

Performance Management

Creating a high performance culture

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“What gets measured gets done,
what gets measured and fed back
gets done well, what gets
rewarded, gets repeated”

-John E. Jones



What is KPI?



Key

Helps to achieve or understand something



Performance

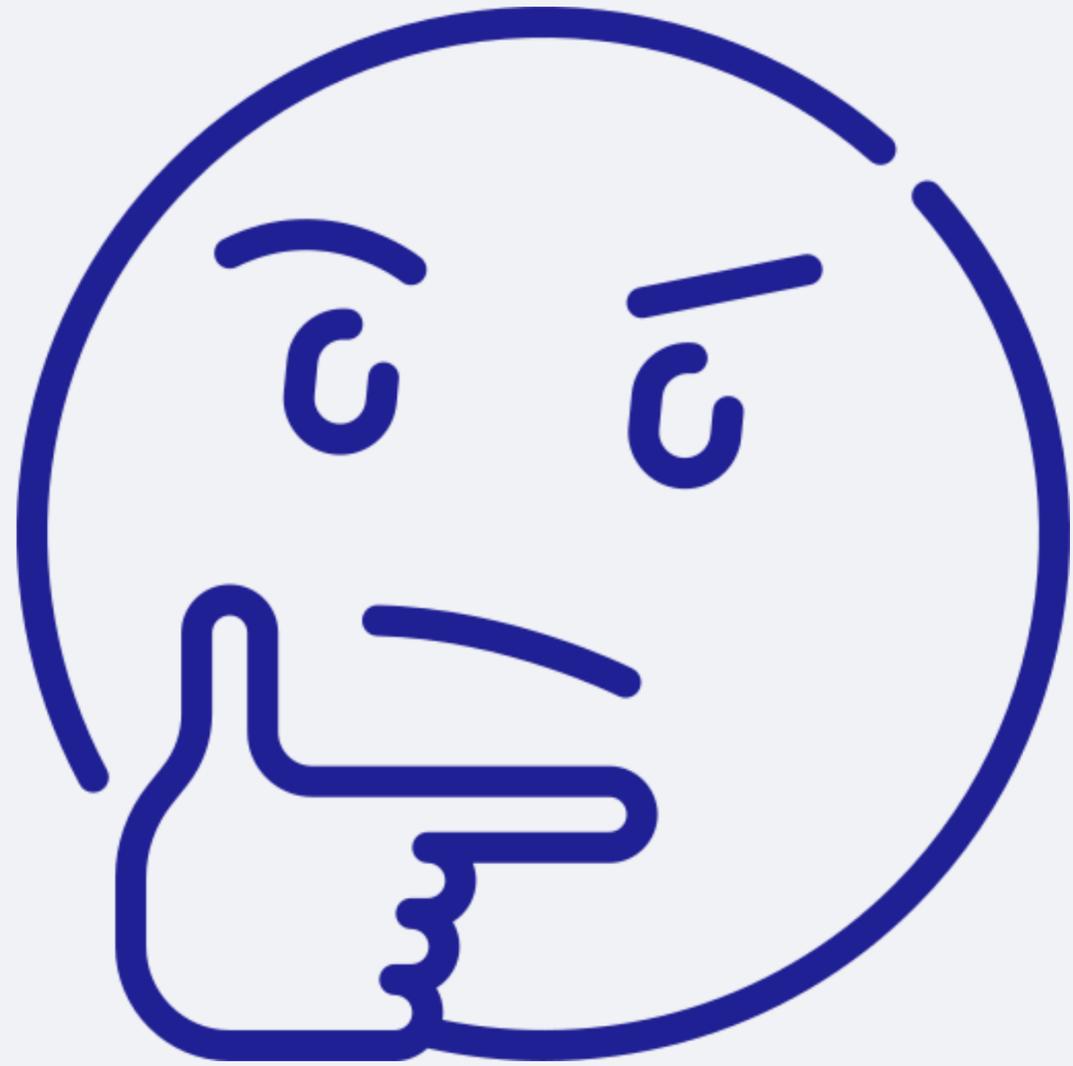
The execution of an action or the accomplishment of a given task



Indicator

Shows the state or level of something.





Why do you need
performance
management?





