

Measure Success

After you've set your priorities and communicated them, how will you know that you've been successful? How will you know that you're making adequate progress during the year? How will your board assess your performance?

Avoid Undesirable Consequences

I've seen firsthand how the failure to clearly and concisely answer these questions results in some very undesirable consequences including:

- Inefficient use of management time
- Poor plan execution
- Dysfunctional board meetings and discussions
- Serious damage to a CEO's reputation

“If you don't know where you are going, you will wind up somewhere else”

Yogi Berra

Taking time to develop, debate and gain agreement to performance metrics and milestones pays big dividends. Many companies call these metrics Key Performance Indicators (KPIs). Companies and CEOs that set and then achieve clear performance measurements and milestones routinely outperform others.

What Gets Measured Gets Done

This old axiom remains true and should be your primary guideline. Good measurements help you in four ways:

- Validates your strategy
- Provides clarity for evaluation, compensation and incentive rewards
- Simplifies and focuses your board meetings
- Strengthens your credibility

2 Additional Measurements

I've found two other areas to be very important to measure in addition to the normal financial metrics.

- Customer satisfaction: ease of doing business, customer satisfaction levels, product quality, or reliability (OTIFNE- On Time, In Full, No Error)
- Employee Satisfaction: employee morale, turnover rates, safety, diversity or quality of development plans.

Focus measurements on no more than 3 meaningful measurements in each of the financial, customer and employee areas.