tell a person he is not performing? If you have performance /competency indices, then there is something to start from, to show the employee areas where he/she needs to work on.

I hope this has given you some idea to help you understand this whole process that the company is trying to implement without much thinking through.

I'm also copying something from the *American Chronicle* which commented on Najib trying to implement KPI for the civil service. Below is part of the article:

Commitment and implementation stage

KPI doesn't happen in vacuum. People must buy the idea and commit their support. KPI implementation is always tough due to two major factors. It is tough because it involves fundamental changes and extra work which people by nature will resist. Another factor is its demanding nature, requiring people to work harder and taking on more responsibilities. To over-come these problems the KPI teams and steering committee should extensively communicate to all the stakeholders, particularly employees. Questions like what, why, how and when should be answered in detail so that the anxiety of the change is reduced.

Companies which have successfully undergone change have extensively communicated through meetings, circulars, company magazines, memos etc all the details and the reason why people should support the KPI project. After doing all the things mentioned earlier, now it is time to realize the vision by pushing the button and implementing and realizing the KPIs set by the organization. This is the most crucial and critical step in KPI which can make or break the whole effort. Most KPI efforts fall short in the implementation, which requires even greater effort than the earlier stages mentioned. Many organizations have performed good KPI work only to have it fail or become buried when key staff moves. It is thus important that the use of KPIs becomes widespread in an organization and is incorporated into its very culture. One of approach adopted by some organization is to first conduct a KPI pilot test in limited areas so as to test its applicability. The pilot test also helps in detection and correction of any flaws thus clearing the road to full implementation. The successful pilot test is followed by a full-fledged implementation to achieve the desired breakthrough goals. This should be followed by continuous improvement as the famous saying goes, "Success is a journey, not a destination". In essence the organization must refine its KPIs on a continuous basis so as to retain its relevance to its strategic goals.

Performance Evaluation Stage

Though being a last stage in the KPI it is a critical stage. It may be mentioned here that in KPI we do not wait till the end of the month or a year to wait for evaluation. But this is the macro evaluation of people and macro KPIs achieved by the organization. "Performance management is forward looking. It focuses on planning for the future rather than dwelling on the past. But it necessarily includes some form of assessment of what has been achieved to provide the basis for performance agreements and development plans, forecasts of potential and career plans. In addition, a performance management process commonly, but not inevitably, incorporates a rating or other means of summing up performance to encapsulate views about the level of performance reached and, if required, inform performance- or contribution-related pay decisions." (Armstrong 2006) It must be not forgotten that proper reward and celebration should take place if the organization has achieved its KPIs and in case of non-achievement causes are explored and a new strategy is developed towards the achievement of the KPIs.

KPI is a revolutionary performance management system which has helped many organizations breakthrough performance. The strength of this system lies in its tangibility and measurability where organizational members see both what needs achievement and what has been achieved. It also makes the job of managers easier as they are able to efficiently monitor the tangible performance benchmarks selected for achievement. However achievement of KPI does not automatically take place, rather it requires deliberate steps and proper methodology. The methodology and systematic road-map proposed in this article could serve as a guide for the successful implementation and achievement of KPIs in your organization.

I hope this gives you a better picture. My opinion? A lot of extra work and without constant monitoring and the workers buying into the belief in change for improvement and greater productivity, everything will come to a

grinding halt. Attitudes cannot be changed overnight just with the implementation of KPI. The organisation should seriously carry out a pilot project first before spending so much trying to force this onto the employees.