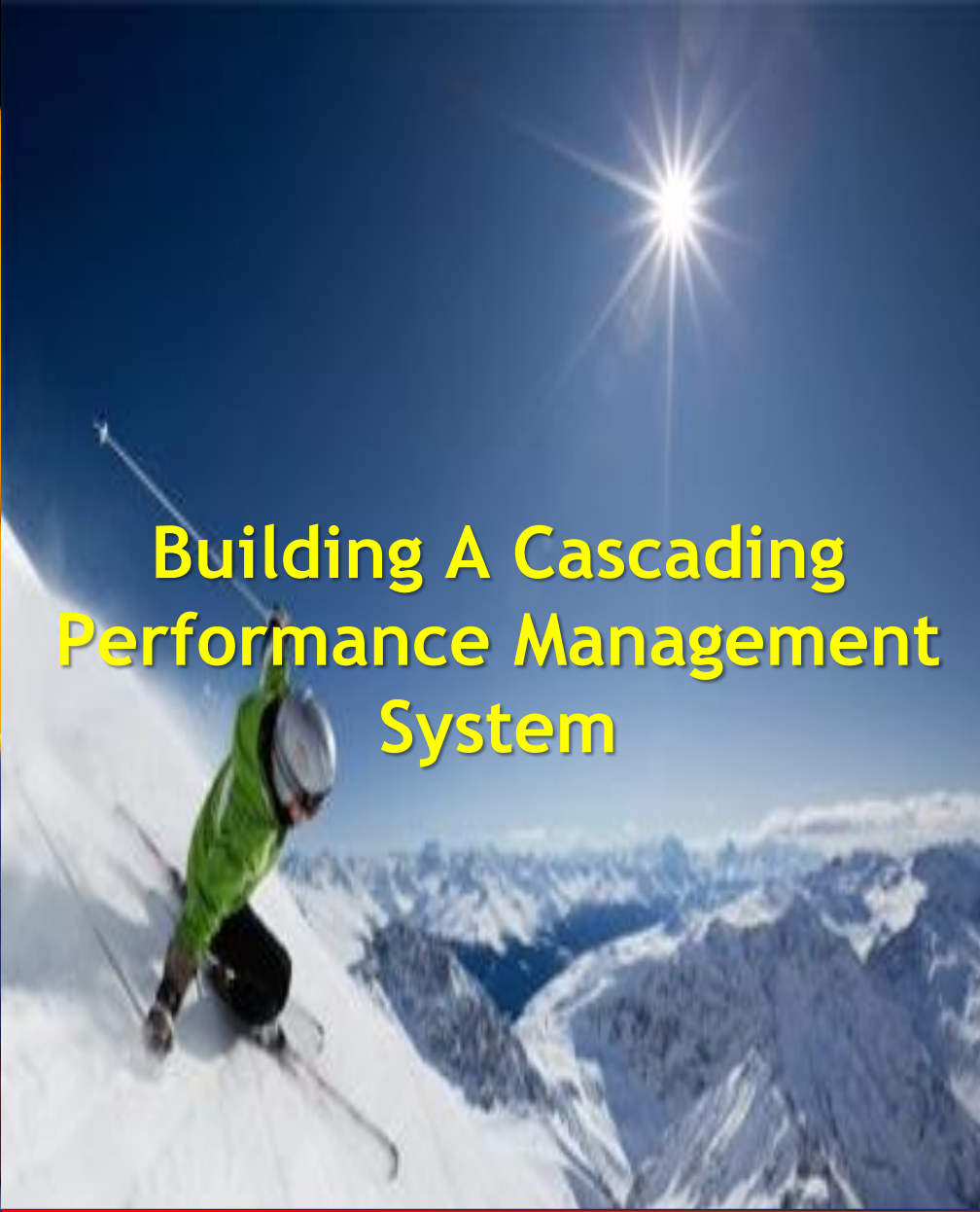




Building A Cascading Performance Management System



PPI

PERFORMANCE PARTNERS INTERNATIONAL LLC

WHERE STRATEGY MEETS PERFORMANCE

Introduction



Most organizations claim that their professional learning and development programs create value—but few can confidently answer the question:

“How does your program create value, and how much value does it create?”

The truth is, every organization has the potential to connect learning to performance. The key is a **top-down approach** that aligns learning and development with the same metrics used to evaluate operational success. When learning outcomes match what business leaders are held accountable for, training becomes a performance driver—not an afterthought.

