



The **Measure & Goal** Evaluation Toolkit



The



Measure & Goal Evaluation Toolkit

Quick—answer these three questions:

1. How are you doing in executing your strategy?
2. Where are your pain points?
3. Where are you doing well?

If a typical week has you looking through reports, comparing data to last week or last month trying to recall your old targets, or wondering about tasks from your last management meeting, your management reporting process may need to be refined. But don't worry—it's possible to get this process to a sweet spot, so you can evaluate results quickly.

This guide will walk you through how to evaluate your measures and goals. By doing this, you can keep emotion (and error) out of your evaluation, leaving you with a clean and unbiased report. From there, you can provide qualitative analysis to explain issues and recommend solutions.

The simplest evaluation mechanism you can use is a color or "RAG" (red, amber, green) status indicator. It's like a traffic light—red means "alert," amber (or yellow) means "caution," and green means "good." Not only will this guide teach you how to set and view your RAG statuses, but it will also provide you with the information you'll need if you want to automate this process.

Let's get started!



Measure Evaluations



Metrics are extremely important in a scorecard, as they help you determine if you are meeting your strategic goals. The problem is that measures in and of themselves do not show much.

For example, is 80% customer satisfaction good or bad? Were we expecting 60% or 95%?

Using a color to evaluate—like red, yellow, or green—is a simple and helpful approach to quickly understanding your measures' performance.





Measure Evaluations



A. What measure are you evaluating?

 This measure should come from your scorecard.



Write the measure name: _____



Is **increasing** this measure better or is **decreasing** this measure better?

Examples:

- With revenue, going up is better.
- With defects, going down is better.



Write "increase" or "decrease": _____



Measure Evaluations



B. Who is the measure owner?

- i** *This person decides the tolerances and sets the targets.*
- i** *It may or may not be the person who collects the data.*



Write the measure owner's name: _____



Measure Evaluations



C. Do you have a target?



Write "yes" or "no": _____

➔ If no, when will you have a target?



Write "within 3 months," "within 6 months," or
"within 1 year": _____

➔ What is the target for this year?



Write target: _____



Measure Evaluations



C., cont.

- ➔ If you have more sophisticated targets, you can add them here with their time periods.



| | | | | |
|--------|--|--|--|--|
| Date | | | | |
| Target | | | | |



Measure Evaluations



D. Do you want to evaluate more than one series in a measure?



Write "yes" or "no": _____

➔ Select the series* you want to evaluate:



- Monthly actual results
- YTD sum
- YTD average
- EOY forecast

*Typically, people choose to only evaluate one of these.



Measure Evaluations



D., cont.

Example

| Date | Monthly Actual Results | YTD Sum | YTD Average | EOY Forecasts |
|------|------------------------|---------|-------------|---------------|
| Jan | 15 | 15 | 15 | 20 |
| Feb | 20 | 35 | 17.5 | 20 |
| Mar | 30 | 65 | 21.7 | 21 |
| Apr | 20 | 85 | 21.2 | 22 |

Most organizations will evaluate their measure based on the actual results. Some organizations have evaluations for actual, YTD actual, and EOY forecast. They evaluate the measure based on the best series or the worst of these series.



A "series" is one of the ways of displaying information in a measure. Two common series for a measure are "target" and "actual." Additional series would include "Actual Year-To-Date Sum" and other examples from this document.



Measure Evaluations



E. What is your tolerance range for each series that you're going to evaluate?

➔ Example

- My results are green if I'm greater than or equal to target.
- My results are yellow if I'm greater than or equal to 90% of target.
- My results are red if I'm less than 90% of target.

Write the following tolerance ranges for each series:

- Green is greater than or equal to _____% of target.
- Yellow is greater than or equal to _____% of target.
- Red is less than _____% of target.



