

Process management reporting

As has been explained in Chapter 14, process management routines are the engine that harnesses the potential of the business to the clear aspirations of the goal-setting process.

The nerve centre for this cycle is the process (or sub-process) management meeting. It is here that the performance against forecast is presented, and issues are prioritised and assigned. It is also this meeting that reviews if all other parts of the cycle are working on time.

The quality of the process management meeting lies in the objectivity and systemic nature of its decisions. Key aspects to explore, when assessing the quality of a team's work at this level are as follows.

- Are they focusing on the right objectives and are those objectives unambiguous and comprehensive. Do the objectives clearly relate to the QFD at the next level up?
- Is current performance against the objectives clearly understood, and have resulting gaps been prioritised?
- Do the team have clear plans in place to address the performance gaps systematically, and have they forecast how these plans will affect performance, over time, to meet the objective?
- Is progress against the forecast regularly and accurately measured, and are performance deficits or trend issues clearly identified?
- Are all major performance deficits or trend issues analysed objectively, systemically and systematically using appropriate problem-solving tools?
- Have these analyses been used to modify current improvement plans or to define new ones?



The professional's grasp of the numbers is a measure of the control he has over the events that the figures represent.

Harold Geneen
CEO, IT&T



An individual without information cannot take responsibility; an individual who is given information cannot help but take responsibility.

Jan Carlzon
Ex-CEO SAS

Chapter 24

Richard was not really sure why he had gone back to the Church on Sunday. Laura had not asked him to come, but she seemed pleased that he had. For the most part, he felt that he had got a lot out of the last visit, and the curmudgeonly reader, and wondered whether he would get another insight this time round. Part of him felt he was honour bound to fulfil the bargain he had made in prayer amongst the shards of the crystal decanter.

He was surprised by how different the service was. The building, the congregation and the vicar had not changed, but the door-person had given him different books than on his previous visit - larger and more colourful.

The whole tone of the service seemed lighter and more informal. The wording of the hymns and responses seemed more immediate, more accessible. People around seemed more at ease, and less stuffy, and there were children present too.

Richard was beginning to wonder whether they had fallen victim to some marketing consultant. Heaven knows they could do with one, he thought.

The reader had not been as inspiring as on his last visit, and the sermon seemed largely to pass him by. It seemed more focused on the hoards of children who had been invited to the front of the Church.

By the time the last hymn was called, he was beginning to think he had wasted his time. He flicked through the hymn book to the song headed 456, and thought: 'Thank God it's not a long one'.

He recognised the title though, and his thoughts were confirmed by the introductory tune. He knew this song. It was by Sinead O'Connor. He liked this song, but he had never sung it, and the thought of it being murdered by the Derby and Joan club and the cast of St. Trinians, filled him with dread.

But when the singing started, it was strangely haunting and serene. He concentrated on the words:

Make me a channel of Your peace.
Where there is hatred let me bring Your love;

- Do all planned actions have clear owners and timescales defined, and has some form of risk analysis been undertaken?
- Is performance on completing actions reviewed and systematically improved?

Process reporting

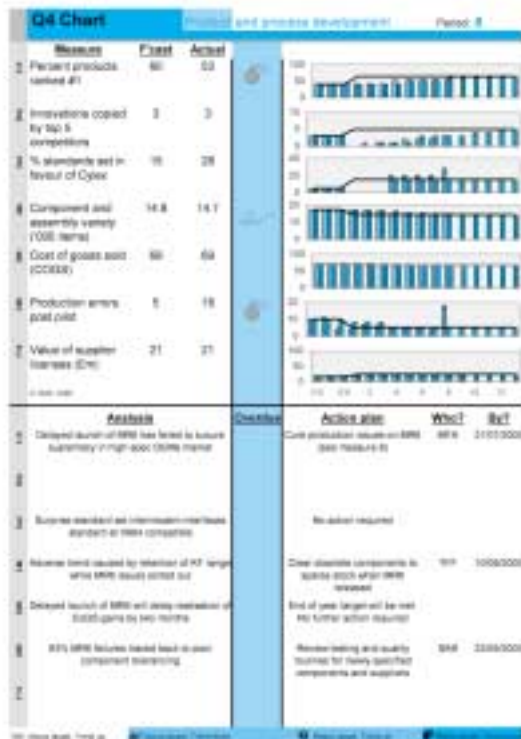
If the process team is clearly in control of its performance, and is handling issues diligently and effectively, then there is little point in interfering with their work. If, on the other hand, the process team is not in control, and/or issues are not being properly addressed, there is clearly a need for guidance and support. The key lies in knowing quickly and accurately into which category the process team falls.

