

Executive **EDGE**

MEASURING TEAM PERFORMANCE

Companies that are beginning to use multifunctional teams to improve product and service delivery should also be developing new performance measurement systems.

Traditional measurement systems usually track results within a function (e.g., the marketing department tracks market share, operations watches inventory). Process measures, on the other hand, track what goes on within an organization to produce a given result, like developing a new product or delivering a service. Having process measures in place is essential to the success of cross-functional teams.

To develop effective team performance measures, organizations can use the following principles:

- The measurement system's purpose should be to help the team, rather than top managers, gauge its progress.

- A team should play the lead role in designing its measurement system.

- A team must create measures to track the cross-functional value-delivery process for which it is responsible.

- A team should adopt only a limited number of measures.

Traditional results measures (e.g., profits, market share, costs) help a company keep track of bottom-line results, but they do nothing to help a team or organization monitor what is necessary to perform a specific process. Knowing that profits have dropped and costs have risen is less helpful than know-



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ing, for example, that increased time spent on service calls led to a corresponding increase in the number of late calls.

In developing process measures, teams should follow four basic steps:

1. Define which fac-

tors (e.g., time, cost, quality, product performance) are critical for customer satisfaction.

2. Map the cross-functional process used to deliver results.

3. Identify tasks and capabilities critical to

completing the process.

4. Design measures that track those tasks and capabilities.

From Christopher Meyer, "How the Right Measures Help Teams Excel," Harvard Business Review, May-June 1994, pp. 95-103.

TQM TOOLS

Designing and implementing a total quality management (TQM) plan can be frustrating, but myriad software products are available to help managers succeed at these tasks. Finding the right software for a particular project requires that managers have both a knowledge of the TQM philosophy and a thorough understanding of the organization's ultimate goals.

To fulfill a TQM project's goals, an organization's staff must continuously measure and monitor various types of data. This can bog down workers whose

talents may be better used to creatively solve current problems and prevent future ones.

Rather than looking for a single software package to address all of its TQM needs, an organization should consider using a variety of products that perform specific tasks. The following are some of the types of software managers can use to plan, implement, and maintain a TQM project:

- *Tutorials* help all employees understand TQM's concepts and goals.

- *Flowchart applications* allow managers to diagram a TQM project's structure.

- *Project-management programs*

help organize and track a TQM project.

- *Reporting applications* convert raw TQM data into charts, graphs, or printed text for analysis.

- *Forecasting software*, with the help of a spreadsheet-type product, classifies historical TQM data into levels that may exist in the future.

- *Scheduling programs* with tracking tools allow users to monitor products' movements.

- *Data-quality utilities* allow users to scan for data defects, measure data output, and monitor improvement or degradation.

From John Edwards, "Quality Team Players," CIO, June 1, 1994, pp. 86 ff.