

Aligning Stakeholder Goals in a Measurement Project

By Dr. Boyce Byerly

The Encyclopedia of Human Resource Management, Volume 3, Critical and Emerging Issues in Human Resources edited by Bud Benscoter is a one-of-a-kind and all-in-one print and online encyclopedia that offers access to information on all manner of topics and issues related to the “people” side of business. The following is an excerpt from the chapter “Aligning Stakeholder Goals in a Measurement Project” written by Dr. Boyce Byerly, Co-founder and Chief Scientists of Capital Analytics, Inc.

Who Are Your Stakeholders?

When a business case can be made for the value of a measurement project, and you have a sense of the level of rigor and difficulty justified, it is time to consider how the project should be aligned with the organization to meet the needs of relevant stakeholders, and marshal the appropriate resources. Stakeholders are those interested in the improvement of business processes. Without knowing the structure of the organization, it is difficult to make an exact guest list, but several principles usually apply. First, if the measurement project is set up around a particular investment, stakeholders must be drawn from both the solution providers (e.g., the training directors who are responsible for the investment) and those who benefit (e.g., the operations managers who receive the training).

Many measurement projects will offer opportunities to express results financially. When you wish to use financial values to bolster a project, strongly consider where the information is coming from, and involve a stakeholder knowledgeable in the area early on. Bringing such people on board early in a project enhances credibility and cooperation within an organization. Well-meaning projects have been derailed at late stages by management with little fondness for surprises; Disagreement about financial assumptions creates deep credibility perceptions for a measurement project well before the most important results are delivered.

When building a stakeholder meeting invitation list, it is important to ask high-level stakeholders about the source of their data. It is often the case that a trusted subordinate has been providing business intelligence to an executive for some time, and should be included. These subordinates may have the words “analyst” or “database” somewhere in their title and know what data is available in the organization, how to get it, and whom to get it from. The person with their hands on the data is the most direct route to the data, rather than searching your way top-down through the organization. Remember that sharing credit with these people is important, and the right thing to do in any case; your value-add will be to add more complex and smarter analysis mechanisms, take the study to a wider audience, or correlate it with data not previously connected.

Deciding What to Measure with Your Stakeholders

Stakeholder measurement projects are also a good place to agree on what measures work and which do not. There are a number of curious facts affecting measurements:

- First, the fact that people *know* they are being measured tends to make them behave differently. This was first noted during a study of a General Electric industrial plant in Hawthorne, New York, and has been referred to as ‘the Hawthorne effect’ ever since (McCarney et al., 2007).
- When measurement is mixed with incentives, curious things can occur. If you incent for the wrong thing, the results can be disastrous. The Department of Defense once measured programmer productivity by the number of lines of code written. On some level, this may be useful, although software engineers have long known that, for any given problem, concise elegant code beats redundant, sloppy code any day of the week (although sloppy code has far more lines). One company rewarded programmers for the number of “bugs” fixed in the common code library. This led to programmers checking their code in to the common library early, so bugs they would have fixed previously on their desktop could be credited in their metrics (Jones, 2009). The measurement needs to be understandable in order to be effective as an incentive. In one project, call center employees were measured and compensated on metrics involving quality and speed. Unfortunately, the criteria changed frequently (based on business needs of the end clients), the calls were measured along several dimensions, and the feedback on the behavior only occurred weeks later, when the pay period ended, and the paycheck did not adequately detail behavior on individual calls. This ‘incentive’ program did not produce the desired results.
- Measurement can happen at many levels, and in many ways. Consider customer satisfaction: you can count retained customers, count the number of new referrals, send out a survey to customers, interview random samples of customers, count hits on the support section of the web site, or count the costs on returned products. Metrics that have a concrete count and a dollar values are *actual* metrics, and those that predict or indicate the underlying phenomena, such as sales in a pipeline, as *indicators*.

While these points may seem, in their own way, rather technical, the important issue is that stakeholders need to sit down and talk about what behavior they need from their employees, what parts of a business process are observable, and how the parts can inform actual strategic decisions and behaviors. The popular *Hoshin Kanri* management method makes corporate strategic goals accessible at all levels within the organization. Measurement strategies are similar. If the measurement map is sufficiently detailed, it achieves the same philosophical goal, in a much more concrete way, describing the desired performance, measuring it, optimizing it, and producing incentives for it at all levels within the organization.

Dr. Byerly has more than 15 years of experience designing and managing pure and applied research projects with high technology firms in the Research Triangle Area of North Carolina. He joined the predecessor company of Capital Analytics, New Course Education, in 2001. It was at this time that he began the groundwork to develop the methodology and the analytical tools that are the core intellectual assets of the firm.

Dr. Byerly has published numerous works on knowledge representation, spatial cognition, expert systems and computer-support cooperative work in the United States, Europe and Africa. In addition to his publications and research, Dr. Byerly has taught psychology, statistics and computer science at Duke University, computer science at Rutgers University and English at Oxford University.

Dr. Byerly earned his Ph.D. from Duke University for interdisciplinary work in Computer Science and Cognitive Psychology, using advanced statistical techniques to investigate how the representation of information affects memory and problem solving. In addition, he holds an MS in Computer Science from Rutgers University, as well as an MA in Psychology and a MS in Computer Science, both from Duke University. He also completed his undergraduate degree at Duke University, graduating Cum Laude with a BA, double-majoring in English and Computer Science.