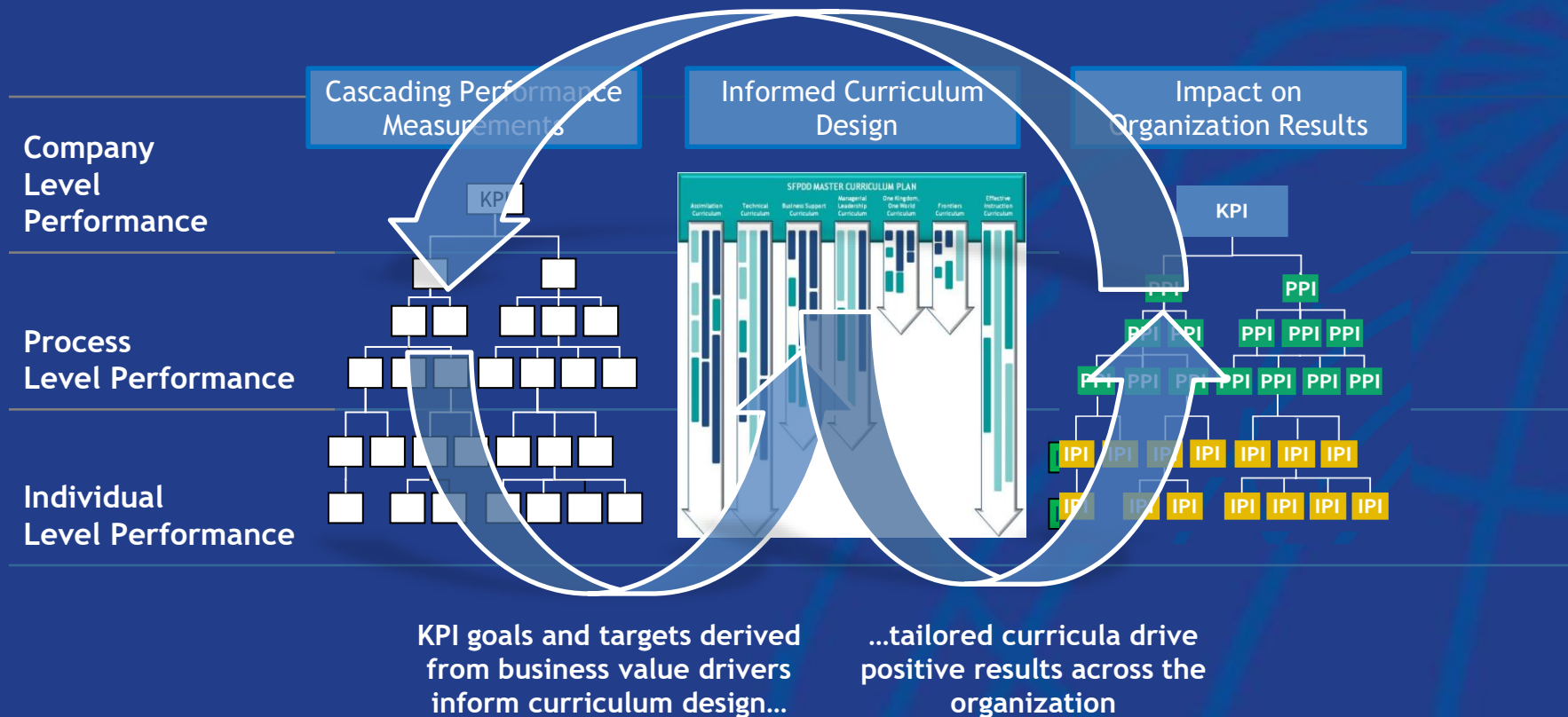
PPI has deep expertise in this space, having helped numerous organizations design and implement **data-driven performance measurement programs** that directly link learning investments to business impact.

What follows is our proven framework to quantify learning and development’s contribution to your bottom line.

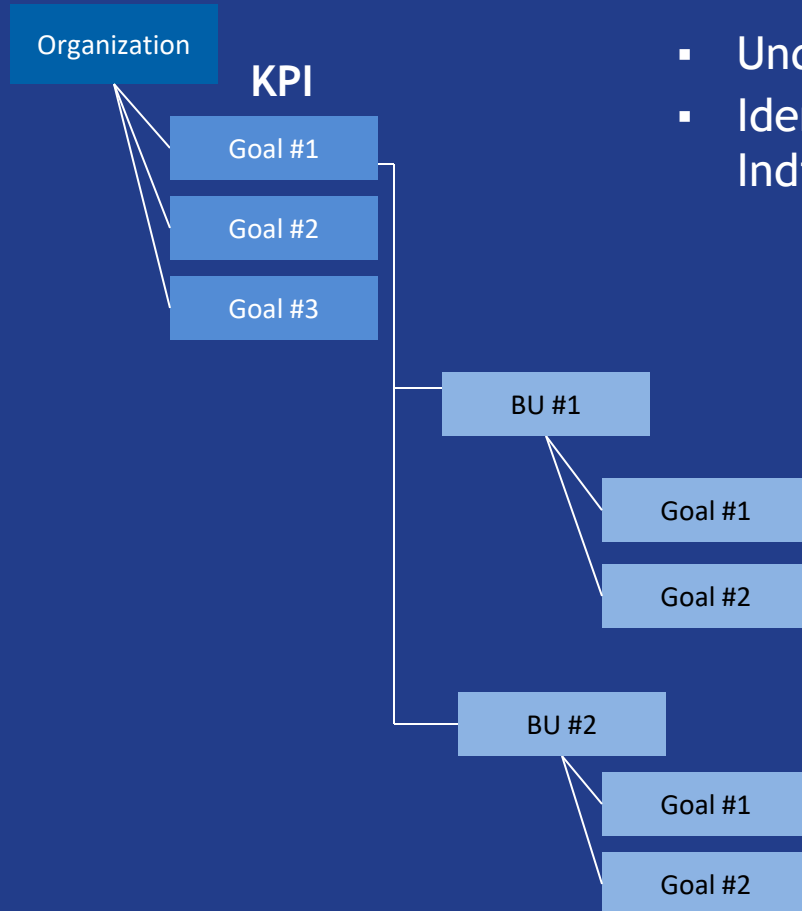
Industry Segments

- Aerospace & Defense
- Automotive
- Chemicals
- Consumer Products
- Chemicals
- Financial Services
- Food Service
- Healthcare
- Industrial Equipment
- Insurance
- Logistics
- Manufacturing
- Metals
- Oil & Gas
- Pharmaceuticals
- Technology
- Telecom
- Transportation
- Utilities

