

Tough Measures: Making a material difference

Executive summary

Measures can help your business determine whether your efforts are headed in the right direction, moving quickly enough and include all the necessary elements. First, you need to be exploring the right aspects of your work, which often means taking a closer look at the capabilities, behaviors and outcomes that really matter. Second, you need to make sure that the measures you use are clear and simple, consistent, timely, relevant, credible, important, affordable and actionable.

Just when it matters most, business has fallen into a crisis of measurement. The very factors that can make a critical difference in competitiveness are difficult to track, compare and understand at a level where you can manage them. The buzzwords of business – collaboration, leadership, learning, innovation, reputation—do not provide the same satisfying numbers as an accounting sheet or even a scoreboard at a soccer game.

But there is reason for hope. Thomas Stewart's "Intellectual Capital" provides a thoughtful exploration of measuring "intangible" assets and, in books such as "How to Measure Training Results" by Jack Phillips, who has spent many years providing guidance on soft areas, like education and human resources. New tools, such as Social Network Analysis, can be used as proxies for looking more closely at the ties that bind a community. And Human Performance Measurement has emerged as a legitimate academic discipline, with expertise that can be brought to bear on some of the toughest problems.

With new measurements emerging, it's important to 1) understand the relevance of potential measures to your specific business concerns and 2) assess the quality of those measures. Here are seven questions you can go through with your team that can help you begin your exploration of these issues.

1. What are the business outcomes you are looking for? -- If I gave you a perfect, academy-quality meter stick to measure job satisfaction or remote collaboration or your development process, what would you expect from it? Let's take a specific example: a virtual team tasked with finding an innovative approach to delivering services via the corporate Web site. What outcome do you want measures to enable? You can immediately go to the standard business list – revenue, profits, competitive advantage, market share, etc. – and claim one. Or you can get more focused. Wouldn't it be worthwhile for this example to include "useful ideas" or "a variety of perspectives" on your outcomes list? Probably, but getting even more specific is possible.

By shifting to the PEOPLE you have involved and how you want them to BEHAVE, you can go a bit deeper. Try something like these: You want the team members to generate, test and adapt ideas that matter. You want participation by a diverse group that creates some surprises, not just conventional wisdom. You want to have a high level of cooperation between team members.

2. What do you intend to do with the measures? -- You know where you want to go with your ideal measurements; how will you put them to use to get you there? Will you justify investments? Balance resources? Speed up processes? Discover a problem?

Let's say for our innovation team that we will try to improve cooperation among members by regularly measuring how well they manage conflict.

3. Which aspect of your area of investigation is most appropriate for study? -- Here, a capabilities analysis might be worthwhile. For instance, if profit is your outcome, your VALUE to the marketplace might be customized offerings. The creation of this value would depend on CAPABILITIES such as flexible production methods and characterization of the client wants and needs. One ACTION required to get a client needs might be effective interviewing. Not a bad target for measurement.

If you want a team that cooperates, that implies that concordance is a key value. Some of the capabilities for creating that value would be communications and rules and flexibility. Something like the availability of a communications network would be appropriate to measure here, and traditional tools would do the job.

Now, if your analysis shows that measurement with instruments or conventional scoring will give you what you want or make a contribution toward your goal, that's terrific. If you can make a comparative measure that shows that the frequency of notes from managers to team members reduces the number of complaints, that's a good, actionable measurement. Like found money, good health and fair weather, simple answers should be accepted and used with good grace.

However, it's likely that making sure a note goes out once a week will NOT be the full answer. The clarity of the manager's notes might be more critical to success, and this would require a closer look at the manager's skill in disambiguation, diplomacy and listening, to name a few. Testing, interviews and focus groups might help provide measures that allow the organization to assess these skills and track their improvement.

4. What kinds of measures are available to you? -- Most people work from a small toolbox. They use the same kinds of measurements over and over again. The real toolbox at your disposal is crammed, even overflowing. Here's a checklist you can go through to find some of the possible measures that are available to you:

- Instrument measures of status (meter stick, thermometer)
- Classification (taxonomy)
- Event monitoring (Point-of-Sale device, Web hits)
- Opinion scoring (poll, survey cards)
- Structured characterization (rubric)
- Solicited feedback (comment cards)
- Facilitated feedback (focus group)
- Professional observation (field study)
- Unsolicited feedback (Complaints, kudos)

Think of this list in terms of the measures that permeate our lives – calories, report cards, income, height, applause, vehicle speed, fuel gauge, wireless signal, GPS location, demographics, and so on. Think also of how real results often require a subtle interplay of measurements, such as a jury verdict resulting from both physical evidence and assessment of testimony. Or a basketball score resulting from balls through hoops and foul calls. Collect a big list of possible measures here, not just a few that seem “right.” You may discover some less obvious ones can have subtle but important effects when combined with others.

