

Key Performance Indicator Driver Tree – Empowering Managers

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Preamble

Vi**S**ion

Res**i**lience

**Business
Excellence**

Culture

Com**m**unication

Pio**n**eer

High **P**erformers

Pur**p**ose

Col**l**aborative

Master **y** of roles



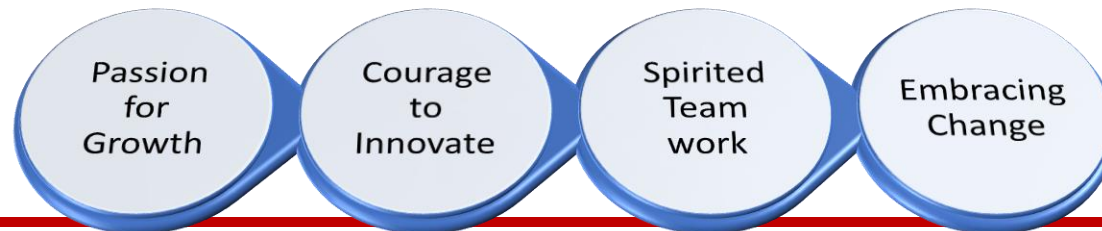
Culture: The Bedrock of Business Excellence

“Culture eats strategy for breakfast” – Peter Drucker

According to Darren Entwistle, President and CEO of Telus:

“The culture of the company would be the key driver of long term success”

His 4 core values are:



7 Pillars of MBNQA

The Malcolm
Baldrige National
Quality Award
(MBNQA) is
considered as
the epitome of
business
excellence.

Leadership

How upper management leads the organization, and how the organization leads within the community.

Strategy

How the organization establishes and plans to implement strategic directions.

Customers

How the organization builds and maintains strong, lasting relationships with customers.

Measurement, Analysis, & KM

How the organization uses data to support key processes and manage performance.

Workforce

How the organization empowers and involves its workforce.

Operations

How the organization designs, manages and improves key processes.

Results

How the org performs (cust satisfaction, FIN, HR, supplier / partner perf, ops, governance and social resp, and how the organization compares to its competitors.

Our Focus in General:

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And more specifically on:

