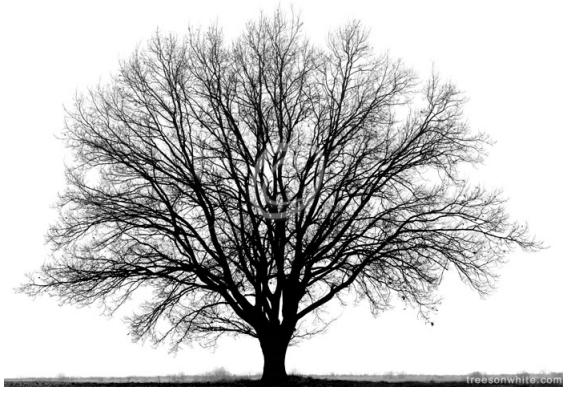


Key Performance Indicator

Driver Tree –

Empowering Managers

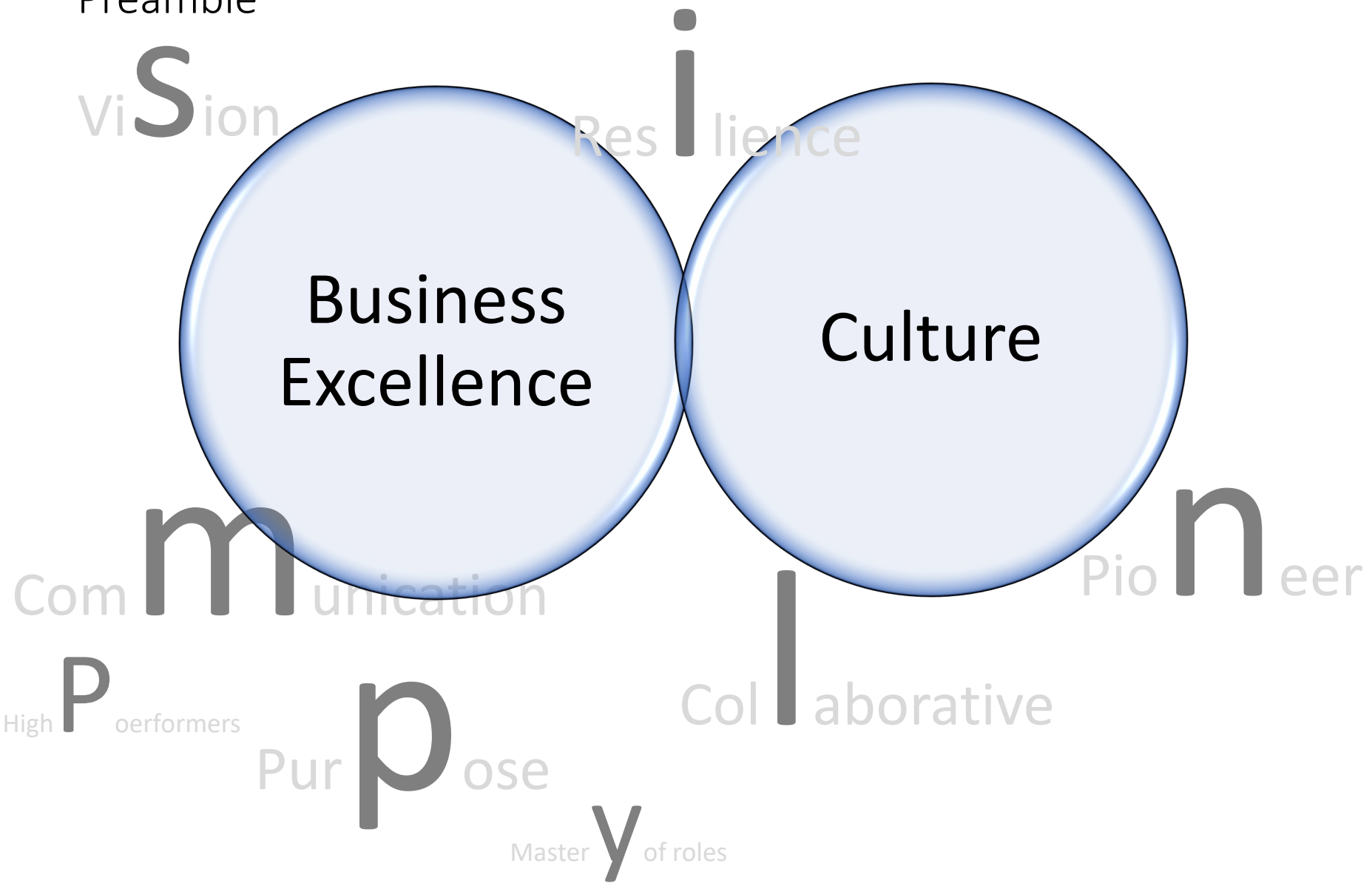
Arnab De

7th North American Iron Ore Symposium

30th April 2019

© Resurgent Montreal Inc.