Looking at the list for the manager's communications, we might get something like this:

- Instrument measures of status (Network availability, application availability)
- Classification (The communication can be described as one or more of the following: discussion, announcement, invitation, work order, evaluation, decision, explanation.)
- Event monitoring (Frequency and timing of contacts, requests, work plan entries)
- Opinion scoring (Scale of one to ten measures by team members of clarity of manager's specific and overall communications)

- Structured characterization (Multiple choice questions with tiered answers. For example, when I get a note from my manager, I typically:
 - A. Know he wants something done and call him to discuss it;
 - B. Can figure out what to do by chatting with my peers;
 - C. Can take action right away, but often need to redo some of my work; D. Can deliver to the specifications, but can't optimize it for the larger objective; E. Know exactly what I need to do, how I will do it, when resources and team contributions are required, how it will be judged and what contribution it will make to our team's goals.)
 - Solicited feedback (Series of open questions, such as how can the manager improve his communications to make them more effective?)
 - Facilitated feedback (Workshop with team members that interactively explores aspects of the manager's communications, such as how motivating they are)
 - Professional observation (Getting anthropologist notes on team member behaviors, interactions)
 - Unsolicited feedback (Complaints and kudos from team members, their sponsor and impacted individuals)
5. How good are the potential measures? -- Not all measures provide equal overall benefits. There are eight things you should consider for any given measure:
- Are the measurements CLEAR and simple?
 - Can they provide CONSISTENT data or feedback?
 - Is the information they will provide RELEVANT to what is our central issue?
 - Are the measures TIMELY (made frequently enough and completed before the study milestones)?
 - Looking across the process, sources, criteria and validation, will the findings developed from these measurements be CREDIBLE for key stakeholders?
 - Are we measuring something that is IMPORTANT to our goals, or trivial?
 - Will the results from these measures support conclusions that are ACTIONABLE? That is, can we (and are we likely to) do something with what we learn?
 - Will the investment we will need to make to get the measurements, and validate, collate and analyze them, be AFFORDABLE?

One approach is to have your team rate a specific measurement as high, medium or low against each of these criteria, then discuss any differences of opinion.

6. Which measures should you use? -- Once you have a good set of measures and you've qualified them (and probably revised them as a result of your closer look), you need to decide which to put into effect. The temptation may be to keep the ones that get the highest overall scores, but be cautious.

A measurement that is not important probably is not worth bothering with, even if all its other scores are high. And one that is important and actionable—but not credible to the sponsor—would also be problematic. Measurements that help confirm other measures may not need to be credible to everyone as long as the cost is not too high. Similarly, measurements that help explain or extend other measures (such as complaints) may be worth holding onto, even if they fail against some other criteria (such as timeliness). Overall, you are looking for insights and good coverage of the issue that is under investigation.

7. Where could you go wrong? -- Once you've chosen the measures you will use, anticipate problems.

Every set of measures distorts reality. Even with the best design, only a selection of possible facts is collected. Measures are an abstraction, and therefore hide relationships and remove context. They tend to be discrete rather than continuous.

Some measures support actions that are ill-considered. Looking at the potential for unintended consequences may help to mitigate this problem. Their conclusions can also be taken out of context and misapplied (Social Darwinism being a notable example of this).

Measures can be misinterpreted. Surprising and threatening results from one measure can draw undue attention or be willfully ignored by effected individuals. This necessarily pulls them out of a larger context of the full set of measures. In fact, the conscious selection and expression of facts is the basis for propaganda, not for truth.

Measures can take on a life of their own and become a waste of resources. Credible charts can be very consoling in a fast-changing world, even when their value has diminished. This is why worthless data gathering is often continued (and often extended) long after the reasons for the data gathering have disappeared.

There are important things that can be perceived, understood and acted upon without being measured. The adage, "you can only manage what you can measure," is perilously naïve. A good leader can engage an audience in real time without taking a survey. A good scientist will recognize the value of a discovery before it's fully characterized. And, as David Snowden has asked, how do you decide what measures to put in place for a successful birthday party? The more emergent, unstructured and chaotic phenomena are, the less likely measures will capture them.

Businesses have an especially hard time measuring contributions that provide for the common good of the organization. Mentor a colleague, provide a contact, critique a corporate policy or inspire an innovation outside your department, and it will probably have less to do with your next assessment than your turning in your travel expenses in a timely manner.

Coming up with measures that will provide the most benefit requires real work. It is both analytical and a creative endeavor. Often, direct measurement is impossible and only a series of proxy measures can provide the insights needed. Getting participation from key stakeholders may require thoughtfulness, charm and not a little applied psychology. Recognizing and avoiding malicious compliance with, or gaming of, measurement systems (especially those that feed into personal evaluations) requires honesty and, often, courage.

But the best measures can promote understanding. They can influence decision makers. They can be the basis for agreements and concerted action. They can be tied to incentives that support the creation of value and positive behaviors. They can help drive a change for the better and make a material difference for individuals and organizations.