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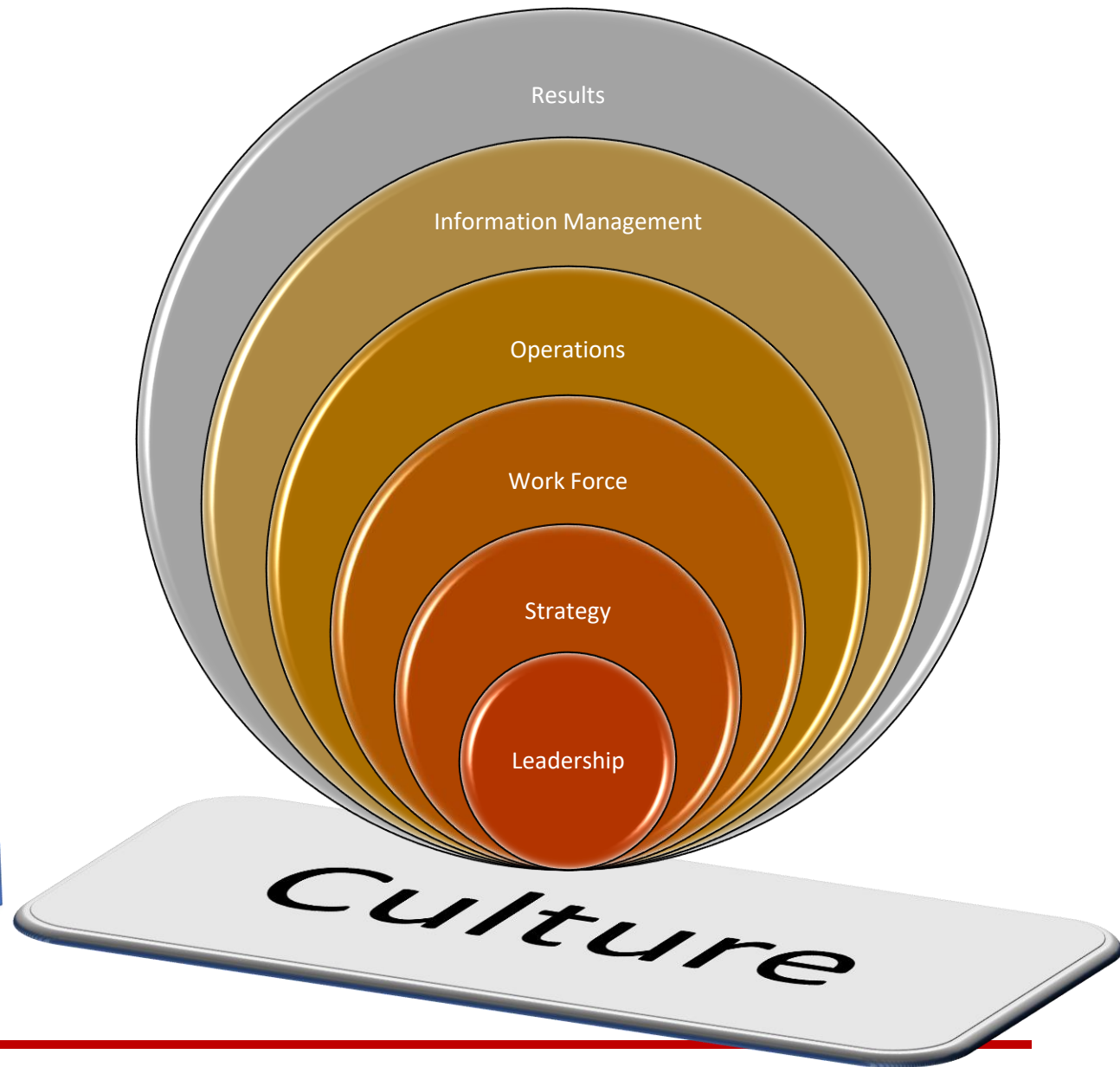
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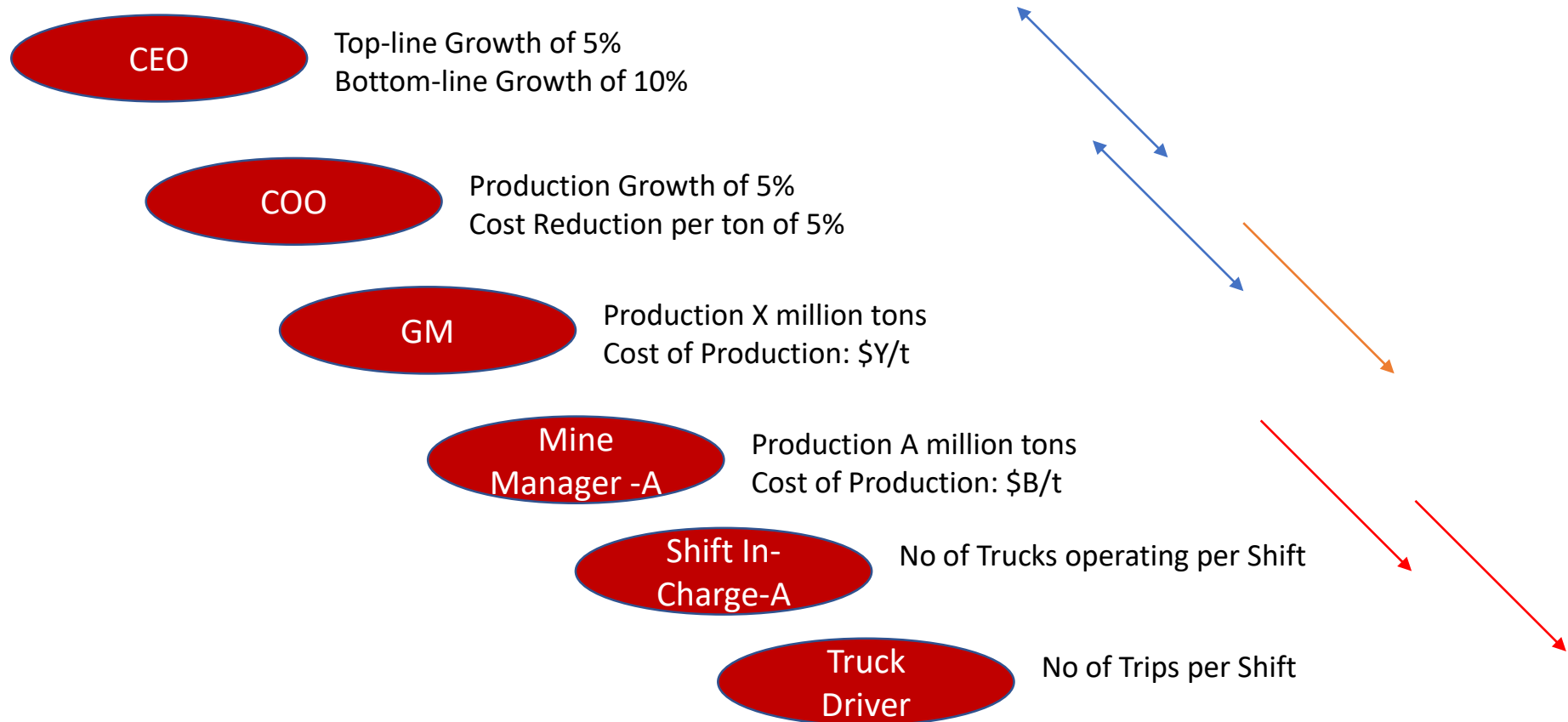