Unfortunately, conventional reporting is an easy place to hide and obscure real issues, and talk up failure into a virtue.

Quadrant chart reporting overcomes this problem by requiring that the process team map out, on one sheet of paper: the salient aspects of their performance; trend against forecast; analysis of shortfalls; and their action plan to address those shortfalls.

If process management routines are the engine that drives continuous improvement, then the quadrant chart acts as the transmission, wheels and tyres; galvanizing improvement through clarity and objectivity.

Quadrant charts, as their name might suggest, are a single sheet of A4 paper, divided into four quadrants. These quadrants contain all the pertinent information on how the process is being managed.



where there is injury, Your pardon, Lord;
and where there's doubt, true faith in You.

Oh, Master, grant that I may never seek
so much to be consoled as to console;
to be understood as to understand;
to be loved, as to love with all my soul.

Make me a channel of Your peace.
Where there's despair in life let me bring hope;
where there is darkness, only light;
and where there's sadness, ever joy.

Make me a channel of Your peace.
It is in pardoning that we are pardoned,
in giving to all men that we receive;
and in dying that we're born to eternal life.

As he listened to the singing, he felt a strange yearning open up inside him; an emptiness that he could not fully describe, or explain.

At the same time, he felt both an overwhelming affinity with the words, and a deep resentment for them. They both attracted and repelled him at the very same time. It was like standing at the edge of somewhere you had always wanted to be, but knowing the price of entry was more than you could pay.

For the briefest moment, he wanted so much for the song to be his, and at the same time, felt the deepest fear of the consequences. Like a moth before a flame.

He left the Church in a daze, unsure of what he was feeling. There was clearly something vitally important there, and while he struggled desperately not to lose the traces of what had gripped him, he fought to retain the sense of logic and proportion that would protect him.

He gathered himself up to shake hands with the vicar, and to secure the temporary loan of the hymn book he was still holding, forefinger firmly wedging it open on hymn 456.



While Laura took Nicholas in for coffee, Richard excused himself, and went to sit quietly on a bench at the far corner of the churchyard.

- In the top left-hand quadrant the chart displays the key performance measures for the area (department, process, section...), the target to be achieved, and the current level of performance.
- In the top right-hand quadrant, it graphs the performance measures and trend against forecast performance and target for the year to date, and thereby illustrates any issues in the pattern of performance over time.
- In the bottom left-hand quadrant, it provides a summary of the analysis that has been undertaken into any performance issues - whether overall performance or adverse trends.
- And in the bottom right-hand quadrant, it summarises the actions that have been planned to address the issues and bring the performance back into control.



The quadrant chart demonstrates clearly in a format that is straightforward, logical and easy to assimilate, what is being managed and what is not - it reports the basics baldly and provides little scope for hiding issues in a mass of rhetoric. And a quadrant chart is quick and easy to produce.

The various quadrants are explained in more detail below.

Quadrant 1: Performance

The top left-hand quadrant should list out the key measures of department performance, together with the agreed targets and current performance. These should be drawn directly from the process QFD (if one has been created).

The measures of performance should cover all that is important in the process or area to which it pertains, because the

Gazing out across the serried ranks of gravestones, he composed and centred himself, re-opened the hymn book, and re-read the words. Something vitally relevant had gripped him and he was determined to identify it.

He could see that the words echoed with what he had been struggling with over the last few weeks, the whole concept of adding value. But that was not it.

There was something more, something in the words that both compelled and frightened him.

It was the sense of sacrifice. The sense of not just wanting to add value, but of being willing to give things up to make it happen.

It was not cold, but something made Richard shiver, and he knew that he was on the edge of a decision. And the question, quite simply, was this: was he only willing to add value on his own terms, or was he willing to do whatever was necessary? It was this question that had struck him. He wanted to do both, and he wanted to do neither. He wanted to be real, but he felt he could only afford the sham.

“Sometimes,” he thought ruefully, “insight can be far too bloody expensive! Ignorance can be a far more comfortable place to be!”

He knew that, at some point, he would need to make this decision, but at least now he knew what it was, he could put it to one side for a more appropriate venue. He stood up and walked toward the building where the sign invitingly advertised coffee and biscuits.

