



Horizon 2020
European Union funding
for Research & Innovation



Process KPIs models

Rennes, 5 July 2018

Juan José Alfaro Saiz (jalfaro@omp.upv.es) / Universitat Politècnica
València / Spain / WP-8

#RUCAPS, #RUCAPS2020, www.ruc-aps.eu



Horizon 2020
European Union funding
for Research & Innovation



Contents

- ❑ Introduction
- ❑ Traditional methods
- ❑ The Balanced Scorecard
 - ❑ General Structure
 - ❑ Strategy-process connection
 - ❑ Operative Elements
- ❑ Supply chain: Global visión
- ❑ Conclusions

Introduction

What is to measure?

“The action of comparing an element, aspect, etc. with respect to another taken as a reference that will provide us a magnitude so that we can assess”

Introduction

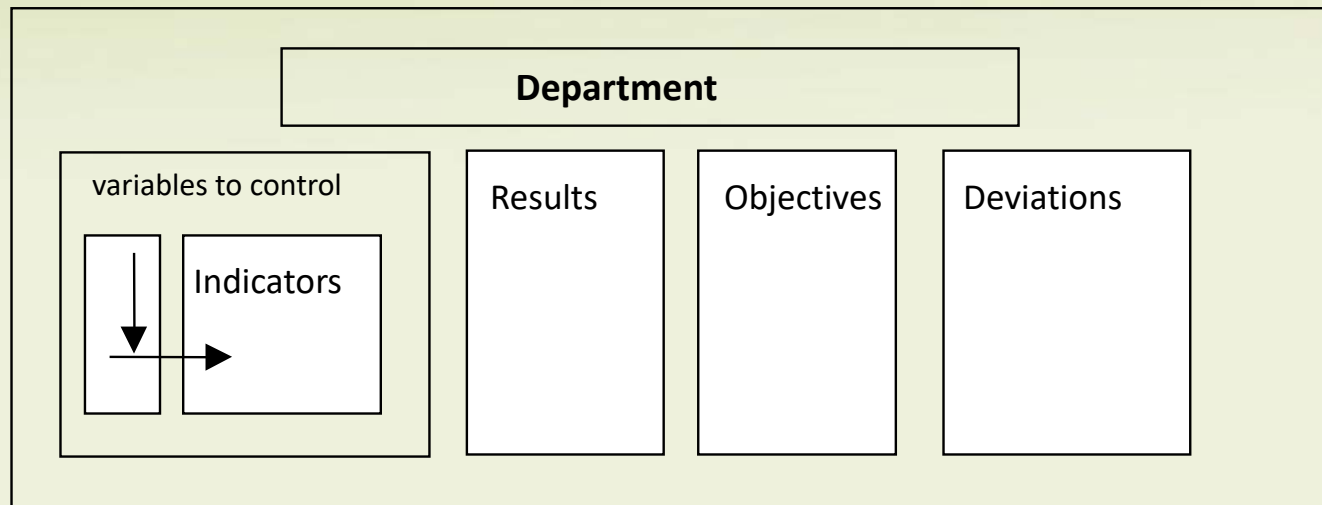
What is performance measurement within one organization?

“Process of quantifying the efficiency and effectiveness of past action” (Neely et al., 2002)

“Know the degree of effectiveness-efficiency that this organisation has to reach the objectives that were defined or with respect to other organizations that may be used for comparison”

Traditional methods of performance measurement

- ✘ Basically focus on Financial Measures: financial dashboards
- ✘ Also, functional dashboards for departments:



- ✘ They do not have a direct connection to the processes
- ✘ Nowadays processes are the basis of modern management

The Balanced Scorecard (BSC) *Kaplan and Norton (1992)*

A management methodology that allows:

- ✓ Clarify the company strategy
- ✓ Implement the strategy
- ✓ Follow-up the degree of achievement of the strategy
- ✓ Aids to define different elements aligned such as a (Key Performance Indicators) **KPIs model**. This KPIs model may be structured in levels such as **strategic and process KPIs models**

It is not:

