Make Time for KPIs

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As you likely already know, KPI stands for key performance indicator. Focusing on carefully selected KPIs is crucial for operational improvement, since they create an analytical basis for decision making and help focus attention on what matters most. As Peter Drucker famously said, "What gets measured gets done." KPIs also let you benchmark your performance against companies in this and other industries. You might think a spoilage rate of 2% of sales is good, for example, until you find out that industry leaders are at 0.5%.

DOES THIS SOUND FAMILIAR?

- You're a professional dedicated to improving your organization.
- You are, in short, a devoted practitioner of continuous improvement.
- You operate with an eye on the goals of increasing customer satisfaction, speeding production, and reducing costs.

YOU COULD BE A PRINTING INDUSTRIES OF AMERICA CERTIFIED **IMPROVEMENT PROFESSIONAL IN PRINT!**

To be effective a KPI needs to be:

- **Relevant to corporate-wide goals and objectives**

- **Capable of being accurately and inexpensively measured**

- **Defined in an understandable and consistent way**

- **Easily understood by employees so that it is obvious how they can influence it**

- **Reported in a timely manner so employees can track performance against target**

KPIs are often financial in nature, net profit margin percentage being an example. When it comes to non-financial company-wide KPIs, a top PIA consultant, Steve Anzalone, recommends that companies start with these three metrics: on-time in-full (OTIF) deliveries as a percentage of total jobs, cost of spoiled work as a percentage of sales, and customer complaints.

Last year, PIA teamed up with the National Union of Printing and Communication Industries (UNIIC), the primary printing association in France, to conduct a survey on production-oriented KPIs. The emailed survey asked printing company executives to identify KPIs that were most important to their companies, the frequency that they measured them, and a variety of other aspects of KPIs. Seventy-two companies in the U.S. and Canada and 35 companies in France responded. The survey was co-designed by PIA, Ecograf on behalf of UNIIC, and BPIF (primary U.K. printing

KPI	Calculation	% of U.S. & Canadian companies*
Spoilage rate	Cost of spoilage / sales	70
Makeready time	Time from last good sheet of previous job to first good sheet of next job	68
On time in full	Jobs delivered on time in full / total jobs	68
Available press time for production	Planned time – downtime	66
Press utilization	Planned production time / total time	62
Not right first time	Jobs produced not-right-first-time / total jobs	62
Press performance	Total output/(rated speed x actual operating time)	60

*U.S. and Canadian respondents that used production-oriented KPIs and rated the KPI as "high" or "essential" importance.

association). About 70% of respondents identified their company, totally or in part, as a commercial printer.

The most commonly used production-oriented KPI was spoilage rate, followed closely by makeready time, OTIF, and available press time, as shown in the following table.

Remarkably, 32% of companies responded that they never use production-oriented KPIs, mostly due to "lack of available time and staff."

Just over half of the companies using KPIs confirmed that their management information system (MIS) software helps generate them. Over three-fourths of the companies reported sharing these KPI measurements with their production staff. Perhaps the most striking difference between survey respondents in the U.S. and France was OTIF—a significantly higher percentage of French companies measured it versus American company respondents.

A company truly striving to be operationally excellent must have a few non-financial KPIs that it routinely measures against targets, shares with employees, and uses to improve. If you are not already using KPIs, get started.