Cascading Performance Measurement Structure

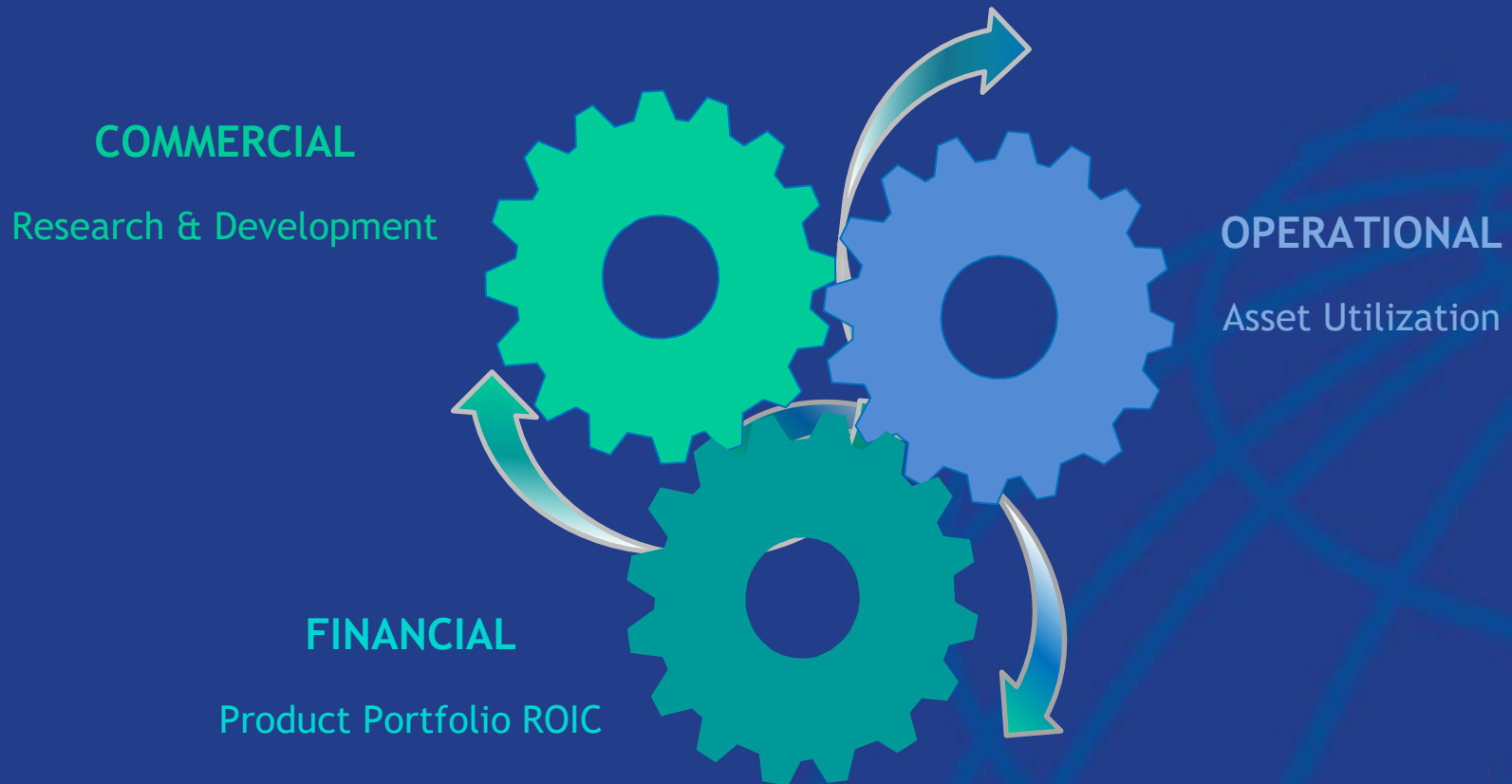


KPI Mapping



- Understand Company Business Value Drivers
- Identify, select, and prioritize Key Performance Indicators (KPIs)

Business Value Drivers



Key Performance Indicators (KPIs) reflect an organization's business value drivers, as a quantifiable measure of its success

Sample KPI

Reduce unscheduled downtime

Business Value Driver

Asset Efficiency

Description

To increase asset utilization across all facilities through the reduction of unscheduled downtime from 4-7% to .5% of production within plan yr XXXX

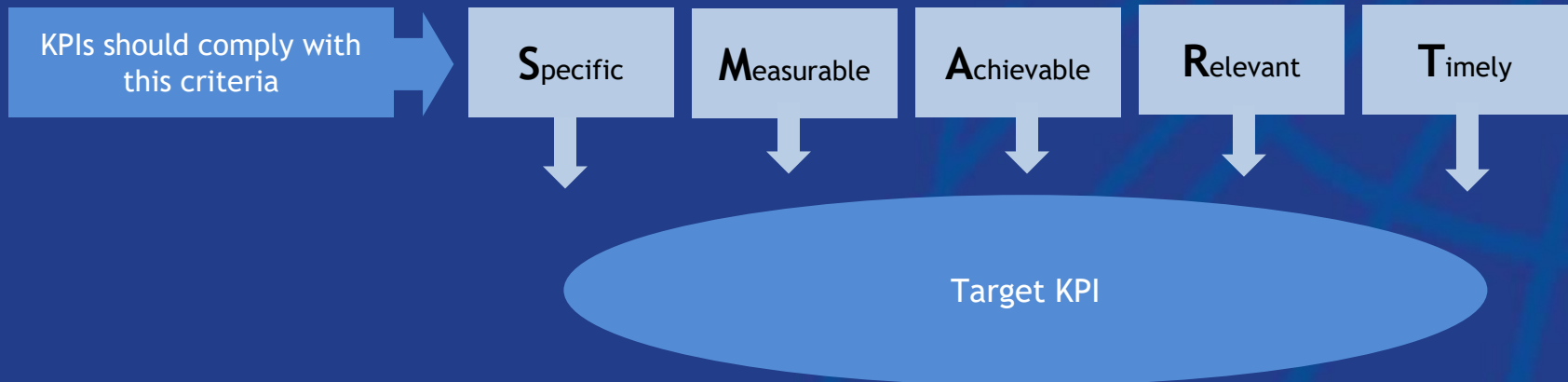
- | | |
|--------------|------------|
| ✓ Specific | (What) |
| ✓ Measurable | (Criteria) |
| ✓ Attainable | (How) |
| ✓ Relevant | (Why) |
| ✓ Timely | (When) |

