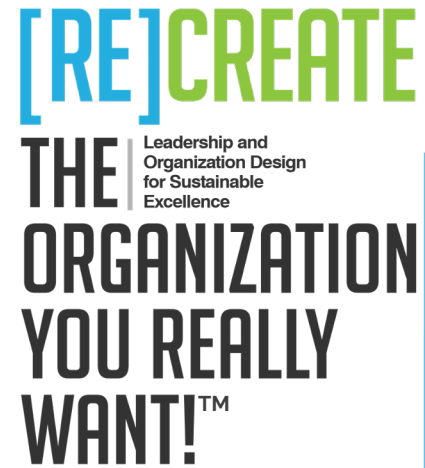


8. Organization Performance Review

Lab Workbook

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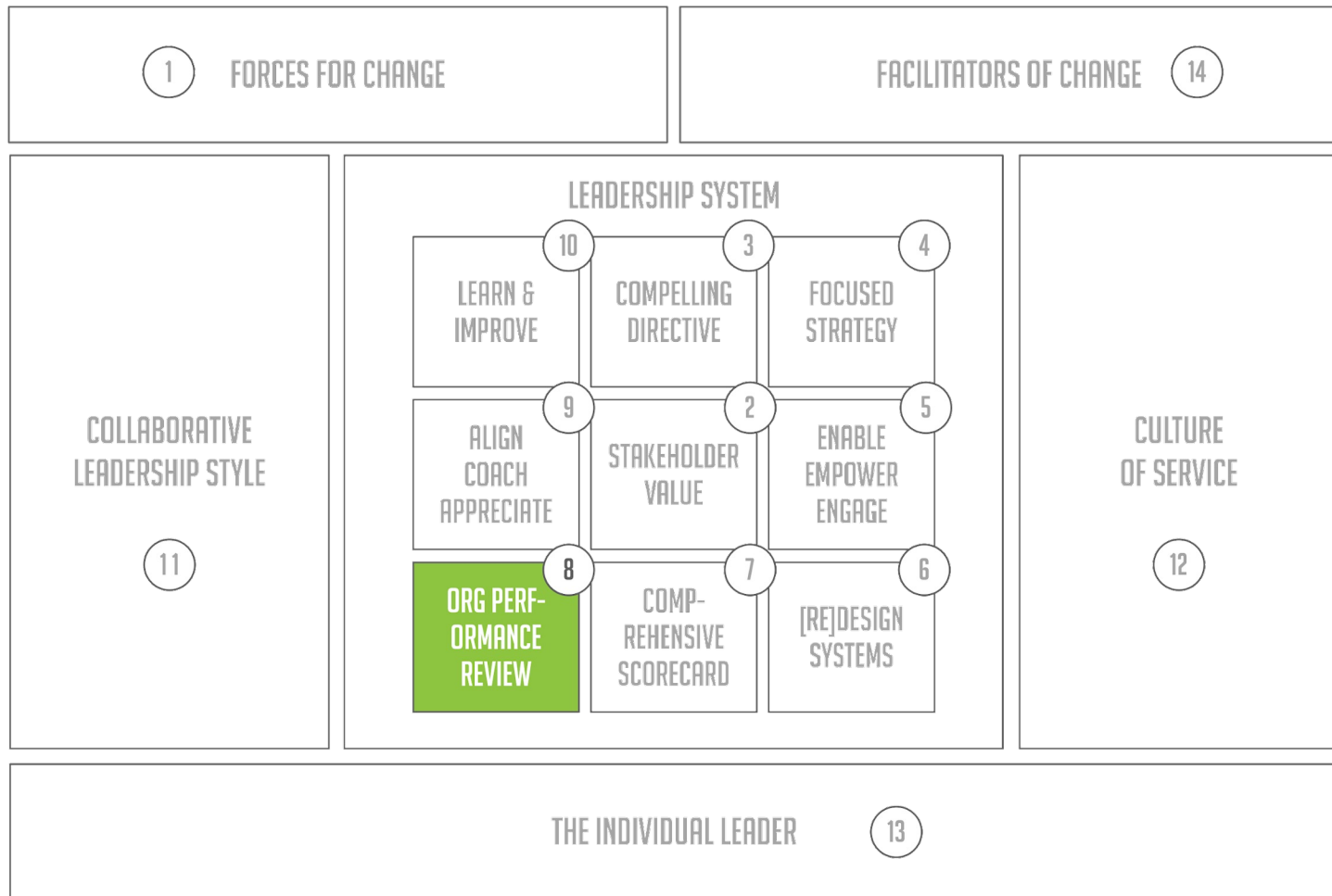
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LEADING TRANSFORMATION FRAMEWORK



Objectives

Understand Organization Performance Review concepts, components, and relationships and how they contribute to leadership and organization [re]design for sustainable excellence.