As he weaved his way through the gravestones, he puzzled on the enigma that was ‘God’, and for the first time considered, albeit only fleetingly, whether his unwillingness to believe in God was due to an excess of believing in himself and his own potential. “Sacrifice is a strange concept,” he thought, “it opens up a whole new can of worms!”



The concept of sacrifice played on Richard’s mind, off and on, all through the following week. He reflected on his earlier thoughts; of the need to make himself dispensable, and the parallels between that and sacrifice. He thought about the concepts of coaching, and the need to draw the best out of the other person, thereby foregoing your own opportunity to shine.

quadrant chart should be the one means of reporting all that is being managed in the area, and it should not need to be supplemented by any other form of report.

Practically this is likely to require three to seven¹ measures, if they have been well thought out. These measures should be practical and able to be recorded at least quarterly and preferably monthly, in order to ensure a level of responsive control over the outcomes. The targets are intended to drive improvement, and should be focused on areas that provide the greatest business or customer benefits.

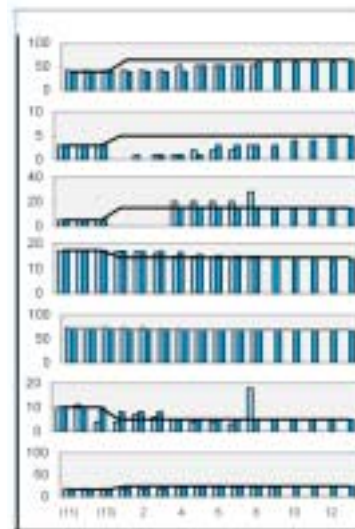
Quadrant 2: Trend

The top right-hand quadrant of the report should provide graphical evidence of performance over time. Each measure listed in quadrant 1 should be clearly associated with a graph showing trend, forecast and target performance over the year.

These graphs provide a clear indication of how consistent and stable the management of each measure has been. They demonstrate clearly the level of control and improvement that has been achieved.

Each graph should include a forecast line, which clearly reflects the expected impact of any planned programmes to meet target performance by year-end. This time-based aspiration (sometimes called a flag plan) both reflects the level of thought and planning that has been invested in meeting the target, and provides confidence that current performance is to plan, even when it does not yet meet the final goal.

Measure	Forecast	Actual
1 Percent products ranked #1	60	53
2 Innovations copied by top 5 competitors	3	3
3 % standards set in favour of Cylex	15	28
4 Component and assembly variety ('000 items)	14.8	14.7
5 Cost of goods sold (COGS)	69	69
6 Production errors post pilot	5	18
7 Value of supplier licenses (£m)	21	21



¹ It is difficult to obtain a balanced comprehensive picture with less than three measures, and the thinking can lose focus with more than seven.

Sacrifice was a whole new way of thinking, was he really up to it? Did he want to be up to it?

He thought about the sacrifice of handing over Cylex UK to one of his team, once the management system was in place. It would be okay if there was a new better role for him to take on, but what would he do if there wasn't?

Would he hold things back, rather than move them forward?



Work on implementing the QFD seemed to be progressing well since the last management meeting. The level of activity gave him a good feeling. Most of his team had managed to clear their diaries, and had identified local performance improvements which would begin to deliver before the next meeting.

Even Daniel seemed to be playing ball. Richard did not really understand it, and suspected a rat.

Daniel had cleared his diary of two days a week to work on Customer measures, and that was clearly a step forward. However, Richard did have cause to wish Daniel had been a trifle more circumspect about how he arranged his time. He had already received two calls from irate customers with whom Daniel had cancelled previously arranged meetings, with no explanation.

Daniel's behaviour made him uneasy, but he was not sure what to do about it.

Lucy's 'Introduction to Problem-solving' had now been attended by everyone from the management team, and by a fair proportion of their subordinates. And over half the processes now had at least one problem-solving project under way.

And while Richard had offered his own time, and additional contract resource, he was surprised at how little of it had been taken up. Only Abs, Susan, Peter, and Andrew had taken on contractors to spread the workload, and Richard's only involvement had been to comment on the various schemes and ideas proposed.

By the next management meeting, two of the projects had really begun to bear fruit. Inventory, though it was only down by 0.4%, was planned to reduce by 16% over the next three months. And order overdues had

Each graph in quadrant 2 should use a consistent 'house-style' so what they are saying can be easily and unambiguously interpreted.

