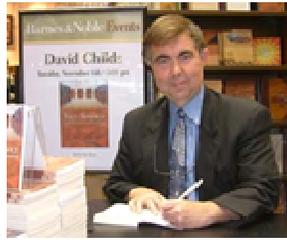


## How Many Measures?



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Two legendary stories from performance measurement folklore and a performance management proverb by a legendary giant of the quality leadership movement provide colorful, understandable real-life answers to a key, core philosophical question in the performance management field: *How many measures should we have?*

The story that is most often cited as providing a model for quality performance measurement programs is the one about Southwest Airlines and how this highly successful and respected company manages a huge organization from one core measure; Profit per Seat. Southwest explains that this measure purely, simply, and directly measures their success at achieving their core mission, which is to make a profit. Their organizational management meetings begin with the latest Profit per Seat numbers, followed by discussion/analysis as to why it has improved or declined - possibly gas prices went up and cut into profits. Maybe more planes needed repair this month and their profit per seat margin dropped; or maybe the repair team had implemented improvements that were keeping planes in the air an increased percentage of the time, which contributed to an improvement in Profit per Seat.

Discussion and analysis based on this core, focusing measure, combined with secondary supporting data would identify any number of underlying causes as well as what actions need to be taken in order to improve in the following month. Hence, Southwest Airlines creates an atmosphere of focused flexibility. The organization is able to successfully identify an unlimited number of strengths, weaknesses, opportunities and threats, but from a shared core perspective and focus that is provided by the core measure. It is like throwing a rock into a lake that creates 360 degree ripples. The right one core measure (rock) can permeate (ripple through) every aspect of the entire organization (the lake).

The second story involves Disney. Because of their reputation for outstanding customer service, Disney is often asked about their quality customer service survey program. Their initially surprising response is that they don't have one. Then they explain that their mission is to "Make Magic", to exceed their customers' expectations regarding customer service. Disney's mission is to make customers say "Wow!". For example, at Disney hotels, valets are taught to notice car license plates and back window/bumper stickers so that they can craft a personalized welcome for each guest, such as "We sure are glad that we can greet you with warmer weather than you left in Minnesota. Be

sure to visit the Wide World of Sports Soccer Skills field while you're here. You'll really enjoy it." All wristwatches on the mannequins in the Hall of Presidents work and maintain correct time. The horses on the calliopi are sanded down and re-painted every night because tomorrow that horse must look nice for the guests that will be taking their child's picture at that one special moment for them. Disney's mission is not to score a 9.5 on a 10 point customer survey. Their goal is to exceed what the customer could ever imagine and customers can't rate what they would never have expected.

Within these two stories are embedded several proverbs about the performance measurement programs of highly successful companies that, based on their reputations and documentable success, clearly know how to utilize measures in a beneficial, productive way:

**Proverb 1: Adopt a few, or only one, core foundational measures.** Your organization's primary responsibility is to perform its functions, not measure; and there is an inverse correlation between how much time is spent measuring and what the measures will tell you about how poorly you have performed on the assignments that you have been ignoring while you were measuring.

**Proverb 2: Develop measures that can maintain focus on the core of what you are attempting to accomplish.** What are the Southwest Airlines-like measures that can focus hiring strategy, promotions, cost-benefit analyses, budget priorities, absolutely every organizational behavior onto what is necessary in order to achieve their core mission?

**Proverb 3: Apply the measures in a positive, progressive manner.** In quality organizational cultures, measures are perceived as, developed to, and analyzed in a spirit of how they can improve the organization's performance, not how they can prove ineptitude and be used to blame, slash and burn.

To verify the validity of these proverbs we can refer to the advice of the legendary guru of quality management, the late Peter Drucker. When Mr. Drucker was asked for his answer to our question ( How Many Measures ? ), his answer was " If you have crafted the right measures " ( Proverb 2 ) " then you should adopt no more than 5 to 7 core measures " ( Proverb 1 ) .

Unfortunately, after roughly 25 years of encouraging the adoption of performance measures in government, very few agencies use measures, and of the few that do, very few of those employ a program that is designed on the principles of the 3 proverbs. One agency that has implemented the "3 Proverbs Program " over the past 12 years is the Dallas County Tax Office. Impacts of the program have included:

- The Office is performing three times as much work ( telephone calls answered, functions performed, customers served, process-time impact of mandates, increased population and entities served, etc. );
- In faster response times (ex. average customer wait in line for vehicle registrations has improved from 48 minutes to 8 minutes, deposit of mailed-in property tax payments during

peak season has improved from 2 weeks to next day, etc.); while reducing staff from 234 to 230.

- Among entities that retain such measures, DCTO ranks first nationally in production/FTE in one category and 2nd nationally in another production/FTE category.
- DCTO's budget growth has averaged one-third the growth-rate of similar, comparable agencies.
- One-third of staff receive an unsolicited, written "thank you" card/letter each year for their unexpected quality of service .
- DCTO has earned 4 national recognitions for excellence and, in 2007 and 2008, was the only government agency in the State of Texas to be recognized by the State-level Malcolm Baldrige's Performance Excellence program.

In short, the 3 proverbs inspire the same improvement in performance in the government sector that they have produced in successful private companies.

So, there you have it. The Father of the American quality management movement and two of the world's most successful and respected companies agree on 3 core proverbs for a successful performance measurement program. Again, they are:

**Proverb 1: One to seven core measures**

**Proverb 2: Not only measure performance, but also focus organizational purpose**

**Proverb 3: Measure in a constructive, progressive, positive atmosphere .**

It has been the experience of the Dallas County Tax Office that the implementation of such a program should improve performance/productivity by at least 25 %, and probably more.