Without KPIs, companies
would be flying blind





KPIs determine current position versus company target

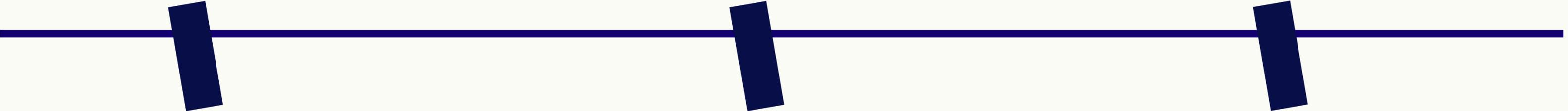


KPIs gives room for
continuous
improvement

Setting up a KPI Culture.



THE PROCESS



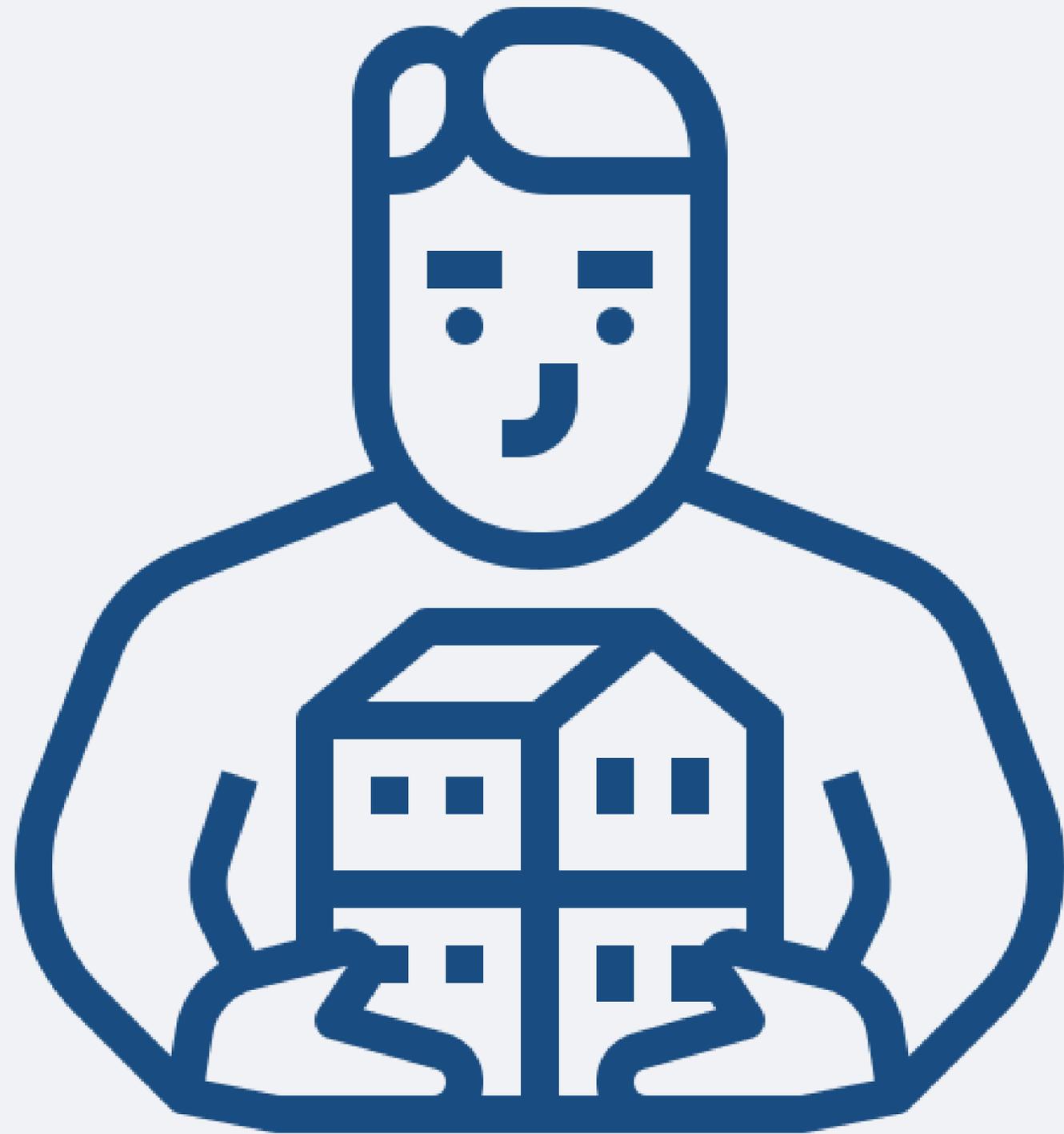
Decide on the right KPI framework

Balanced Score Card

6-Sigma

Start with a strategy, what is the purpose of the KPI. Your strategy should be clear

Measure what is relevant to your strategic objective and improves performance



Assign Ownership

Get staff buy-in and decide on who is in charge of monitoring and interpreting the KPI results?