Preamble


Vision
Resilience
Business Excellence
Culture
Communication
Pioneer
High Performers
Purpose
Collaborative
Mastery of roles

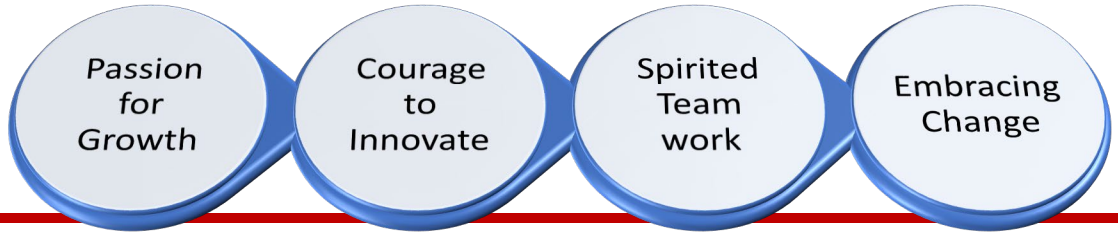
Culture: The Bedrock of Business Excellence

"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:

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.
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.

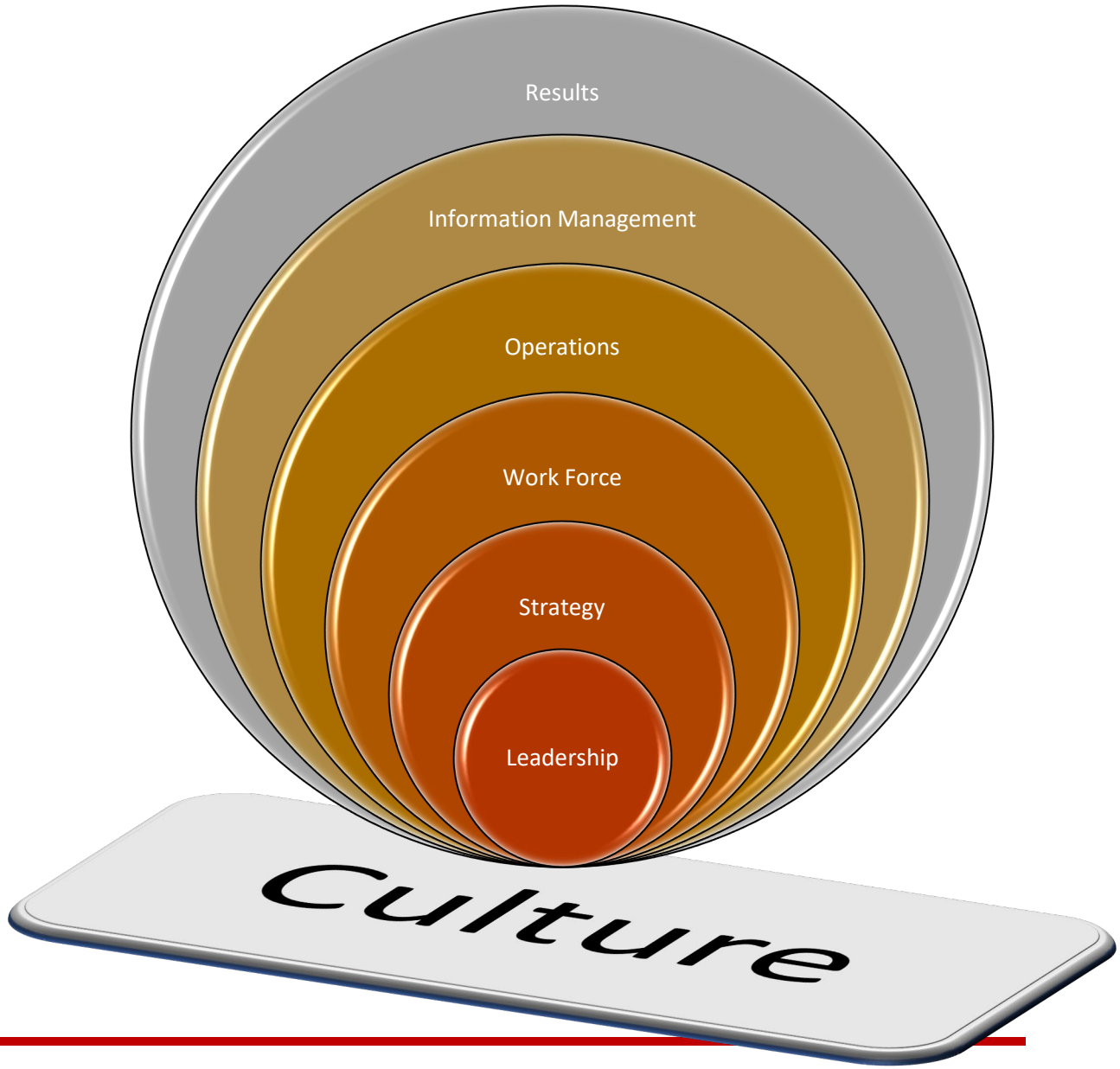
And more specifically on:

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

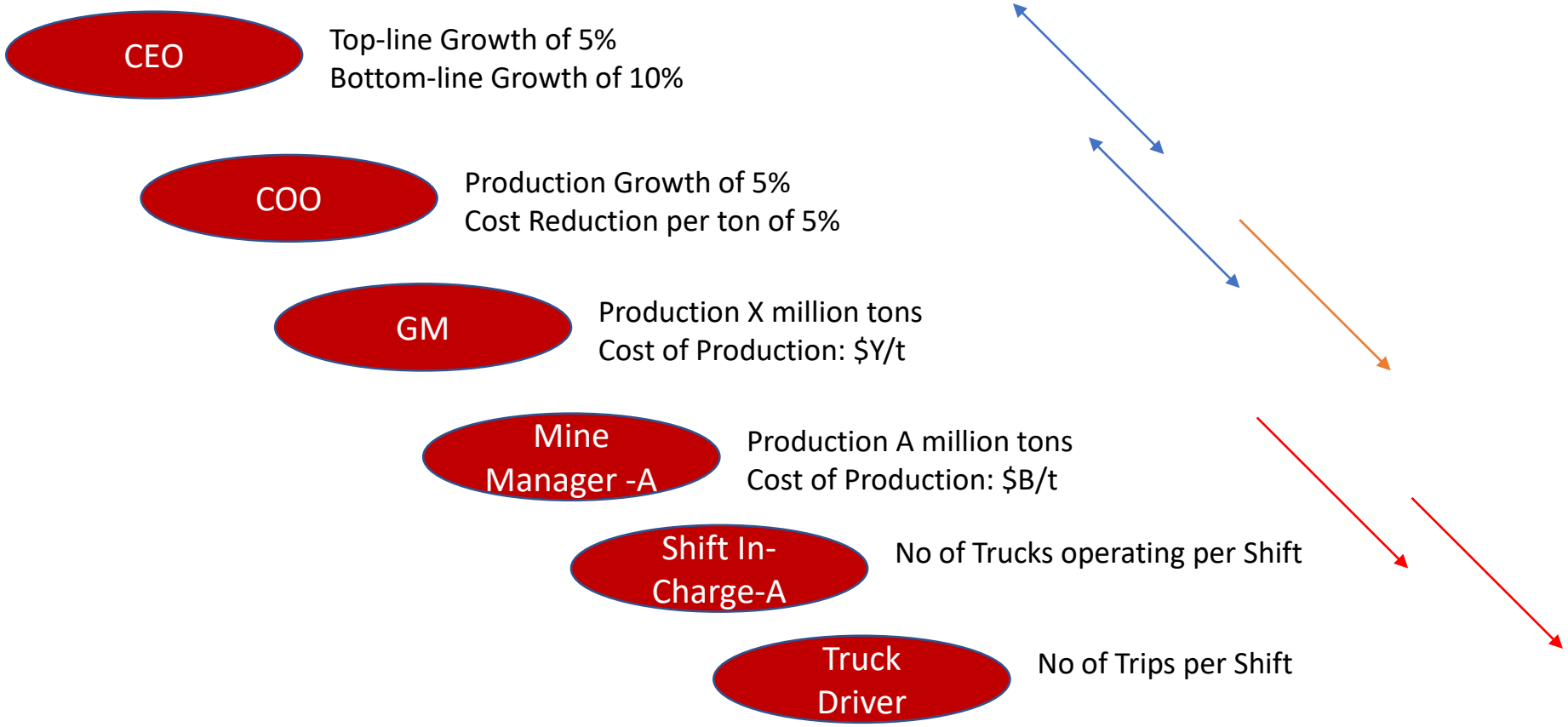
Workforce	How the organization empowers and involves its workforce.