KPI Identification



❑ KPIs Should Comply with a SMART Criteria

1. Define **few** KPIs that are clear and focused on business improvement
2. Ensure KPIs **monitor results** (output) or means (input)



KPI Prioritization



□ Refined Through Benchmarking

EXAMPLE

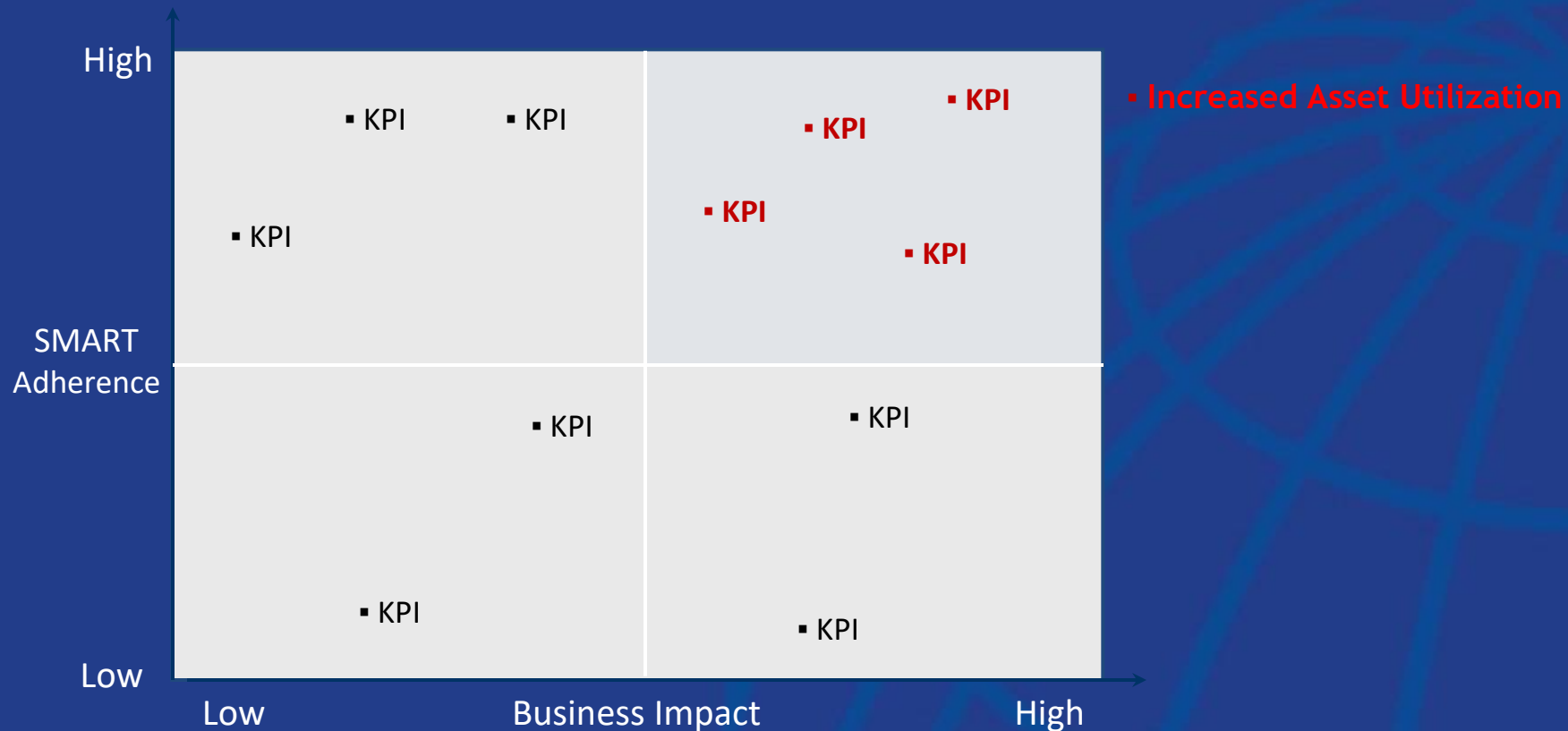
Definition of Maturity Class	Mean Class Performance
Best-in-Class: Top 20% of aggregate performance scorers	▪ Asset uptime and availability = 93% ▪ Asset productivity (as a % of capacity) = 90% ▪ Return on invested capital = 97% ▪ Service & maintenance costs (as a % of revenue) = 18%
Average: Middle 50% of aggregate performance scorers	▪ Asset uptime and availability = 88% ▪ Asset productivity (as a % of capacity) = 82% ▪ Return on invested capital = 77% ▪ Service & maintenance costs (as a % of revenue) = 20%
Laggard: Bottom 30% of aggregate performance scorers	▪ Asset uptime and availability = 79% ▪ Asset productivity (as a % of capacity) = 69% ▪ Return on invested capital = 59 % ▪ Service & maintenance costs (as a % of revenue) = 28%

The structured Performance Excellence Group conducts ongoing benchmarking and assessment studies