“Teams with specific and ambitious goals increase achievement from 50% to 80% and to 90% with FEEDBACK”

-Don Sull. MIT



TIME

Agree on a stipulated measurement frequency of review meetings.

Develop a measurement format

Checklist-Qualitative

Requires "yes" or "no" -subject to bias

Scale-Qualitative

Numbers 1-5

Relative-Quantitative

Percentage relative to a target



BALANCED SCORE CARD(BSC)

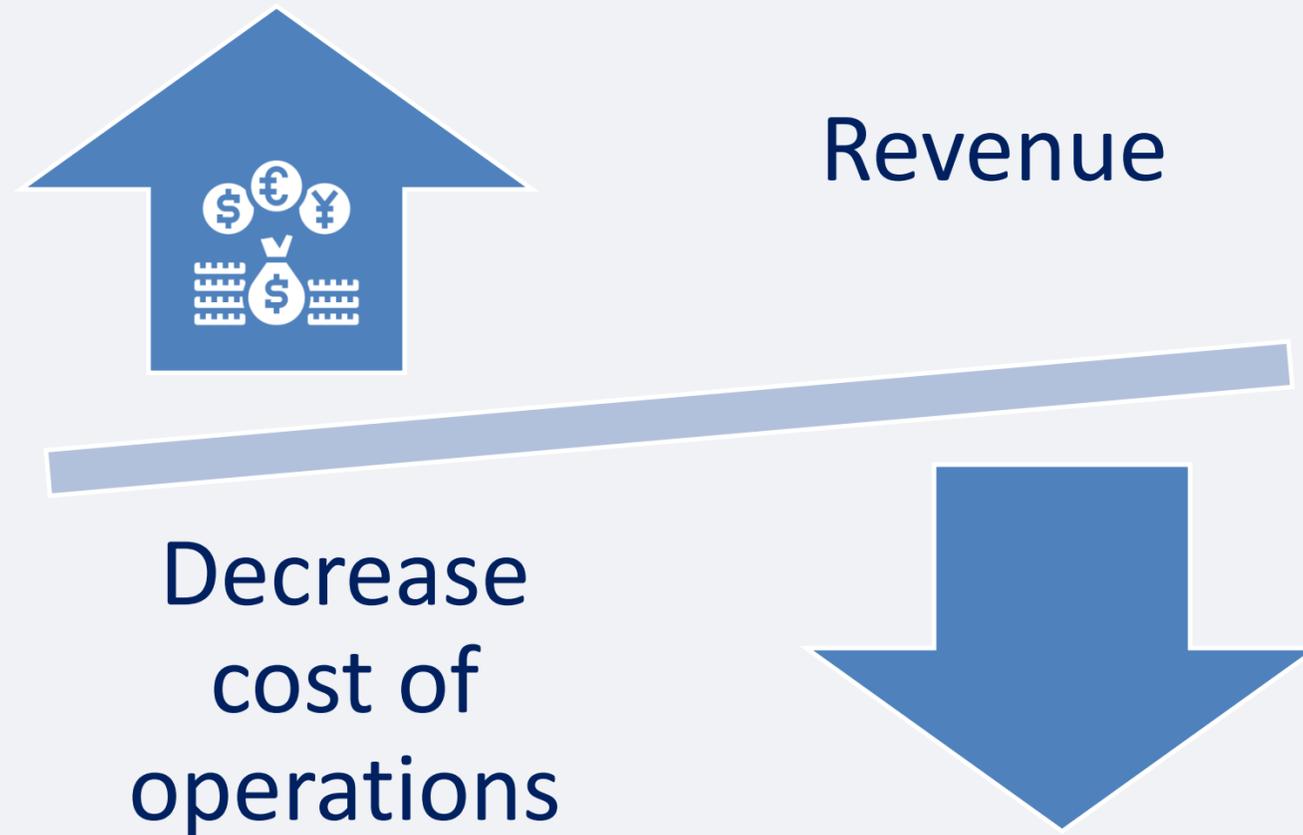
The BSC looks at the business as a balanced entity. The ideal target is to have a balanced business. It tries to balance the key elements that drives the business .The BSC looks at 4 perspective.