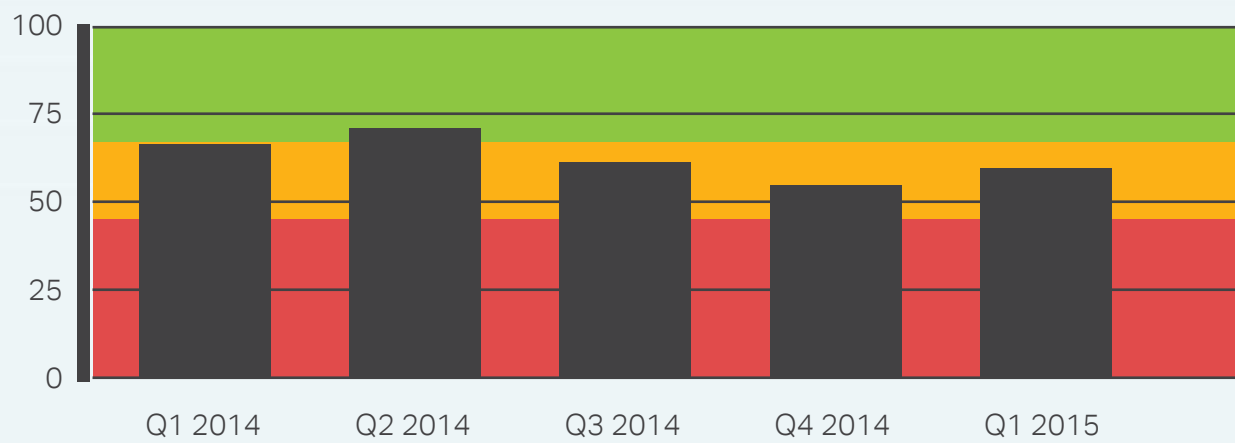


Measure Evaluations



E., cont.

Example: Area Chart



Example: Gauge Chart





Measure Evaluations



F. If you have multiple series that are being evaluated, how are you evaluating the measure?

➔ Is it the best evaluation for the time period or the worst evaluation for the time period?

- Example: If my monthly actual is on track, but my YTD sum is off track, what does that make the measure? On track or off track?
- In this table, below target is red and above target is green. You can see that the month of April was above target, but the year-to-date is still well below target. How will you evaluate April?

| Date | Month Actual | Month Target | YTD Sum | YTD Target |
|------|--------------|--------------|---------|------------|
| Jan | 7 | 10 | 7 | 10 |
| Feb | 6 | 10 | 13 | 20 |
| Mar | 5 | 10 | 18 | 30 |
| Apr | 12 | 10 | 30 | 40 |



Measure Evaluations



F., cont.

Check how you'll evaluate your measure:



- On the actual results.
- On one of the other series.
- On the best result from all the series being evaluated.
- On the worst result from all the series being evaluated.

G. Put all your answers into the final measure template at the end of this section.



Measure Evaluations



H. Repeat steps A-G for all measures. Then take a step back and give it the “smell test.”

Are the evaluations consistent, or do any stick out as being too liberal or too conservative? Each measure should follow a similar structure.

- Example: If most measures are yellow if they're within 5% of target, but one measure is yellow if it's within 30% of target, is that OK?

Evaluations have a lot to do with targets. Are your targets too conservative or aggressive in some areas? If they are really aggressive, maybe the evaluation range should not be as tight.

- Example: If we set a stretch goal of doubling our revenue, but instead of our revenue going up 100%, we went up 80%, we may still be green. But if we had a goal of reducing defects by 10% and we reduced defects by 8%, that might be red if defects are critical to our organization.

You may not have automatic evaluations for all of your measures. Manually evaluating or not evaluating at all might be appropriate solutions for measures that are new or measures that have no target associated with them.



Final Measure Template



Print this page for as many measures as you have to set evaluations.
Hand these pages off to your ClearPoint team, or hand them off to your Excel master so they can create conditional formatting based on your answers.

This may look like a bunch of random numbers, but the person you're giving this information to needs the details you fleshed out in this process in order to set up effective evaluations.