KPI Prioritization

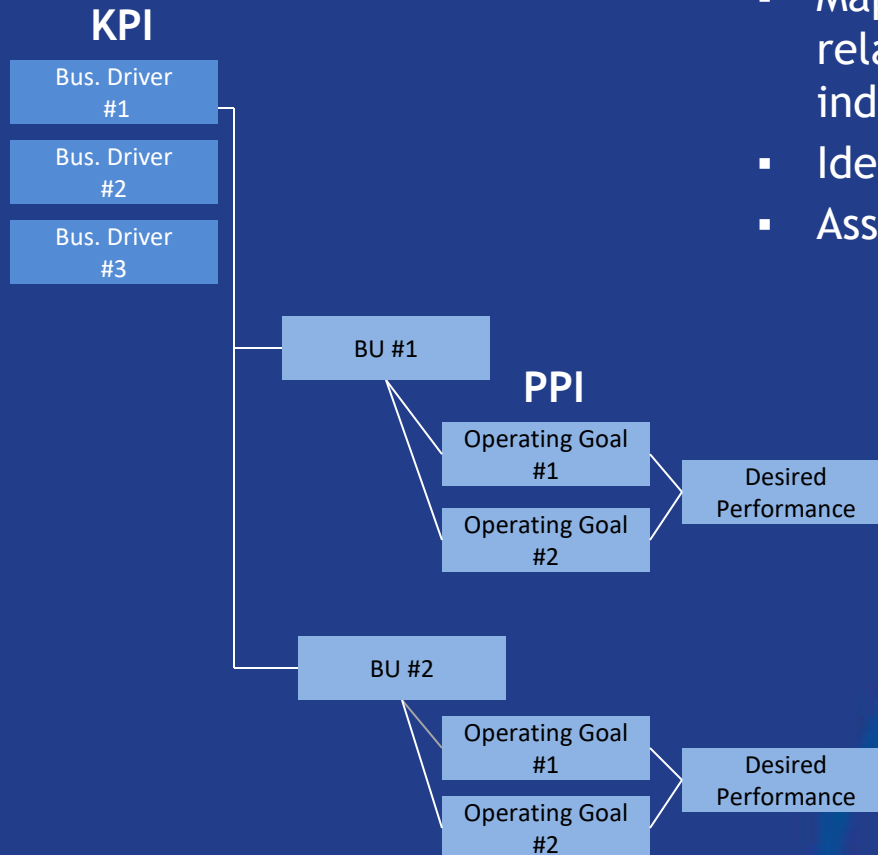


□ Prioritize According to Business Impact



Process Performance Indicators (PPIs) measure process-level activity that directly influences KPI performance

PPI Mapping



- Map prioritized KPIs through operations to related processes & process performance indicator (PPI) metrics
- Identify targets and performance groups
- Assess for performance gaps

EXAMPLE

Identify Targets

Reduce Corrosion Related Unscheduled Downtime

Performance Groups

Corrosion and Process Engineers

Impact

Maintenance costs due to corrosion related failures average
\$100 - 250M/Year*

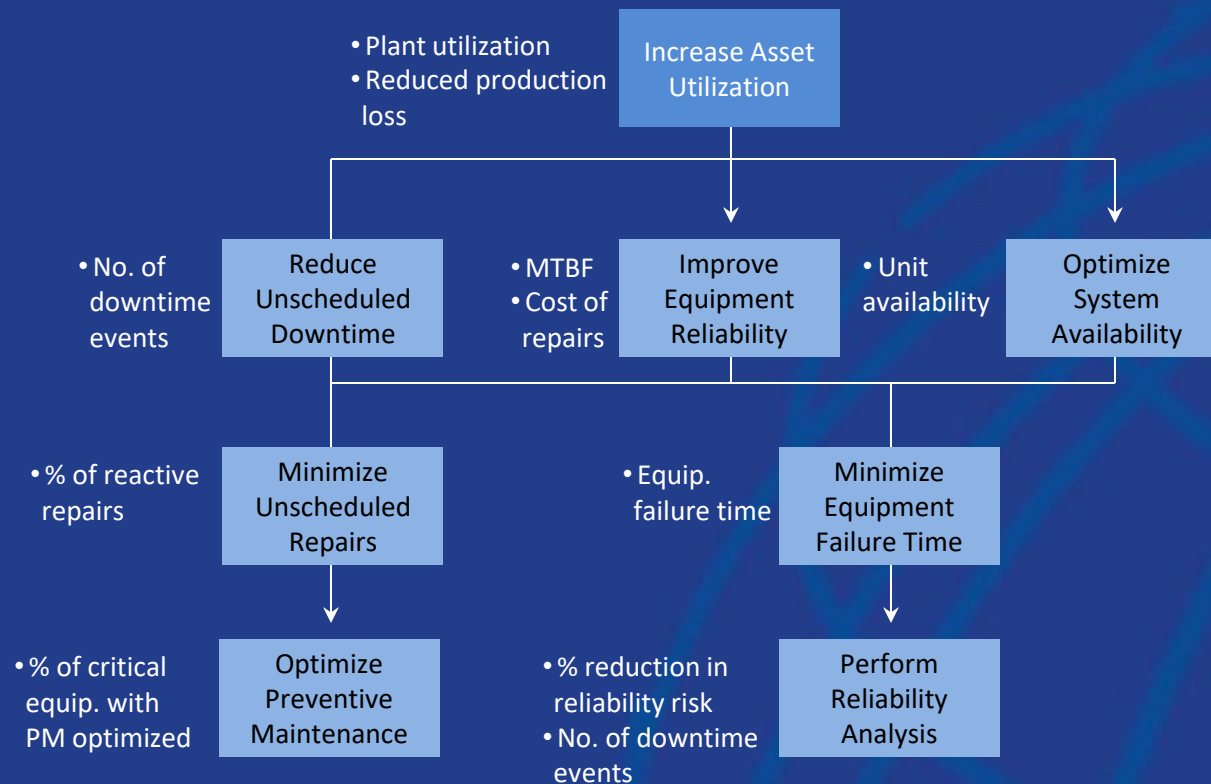
Indirect costs include lost or deferred production, typically 50
times the direct cost**

