



## A new trend in measuring improvement efforts

Innovative changes in the measurement of efforts to improve business performance are gaining attention and traction. This trend typically does not require additional resources, programs or complexity; in fact, it simplifies more than burdens. Most importantly, it helps prevent individuals from falling into the correlation causation trap we all know to avoid but often fail to.

When business is good, it is easy to feel justified by decisions made to increase revenue, profitability and market share. Great results followed these decisions; therefore, the results were due to these decisions. Sound familiar? Sometimes, luck was the primary factor for the great results, other times it may have been due to normal variation, and occasionally the results were recognized in spite of the decisions that were made.

During difficult times, the answer to "How will we turn this around?" tends to begin a search for a new program to start rather than centering goals on how best to realign, refocus and regain the interest, loyalty and engagement of the customer of the business or improvement objectives.

More is rarely the answer; focusing on value, however, typically is the answer for improvement. Enter a new measurement: transformational indicators.

In most companies, lagging indicators measure results, and leading indicators measure activities. Transformational indicators measure the contribution of value between activities and results. This is where improved measurement opportunities lie. When there is confidence in how results were obtained and how they will continue, new improvement opportunities can be decided and acted upon, making a step-change possible.

It should be noted there are no exact, prescribed indicators that always facilitate this drastic improvement although many consulting engagements did help to tease out a range of these transformational indicators. Every organization is different. Further, what is transformational today might be ordinary next month. Indicators must evolve toward being value based, and what is and isn't valued changes. Therein lies some of the complexity.

Consider how the values of society

change. Some values are certainly deeply rooted, like country, family or religious identity. How we choose to spend our time, however, has evolved drastically even over the most recent 10 years with changes in what captures our attention. When the focus is on customer value, we move from being activity centered toward focusing on what is important to those we are trying to impact with our activities and attention.

As important as this is, it is not just customer value that transformational indicators focus on. There must be confidence the programs, initiatives and activities invested in to improve internal business performance are, indeed, producing the results sought after.

Consider what is often measured in training. What if you have trained everyone on a subject and have attendance records proving this, and business performance improves? How can you be sure this was due to training? Did you measure the knowledge transfer, perception changes, behavioral changes or increase in competency? Without these value-focused measurements, there can be no accurate correlation drawn between training and

business results, and no sustainability can be expected either.

Evolving from a focus on lagging to leading indicators is a logical step that many organizations get stuck on. If your leading indicators are primarily activity based, this won't create confidence in predicting future performance. Join the trend of leaders who are challenging the status quo and discovering a greater degree of understanding into not only why current results are achieved but also how to continuously improve and add value to the business and its customers. Move from lagging to leading to transformational indicators.

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