FINDING PURPOSE IN PERFORMANCE MEASUREMENT

Now that you've gathered the data, what you can actually do with it?

BY DAVID LEIGHOW

Although it was many years ago, I remember the day when I asked my father, "Dad, how tall am I?" My father was a very practical guy, so he grabbed a pencil, had me stand with my back to the wall, and drew a line at the top of my head. Then he had me go get the yardstick and measured my height, which, somewhat to my chagrin, led me to believe I would likely never be a pro basketball player.

Over the years, at least until I was probably 13 or 14, my dad would measure my brothers and me. And because he convinced my mom to let the pencil marks remain, we could see the progress of our growth. (By the way, I never did reach that NBA height requirement.)

For my brothers and me, the meaning behind that measurement exercise was that we were growing up, and one day, we would be taller as we approached adulthood. While I did not know it at the time, I was engaged in a pretty basic type of performance measurement. There was a purpose for those continuous measurements. We all knew exactly what we were measuring (our height), and why we were measuring (to monitor our growth). But the question remained, so what?

The third part of the exercise is examining what it is we can do with the results. While we were measuring our growth toward adulthood, we were rarely satisfied with the outcome. But other than getting frustrated, what could we possibly do about it?

We—especially my younger brother—wanted to grow taller faster. After comparing our newest measurements with the previous ones, we knew we wanted to speed up the rate of growth. We were absolutely determined to get there, somehow. We did our own individual

analyses of available options, and set our minds toward those actions we believed would speed up the process. My younger brother got the notion that eating more peanut butter sandwiches was the answer. I wasn't convinced, and while I still don't believe in the PB&J growth spurt diet, I must admit my younger brother now towers above me by several inches.

The point is that performance measurement, a concept that is integral to successful business and organizational management, is easy to misunderstand. This lack of understanding often results in time wasted—measuring merely for measurement's sake. We can measure almost anything, but numbers alone can be meaningless. The fact I grew four inches in one year was nice to know, but so what? If I have learned anything in my 68 years of life, it is that if I plan to measure how I am doing at anything—whether it is program reviews, oversight of project activities or progressing at golf (poorly, I might add)—I need to determine these three things: what, why and so what?

Defining the "What"

Over a lifetime, we learn to measure many things. In elementary school, I used a ruler, and in high school, I learned to use more sophisticated math tools. One could even argue that we are measuring time whenever we look at our watch or a clock. However, just because things are capable of being measured doesn't mean they should be.

For example, a highway engineer will use tools such as maps to show the plan, profile and cross-section of a highway, and to measure key features or needs of a construction project. The profile and cross-section sheets will enable the engineer to measure how much fill may be required to bring the topography at that location up to the desired grade of the road. In short, the engineer is measuring the quantity of material needed, the "what" that is required as a result of that measurement.

Now let's see what's needed for a manager of a highway agency's land acquisition unit to determine how many agents will be required to staff a particular project. On the surface, this may seem like something easy to quantify. For example, let's say there are 10 parcels of property to be acquired, and it is determined that one agent can accomplish this in the time allotted. One might assume that, using basic math, acquiring 50 parcels during the same time period would require five agents. However, the reality is that not all parcels to be acquired are the same. The individual features of each one may differ to such an extent that a common or generally applicable measure isn't feasible. For acquiring 10 residential properties from the same subdivision, one acquisition agent might be fine. However, if the 10 parcels include a range of partial and total acquisitions from a mix of commercial and light-industrial properties, several agents may be required.

The point is, the "what" we measure does not always coincide with a standard or common measure. A standard measure for how much fill is required for a project, whether expressed in cubic yards or some other quantity, is fairly universal. On the other hand, some things are not readily adaptable to a standard unit of measurement, like determining how many full-time agents will be needed for a specific project. That answer will depend on a number of factors, especially the type of properties to be acquired and whether a full or partial acquisition is needed.