- ✓ A data base
- ✓ A software application

The Balanced Scorecard (BSC) *Kaplan and Norton (1992)*

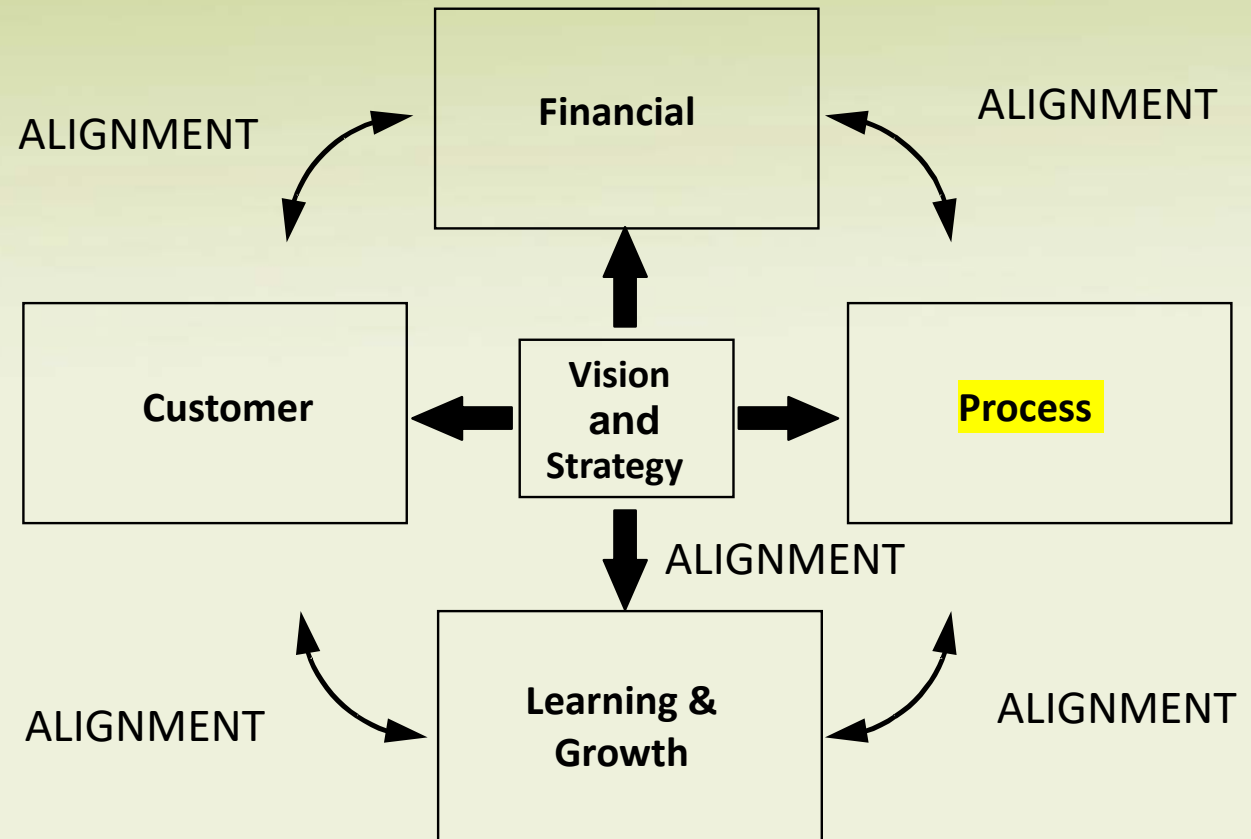
- Many organizations do not do a unique BSC but they define different BSC for different business units.
- **These business units may be decomposed in several processes, which must also be measured and managed.**
- **Define more or less business processes will depend on the importance or added value they have on the business unit**
- *Periodicity of measurement is relevant. Many indicators are measured once a month but it may depend on the nature of the indicator and the organisation needs*

The Balanced Scorecard (BSC) *Kaplan and Norton*

Structure:

- ✓ Vision and strategy
- ✓ 4 perspectives:

- Financial
- Customer
- **Process**
- Learning and Growth



The Balanced Scorecard (BSC) *Kaplan and Norton*

Perspectives

Financial



What strategic objectives maximize the value of our shareholders?