Quadrant 3: Analysis

The lower right-hand quadrant provides an opportunity for the process team to demonstrate the objectivity with which they are addressing any unexpected shortfall in performance. Analysis entries should be brief and only focused on areas where the performance is below forecast or of adverse trend. In all other cases we trust that the team is in control.¹

Analysis should indicate very clearly the systematic issue that has brought about the problem, and provide objective evidence for this. While it may be easier to associate a specific event with the problem, doing so provides little scope for preventing further occurrences or for ensuring performance over the longer term, and should therefore be avoided.²

Analysis should have been derived from the use (formally or informally) of a defined and agreed problem-solving³ approach, and through this, analysis should clearly identify the proportion of the deficit that arises from the defined issues.

Quadrant 4: Action

The lower right-hand quadrant lists out the actions that are to be taken as a result of the analysis. All analyses should be associated with clear actions to resolve the issues and prevent future recurrence.

1 If you cannot trust your team, you have a coaching issue, not a reporting issue.
2 A tool for helping the team to think this through can be found on page 302 and on the associated web-site (see Appendix 7).
3 An appropriate methodology can be found in Chapter 22.



The greatest of faults, I should say, is to be conscious of none.

Thomas Carlyle
Scottish essayist and historian

reduced from 34% to 13%. Clearly still too large, but plans were in place to reduce it to less than 5% by the end of the next quarter.

Most of the measures presented showed some improvement, although Richard was convinced that much of it was merely due to the increased focus the measures gave the process teams. At this stage, it really could not be anything else.

Only one quadrant chart was missing. Daniel was off at an important sales conference, and his stand-in had been assured that Richard had a copy of the quadrant chart, and would present on it. Yes, the stand-in, was sure it existed somewhere, because he had seen Daniel working on it. No, he could not remember any of the data.

Richard was reluctant to push too hard. He did not want one of Daniel's people to think he was conducting a witch-hunt on his boss. Though clearly annoyed by this one dark cloud on his horizon of blue sky, Richard dropped the subject.



After the meeting had finished, and Richard had congratulated his team and promised them a party to celebrate, Richard and Lucy retired to Richard's office to compile the top-level Cylek UK quadrant chart, and to wing it on its way to Frank Delaney.

They looked with satisfaction at the finished article projected high on Richard's wall, and at the various graphs, each showing a little, or not so little, upward kick in their tails.

"You could not have got anything better if you'd fixed the data," said Lucy, grinning from ear to ear.

"Oh, I don't know," said Richard, a small frown on his forehead. "I'm really sorry that we haven't got the customer satisfaction measure. I'm sure that would have leapt up with the improvement in delivery performance, and with Deborah involving them in New Product clinics. And that's without the work that Daniel has been doing. I really could have done with that data. You know how hot Cyrus is on Customer Satisfaction!"

"Well, Daniel's in on Monday," suggested Lucy. "Why don't you wait till then and send Frank the complete thing?"

All the listed actions should have clearly defined owners, who have accepted responsibility for completing the action, and timescales for delivery. In practice, actions without delivery dates are uncontrolled, and drift. Dates need to be set that are consistent with the needs to meet target performance by year-end.

The planned actions should also be reflected in the forecast performance line of the 'Trend' quadrant. This will help to ensure that the thinking and planning has been diligent, and will help to stop the issue becoming over-managed in subsequent months.

Quadrant charts,¹ when designed and enforced appropriately, leave no place to hide poor management. Unlike a multi-page written report, they provide little opportunity for camouflage, rationalisation, distraction, or sleight of hand. They simply reflect the facts. But they are very simple and easy to complete, and far less bureaucratic than many other reporting systems.²

Action plan	Who?	By?
Cure production issues on MRS (see measure 6)	MFA	21/07/2000
No action required		
Clear obsolete components to spare stock when MRS released	TFF	10/08/2000
End of year target will be met. No further action required		
Review testing and quality routines for newly specified components and suppliers	SAB	23/05/2000

“I’ve thought about it, but I promised it to Frank tonight. I don’t want to let him down. It would look unprofessional. I will leave sending Cyrus his copy until we’ve got Daniel’s data though.”

Richard attached the quadrant chart to a brief e-mail, and said: “So, who wants the honour of pressing the send button?”

Lucy simply reached across and clicked the mouse. “Go on. Knock their socks off!” she said.

1 An example of an Excel™ based Quadrant Chart is available on the associated web-site (see Appendix 7).

2 This is true if the team are following a systematic approach. If they are not, quadrant charts are a real pig to fill in.