- Financial
- Customer
- Internal Processes
- Learning and Growth



1. Financial Perspective

Every staff in the company has a part to play in revenue generation or decreasing cost of operations.



Monitor:

- Cost of goods- Negotiation
- Cost of Operations
- Hidden charges

2. Customer Perspective

Your business isn't a business without customers. If the customers are not satisfied, they will find another pharmacy. You need to know what your customers think of you and your market share. A business needs raving fans who are encouraged to spread the word.

In setting your KPI, every staff in the company has a role directly or indirectly in customer satisfaction



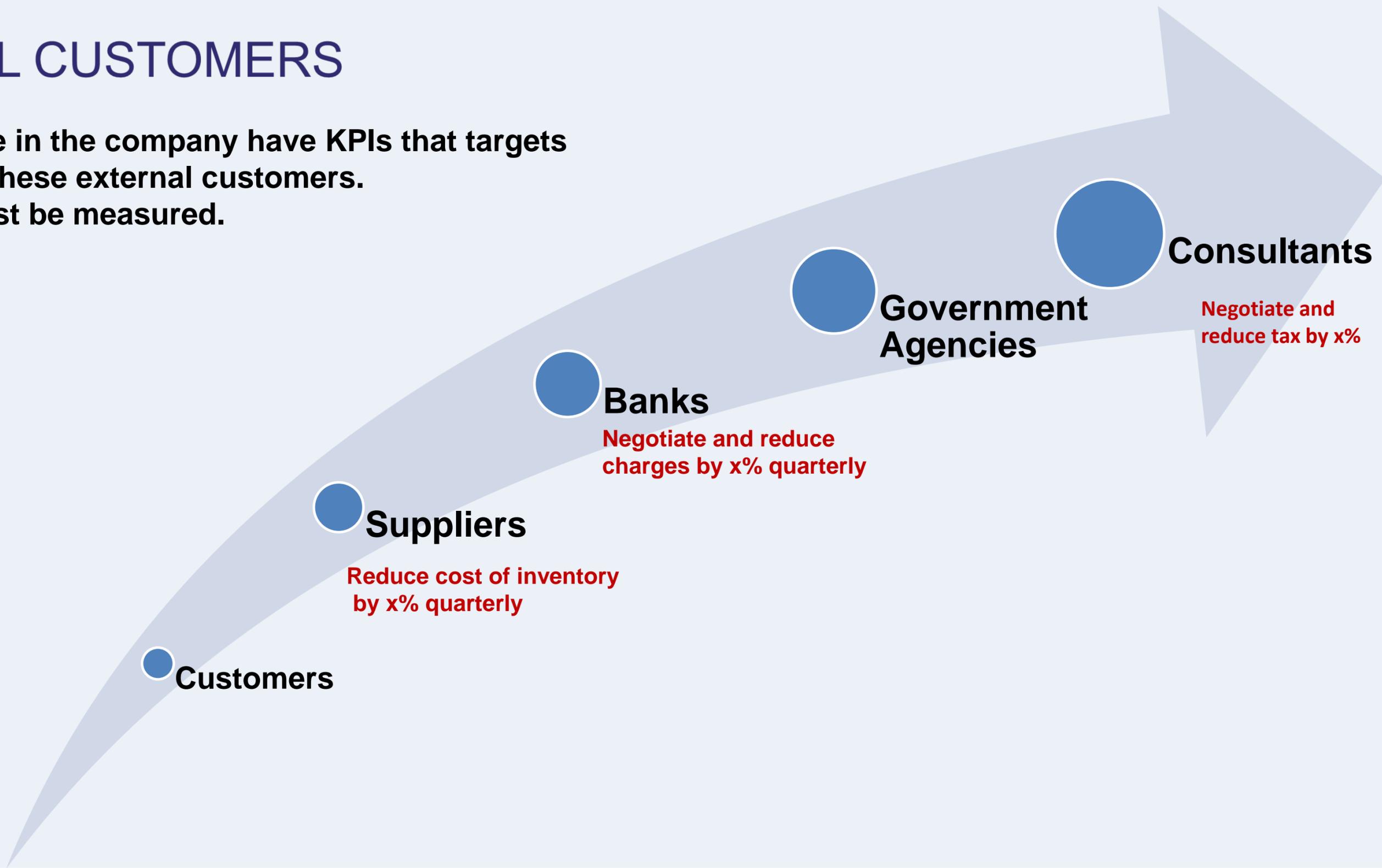


INTERNAL CUSTOMERS

Every person's job in the company is tied to another person's job.
In setting KPIs, you have to factor this in.

