

Overview of the Performance Measurement Linkage Analysis And Starter Set

The following describes briefly what we mean by the terms, “Linkage Analysis and “Starter Set.”

The “Linkage Analysis”

Effective lean performance measures should link cell and value stream to corporate strategies and goals. The depiction of the linkages of strategies, objectives, goals and measures from Corporate/Plant to Value Stream top Cell is called a “Linkage Analysis.”

In developing the linkage analysis, goals for the value stream are based upon what is critical for the value stream to achieve the corporate strategies and for the cell what is critical to achieve value stream goals. Performance measures are established to calibrate the attainment of these goals and “critical success factors.” In this way the performance goals and measures are linked and “cascade” from strategy to cell. The same relationships apply between the value stream and cell. Because every company is different, each company should employ such a framework to design its unique set of performance measures to achieve its strategies and goal.

In general the roles of cell and value stream measures differ:

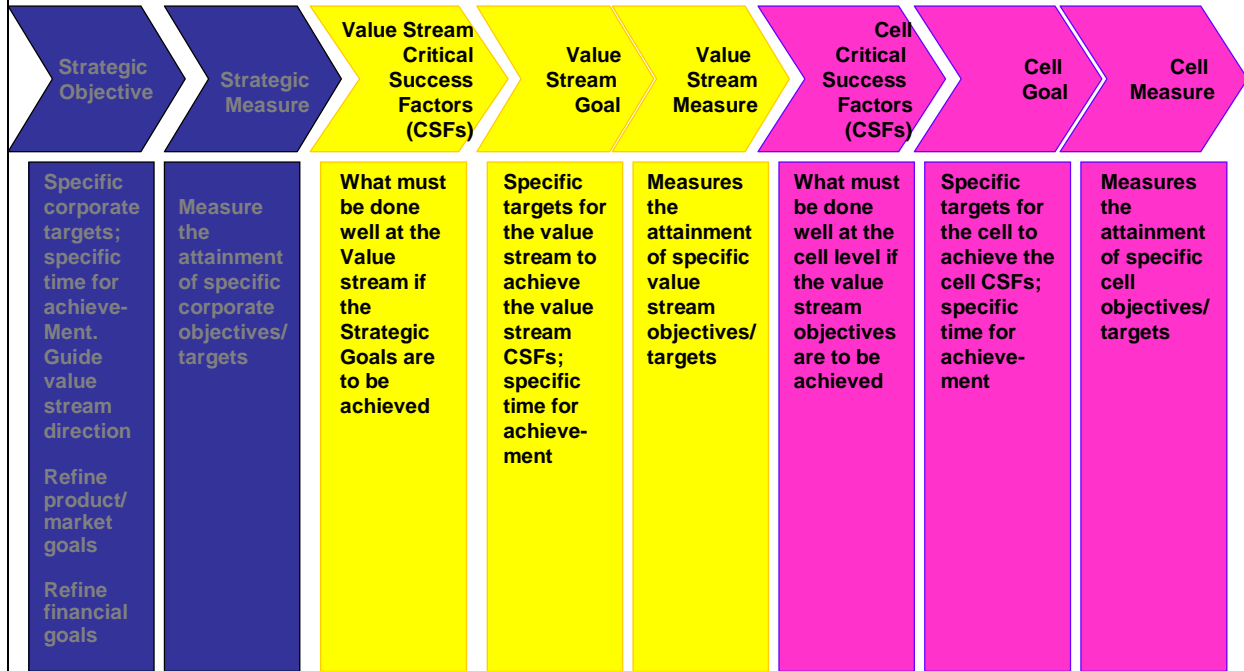
- Cell Level measures enable the cell team to get done during a shift what has to be done that shift.
- Value Stream measures calibrate weekly how well the value stream is doing in proceeding towards the performance targets designed into the future state map.

The “Starter Set”