A. Measure Name: _____
Increase Or Decrease: _____

B. Measure Owner's Name: _____

C. Have a target? _____
If no, when will you have a target? _____
Target: _____ (Optional, but it's ideal to fill out the table below.)

| | | | | |
|--------|--|--|--|--|
| Date | | | | |
| Target | | | | |

D. Evaluate more than one series? _____
The series you want to evaluate: _____
(For each series, fill out section E.)

E. Green is greater than or equal to _____% of target.
Yellow is greater than or equal to _____% of target.
Red is less than _____% of target.

F. How will you evaluate your measure? Check one:

- Actual
- _____ Series

(In the blank, insert the name of the series that the measure will be evaluated on.)

- Best Series
- Worst Series



Goal Evaluations



Now that you have seen how measure evaluations work, let's move on to evaluating goals.

Many people think goals have to be subjectively evaluated, but they can be automatically evaluated as well. This is a bit different than the process above, because you have to fill in the numbers as you go and those numbers aren't provided for you. (But, don't worry—this template will break it down into easy, digestible steps.)



Goal Evaluations



A. List a goal and the measures associated with it.

➡ Goals, or objectives, can be automatically evaluated similar to measures. We'll follow the example of a goal with three measures associated with it.

In the first part of this template, list the goal and the three measures.

| List Goal | List Associated Measures |
|-----------|--------------------------|
| Goal | Measure 1 |
| | Measure 2 |
| | Measure 3 |
| | Measure 4 |

| List Goal Below | List Associated Measures |
|-----------------|--------------------------|
| | |
| | |
| | |
| | |



Goal Evaluations



B. Determine how you're going to weight the measures.

➔ Example:

- Measure 1: 40%
- Measure 2: 35%
- Measure 3: 25%

(You want your total weight to equal 100%. So, for goals with one measure, the weight would be 100% for that measure.)

List the weights of the measures below.



| Goal | Measures | Weights (Insert Weights Below) |
|-----------|-----------|---|
| Goal Name | Measure 1 | 40% |
| | Measure 2 | 35% |
| | Measure 3 | 25% |



| Goal | Measures | Weights (Insert Weights Below) |
|------|----------|---|
| | | % |
| | | % |
| | | % |



Goal Evaluations



C. Score your status indicators.

➡ Some measures may be currency denominated (like revenue), while others may be in percentages or numbers. Therefore, you need to create a common denominator for your measures in order to evaluate them. Simply put, if you try to multiply $\$100 \times 40\% \times 13$, your outcome will not make sense.

A common way to do this is to give values to each color status. You may use the values in our example below. And you may have more than three colors, which is fine. Simply score your statuses accordingly.



| List Status Indicator Below | Create A Numeric Value |
|---|------------------------|
| Green | 5 |
| Yellow | 3 |
| Red | 1 |
| Blue (Assuming blue is blank) | 0 |
| Purple (Assuming purple is better than green) | 7 |



| List Status Indicator Below | Create a Numeric Value |
|-----------------------------|------------------------|
| | |
| | |
| | |



Goal Evaluations



D. Apply the evaluation to the measures with some simple math.

➡ Equation: (Measure 1 Status Value x Measure 1 Weight) + (Measure 2 Status Value x Measure 2 Weight) + (Measure 3 Status Value x Measure 3 Weight) = Objective Value



| Measure Status | | Measure Weight | | Value |
|----------------|---|----------------|---|-------|
| 5 | X | 40% | = | 2.0 |
| 3 | | 35% | | 1.05 |
| 1 | | 25% | | 0.25 |
| Total | | | | 3.3 |



| Measure Status | | Measure Weight | | Value |
|----------------|---|----------------|---|-------|
| | X | | = | |
| | | | | |
| | | | | |
| Total | | | | |



Goal Evaluations



E. Create a rule that determines how your objective or goal value is evaluated.

➡ The evaluation *should* be the same for all objectives (but in some instances, it could be different on an objective-by-objective basis). Your evaluation should be determined by the scorecard team and approved by leadership.