PPI Identification



EXAMPLE

❑ Cascade KPIs to Related Processes & PPI Metrics

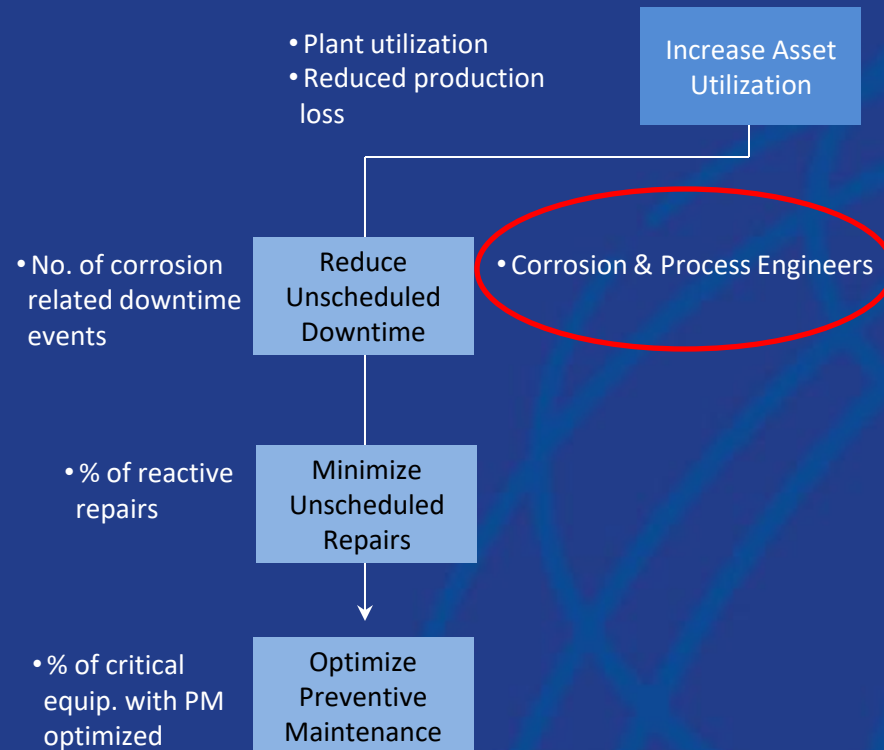


PPI Identification



EXAMPLE

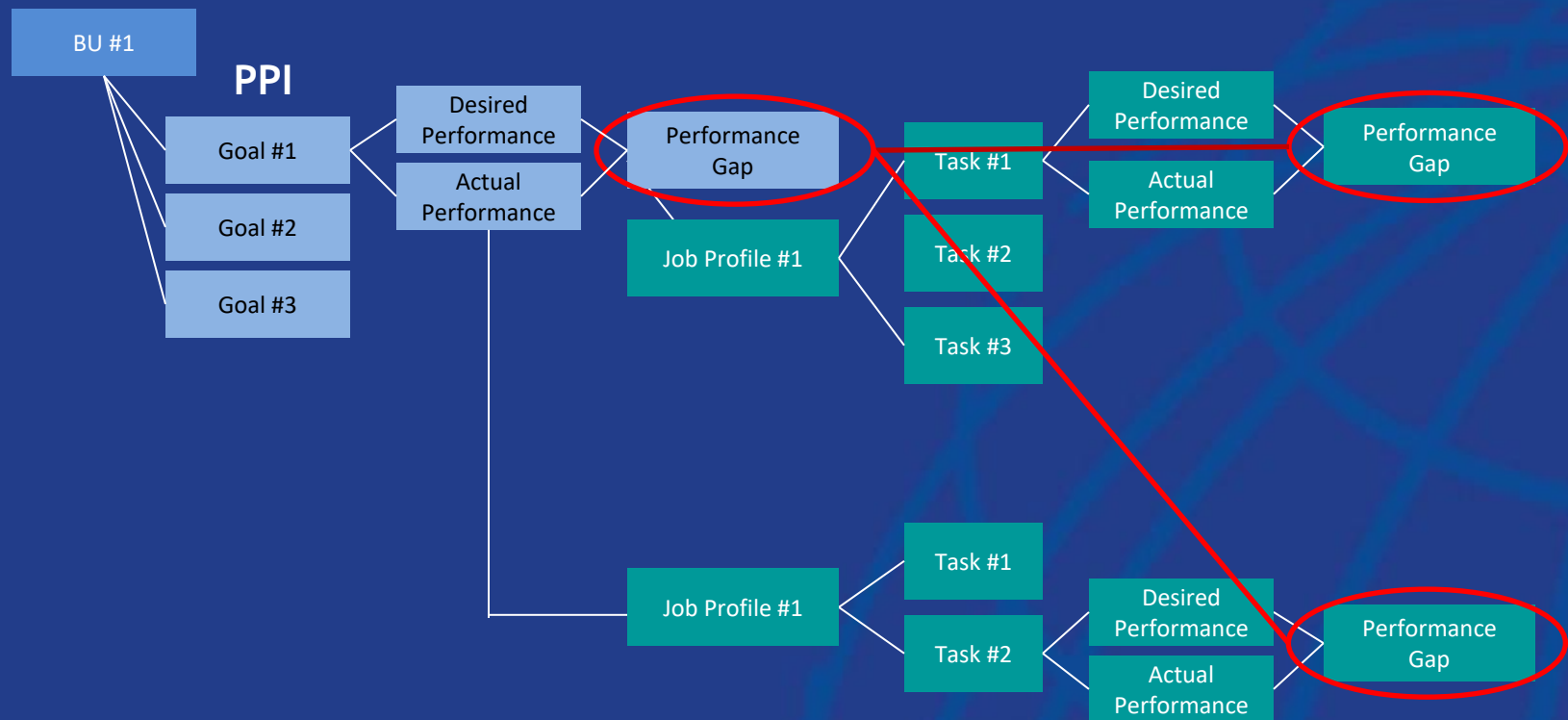
□ Identify Targets & Performance Groups



