



Bi-Monthly  
Newsletter  
for  
Positive  
Support  
Review's  
Clients  
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Subscribers

## **Measurement of MIS Made Simple**

### **Complex Measurements Can Be Defined Easily**

Many organizations continue to measure the MIS function in light of the traditional ways that do not take into account the unique character of the function. Over the last several years we have defined and implemented measurement systems for many organizations. The approach that we use can be easily applied to other organizations and other functions.

In the course of defining if an MIS function is run effectively and efficiently we have identified a set of barometers for measurement of the management process. We typically look at the things that are going right and those that are going wrong. We develop an issue/problem list, then identify potential solutions. Once this is completed, we define and implement metrics that can show progress.

There are "standard" sets of issues/problems that many CIO's deal with in their operations. Some of them are:

#### **Role**

The role MIS plays in the operation of the business. Does it add value, or cost overhead? Does MIS get in the way of the customer or does it help the customer?

#### **Staffing**

The staffing level associated with running the operation -- user and MIS. There is a tendency to have organizations grow from year to year to deal with the process of MIS versus the business.

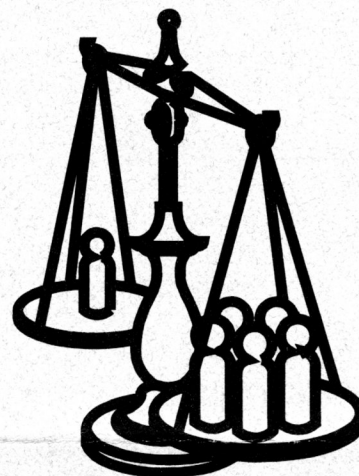
#### **Bureaucracy**

The number of processes ingrained in the MIS process -- SDM, project management, and charge-back. The tools that are necessary to manage the process are the same things that make MIS not work.

#### **Management**

The amount of excess management of the

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## **Balanced Performance Improvement Is The Road to Success**

### **Unbalanced performance improvement produces poor results**

To survive in today's increasingly competitive business environment, you must stimulate continuous improvement programs and foster innovation throughout your operations. Once positive results are observed by the organization, group activities and individual behaviors that caused the desired results will not only be repeated, but they will become an integral part of the organization's culture.

This start-up process takes time and rarely provides a quick fix for what ails the organization. However, over the long haul, this is the most effective approach to introduce needed change into an organization so it can gain or maintain a sustained competitive advantage.

Two key ingredients of this program are setting realistic performance goals and reporting progress toward goal attainment. If the goals are so lofty that people are continuously making excuses why their performance is below the expectations, then the improvement program will fail.

Individual motivation is enhanced when people

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## Measurement of MIS Made Simple

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process versus the results produced. Scarce resources are concentrated in non-operational areas where everyone tries to manage everything. Too many cooks.

### **Conservative and Inflexible Approaches**

Commitment to do things the same way as before versus trying new approaches and new technology. There are many good ideas that come out of user organizations and competitors. The focus should be on the future value and cost, not what was spent yesterday. That is sunk cost and there will always be another way to do everything -- and it may be right.

### **Cost and Technical Focus**

Focus on expenditure and the new "wiz-bang" technology versus the value that is produced by the process. The first sales call would never be made if organizations looked at what it cost to sell the first product.

### **Keys to success**

- ✓ **Change the way work is performed**
- ✓ **Eliminate redundancies**
- ✓ **Reduce management layers**
- ✓ **Build partnerships**
- ✓ **Manage for content and results versus control**

Given this set of issues we have identified a number of barometers that can show the state and progress an organization is having in addressing these areas.

### **The standard PSR barometers are:**

- ❖ Management layers - Maximum of 4 from the worker to the check signer.
- ❖ Span of control - Minimum of 8 to 12 people to a Maximum of 15 to 20 people.
- ❖ Overhead staff versus working staff - Maximum of 10%.
- ❖ Core tasks versus user task - Maximum of 20% of resources should be allocated to the overhead of the MIS process.
- ❖ Manpower and cost trends - No more than the volume growth of the enterprise and optimally at least one-half that rate.

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## Balanced Performance Improvement Is The Road to Success

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feel successful and actions that feel right will be repeated which is exactly what is needed to sustain a continuous performance improvement program. The program will succeed only if it is based on a set of balanced performance objectives and performance is measured. The best approach is to define a set of interrelated goals that encourage performance and quality improvement in many areas of the business.

You should define performance metrics that assess the organization from different points of view such as the following:

- ❖ The Shareholder View (i.e., Financial Performance);
- ❖ The Customer View (i.e., Customer Service Level);
- ❖ The Internal View (i.e., Critical Success Factors); and
- ❖ The Value Creation View (i.e., Operational Performance such as Quality Improvement or Innovation).

From each view, identify two or three activities or key result areas that can be fairly measured. Then establish performance goals for each of these measures. The trick is to establish achievable goals that are balanced with one another and encourage simultaneous improvement in all of the key areas. Unbalanced goals typically produce unbalanced performance which produces sub-optimal results.

A balanced approach with a performance scorecard minimizes information overload by limiting the number of measures used. Relationships between the measures can be ascertained which facilitates performance gains across a broad range of activities. The balanced scorecard also guards against sub-optimal performance by forcing managers to consider all the important measures together.

