Getting The Results You Need and Anticipated?
Evaluate Your Organization’s Performance Measurement and CI approach on your ISO 9001 journey.

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ISO 9001-Includes A Continuous Process Improvement System That Requires

- Defined objectives
- That are put in place
- With method for collecting, analyzing data
- Application of data analysis to Continuous Improvement
But How Do We Do It?

- How simple has it been?
- How effective?
- Let’s take a short survey
4.1 General Requirements of Quality Management Systems

- Organization shall establish, document, implement and maintain a QMS & continually improve its effectiveness in accordance with this International Standard
  - ID processes needed for QMS and their application throughout the organization
  - Determine sequence and interaction of these processes
  - Determine criteria & methods needed to ensure that both operation & control of processes are effective
  - Ensure availability of resources and information necessary to support operation and monitoring of these processes
  - Monitor, measure and analyze these processes
  - Implement actions necessary to achieve planned results and continual improvement of these processes.
On Scale of 1-5, Rate How Well Your Organization Executes Each Action

1. ID processes needed for QMS and their application throughout the organization
2. Determine sequence and interaction of these processes
3. Determine criteria & methods needed to ensure that both operation & control of processes are effective
4. Ensure availability of resources and information necessary to support operation and monitoring of these processes
5. Monitor, measure and analyze these processes
6. Implement actions necessary to achieve planned results and continual improvement of these processes.
8 Measurement, Analysis & Improvement

8.1 General

- The organization shall plan and implement the monitoring, measurement, analysis and improvement processes needed.
- This shall include determination of applicable methods, including statistical techniques, and the extent of their use.

You need to plan how you intend to carry out monitoring and measuring activities you are going to use.
The Measurement Linkage Model

Step 1: Develop organization-wide KRA, KIs and performance "targets"

Step 2: Select organization-wide KRA and KIs linked to your work group

Changing external and internal environment (e.g., customer needs, regulations, competition, special market priorities, etc.)

Step 3: Develop work group "Key Result Areas"

Step 4: Develop work group "Key Indicators"

Review and realign as needed

Step 5: Determine data collection, tracking and feedback methods

Step 6: Gather "baseline" data and set performance "targets"

Step 7: Establish work group "objectives" and "tactics"

Continual Improvement

Step 8: Implement plans, monitor performance, and provide feedback

Legend:
KRA = Key Results Areas
KIs = Key Indicators

Source: Richard Y. Chang, Quality Impact Series: Measuring Organizational Improvement Impact, Jossey-Bass/Pfeiffer
Linkage Model Steps 1-4

- Summary of Steps
  - Develop Key Result Areas reflecting the Mission, Vision and Strategic Goals
  - Develop Key Indicators of success for the Key Result Areas and set Performance Targets
  - Deploy to Work Groups (KRAs, KIs, Targets)

- Terms
  - Key Results Areas (KRA)
  - Key Indicators (KI)
  - Performance Targets
Key Result Areas (KRA)

- Critical, must achieve, make or break performance categories
  - Customer Loyalty
  - Quality
  - Innovation
  - Productivity
Key Indicators (KI)

- Specific measure which helps determine how well you are performing in a given Key Result Area (KRA)
  - Break each KRA into measurable components
  - Answer the question, “What concrete measure could be used to show how your organization/work group is doing on each KRA?”
    - KRA = Quality
      - KI 1: Defects/units of production
      - KI 2: Order fulfillment cycle time
      - KI 3: # of correct shipments/total shipments
Specific Characteristics of KIs

From: Richard Y. Chang and Associates

- Provide important data
- Controllable by your actions
- Track actual performance change
- Align with existing data or can be clearly established
- Measure efficiency (timeliness, throughput, quantity, etc. And/or effectiveness (quality, contribution)
Set Performance Targets

- **Performance Targets**:
  - Provide clear direction
  - Achievable (i.e., realistic)
  - Specific, reflecting *quantification* of KIs
  - Aligned with KRA/objectives
    - KRA = Quality
    - KI 1: Defects/units of production
      - Annual average of .05%, batch average never to exceed 1%
    - KI 2: Order fulfillment cycle time
      - 98% of orders filled within 48 hours
    - KI 3: # of correct shipments/total shipments
      - .998 level
3 Type Of KIs To Track

- Do new things
  - New processes
- Do things better
  - Processes needing improvement
- Stop doing non-value added things
  - Going back to doing things the “old” way
  - Using a previous version of a procedure
KI Ownership

- Efficiency of a performance improvement approach is directly linked to the degree of penetration of the approach throughout the organization. (5.5.1 Responsibility & Ownership)
- It is not sufficient to merely set objectives for the organization and its processes
Organizational Responsibility For KI Realization - KIs Must Have Owner

- **Type of Objective**
  - Organizational
  - Process
  - Job/Role Level

- **Persons Accountable**
  - Executive
  - Senior & Middle Mgmt, Process Owners
  - Each Individual
Linkage Model Steps 5-8

- Summary of Steps
  - Establish data collection and tracking methods with reporting criteria
  - Use “baseline” data to set Performance Targets
  - Define Work Group implementation
  - Implement the program and review results (e.g. at Management Review) and refine Targets
  - Realign or Improve processes
The Measurement Linkage Model

Step 1: Develop organization-wide KIs, KRs and performance "angles"

Step 2: Select organization-wide KEAs and KIs linked to your work group

Step 3: Develop work group "Key Result Areas"

Step 4: Develop work group "Key Indicators"

Step 5: Determine data collection, tracking and feedback methods

Step 6: Gather "baseline" data and set performance "angles"

Step 7: Establish work group "objectives" and "metrics"

Step 8: Implement plans, monitor performance and provide feedback

Clause 5.4 Planning

Clause 7.1 Production Planning
Clause 7.2 Customer Related Processes

Clause 8.1 Planning, Measurement, Analysis
Clause 8.2 Measuring and Monitoring

Clause 8.4 Analysis of Data
Clause 8.6 Improvement

Legend
KRA = Key Results Area
KI = Key Indicator

Chasing external and internal environment (e.g., customer needs, regulations, competition, special market priorities, etc.)

Review and realign as needed

Continual Improvement
Relationship to ISO 9001

- Clause 5.4 Planning
  - Top-level planning
  - Work Group (production) planning

- Clause 7.1 Production Planning
  - Product Realization Planning (7.1)
  - Determine Product Requirements (7.2)
  - Product monitoring (7.1)

- Clause 7.2 Customer Related Processes
  - Requirements, review and customer communication (7.2)
Relationship to ISO 9001

- Clause 8.1 Planning, Measurement and Analysis
  - Step 5: Activity to measure, monitor, etc.
- Clause 8.2 Measuring and Monitoring
  - Step 6: Baseline and Target validation
  - Step 8: Implement program
- Clause 8.3 Analysis of Data
  - Step 6: Refine Targets
  - Step 8: Analysis for Target achievement
- Clause 8.5 Improvement
  - Step 8: Identify realignment or improvement
Other ISO 9001 Requirement Examples

- Providing people with the right information
  - 4.2.3 Control of Documents
  - 4.2.4 Control of Records

- At the right time
  - 5.5.3 Internal Communication

- In the right format
  - 8.2 Measuring and Monitoring

- To the right people
  - 5.6 Management Reviews
  - 8.5 Improvement
Comments

- How does this approach compare to the approach you are currently using?
- Feedback and comments?
- Next steps?
Thank-You

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References

- Richard Chang Associates, Measuring Organizational Improvement Impact Guidebook, Jossey-Bass/Pfeifer
- Managing Organizational Change During SAP Implementations, SAP Press