Customer



What customer needs do we have to satisfy?,
What market share achievement is needed to reach the financial objectives?

Internal
Processes



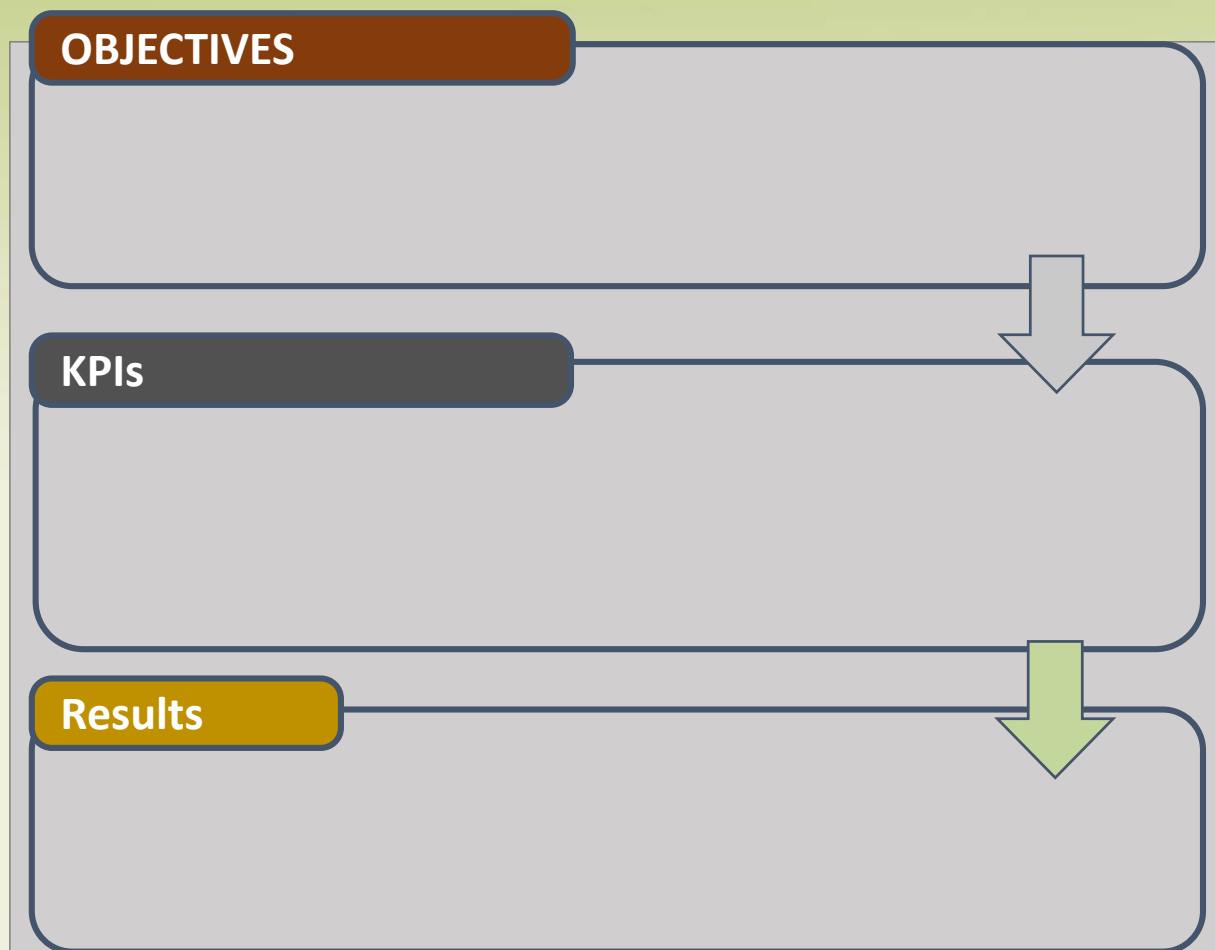
What processes do we have to excel to satisfy our customers and shareholders?

Learning
and Growth



How can we maintain our capability to change to improve our processes and reach our vision?

