



# Metric Selection, KPIs Report & Performance Measurements

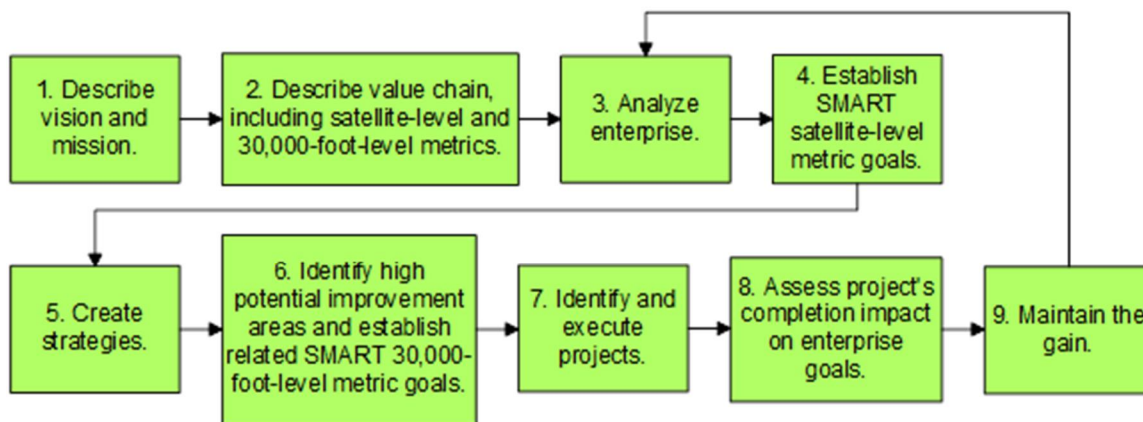
By Forrest W. Breyfogle III

It is important that key performance indicator (KPI) and performance measurement selection and report-outs lead to the most appropriate behaviors throughout an organization. However, this often does not happen.

KPIs may be used to evaluate organizational success relative to making progress toward strategic goals or repeated achievement of some level of operational goal. KPI selection is dependent upon an understanding of what is business important. KPI assessments can lead to identification of potential improvements opportunities and the implementation of associated process improvement efforts.

Organizations may use techniques such as the balanced scorecard for KPI selection; however, this and other approaches can lead to silo efforts and definitions that are based on strategies and organization charts that usually change with time.

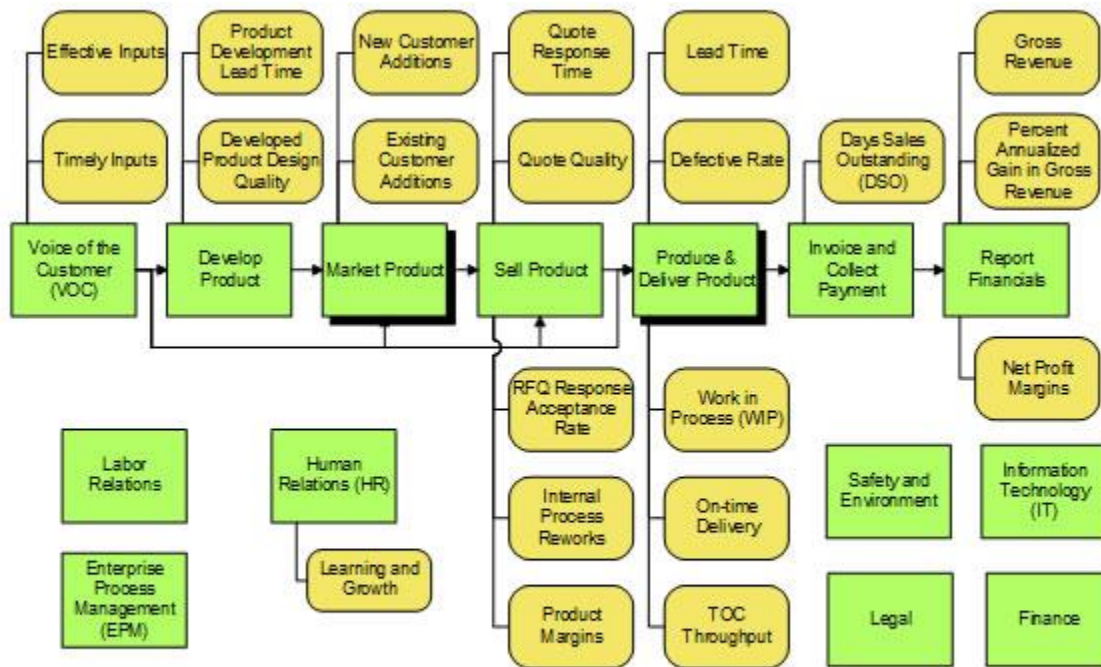
What is needed is a system for metric creation that is aligned with how business is conducted; e.g., an Integrated Enterprise Excellence (IEE) value chain. Goals and improvement objectives can then be created through execution of the nine-step [IEE business management system](#)<sup>1</sup> (See Figure 1), which identifies performance metrics that are to be improved. With this system, a KPI metric improvement need pulls for the creation of an improvement project (i.e., steps six and seven of the nine-step system).