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

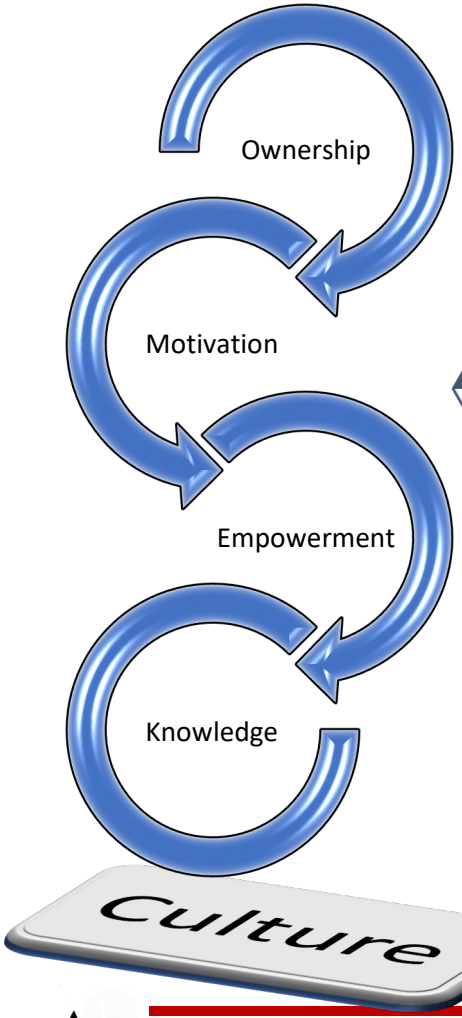


- Cascading of Balance Score Card is evident.
- Line mangers are unaware of
  - the alignment of their KPIs with the Corporate Strategy
  - what is the impact of their contribution to the Corporate Objective.

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



"I don't know why I am doing this. I suppose it's good for the Company"

"Let us stick to our jobs. Let others think about Company's performance"

"Targets become regimental. Something that has to be met. Something that is impersonal. There is nothing beyond the target."

"Why is my target like this? I suppose you will have to ask my boss"

"I am happy if I meet my targets"

OFIs

- Commitment without Ownership
- Professionalism without Passion
- Performance without Innovation
- Application without Understanding
- Conformity without knowledge