Performance Gap Analysis

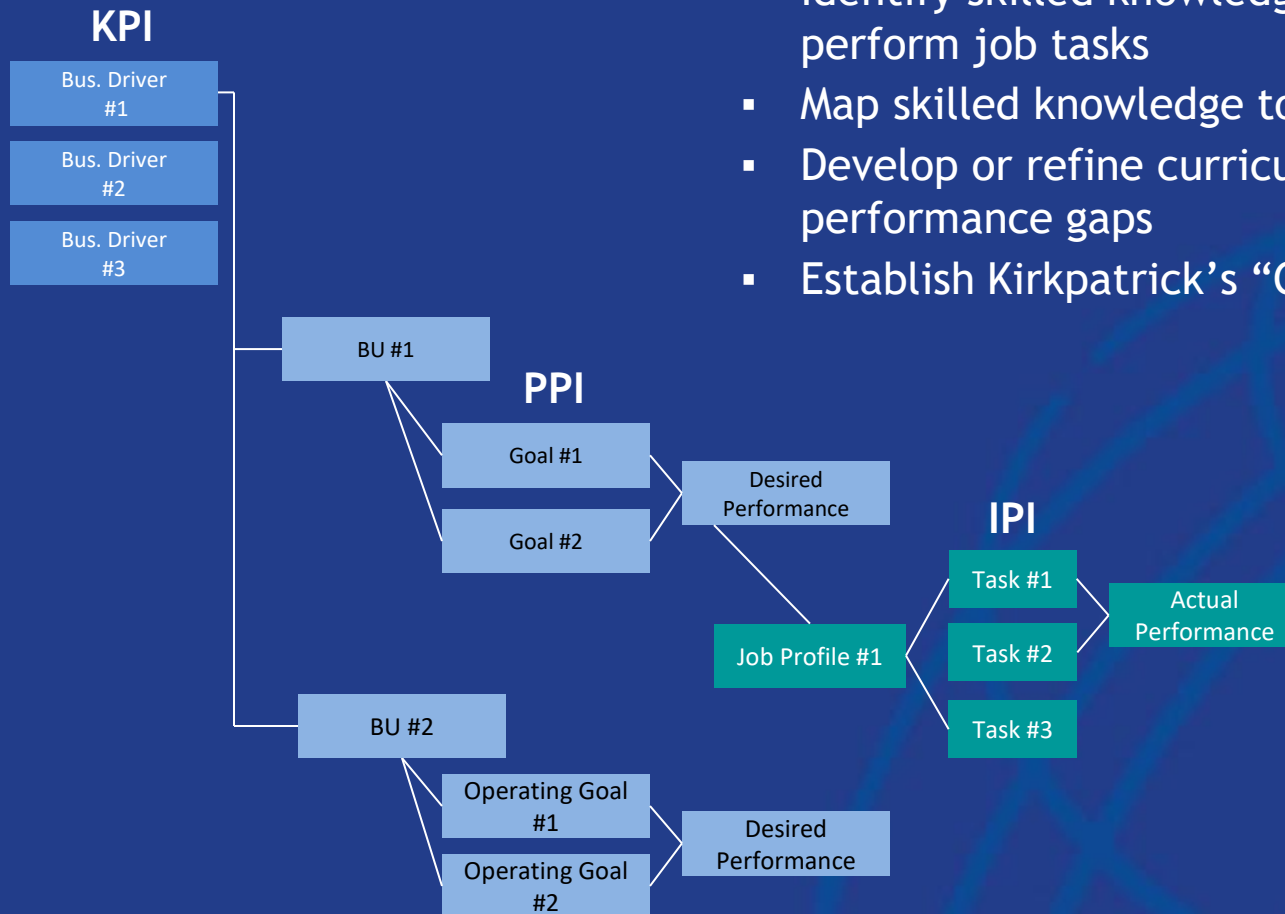


□ Assess Group Ability to Perform



Individual Performance Indicators (IPIs) measure an individual's ability to competently apply skilled knowledge to processes and achieve desired performance