The Bedrock is Culture

Assessment of various companies in connection with Quality Awards, involves among other things identifying how the Vision/Mission and BSC has been cascaded. This gives a fair idea of the strength of communication and the process followed to educate as well as empower the employees at all levels



Key Performance Indicators – A case study



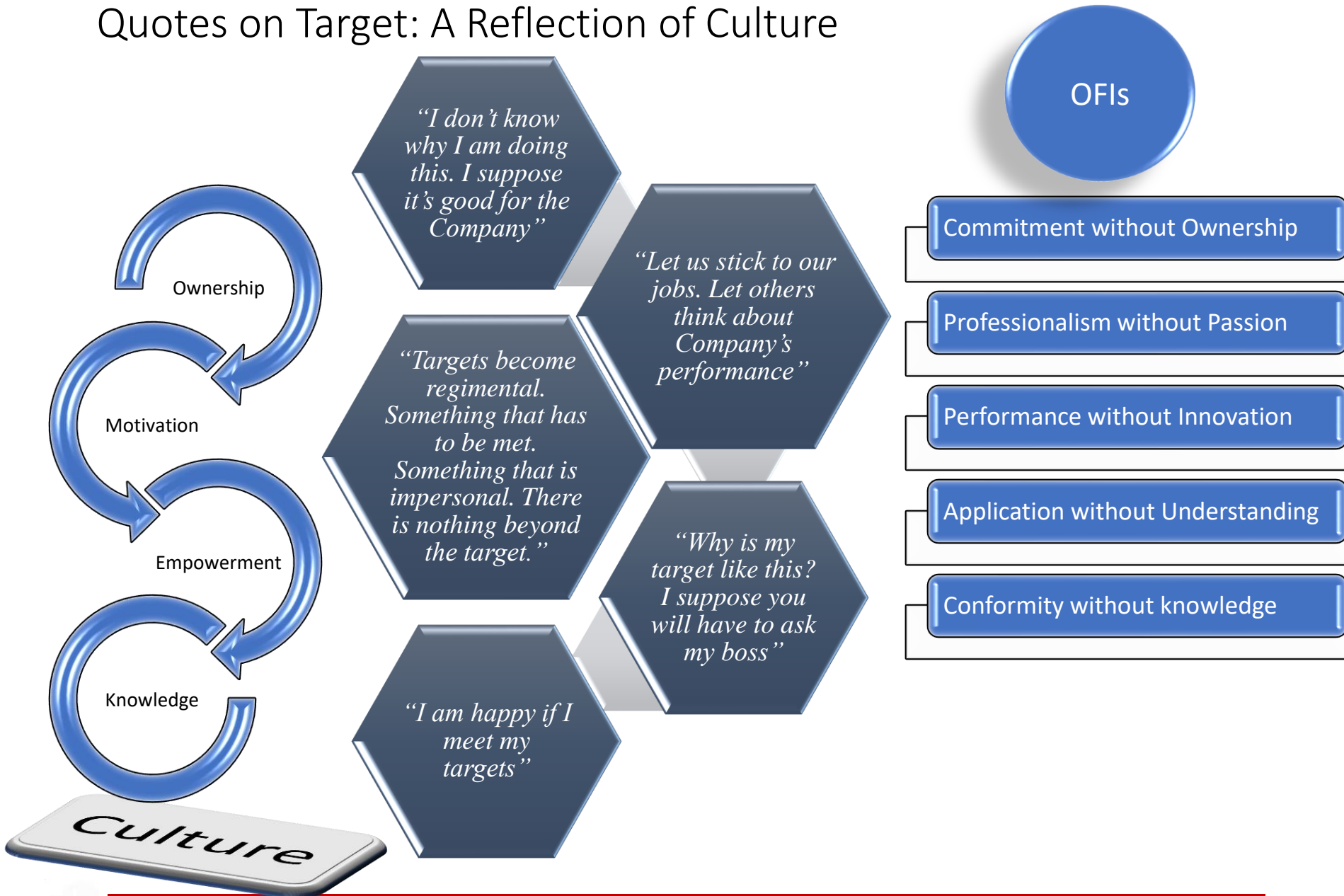
- Cascading of Balance Score Card is evident.
- Line managers are unaware of
 - the alignment of their KPIs with the Corporate Strategy
 - what is the impact of their contribution to the Corporate Objective.