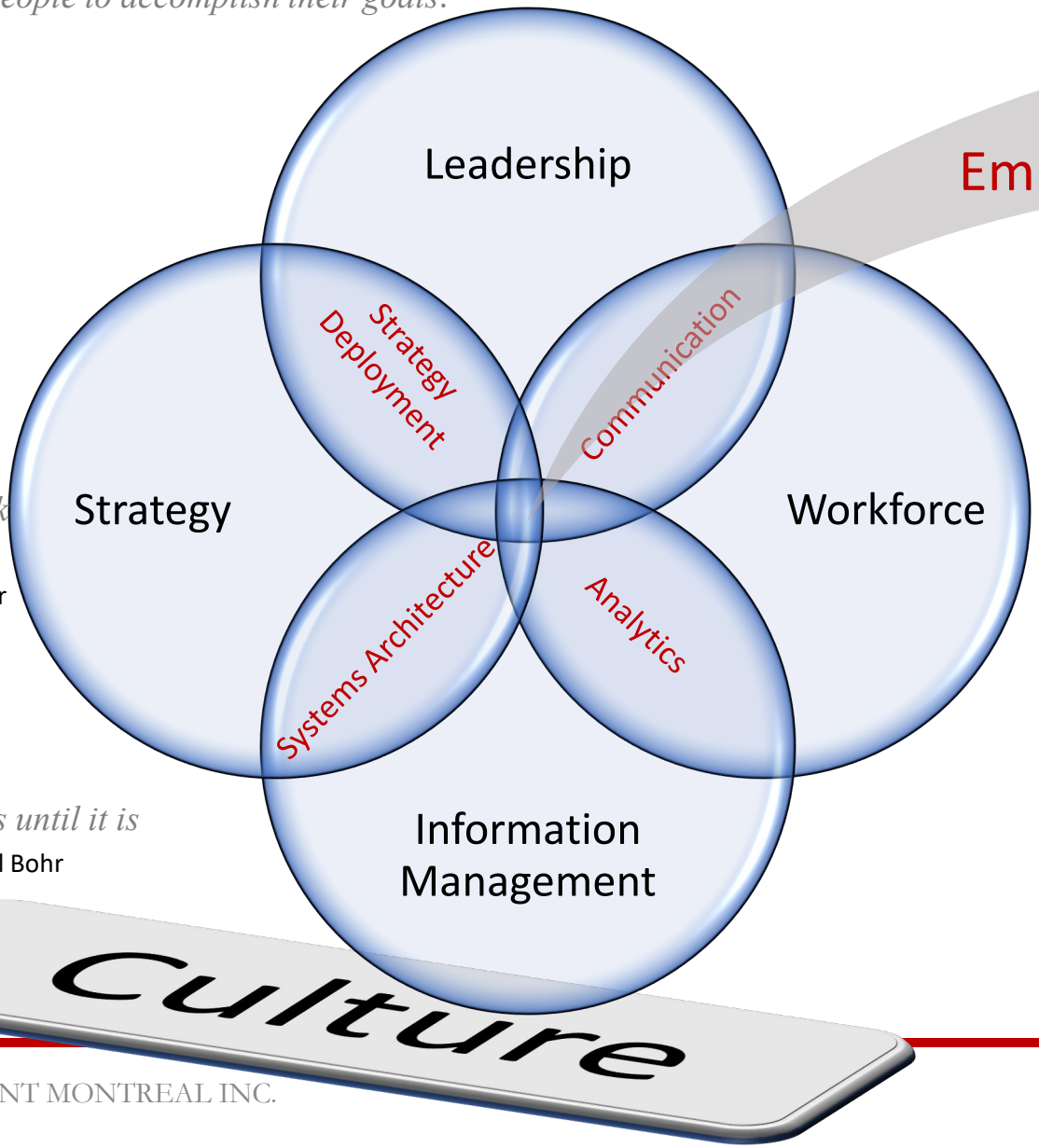
Facets Of A Great Company

"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

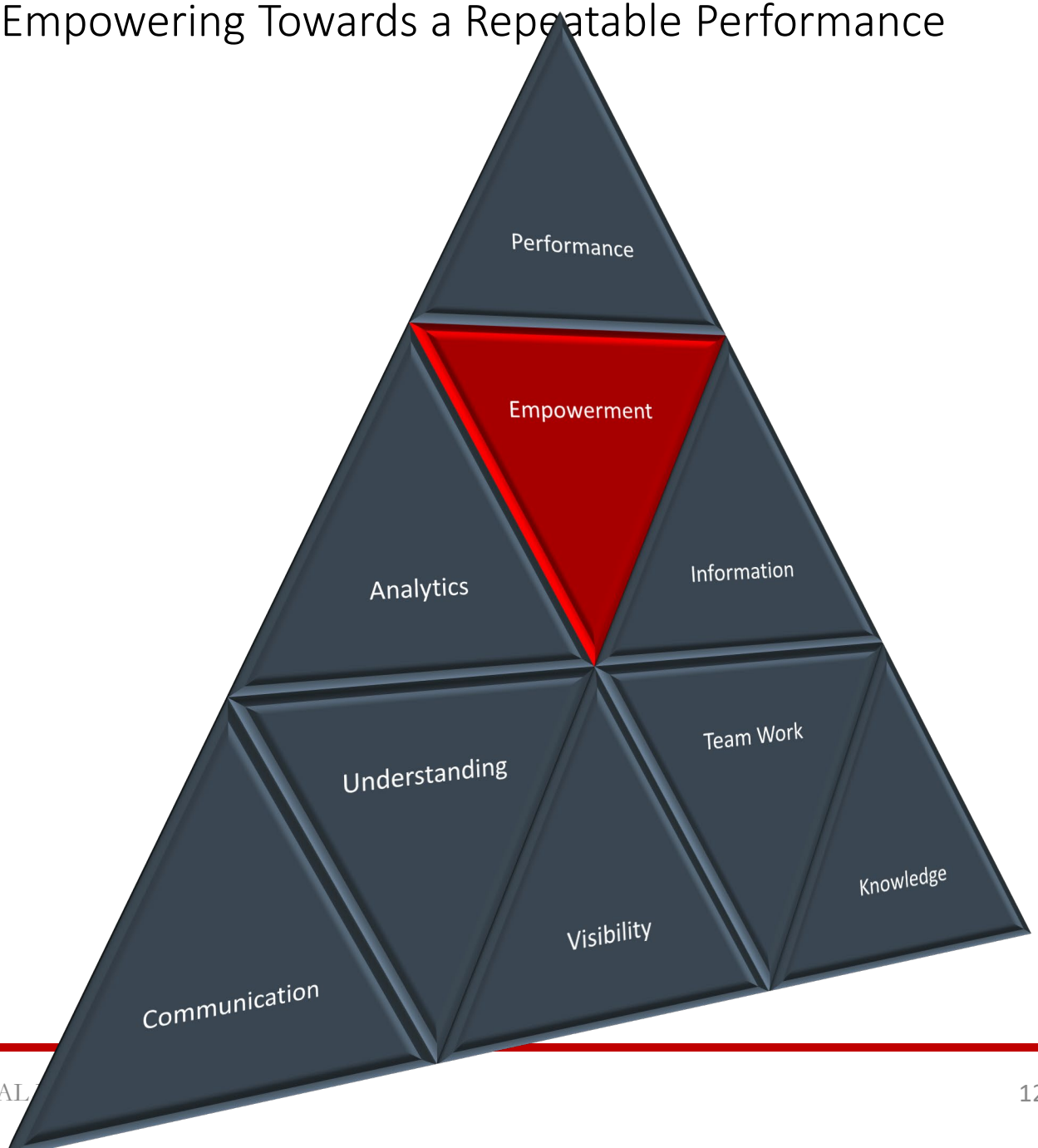
