

Performance Analysis – Getting to grips with critical insights

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Many business leaders become frustrated with company performance and find it specifically challenging to find the source of the problem. Endless meetings are scheduled and reams of reports are produced conducted, however the true cause of the predicament remains a mystery. The collection of information only seems to add to confusion, rather than find the solution.

Performance analysis is an approach that could help executives isolate an area of underperformance and closely monitor that area until issues rise to the surface. Thereafter, management will have the opportunity to solve the highlighted problems in order to enhance performance to the expected standard. The usual methodology used in conducting such a project would take the form of an organizational investigation, analysis of key indicators that drive the business, financial assessment, employee interviews and collation of data into a sound report. However, a more structured and intensive approach could assist in uncovering problems more efficiently and effectively, ensuring all possible areas of performance breakdown are covered. The following listing may be a useful framework to use:

- An in-depth look at available financial information
- A specified study of available performance metrics (eg. tons of ore mined, number of parcels shipped, number of holes drilled, number of bricks laid, sales calls made, proposals submitted etc.)
- Reflect of structure and outline of organizational charts
- Conduct interviews with key managers and associates
- Question key customers on specific information
- Create a diagram of process flow for the activities that take place in the area

- Draw up a systems diagram, highlighting information flow and availability in the area
- Conduct employee reviews to understand what and how staff do things on a daily basis
- Access and review forecasts, plans and schedules
- Integrate empirical and diagnostic studies detailing staffing levels, attitudes, skills utilization and activity effectiveness

This framework provides us with a more in-depth look at factors causing initial problems and can help us answer the following questions:

- What should we look out for during analysis?
- What improvements need to be made?
- What do the interview results indicate?
- When does the data reveal?
- Are problems really problems?
- What is the source of the problem?
- What aspects of the systems flow raise red flags?
- Where do processes break down, and what is the effect of the process breakdown?
- Are we mindful of the impact one process breakdown could have on other processes?
- When we review performance, what do we compare it with?
- Are benchmarks effective?

- How do we combine all these factors to produce a clear picture of the problems and find possible solutions for management to provide optimum results?

critical insight to get to the heart of the business to find out what makes it tick, performance analysis becomes a walk in the park.

A key ingredient to successful analysis is the development of critical insights with regards to the identification of problem areas and performance challenges. In any company, there are key drivers that determine success. A good analyst has the ability to pinpoint these drivers and identify changes that need to be made to the drivers to enhance performance and increase success. Good analysis is about finding the one critical reason for failure as opposed to highlighting 100 low impact factors. However, the trick is to be able to conduct a large scale review in order to ensure significant areas have not been overlooked and then to filter results to find the base cause.

A metaphor that can be used to describe successful analysis is that of a general practitioner approaching a medical diagnosis. He starts off by asking general questions regarding your health – sleep patterns, exercise routine, working conditions, stress levels and so on. Thereafter he will begin to isolate the area of pain – checking your organs, your eyes, your throat, nose and ears. For even more particular results, he may draw blood or conduct diagnostic tests to determine a probable cause of the illness. He would then carefully analyse test results, looking for clues and indicators to assist him in providing a diagnosis. In order to ensure he really understood the results, he would interrogate specifics to figure out what they are truly revealing. The last step would be for him to collaborate all information, conclude his diagnosis and provide you with steps to recovery. What makes a great doctor is exactly what makes a good business analyst: expertise, experience, knowledge, thoroughness, diagnostic tools, discussion, synthesis, consultation, conviction and confidence.

All these aspects are imperative for the workings of a good doctor, however the factor that progresses a good doctor to an exceptional doctor, is the way he works with people. A business, just like life, is a people's game and performance is directly linked to people and their behavior. A great analyst needs to be able to combine logical and empirical evidence with an understanding of people. Most performance problems arise from human behaviour, consequently the analyst must be able to identify what behaviours have contributed to performance slippage and ultimately what can be done to correct it. If an analyst has the ability to use