BSC: Operative elements

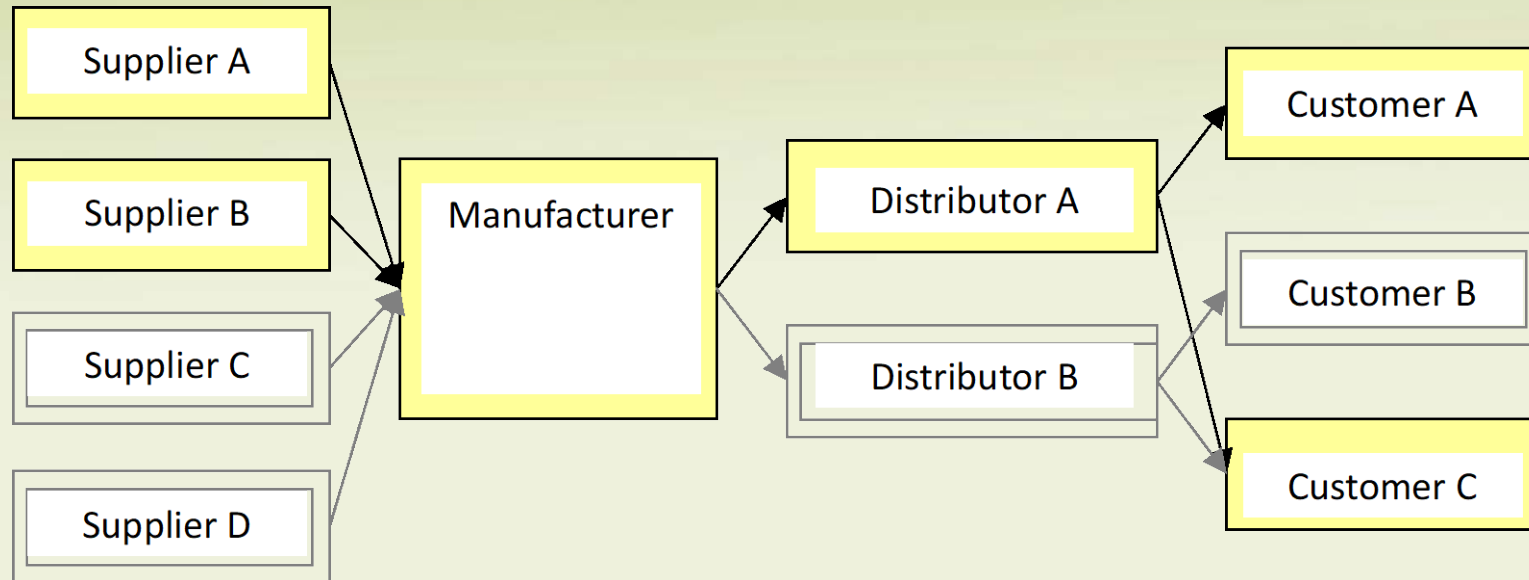


F C P L&G



- We mainly have two operational elements: objectives and KPIs to help measure the degree of achievement
- They must be defined with consistency in all perspectives