Using this concept, an organization will more quickly adapt to the continuous self-improvement programs that are critical for the business to survive in the '90s. While only small improvements may be realized during any given period of time, the organization will naturally repeat itself in future periods without having to mount a major program.

Over time, these small improvements will repeat and compound so that value enhancement begins to occur naturally. When this happens, shareholders, customers, employees, and management will all benefit. ❖



## Measurement of MIS Made Simple

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Given these barometers an enterprise can implement a number of solutions that will address the standard issues and problems. Some of the more common solutions are:

✓ **Change the way that work is performed**

Just because an MIS operation or function has done a particular way before does not mean it should be done that way in the future. What was not cost effective yesterday, is now possible and mandatory.

✓ **Eliminate redundancies**

Every job has to have a purpose and a value. The question to ask is how does doing something improve your earnings per share or output quality?

✓ **Reduce management layers**

Get the decision maker closer to the worker. If something is going to cost a lot, the decision maker can make a decision versus having another alternative evaluation presented to them.

✓ **Build partnerships**

No one person can get to the moon alone. A team is required. Build it and use it to produce results.

✓ **Manage for content versus control**

Focus management time on the result not the process. It does not matter if all the forms in the SDM are filled out if the user is not happy.

Once this process is understood it is very easy to identify the things that have to go right for the organization to be successful. With this information the proper measures can be defined and put in place to make the organization successful. ☛

## Competing Thru Technology

**Mark your calendars -- October 18 through October 21**

Over the last two years we have been working with SIM International on this years Fall conference. The support from the West coast MIS community has been superb.

The SIM International conference will be held at the Sheraton Universal in Los Angeles during October, 1992. The program includes Peter Drucker (Claremont College,) Gideon Gartner (CEO Gartner Group,) Jack Rockart (MIT,) Sue Swenson (COO PacTel Cellular,) Les Alberthal (CEO EDS,) Evan Wride (CIO Nissan,) Ken Harris (CIO KFC,) Jim Wetherbe (Univ. of Minn.) and Steve Balmer (COO Microsoft.) The conference will focus on the business and management issues caused by technology. In addition, the technology forecast will be a must hear event.

There are a number of special events that have been scheduled that will make this a great opportunity to network with your peers from around the world -- including New York. Sorry for that poor attempt at humor. The Southern California Chapter of SIM will be holding its "Member's Only" event in conjunction with the conference.

This will be the place to be in October.

If you are interested in this conference contact SIM directly at (312)644-6610. ☛



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## Forecast Of The West Coast MIS Job Market

***There is some light at the end of the tunnel -- new openings are now in excess of job losses***

On a personal note, I would like to thank all of our readers who have made suggestions to us on *PSR Reviews*. There has been so much interest in this column, we have decided to expand our focus to include the entire West Coast. All of the job markets are so closely linked that this should not dilute our efforts.

Market conditions are continuing to improve. Maybe by election time everyone will have a job. If you believe that, the Queen Mary in Long Beach is for sale and is a good investment. On a more serious note, job prospects now are better than anytime in the last twelve months. The only industry segment that continues to struggle is aerospace. Every time we turn around they take another hit. MD 80 production is being cut and even Boeing is starting to lay people off.

The pent up demand caused by inaction at many organizations is now starting to cause things to happen. Systems that were put on hold are now "must have yesterday" items. Service provided by the centralized MIS function is being questioned. During the last several

quarters, MIS was told to do nothing and spend no money. Users now are coming back and asking why they are paying so much when MIS did not help in the downturn. Users now are taking charge and that is where the job action is.


Most of the activity continues to be in the small to mid-range market due in part to conditions described above. In the mainframe area everyone is still thinking about Outsourcing and Down-sizing. That is about to stop. The real measure is the fact that there are now more than a dozen conferences scheduled that talk about how to do it. A sure sign that the easy ones have happened. The hot new topic and area for activity is how to use technology to generate a dollar of NEW revenue. There are at least three organizations that we have talked to recently that have major initiatives to focus on revenue creation systems.

The key technological devices in all of these situations are learning systems -- NEURAL NETWORKS. This is much more than decision

support. Beware of the East Coast Charlatans who say they have experience. The best talent in the States, if not globally, is here on the West coast.

Most of the day to day demand for staff resources is in the mid-range AS 400 arena as well as people who have the old basic system analysis

***The pent up demand caused by inaction at many organizations is now starting to cause things to happen.***

skills. It seems that the talent in highest demand, and with the lowest supply is the systems engineer who knows how to make things happen. If you see any of these types of people remember they are a rare species and need to be treated as if they are endangered. A good project manager with those skills commands \$75K to \$85K. Not bad for a recovery period. But they need to remember that Washington considers them upper income and they will get no tax breaks this year. 

*Vic*



Published by:

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Industry	Prospects Short Term	Prospects Long Term
Aerospace	Poor to Worse	Worse
Distribution	Good	Good
Entertainment	Excellent	Excellent
Financial Services	Poor	Good
Health Care	Excellent	Excellent
Insurance	Excellent	Excellent
Manufacturing	Poor	Better
National Consulting	Good	Better
Service	Good to Poor	Better