We may have to look beyond the surface to identify those factors on which our measurement depends.

How to Know the "Why"

Perhaps the more intriguing, though equally important question to ask when we measure something is the "why." Knowing why we want to measure something is important for several reasons. First, we don't want to waste anyone's time measuring for measurement's sake. Unfortunately, too often managers get pressed by their supervisors to develop a dashboard or measurements to supposedly determine how they and their unit are performing. However, unless the manager and staff establish some meaningful criteria that will show whether the unit is progressing toward its goals and objectives, what likely results is measurement without meaning.

When a land acquisition manager establishes how many acquisition agents are needed for a project, the "why" is to determine how many staff would be deployed and how many would be available for other projects. In the process of acquiring private property for a highway construction project, an agency will try to negotiate a purchase agreement with the owner. However, if the agency is not able to achieve an agreement, the only option may be a condemnation where a court will determine the value of the property.

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Now let's say a land acquisition manager wants to track her agency's success in acquiring property by negotiation. Measuring the ratio of settlements and condemnations is fairly simple. For example, three years ago her agency settled 240 acquisitions and condemned 50. Two years ago, the ratio was 262 acquisitions and 88 condemnations. Last year, the ratio was 195 acquisitions and 93 condemnations. Do you spot a trend here? The land acquisition manager did, and she was troubled by what she found—the condemnation rate had increased during those three years.

One reason for her concern is that the cost of condemning a property can be significant, especially when you factor in court costs and fees associated with expert witnesses. In the end, it is often hard to gauge how a court may rule. Even with the agency's testimony as to the fair market value of the property, the court may award an amount that's closer to the price the property owner was seeking.

We understand the manager's purpose for measuring the ratio of settlements and condemnations—to quantify whether her unit was maintaining their success rate in settling property acquisitions. There is, however, one remaining question.

So What?

A common mistake that managers make in their approach to performance measurement is that they report the numbers, and that's as far as they go. But reporting is not the end goal. Now, our land acquisition manager could have simply taken those numbers and reported them as a part of her dashboard responsibilities. In turn, upper management may have taken her results and posted them simply as "here's what we've done the past three years." Fortunately, however, our astute manager realized there was more to the task of measuring than simply reporting the numbers.

For many years, this manager had taken pride in her unit's success in keeping the condemnation rate low. She now recognized that the trend was not progressing in the direction that was best for her unit or the agency. So the land acquisition manager met with her staff to go over the numbers and discuss a series of actions they could take to change the trend in settlements. One of the agreed upon actions was to assemble a team to go back through the files and review each condemned parcel to identify the reasons why a settlement could not be achieved. Another action the manager took was to contact other agencies that reported low condemnation rates to identify the successful practices they were employing. The manager also contacted the National Highway Institute and a few professional organizations to identify available training courses on land acquisition negotiations, which she then planned for herself and her entire staff to attend.

Together with her staff, this proactive land acquisition manager decided to act on the findings and reverse the trend from more condemnations to more settlements.

How Tall Are You?

In all fairness, the title of this article is meant to be rhetorical. We all spend time measuring various things, from accomplishments and performance to spending and timelines. In many cases, measurements can be quite validating. However, the process can also be incredibly time-intensive, and if it is done without a meaningful purpose, the result will be wasted time and increasing levels of frustration. Measuring can be costly, and without a "why" and a "so what," the effort can often lead to little or no return on your investment.

So if you use performance measurements to track trends or a dashboard that is measurement driven, it's critical that there be an end purpose that will be served by your activities. If you cannot clearly identify the "what," "why" and "so what" for each area to be measured, then the odds are you are wasting your time and the time of others.

How tall are you? If you are performing meaningful measurements and you can explain what it is you are measuring, why you are measuring it, and can answer that nagging question of "so what," then you may not make it to the NBA, but you will certainly stand tall among your peers. That alone is something in which you can take pride. You have reached the top pencil mark! ✪

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