"Nothing exists until it is measured." Neil Bohr



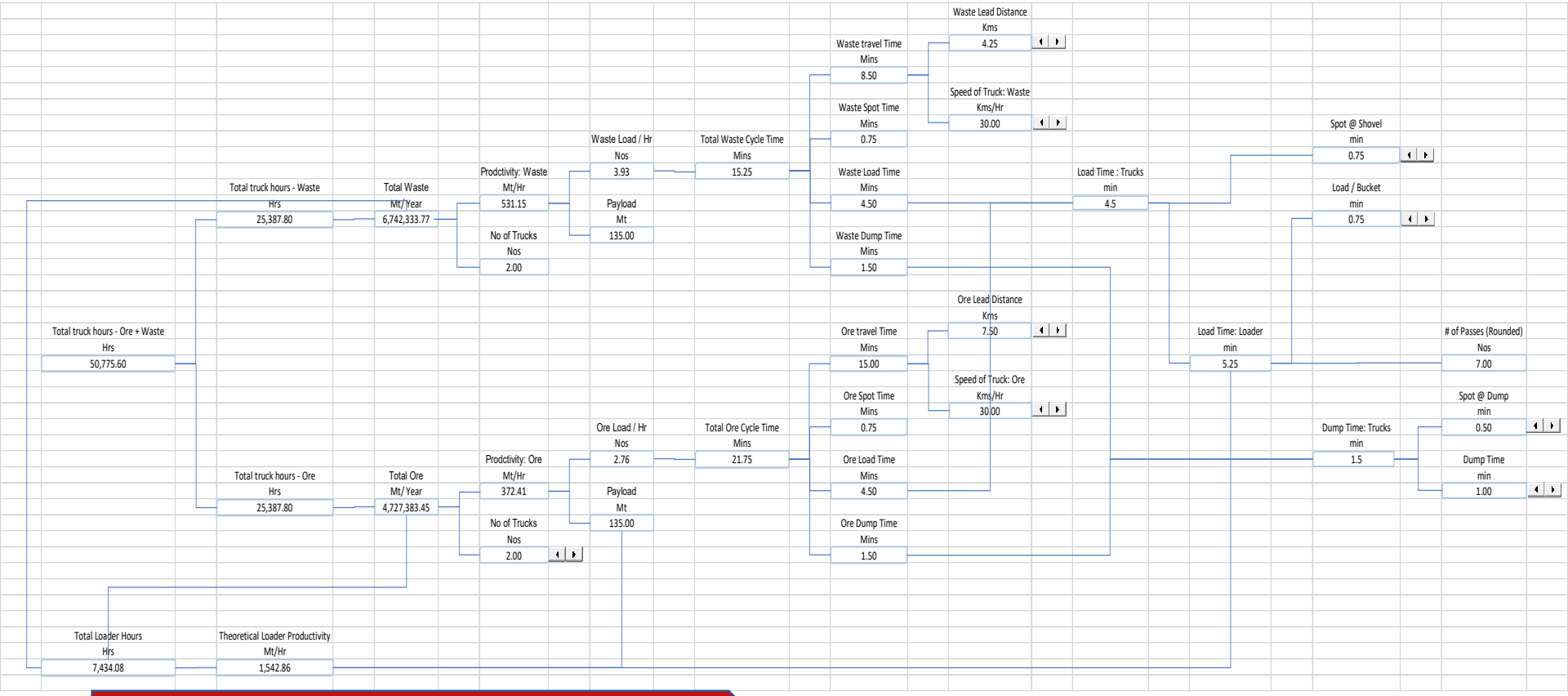
"Never tell people how to do things. Tell them what to do and they will surprise you with their ingenuity." —