S4 Alignment - Align the stakeholders, strategy, systems, and scorecard.

Performance Stoplights - Create Performance Stoplights and analyze the results for each performance measure.

System of Measures - Develop a Stoplight System of Performance Measures to frame the analysis of relationships between the measures.

Project Stop Lights - Create Project Stops Lights and analyze the results for each project.



S4 Alignment - Instructions

| Stakeholders | Strategy | System | Scorecard |
|---|---|---|--|
| <p>3. Identify the stakeholders impacted by the goal and systems.</p> | <p>1. Identify the strategic goals. While you can start anywhere on this framework, beginning with the goals is a useful way to frame a review of progress.</p> | <p>2. Identify the systems that are included in the strategic goal.</p> | <p>4. Identify the performance measures that are applicable to the stakeholders, strategy, and system.</p> |
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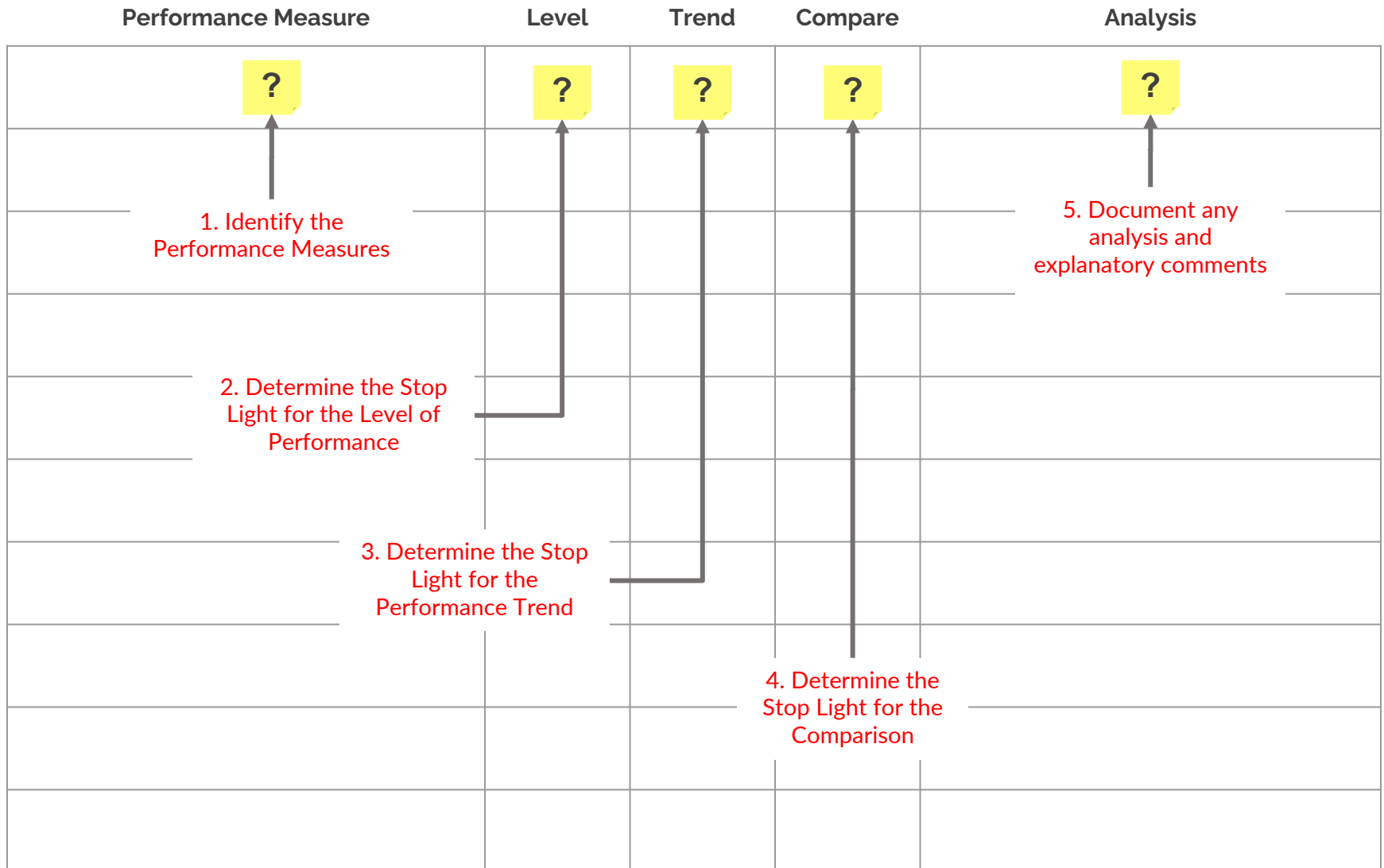
S4 Alignment - Example