Problems in Cascading KPIs

- Target setting has been a Top Down approach;
- Ground realities sometimes get ignored in the planning process;
- The knowledge base of the business is generally restricted in the echelons of the Corporate Office;
- Often bright young mining talents shine so much that the senior management pulls him/her to the corporate office;
- Targets are generally accepted and not challenged because of lack of tools / analytics;
- Errors in strategy execution become a Post Mortem affair;
- Strategy deployment proves to be inadequate.



Quotes on Target: A Reflection of Culture



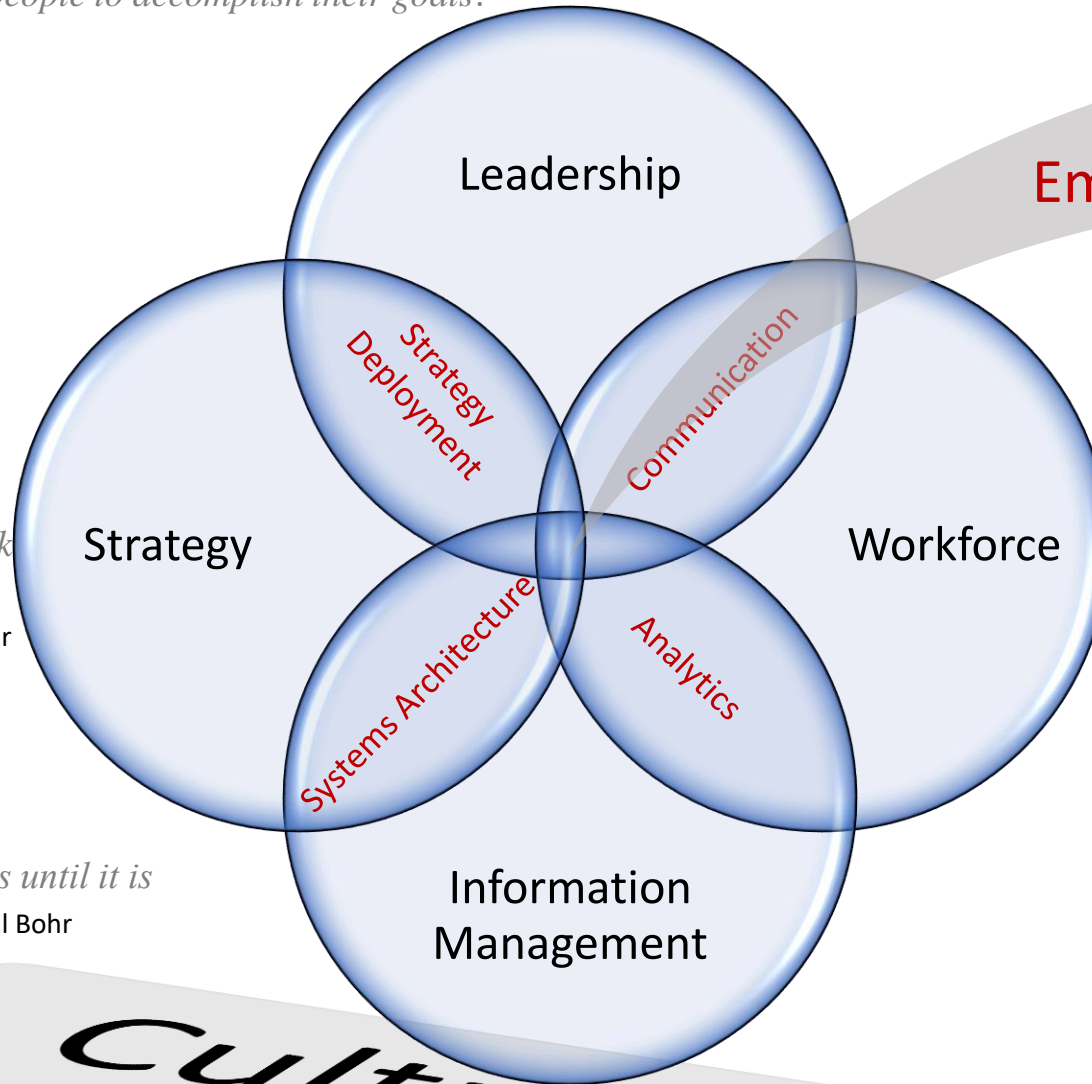
Facets Of A Great Company

"Leaders instill in their people a hope for success and a belief in themselves. Positive leaders empower people to accomplish their goals."

-Unknown

"However beautiful the strategy, you should occasionally look at the results." Sir Winston Churchill

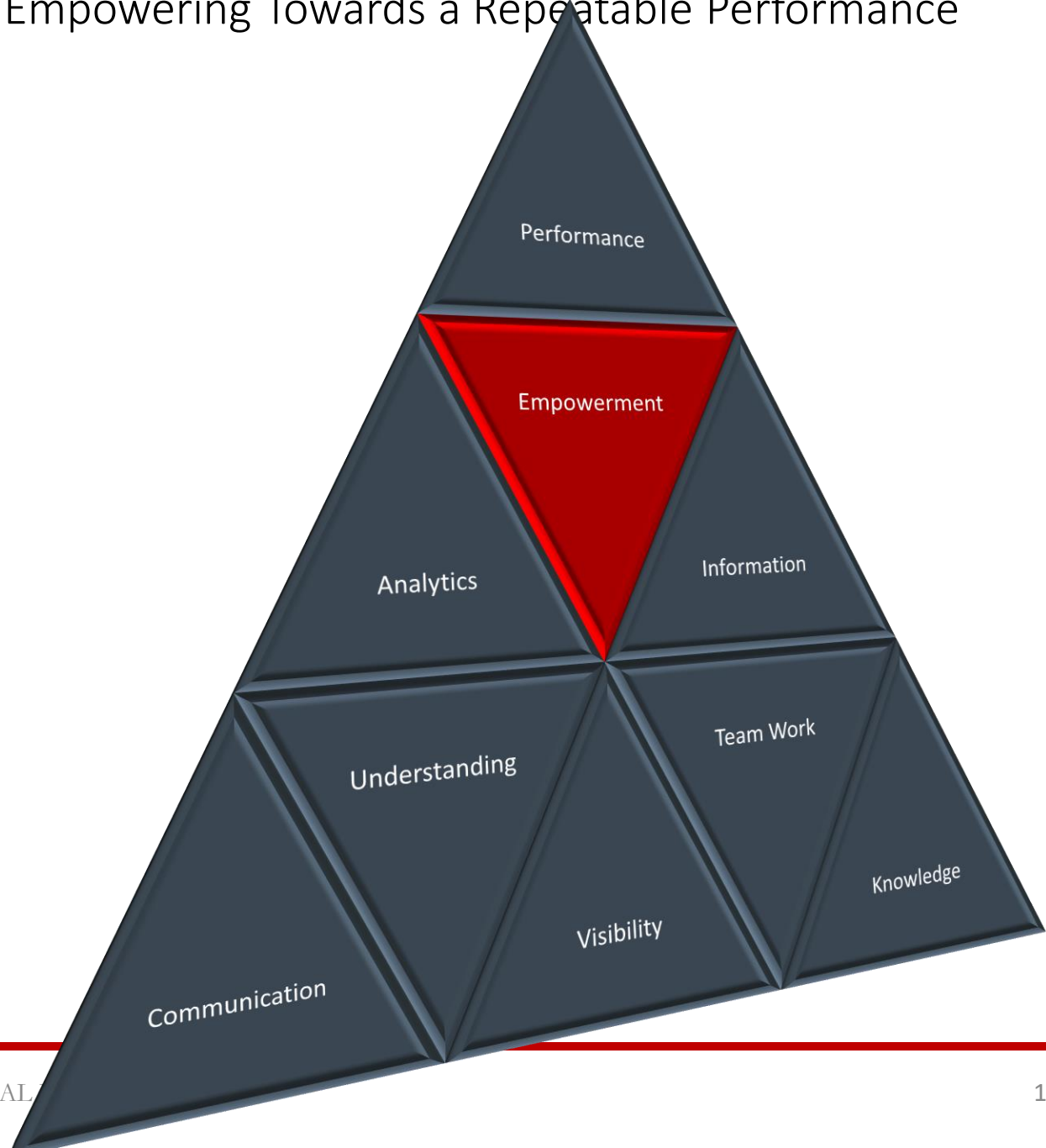
"Nothing exists until it is measured." Neil Bohr