EXTERNAL CUSTOMERS

Different people in the company have KPIs that targets at least one of these external customers. These KPIs must be measured.



3. INTERNAL PROCESSES PERSPECTIVE

01

.Process Review:

How efficient is the day-day activities of the business? How are your staff complying with your set out SOPs?

02

Service Delivery

Do we deliver on our promise?

03

Systems Review

Do we have a system that is on auto-pilot?



4. LEARNING & GROWTH PERSPECTIVE



Putting it together



Set the right targets for your KPI

KPIs are useless without a target

- Revenue target
- Profit target
- Expansion targets
- Customer numbers
- Corporate Social Responsibility
- Etc depending on your company goals



S M A R T

Specific

Decide on the specific functions and duties you want to measure

Measurable

How easy is it to measure these functions?

Achievable

Are these functions achievable or appropriate? Can the staff take necessary actions to meet the objectives/targets that he/she can control

Realistic

There is a fair chance to achieve the desired result with some effort.

Time bound

The target is described within a time dimension or period (days, weeks, months)

Target Measurement

Absolute

Increase sales by X amount monthly

Reduce expiries by X% in 3 months

Increase customer numbers by X numbers monthly

Proportional

Increase revenue by X%

Relative

Relative to internal benchmark:

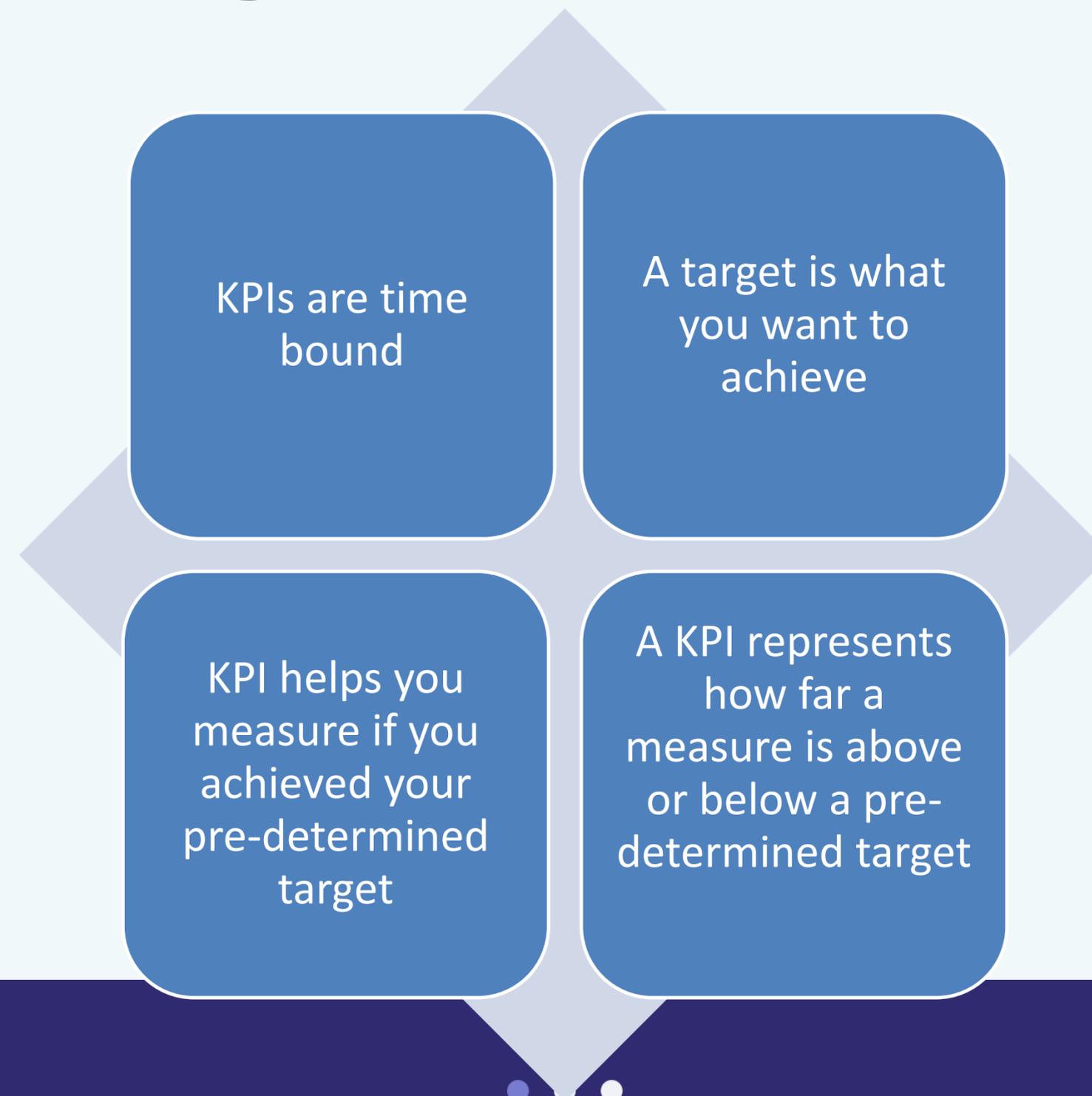
Surpass last years sales by X amount

Relative to external benchmark:

Increase my market share x%



Target versus KPI



Good versus Bad KPI

Good KPI

- Increase profit margin by 20% over the next 3 months
- Reduce expiries by 50% by the end of the year 2020
- Reduce operational cost by 10% by December 31st 2020

Bad KPI

- Improve customer satisfaction
- Increase sales
- Improve customer loyalty

KPI Mistakes

Trying to
measure
everything

Adopting
same KPI
from another
business

Not linking
KPI to your
company
strategies and
goals

Linking KPI to
incentives (
leads to
manipulation)

Not getting
staff buy-in

Using KPI to
micromanage
(reduces
creativity)

Not acting on
your KPI



Making KPIs Work



Include KPIs that measure both tangible and intangible aspects of your business