IPI Mapping

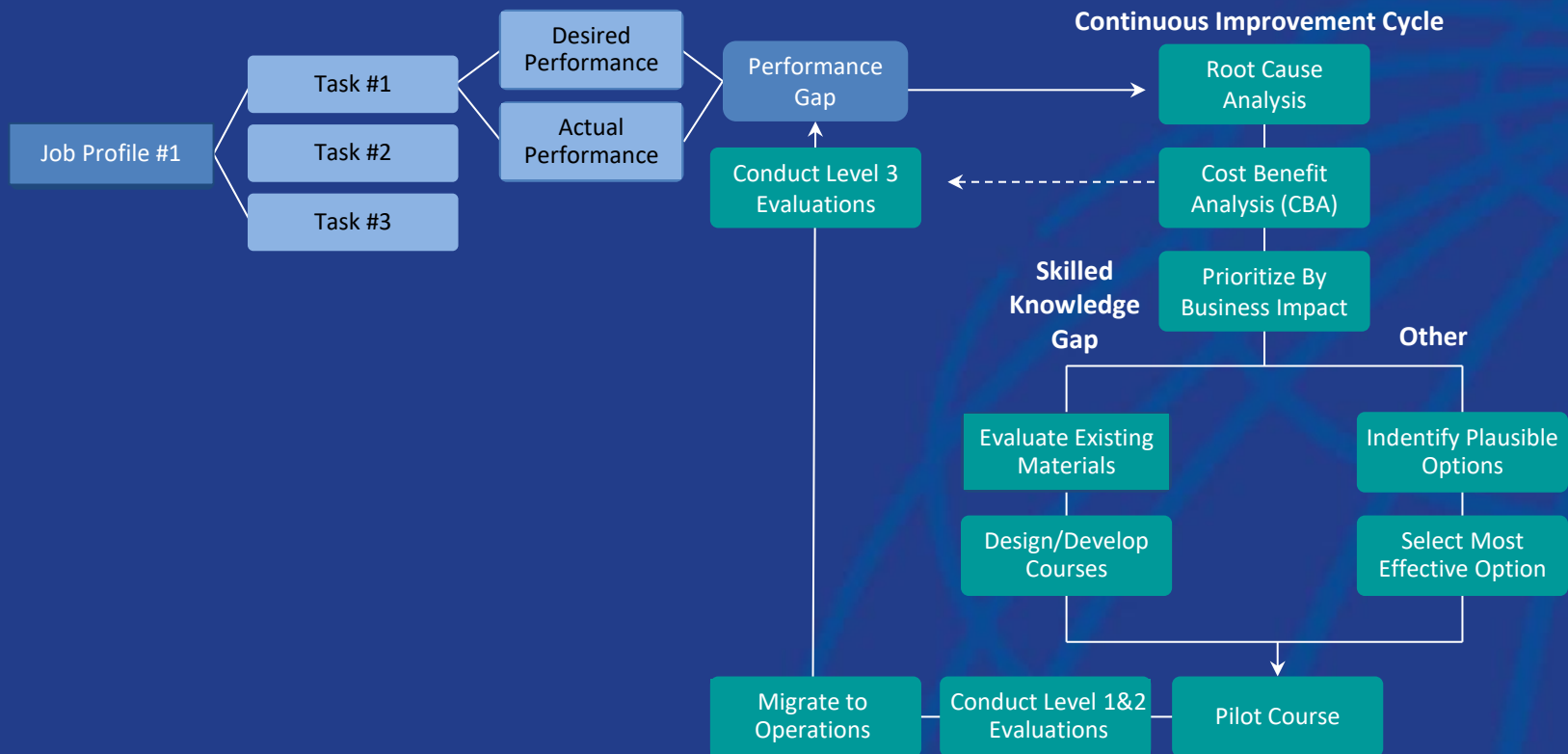


- Identify skilled knowledge required to perform job tasks
- Map skilled knowledge to related curriculum
- Develop or refine curriculum to address performance gaps
- Establish Kirkpatrick's "Chain of Evidence"

Performance Gap Analysis



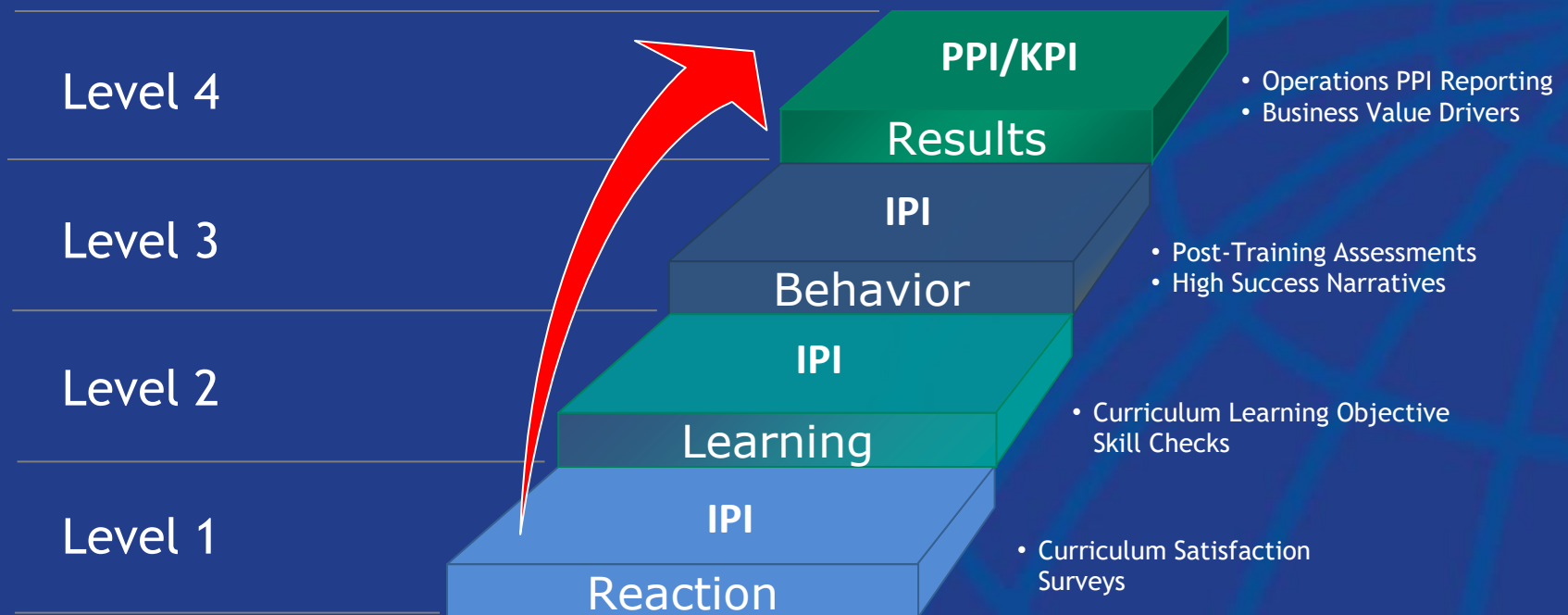
Apply L&D Intervention to Performance Gaps



Program “Chain of Evidence” Evaluation



□ Linking Kirkpatrick with Performance Indicators





PPI

Performance Partners International

PPI is a partnership in leading human capital management practices.

Our collaborations span all industries and business functions, guiding clients toward optimum organizational effectiveness through their people— **where strategy meets performance...**

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