George Smith Patton Jr., World War II General

KPI Driver Tree: Empowering Towards a Repeatable Performance



KPI Driver Tree: A look

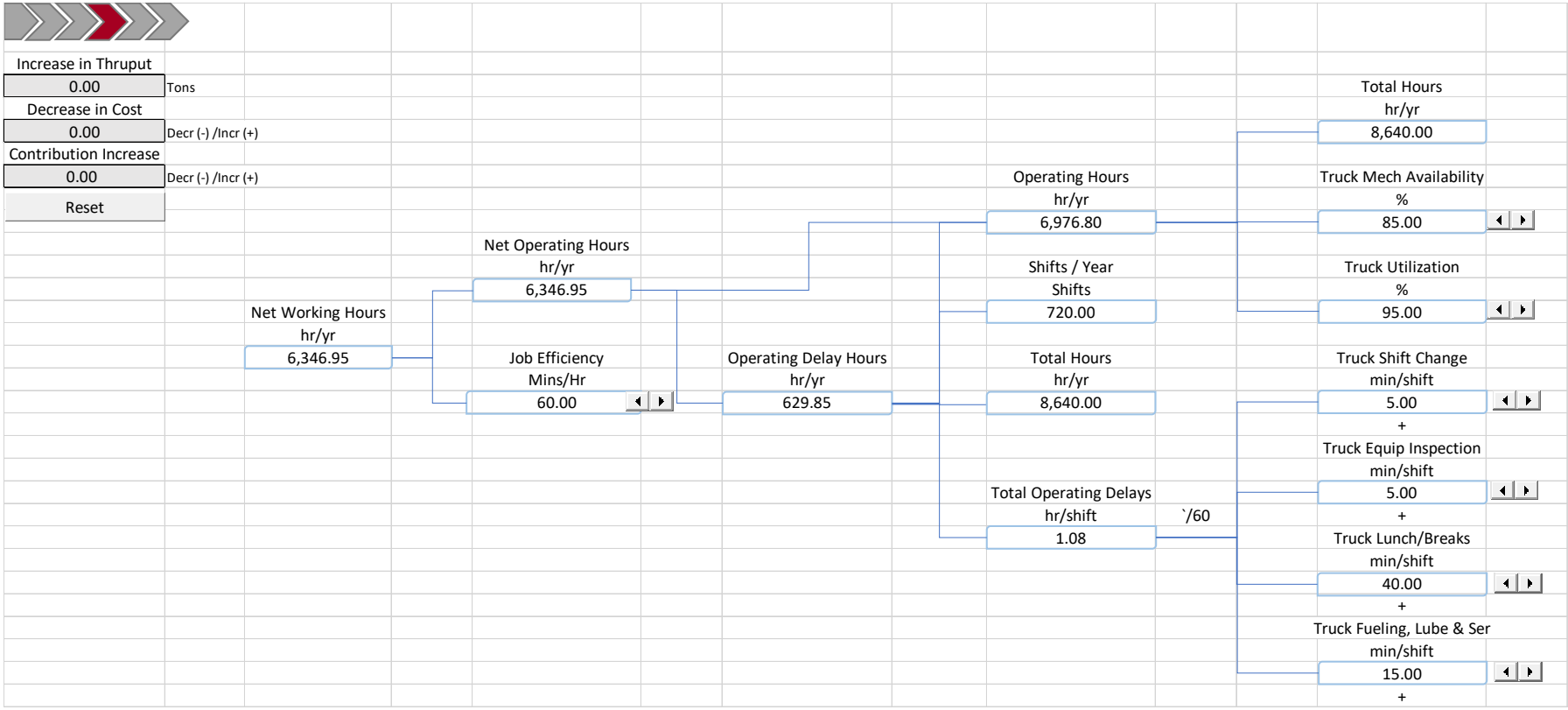


Pictorial diagram of the cause and effect relationships of all the business drivers;

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

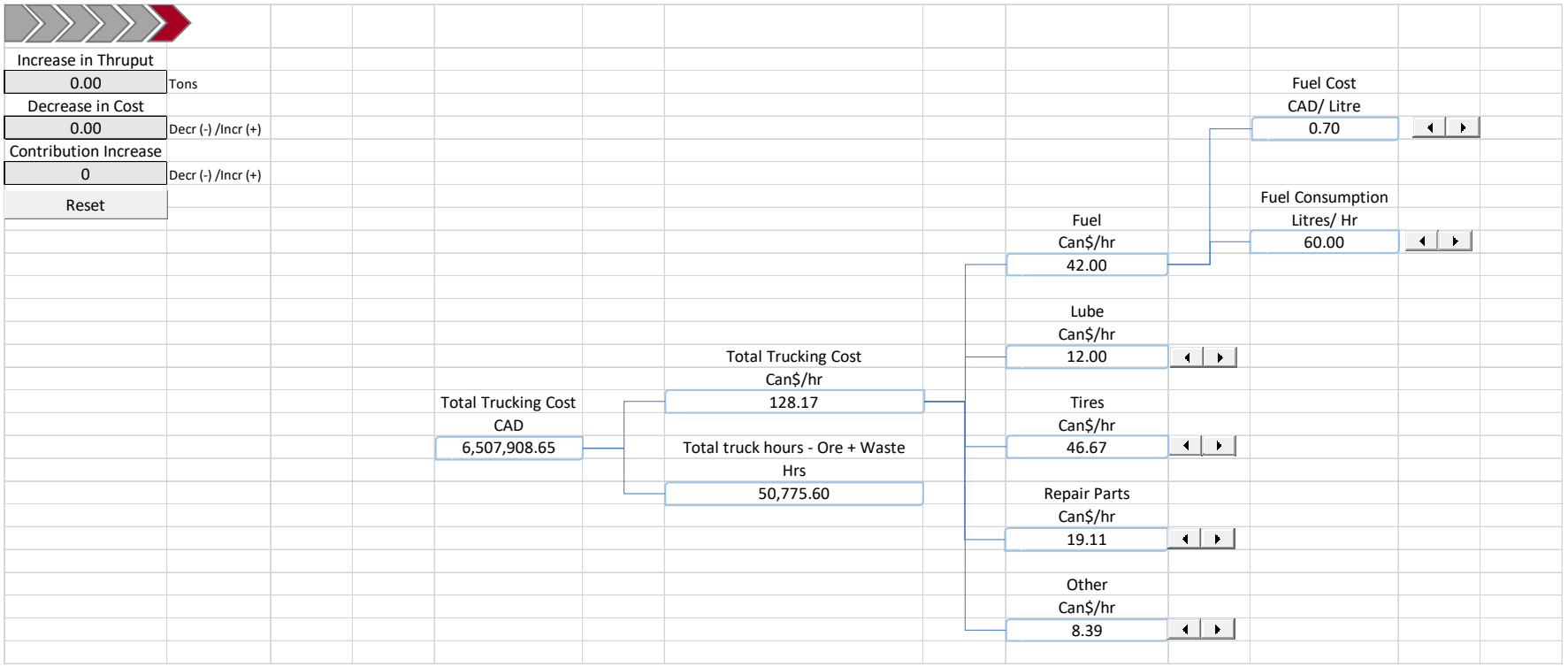


The tree diagram helps in deciphering the relationships and interdependencies of KPIs

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)

Demonstration

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

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

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: The KPI Driver Tree is

Are YOU ready for the excitement?

Thanks for listening

Arnab De

arnabde@resurgentmontreal.ca

514 619 2400