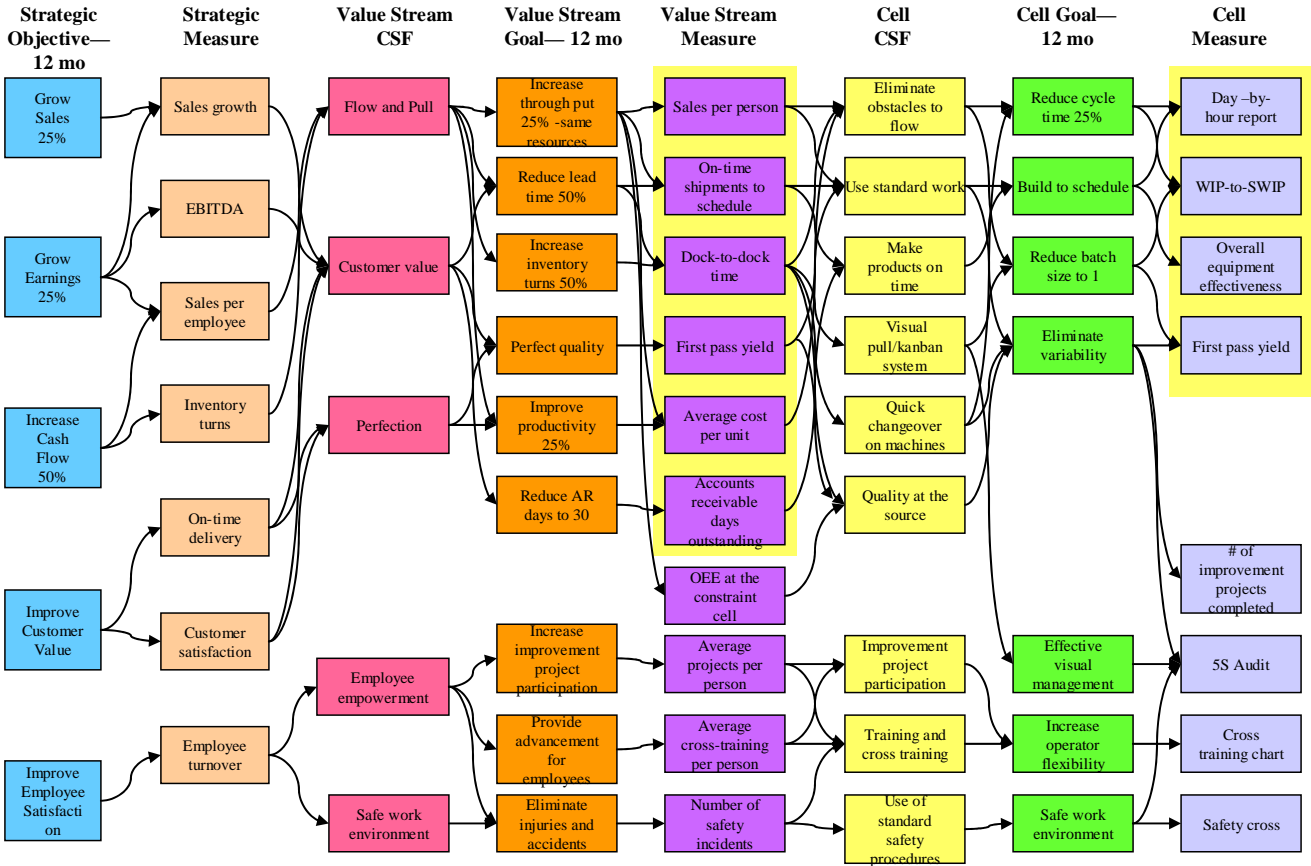
We recognize that each manufacturing operation is unique. Nevertheless we have found that by using the Linkage Analysis methodology, there can be designed a set of performance measurements that conform to the needs of many, if not most, lean manufacturers. This set of measures we term the “Performance Measurement Starter Set.”-- a “strawman” set of measures that can be tailored by individual companies to meet their own unique characteristics.

The following exhibits depict the BMA, Inc. *Linkage Analysis* and related *Starter Set*.

Performance Measurement Linkage Analysis Definitions



Performance Measurement Linkage Analysis Order Fulfillment Value Stream



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“Starter Set” of Performance Measurements for Lean Mfg.

STRATEGIC ISSUES	STRATEGIC MEASURES	VALUE STREAM MEASURES	CELL/PROCESS MEASURES
<p>Increase Cash Flow</p> <p>Increase sales & market share</p> <p>Continuous improvement culture</p>	<p>Sales Growth</p> <p>Cash from Operations</p> <p>Inventory Days</p> <p>On-Time Delivery</p> <p>Customer satisfaction</p> <p>Sales per Employee</p>	<p>Sales per Person</p> <p>On-Time Delivery</p> <p>Dock-to-Dock Time</p> <p>First Time Through</p> <p>Average Cost per Unit</p> <p>AR Days Outstanding</p>	<p>Day-by-the-Hour Production</p> <p>WIP-to-SWIP</p> <p>First Time Through</p> <p>Operational Equipment Effectiveness</p>

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