| Stakeholders | Strategy | System | Scorecard |
|--|---|--|--|
| Customers, Investors, Workforce | Increase Repeat and Referral Business | Customer Service | Repeat Business, Referral Business, Customer Satisfaction Survey |
| Workforce, Customers, Investors | World-class Workforce - Decrease Workforce Turnover | Leadership Development and Communication | Workforce Voluntary Turnover, Workforce Satisfaction Survey |
| Natural Environment, Society, Customers, Investors | Increase Use of Solar Energy by 50% | Facilities Upgrade and Improvement Process | Energy Usage by Type/Source |

S4 Alignment - Worksheet

| Stakeholders | Strategy | System | Scorecard |
|--------------|----------|--------|-----------|
| | | | |
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| | | | |

Performance Stoplights - Instructions



Performance Stop Lights - Example #1

| Performance Measure | Level | Trend | Compare | Analysis |
|--|-------|-------|---------|---|
| Gross Sales Revenue | Y | Y | Y | Not meeting target, trend is flats. This is causing net income to miss the target. |
| Operating and Capital Expenses | G | Y | G | We are on target and the trend if flat. Which might be ok depending on our goals. |
| Net Income | Y | Y | G | While it compares favorably, we are missing our target and trend is flat. |
| Cash | Y | R | Y | Low on cash and it is getting worse - reinforcing loop due to missing sales target. |
| Level of Research & Development Effort | G | G | G | |
| # New and Enhanced Products | G | G | G | |
| Product and Service Offerings "Menu" | Y | G | Y | While not yet resolved, we are on track to have the offerings "menu" customer want. |
| # Tier 1 Suppliers and Partners | G | G | G | |
| Supplier Performance | G | G | G | |
| Operations | G | G | G | |