Example:

- Green is ≥ 4 .
- Yellow is ≥ 2 .
- Red is < 2 .

(In our example on the previous page, a 3.3 is yellow—so our objective would be yellow.)



| Status | Evaluation Criteria |
|--------|---------------------|
| Green | ≥ 4 |
| Yellow | ≥ 2 |
| Red | < 2 |



| Status | Evaluation Criteria |
|--------|---------------------|
| Green | |
| Yellow | |
| Red | |



Goal Evaluations



F. Perform a “smell test” to ensure expected results.

➡ This test will show if you have your weights and your evaluation equation correct. If you run through a few scenarios and find a value of 3.1 (which is yellow), but you know it should be green, then in response, your measure weight one could be moved to 60%, making the value a lower number.

Pro Tip: Think about how you are going to handle an objective that needs to be evaluated monthly, but has measures that are updated monthly, quarterly, or annually.

Question

Do you have a high or low degree of confidence in your objective evaluation? _____

If you can run it on past results and you get the results you expect, then you should have a high degree of confidence that your objective evaluation is good. Otherwise, until you run this for a few reporting periods, you should have a low degree of confidence that your objective evaluation is valid.



Goal Evaluations



G. Repeat steps A-F for all objectives.

➡ This equation does not have to be exclusively for measures. A goal can have some measures and some initiatives associated with it, and you can weight them just as much as you can weight your measures. The trick is to remember that if there are too many things going on, then the goal evaluation will not be as meaningful.



Final Goal Template



For your scorecard, you need to figure out your status values.

| List Status Indicator Below | Create A Numeric Value |
|-----------------------------|------------------------|
| Green | |
| Yellow | |
| Red | |
| | |
| | |

And for every objective, you need to fill in the following template. (Print as many copies as you need.)

| Goal | Measures | Weights (Insert Weights Below) |
|------|----------|---|
| | | % |
| | | % |
| | | % |

| Status | Evaluation Criteria |
|--------|---------------------|
| Green | |
| Yellow | |
| Red | |

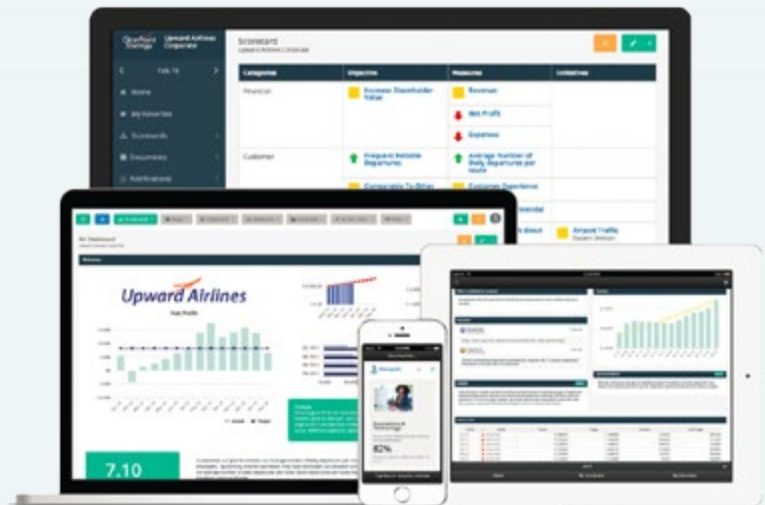


There's A Better Way



As you can see, having evaluations in your scorecard is extremely important. They allow for organizations and leadership teams to quickly discuss results and make decisions for the future based on clear data.

Automatically evaluating measures and goals saves you time in the long run and prevents anyone from



“gaming the system.” Ultimately, that means you can become more confident in your statuses and spend more time analyzing results, discussing next steps, and actually managing.

Want to see how measure and goal evaluation works in ClearPoint? [Check out a tour of the software.](#)