From *Integrated Enterprise Excellence, Volume II – Business Deployment: A Leaders' Guide for Going Beyond Lean Six Sigma and the Balanced Scorecard*, Forrest W. Breyfogle III Citius Publishing, copyright 2008, Figure 4.7.

**Figure 1: IEE nine-step Business Management System**

In the IEE, system long-lasting KPIs are selected in step two through an organizational IEE value chain. An example value chain is illustrated in Figure 2. The rectangular boxes in this figure describe functions, while the oblong shapes describe metrics for these linked-to functions.



From Figure 7.1, *Integrated Enterprise Excellence, Volume II – Business Deployment: A Leaders' Guide for Going Beyond Lean Six Sigma and the Balanced Scorecard*, Forrest W. Breyfogle III Bridgeway Books/Citius Publishing, copyright 2008.

**Figure 2: IEE Value Chain with Scorecard Metrics**  
Shaded areas designate processes that have sub-process drill-downs

IEE value chain KPIs are selected for functions addressing the metric-design objectives of quality, cost, and time. With the IEE value chain, here is a direct linkage of performance metrics with the processes that impact the performance of these metrics.

The functions in the IEE value chain can be clicked to process steps and associated documents. Metrics in the IEE value chain can also be clicked for the reporting of metrics. The IEE value chain can have automatic data collection and reporting using the [Enterprise Performance Reporting System \(EPRS\) software](#).

IEE KPIs are reported using [30,000-foot-level Reports with Predictive Measurements](#).

The references and links below provide more information about these methods.

## Enhancements to Traditional Strategic Planning and Execution

The following articles provide information about enhancements to traditional strategic planning and its execution:

- [Performance Reporting \(KPI Reporting\): Issues and Resolution](#)
- [IEE Value Chain with Predictive Scorecards](#)
- [Stoplight Scorecards: Issues and Resolution](#)
- [30,000-foot-level Reports with Predictive Measurements](#)
- [Business Management System: Issues and Resolution](#)
- [Enhanced Business Management System: Descriptive Videos](#)
- [Project Selection with Whole-enterprise Benefit](#)

## References

1. Forrest W. Breyfogle III, [\*Integrated Enterprise Excellence Volume II - Business Deployment: A Leaders' Guide for Going Beyond Lean Six Sigma and the Balanced Scorecard\*](#), Bridgeway Books/Citius Publishing, 2008

About the Author  
Forrest Breyfogle, III  
*Integrated Enterprise Excellence*



In a professional career spanning over a quarter century, Forrest Breyfogle has established himself as a leading edge thinker, a prolific author, an innovative consultant, a world-class educator, and a successful business executive. His work is documented in eleven books and over ninety articles on the topic of quality improvement.

A professional engineer, Forrest is also a member of the board of advisors for the University of Texas Center for Performance Excellence. He is the founder and CEO of Smarter Solutions, Inc., an Austin, Texas based consulting firm offering business measurement and improvement consultation and education to a distinguished list of clients worldwide, including BAMA, CIGNA, Dell, HP, IBM, Oracle Packaging, Sherwin Williams, Cameron, TIMET, and TATA. He served his country on active

duty in the US Army for 2 years, and has played an active leadership role in professional and educational organizations. Forrest received the prestigious Crosby Medal from the American Society for Quality (ASQ) in 2004 for his book, *Implementing Six Sigma* (second edition). This award is presented annually by the American Society for Quality to the individual who has authored a distinguished book contributing significantly to the extension of the philosophy and application of the principles, methods, or techniques of quality management. Mr. Breyfogle was named Quality Professional of the Year for 2011 by Quality Magazine and in 2012 was awarded alumni of the year by Missouri University of Science and Technology.

He is a widely recognized authority in the field of management improvement and is a frequent speaker before professional associations and businesses. His earlier work in the field of management science has been widely acclaimed. A previous book, *Implementing Six Sigma*, sold over 40,000 copies and still ranks among the top Amazon books in Applied Mathematics/Engineering Statistics and Industrial Engineering /Quality Control.

He founded Smarter Solutions in 1992 after a 24-year career at IBM. The associates of Smarter Solutions specialize in helping companies throughout the world improve their bottom line and customer satisfaction through the implementation of techniques that are beyond traditional Lean Six Sigma and the balanced scorecard methodologies. His latest and most extensive work has been in the documentation of a new system of enterprise management, the Integrated Enterprise Excellence (IEE) system, in a series of four books. IEE provides a detailed roadmap that builds on and integrates the best practices of earlier disciplines like Six Sigma, Lean, TQM, PDCA, DOE, and TPS combined with innovative analytical tools to produce improvements at the highest level of an enterprise.

In addition to assisting hundreds of major clients in the wise implementation of improvement systems worldwide, Forrest has also developed over 300 hours of classroom instruction used to train executives, managers, and Black Belt practitioners to plan for, implement, and manage IEE systems. He also leads formal seminars and workshops worldwide.

Forrest Breyfogle  
forrest@smartersolutions.com  
512-918-0280 x401  
www.smartersolutions.com