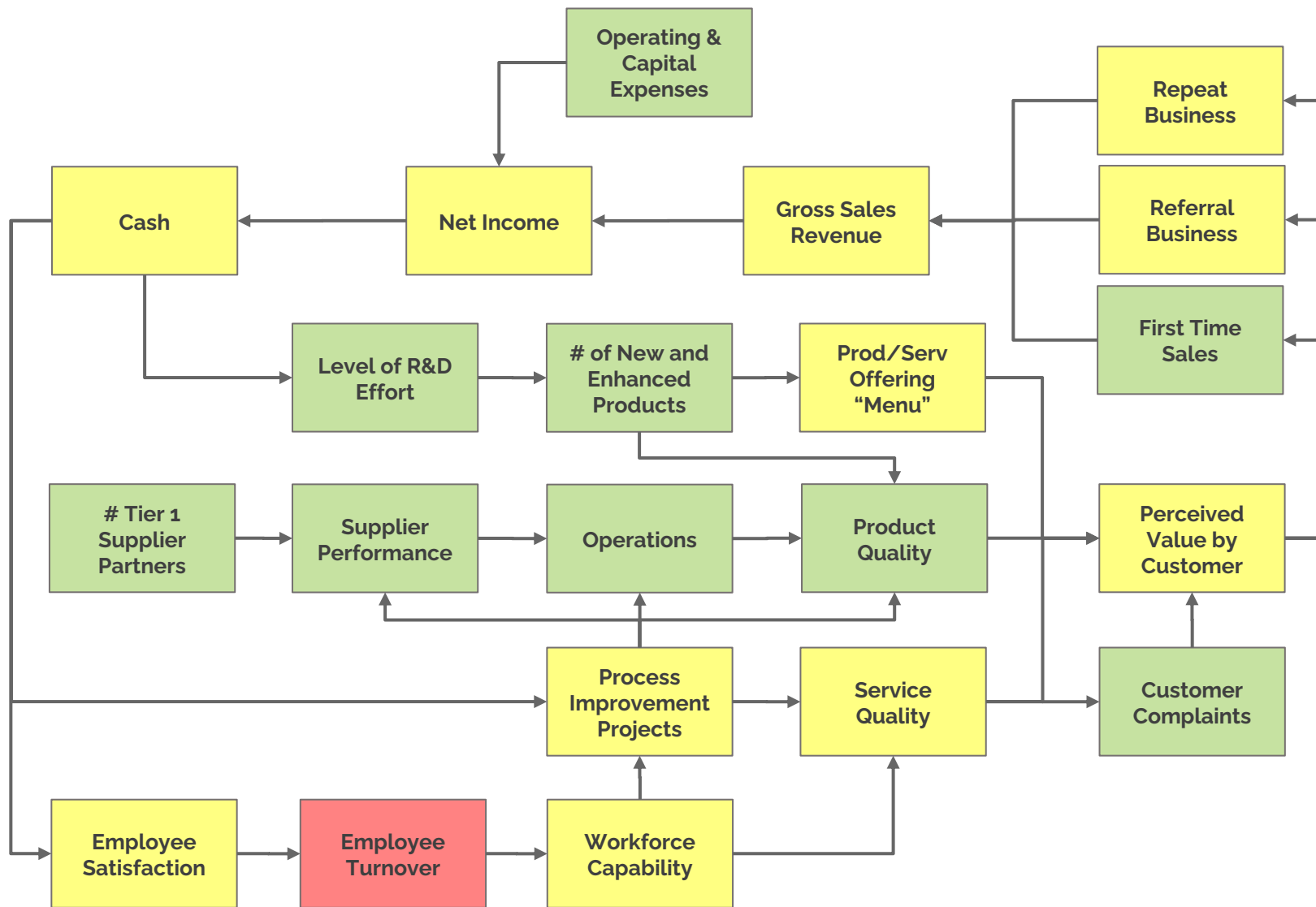
Performance Stop Lights - Example #2

| Performance Measure | Level | Trend | Compare | Analysis |
|---------------------------------|-------|-------|---------|--|
| Product Quality and Performance | G | G | G | |
| Service Quality | Y | Y | R | Service quality is low and not improving. Comparison is better and improving faster. |
| Customer Complaints | G | G | G | |
| Process Improvement Projects | Y | Y | R | Process improvement projects are not meeting targets. |
| Employee Satisfaction | Y | Y | Y | Employees are not happy and it is not getting any better. |
| Employee Turnover | R | R | Y | Employee satisfaction is causing a turnover problem which is getting worse. |
| Workforce Capability | Y | Y | Y | Turnover is negatively impacting our workforce capability and capacity. |
| Perceived Value by Customer | Y | Y | Y | Overworked unhappy employees are negatively impacting customer satisfaction |
| First Time Sales | G | G | G | |
| Repeat Business | Y | R | Y | Unhappy customers are not coming back to buy more. |
| Referrals | Y | R | Y | Customers are not recommending our company to their friends. |