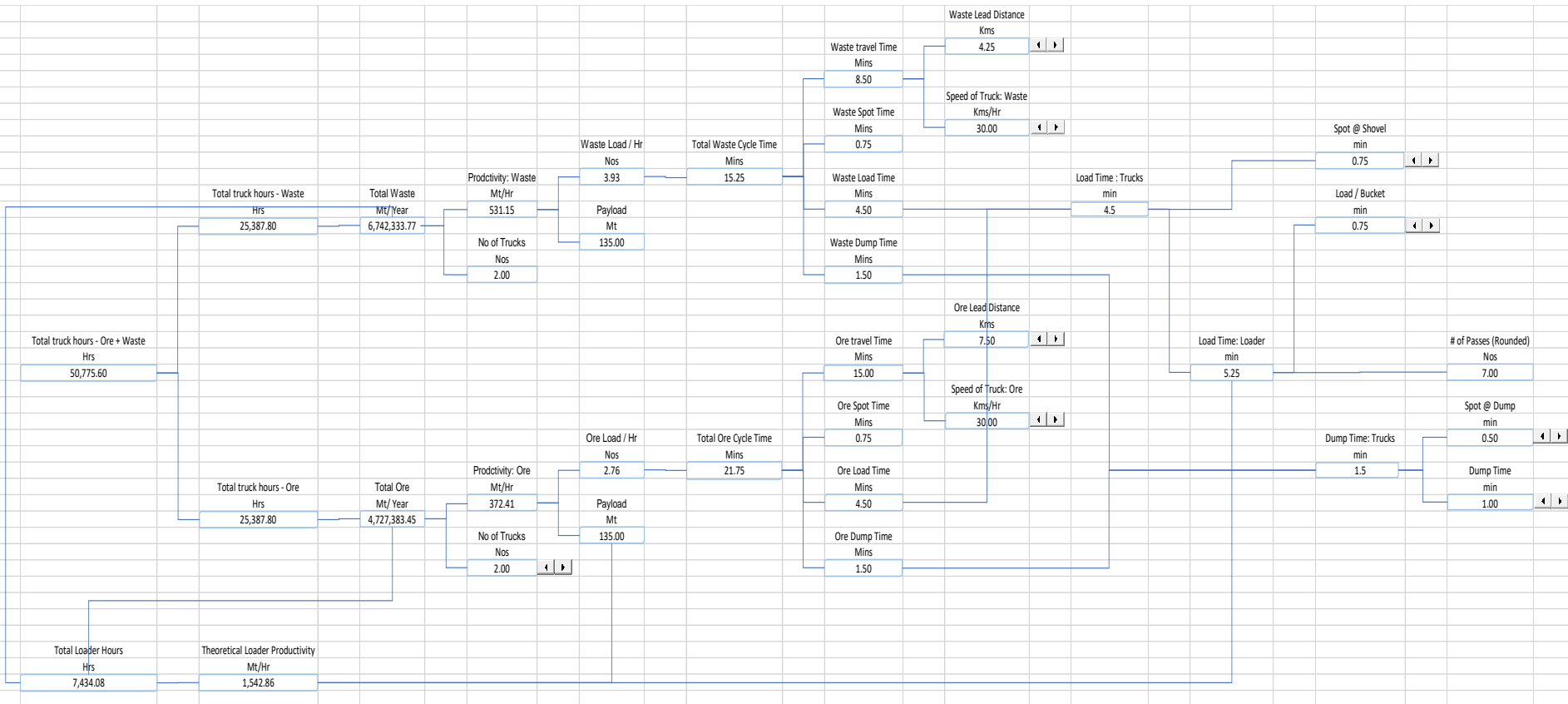
Empowerment

"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity." — George Smith Patton Jr., World War II General