Engage your team in the creation of your KPI

KPIs should not be unachievable and should also not be within easy reach

KPI must be performance related

Make your KPI short clear and to the point

KPIs should be linked to strategic goals which is linked to individual measurable job objectives

Collecting Data





The KPI Appraisal Meeting



The KPI feedback meeting

Eliminate fear of measurements

Celebrate Wins

Relay your expectations regarding staff's performance

Coach low performing employees

Diagnose staff strengths and weaknesses

Determine training needs



Some KPIs to measure

Revenue

Profit margin

Customer Numbers,

Compliance to Internal Processes

Cost Reduction

Expiries, Stock outs, shortages

Qualitative: Store cleanliness, Personality traits etc



	PART A				
	KEY PERFORMANCE INDICATORS				
	PHARMACISTS				
	KPI	Frequency	Target	Weight %	Actual score %
1	Daily Sales	Daily		70	
2	New Customer Numbers	Monthly		20	
3	Number of CSR	Per quarter		20	
4	%value of expired products to Sales	Monthly		20	
5	Monthly Training	Monthly		20	
	TOTAL			150	

PART B (PERSONAL ATTRIBUTES APPRAISAL)

The employee's immediate supervisor should do this performance rating:

No	Criteria	Success Criteria/ Target	Max Score	Score	Remarks
1	Integrity	Maintains high standards of integrity	5		
2	Self-Drive & Decisiveness	Displays strong ability to work under pressure	5		
3	Creativity	Introducing new concept on regular basis	5		
4	Reliability and commitment to duty	How well is the appraisee trusted to carry out assigned duties with discretion; dependability.	5		
5	Professionalism	Professional orientation in all dealings and competence on the job	5		
6	Team Spirit	Works efficiently with team members	5		

SUMMARY OF SCORES		SCORES			
Score for PART A				
Score for PART B				
Total Score				
Overall score (simple average i.e $A+B \div 2$)				
WEIGHTED PERFORMANCE					
	Below 50%	50-59	60 -79	80-89	90% & above
	(Below average)	(Average)	(Good)	(Very Good)	(Outstanding)
<u>Appraisal Summary</u>					
Overall % Achieved.....					
APPRAISER'S COMMENTS:.....					
NAME:.....SIGNATURE/DATE:.....					
HEAD OF DEPARTMENT'S COMMENTS.....					
NAME:.....SIGNATURE/DATE:.....					
TRAINING NEEDS:					
.....					
APPRAISEE'S COMMENTS					

The Real Challenge