Performance Stop Lights - Worksheet

| Performance Measure | Level | Trend | Compare | Analysis |
|---------------------|-------|-------|---------|----------|
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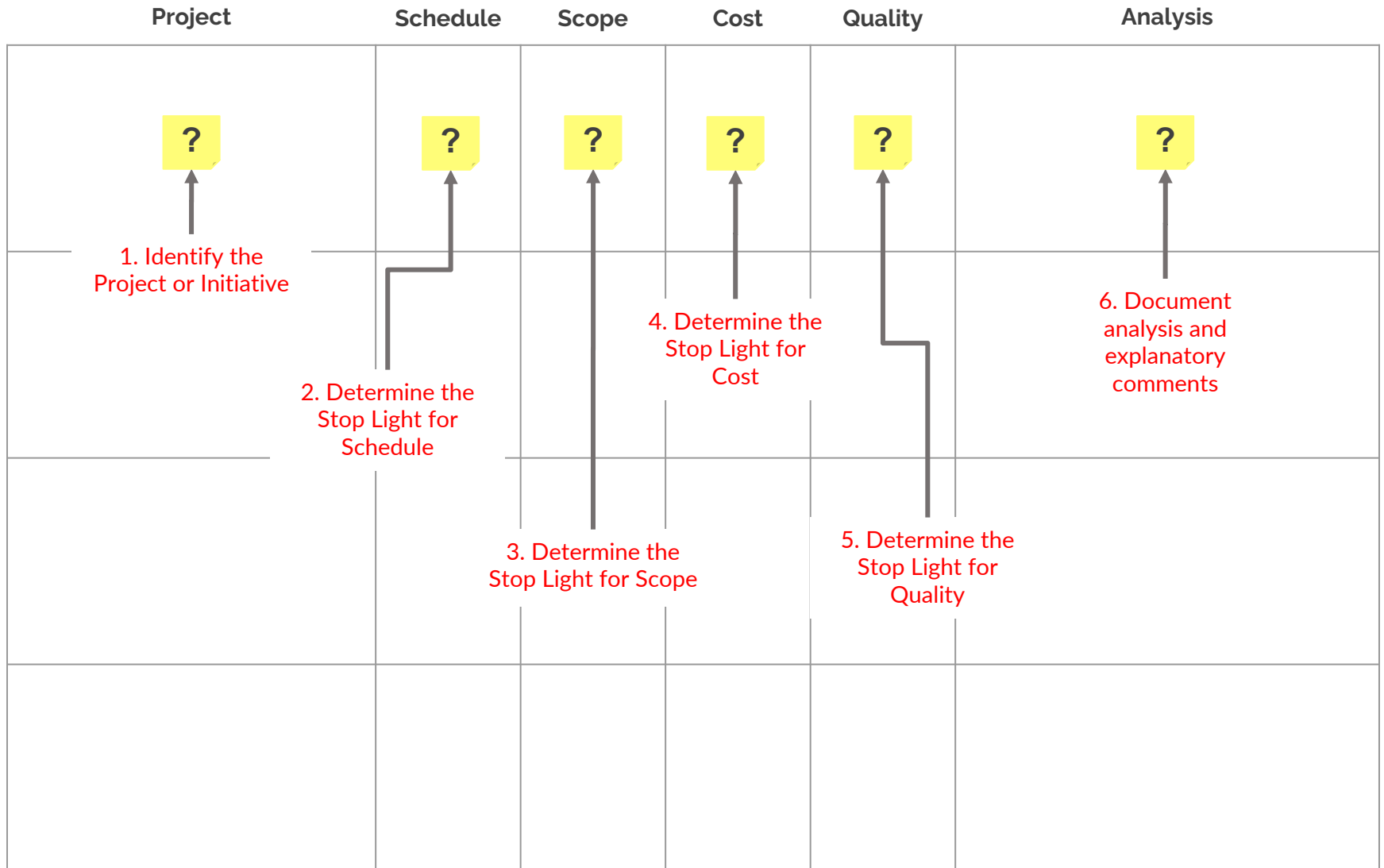
System of Stoplight Measures - Example



System of Stoplight Measures - Diagram 8-6

System of Stoplight Measures - Worksheet

Project Stoplight - Instructions



Project Stoplights - Examples

| Project | Schedule | Scope | Cost | Quality | Analysis |
|---|--------------|--------------|--------------|--------------|--|
| <p>Project #1 Example - Behind on the revised schedule.</p> | Poor (Red) | Good (Green) | Good (Green) | Good (Green) | <p>Way behind schedule. Option 1 - decrease the scope to get back on schedule. Option 2 - increase the cost by adding additional resources to the project. Option 3 - reset the schedule to reflect the current situation.</p> |
| <p>Project #2 Example - Scope is out of control.</p> | Good (Green) | Poor (Red) | Good (Green) | Good (Green) | <p>Scope is out of control. However, everything seems to be on track so the project team is handling the additional scope. While everything is going well now, the additional scope could cause issues later in the project. Think through the longer-term implications and consider resetting the scope of the project.</p> |
| <p>Project #3 Example - Cost is out of control. Expenses are much more than planned.</p> | Good (Green) | Good (Green) | Poor (Red) | Good (Green) | <p>The project is on time, with good quality and scope but it is costing more than expected to achieve these results. Option 1 - reduce the cost and accept a change in the schedule. Option 2 - Reduce the scope of the project. Option 3 - Reset the budget to reflect the actual costs.</p> |
| <p>Project #4 Example - Project is running beyond revised schedule due to increased scope without an increase in costs resulting in lower quality.</p> | Low (Yellow) | Low (Yellow) | Good (Green) | Low (Yellow) | <p>The good news is we are within budget. The bad news is we are behind, the scope is out of control and the quality and performance of the solution is suffering. The likely cause here is an increase in scope without a comparable increase in cost. Need to make a choice.</p> |

Project Stoplights - Worksheet

| Project | Schedule | Scope | Cost | Quality | Analysis |
|---------|----------|-------|------|---------|----------|
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