KPI Driver Tree: Empowering Towards a Repeatable Performance



KPI Driver Tree: A look

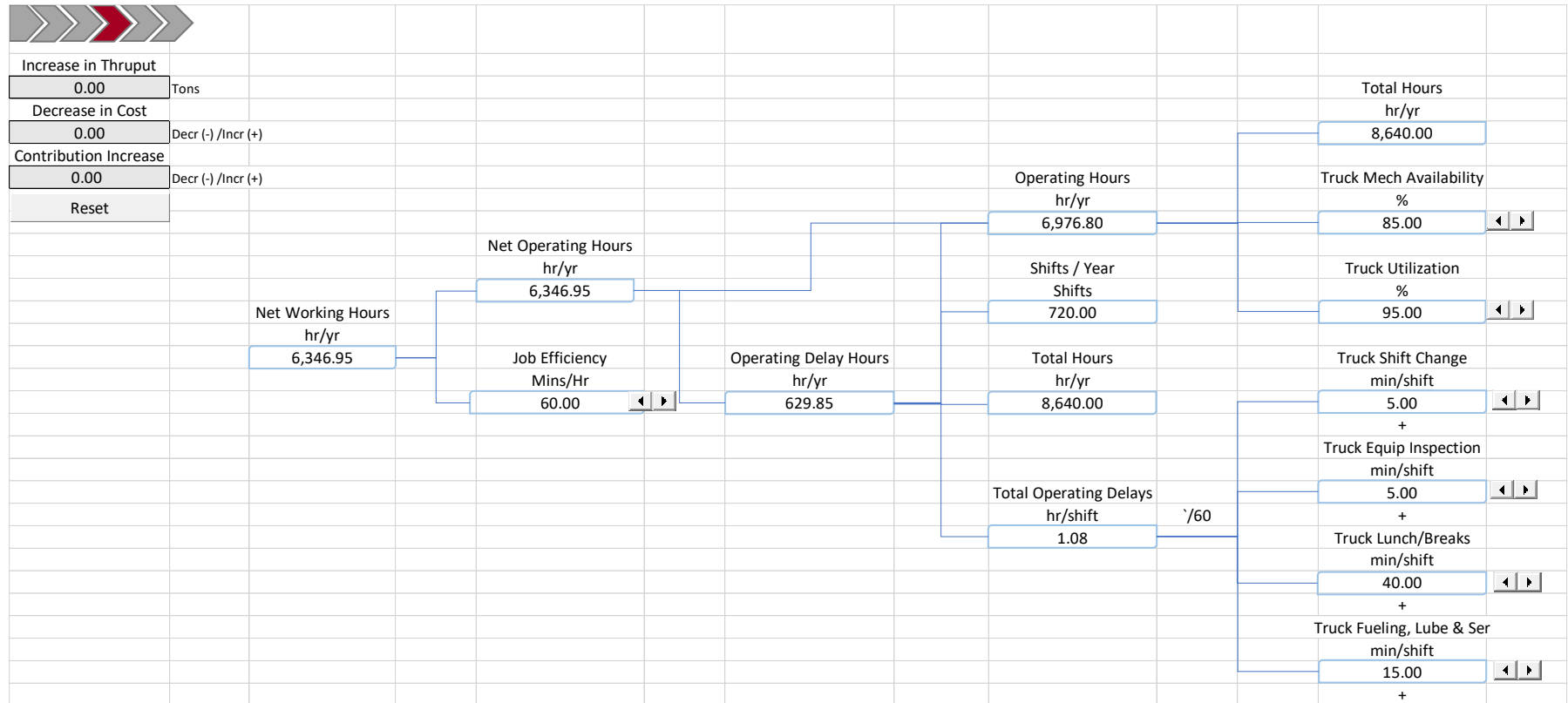


Pictorial diagram of the cause and effect relationships of all the business drivers;

Captures either the past data or the standards that should be applicable for a business process

