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“Measuring What Matters”

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Part Two

In last month’s issue of this newsletter, Part One of “Measuring What Matters” urged organizational communicators to shift some of their emphasis from measuring the value of communications to communicating about measures that people value. Making that shift can be a pivotal step for communicators looking for ways to broaden their role in the organization and heighten their impact on its performance.

In order to play that role effectively, though, you must understand how to weave the effective exchange of appropriate data and information into the fabric of the organization’s day-to-day operating life. The first step is to ensure that you are using indicators that are operationally relevant to individual employees as well as the organization as a whole. For example, you might have indicators on safety, investment in employee learning and development, results of continuous improvement efforts, quality of products and services, defect and rework rates, results of employee opinion surveys, customer satisfaction, sales and margins, progress reports on employee profit-sharing and more.

Then you establish a system-wide process for everyone in the organization to exchange information systematically on what is being measured, how the organization is performing, and what kinds of actions are being taken in response to the information and data they receive.

The task of identifying operationally relevant metrics – and setting up a communication system for exchanging information and taking action on those metrics – cannot be done by communicators alone. It requires close working relationships with other departments that are key players – human resources, organizational development, finance, quality, information technology, sales, marketing, customer service and so on.

The roles played by the people in this measurement and communication “orchestra” will vary depending on numerous factors. Someone, though, must take the lead – someone must serve as the “conductor” who oversees the performance of the overall group so they operate in unison. While that leadership responsibility could be assumed by virtually anyone on the team, organizational communicators are positioned well to take it on – as long as they can envision their role in a way that transcends their traditional function.

Regardless of who plays what role in the cross-functional group, several important characteristics have to be built into the design of an effective measurement and communication system:

- **Leading and Lagging Indicators:**

The system should monitor and report on both inputs and outcomes – or leading and lagging indicators. Leading indicators are important because they serve as an “early warning system.” They give an organization sufficient time to respond before a performance problem can cause too much damage. Lagging indicators speak for themselves – they are the final measures that tell you whether or not you have hit your target or reached your destination.

- **Frequent and Timely:**

The more frequently the data are reviewed, the greater the opportunity to make adjustments and take corrective actions for continuous improvement. Frequency is especially important for the leading indicators over which people have direct control. A good rule of thumb for leading indicators is to

measure and check the data at least monthly – more often if possible.

- **Simple:**

Simplicity is important on two levels. First, the data must be relatively easy to gather. If it takes too much time and effort to capture the data, people will resist the effort to compile it. What's more, it may not be worth the investment. Second, the key data that are related to the work of everyone in the organization must be presented in a way that people can understand without being overwhelmed.

- **Visual:**

Remember the old saying, "out of sight, out of mind." When data are visibly displayed for all to see, they are more likely to draw attention and activate a response than if they are distributed selectively to a group of managers in periodic reports. High visibility helps to create a collective consciousness about priorities and how the organization is performing. It also tends to foster an imperative for taking corrective action when the numbers fall below established benchmarks.

- **Relevant and Connective:**

One of the biggest corporate challenges is to connect individual goals, interests, and priorities with those of the organization. If people don't appreciate the relevance and value of the data or they can not see how their work has a measurable impact on those data, it is difficult to get them very excited about doing anything with it. So they need their own micro measures to guide individual or small group performance, and those measures must link clearly to the common macro measures of the organization as a whole. It is important to remember that different data will be more or less relevant to different audiences depending on what their role is in the organization. The key is to make sure that people see and understand the data that are most important to each of them. It is also vital to make sure that at least some of the macro data – both leading and lagging indicators – are relevant to everyone so there is a shared sense of purpose and focus throughout the organization.

- **Quantitative:**

Numbers make may not tell the whole story about organizational performance, but they provide an effective "common language" for evaluation and corrective action. Without that common language, the likelihood is very high that people throughout the organization will have different interpretations of organizational and individual performance. What's more, almost anything can be measured quantitatively. Even for "soft" factors such as attitude, satisfaction, and trust it is possible to get a quantitative assessment using assessment tools such as Lickert scales.

- **Benchmarked:**

Without some type of target, it's hard for people to know where to aim their efforts and whether or not they are hitting the mark. Without that kind of information, the quality of performance and results comes down to a matter of subjective, individual interpretation. It's also difficult to know precisely when to take corrective action.

- **Action-based:**

In order to get maximum impact from reporting and reviewing data, they must lead to corrective action when indicators miss the mark. It is vital for those response plans to be developed in advance. That way, there is no uncertainty and hesitation in reacting when performance and results go awry. Another reason for developing the response plans in advance is because the worst time to decide how to respond to a crisis is when you are in the middle of that crisis. Anxiety runs high, judgment is impaired, and the resulting decisions and actions are often substandard.

While taking on an initiative of this magnitude poses considerable challenges, the potential rewards for organizational communicators who are prepared to lead the way can be significant. Beyond the merits of the system itself, communicators stand to gain the added benefit of greater appreciation for the value of their work and the importance of their contributions to the performance of the organization.

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