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## Key Performance Indicators: Are your metrics driving the right behavior?

A common saying in business is you can't manage what you don't measure. Using Key Performance Indicators to measure progress helps organizations determine if they're making effective use of resources and meeting the needs of customers and clients.

But you have to make sure that what you choose to measure is of real value. Your KPIs must measure something that is important to the customer or to the bottom line.

For instance, several years ago a call center operation began measuring the average number of calls handled per hour. To meet the KPI, operators felt pressure to get rid of callers as quickly as possible - often without resolving the customer's issue. More calls were answered, but customer satisfaction decreased.

The KPI had exactly the opposite effect of what was intended.

### The B-SMART test

So how does an organization know if its Key Performance Indicators are right? A frequently used reference is the SMART test, which has been around a long time. But an even better version adds a slight twist - the B-SMART test.

B = Baseline. What is your current performance level? What hard targets can be set from that baseline?

S = Specific. Is the metric clear and focused? Are assumptions and definitions specified for what constitutes satisfactory performance?

M = Measurable. Can the metric be objectively quantified and compared to other data? Does it resist "fudging"?

A = Achievable. Is the metric challenging without being perceived as impossible?

R = Relevant. Does the metric support the department's goals and organization's strategic objectives? Does it support customer needs?

T = Time-based. Does the metric include milestones or indicators so that those responsible can chart their progress and know where they stand?

### Worth the effort?

Keep in mind that KPIs are supposed to drive the right behavior...behavior that should be spelled out in your organization's values. Remember that KPI stands for *Key* Performance Indicators. Just because something *can* be measured doesn't mean it *should* be measured. It is better to focus on a small number of truly effective measures than to try to measure everything.

Implementing and overseeing Key Performance Indicators can be time consuming, but it is well worth the effort. Performance indicators provide employees with the information they need to make better decisions.

Well-designed KPIs are a cornerstone to a lean daily management system. Together, they form the foundation for a culture of continuous learning and improvement.

For more information about how lean can help your organization, contact me at [david.veech@theleanway.com](mailto:david.veech@theleanway.com).

## Lean everywhere

And throw in the kitchen sink!

I recently came across a Better Homes & Gardens article titled "30 Ways to Control Kitchen Clutter" -- and it dawned on me that what the article was really recommending was using lean thinking in everyday life.

Although the article didn't use lean terminology, in effect it advocated 5S and visual controls to improve the workplace - in this case, the kitchen. For instance, the article suggested storing spice bottles one deep, on their sides, with labels visible. The best location, it said, is below a cooktop or to the side of the range, so the spices are easily accessible when needed.

That's lean thinking, pure and simple. After all, 5S and visual controls are the very foundation of lean organization -- ensuring that there is a place for everything and everything is in its place, clean and ready to use.

The BH&G article got me to thinking about other ways we can use lean thinking to improve our everyday lives. I came up with several examples, which I'll share in a future newsletter. But what I'd really like is to hear your examples - ways you've discovered to apply lean to your everyday life.

If you have some good examples, please send them to me at [david.veech@theleanway.com](mailto:david.veech@theleanway.com), and I'll share them with our readers. Please let me know if it's OK to use your name, or if you'd prefer to remain anonymous.

Oh, and if you're interested in that BH&G article, here's a link:

<http://www.bhgfirst.com/views/live/remodeling/30-ways-to-control-kitchen-clutter>

## Lean Tip of the Month

Use both hands!

One of the simplest fixes to workstations is to add a fixture to hold the work piece so the operator can use both hands to add value. I've heard that the most expensive fixture in the world is the human hand so let's quit holding things down with one, and using the other to work. It doesn't matter if you're assembling a dashboard, making coffee, or sending a fax; when you use both hands instead of one you can finish in half the time.

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**Sincerely,**

**David**

David Veech  
Executive Director  
Institute for Lean Systems

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