Supply chain - Global Vision



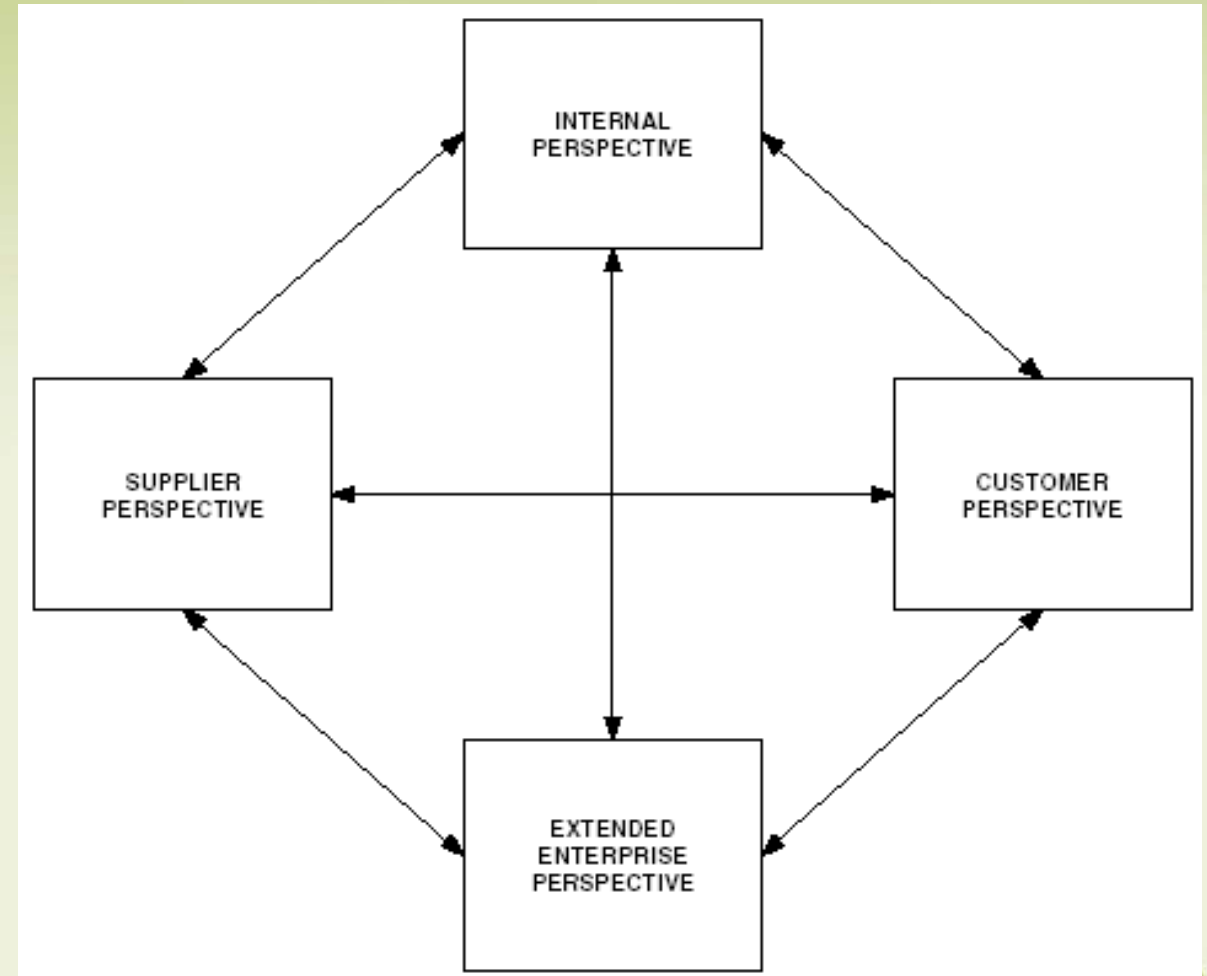
- Under a supply chain context, the concept is expanded under a global vision that addresses the entire SC
- In this area the processes evolve from intraorganizations to interorganizational

Supply chain - Global Vision

P. FOLAN and J. BROWNE (2005)

With this structure we also address the scope of the supply chain:

- Suppliers
- Internal
- customer
- Extended: this perspective integrates the processes common to SC partners



Conclusions

- ❑ Highly important to measure performance in organizations
- ❑ Different structures for performance measurement. Traditionally only financial and/or department measurement.
- ❑ The Balanced Scorecard (BSC) is the most used method for performance measurement
- ❑ It is highly advisable to move from departmental to process management
- ❑ The objectives must be coherent between the different perspectives
- ❑ In the context of the CS, the complexity in the definition of objectives and the shared global vision of the partners increase.



Horizon 2020
European Union funding
for Research & Innovation



MARIE CURIE ACTIONS

Juan José Alfaro Saiz (jalfaro@omp.upv.es) / Universitat Politècnica
València / Spain / WP-8

#RUCAPS, #RUCAPS2020, www.ruc-aps.eu



Horizon 2020
European Union funding
for Research & Innovation

