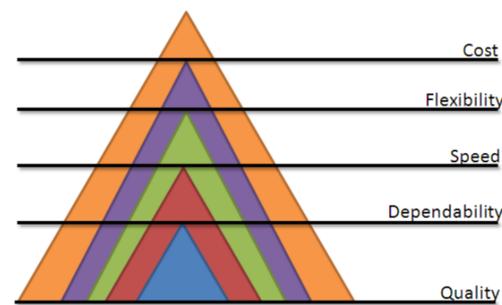


Appropriate zone
 satisfactory, above lower bound of acceptability line

Improve zone
 Below lower bound of acceptability --> Improvement required

Urgent Action zone
 Important to customers but low performance --> Urgent Improvement required

Excess zone
 High performing but not important --> Focus on other thing? Reallocation of resources?



Sandcone theory

Build up layer after layer, start first with quality

Improvements up the layers need maybe improvement in underlying layers

Evaluate
 Study guide section 13

Can be aggregated to draw a more "strategic" picture

Can be based on : Quality, Speed, Depedability, Flexibility, Cost

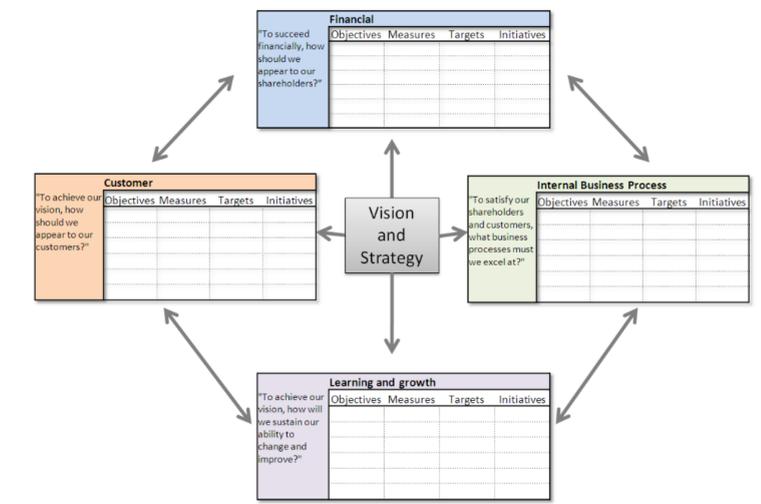
There needs to be a clear link between companies strategy and companies KPI's

Depends on detail --> can be strategic measurement at the top or e.g. Time to market at the bottom

Performance measurement

Balanced scorecard

- 1 Financials "How do we look at our shareholders?"
 - 2 Customer satisfaction "How do our customers see us?"
 - 3 Internal processes "What must we excel at?"
 - 4 Learning & Growth "How can we continue to improve and build capabilities?"
- Demonstrates an **overall picture** of companies performance



Setting targets

- Performance measures only have meaning when compared against targets
- historically based targets
- strategic targets
- external performance-based targets
- absolute performance targets

Benchmarking

- Benchmarking is the process of learning from others and comparing one's own performance against other comparable operations
- Types of benchmarking
- Internal
 - External
 - Non-competitive
 - Competitive
 - Performance different operations
 - Practice

Benchmarking delivers ideas and not solutions, shouldn't be a "one-off" and requires RESOURCES