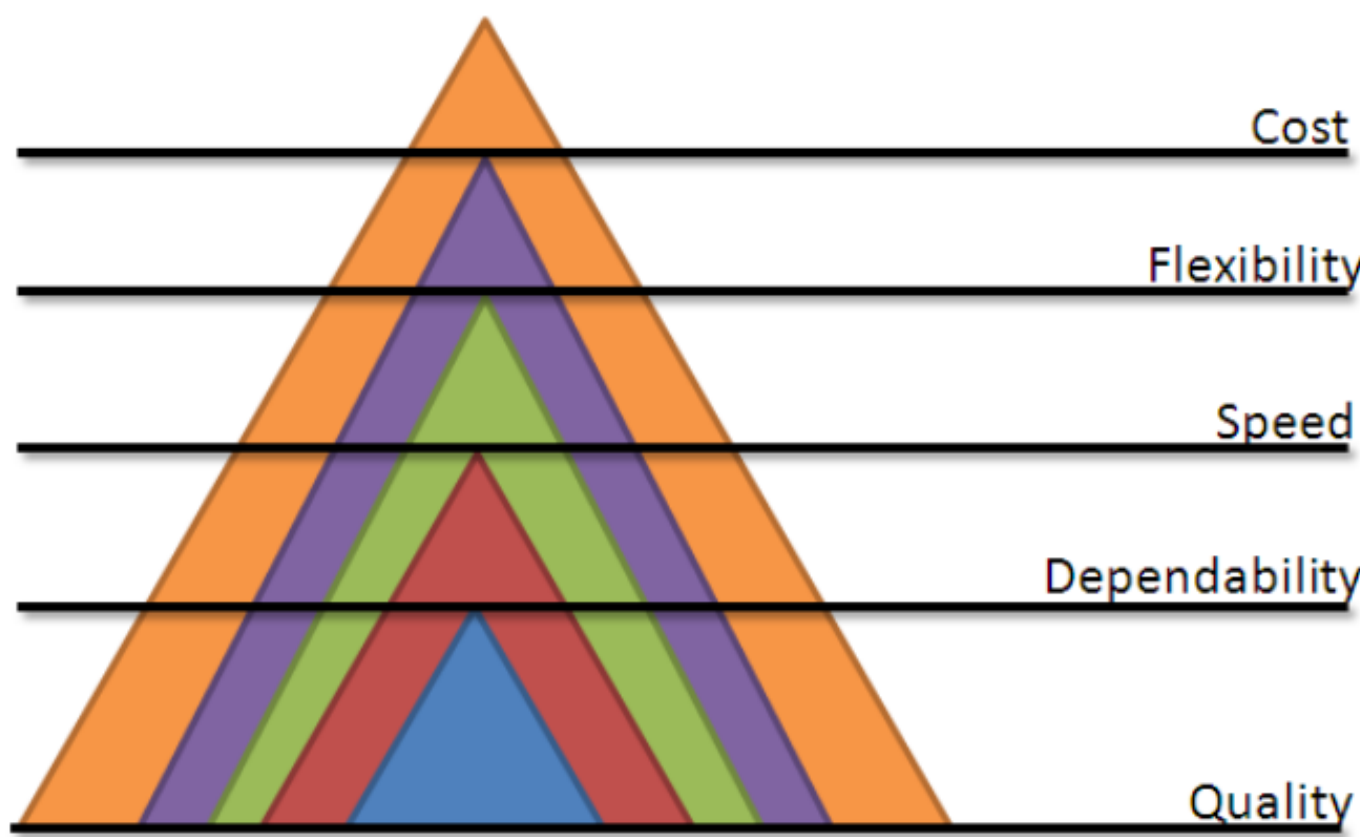


**Appropriate zone**: satisfactory, above lower bound of acceptability line

**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

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

## Evaluate

Study guide section 13

### 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**

