



**Measuring for Performance:
Finding the Right Strategy
for your Organization**

Overview

Performance management is becoming common language in today's business culture. Measuring results and managing by definitive facts enables previous command-and-control style corporations to evolve into a culture of individual accountability where the average employee is expected to make sound business decisions. In prior cultures, the management team would instruct employees and explicitly define how to handle different situations. As complexities evolve, this style becomes hard, if not impossible, to maintain.

If nothing more, the value placed on the average employee has increased. Today's corporate executives recognize that the net effect of all employees making better decisions is exponentially more valuable than only a few managers dictating how to perform daily tasks. It is a case of the sum of the individual parts far exceeding the sum of the collective whole. As long as individuals can rely on basic assumptions that others will respond similarly given a set of conditions, this tends to hold true as individuals make daily decisions. When this assumption is applied, an individual's gut-feel analysis becomes a disease as it violates the expectations that others know how one would respond in given situations.

Dealing with these challenges and following this trend, many methodologies have been developed to help organizations measure performance and manage by the principles of performance management. From six sigma to total quality management (TQM) to balanced scorecards, there are similarities and differences that may benefit your industry, your corporation, or your competitive advantage. All have their merits, but all might not be right for your organization.



Six Sigma

First made famous by GE, Six Sigma is a renowned methodology employing Black Belts and Green Belts to execute projects for continuous improvement and new process development with a single underlying statistical calculation. Six Sigma refers to the quantitative results of a process. To achieve Six Sigma, a given process must produce no more than 3.4 defects per million opportunities.

Supporting this process and the calculations associated are two sub-methodologies known as DMAIC and DMADV. DMAIC (define, measure, analyze, improve, control) is an improvement system appropriate for incremental opportunities of existing processes. DMADV (define, measure, analyze, design, verify) is a method used to develop new processes at Six Sigma quality levels. In both methods, measurement and analysis is the basis for management and decision making.

With the formulation of the Six Sigma Academy, there are well documented and universally accepted principles that make up the foundation of Six Sigma. While every implementation may vary slightly in its methods, the foundation is much the same. It is estimated that Six Sigma Black Belts save companies approximately \$230,000 per project and can complete four to 6 projects per year. To achieve this level of mastery, there is a rigorous training and mentoring curriculum that must be strictly maintained. Without it, the foundation of the methodology is invalidated. The extra time spent performing the analysis for Six Sigma may result in fruitless outcomes if the process is not adequately supported with the time, resources, and dedication for completeness.

