

## APPRISE SERVICES

### 2. Performance Measurement and benchmarking

#### Performance measurement

Are your key performance indicators (KPI) SMART?

That is, are they:

**Specific** – Objectives should specify what they want to achieve.

**Measurable** – Can you measure whether you are meeting the targets or not.

**Achievable** - Are the targets you set, achievable and attainable?

**Realistic** – Can you realistically achieve the targets with the resources you have?

**Timely** – Are the timescales allowed realistic and how often do you measure?



Apprise consultants can assess your current performance measures, ensure they are aligned with the business and easy to manage. Our experience within a variety of market sectors enables us to suggest alternative KPI and potential target levels.

We can help you to introduce new key performance indicators and measurement systems. By utilising an Activity based costing model we can also evaluate your operations and calculate your true 'cost to serve' figures.

Example KPI could include the following:

#### Supplier KPI

MEASURE	DEFINITION	CALCULATION
On-time delivery	Orders delivered as per requests	$\frac{\text{Total orders shipped on time}}{\text{Total orders shipped}}$
Order fill rate	Orders filled completely on first shipment	$\frac{\text{Orders filled completely}}{\text{Total orders shipped}}$
Order cycle time	Time from order placement to customer shipment	Actual ship date – customer order date
Quality of product	Number of items received as per the agreed technical specification	$\frac{\text{No. of defected items}}{\text{Total no. of items}}$
Perfect order completion	Orders delivered without changes, damages, defects or invoice errors	$\frac{\text{Perfect delivery orders}}{\text{Total orders}}$

## 1) Performance Measurement and benchmarking

### Benchmarking

Benchmarking is a process of identifying "**best practice**" and can be applied to both products and services. This, in relation to the products and services themselves and the processes by which those products and services are created and delivered. The search for "best practice" can take place both inside a particular market sector, and also in other sectors.

The objective of benchmarking is to **understand and evaluate the current position** of a business or organisation in relation to "best practice" and to identify areas and means of performance improvement.

**Benchmarking** involves looking outward (outside a particular business, organisation, industry, region or country) to examine how others achieve their performance levels and to understand the processes they use. In this way benchmarking helps explain the processes behind excellent performance. When the lessons learnt from a benchmarking exercise are applied appropriately, they facilitate improved performance in critical functions within an organisation or in key areas of the business environment.

Application of benchmarking involves four key steps:

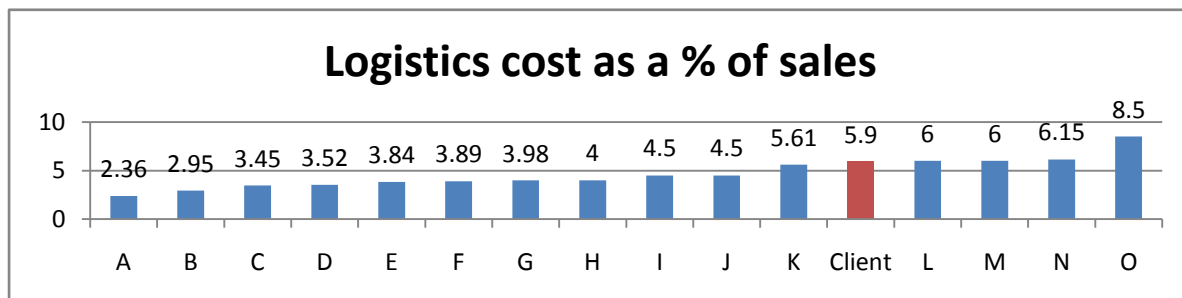
**(1) Understand in detail existing business processes**

**(2) Analyse the business processes of others**

**(3) Compare own business performance with that of others analysed**

**(4) Implement the steps necessary to close the performance gap**

So, how do you compare with your competitors? How can you improve your own position?



Apprise Consulting will benchmark your specific areas of concern, concentrating on those parameters which matter most to your business. Although no two companies are exactly alike there are opportunities to compare operations. Most of our projects include some element of benchmarking to ensure best current practice is achieved.

In the past we have covered areas such as order to delivery timescales, cost as a % of sales, average order pick rate, % of returns, MPG by vehicle type etc.

We will contact a number of your competitors, elicit their participation by agreeing to share the results, albeit anonymously, produce a questionnaire, contact all participants and produce a comprehensive report, reviewing areas where we believe there are anomalies. Our expertise in this area ensures that we ask the right questions and are able to interpret the results accurately.

**N.B. the best current practice is not always the best achievable practice! See our case study section for examples of our work in this area.**