Helps to identify the lead and lag indicators

KPI Driver Tree: A look

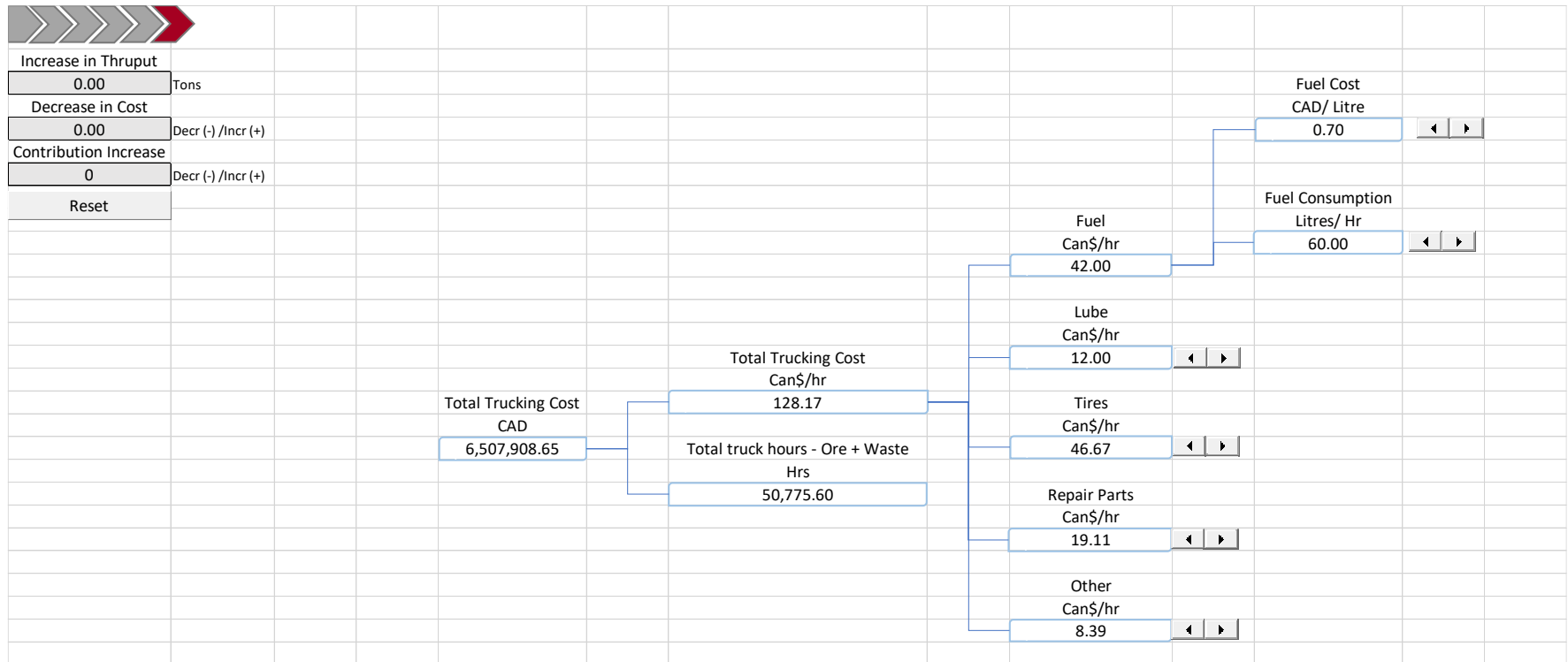


The tree diagram helps in deciphering the relationships and interdependencies of KPIs

Helps users to apply sensitivities to each KPI and assess its impact on the bottom – line / top-line of the Company.

Quantifies the impact of change in the KPI by one unit, on the financials

KPI Driver Tree: A look



Generally, the operating KPIs affect either production and costs.

The KPI Tree indicates the impact of the change in KPI in terms of cost increase / decrease; or

Impact on the Throughput expressed in Contribution (Sales minus Variable Costs)

In Summary: KPI Driver Tree – A simple tool with manifold advantages



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Closing Words: The KPI Driver Tree is

Low cost tool

Easy to operate

Does not involve sophisticated software

Does not require extensive training

Adaptable to any industry be it Mining , Manufacturing, Agro, etc

Implementable in Modules starting from each department before integrating to a Company wide model (Example: Port Opns, Logistics, Power Plant, Process Plant..)



Closing Words:

Are YOU ready for the excitement?



Thanks for listening

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Malcolm Baldrige National Quality Award (MBNQA)

- Award established by the U.S. Congress in 1987 to raise awareness of quality management and recognize U.S. companies that have implemented successful quality management systems. The award is the nation's highest presidential honor for performance excellence.
- Three MBNQA awards can be given annually in six categories:
 - Manufacturing
 - Service Company
 - Small Business
 - Education
 - Healthcare
 - Non-profit
- The MBNQA award is named after the late Secretary of Commerce Malcolm Baldrige, a proponent of quality management. The U.S. Commerce Department's National Institute of Standards and Technology manages the award, and ASQ administers it.

