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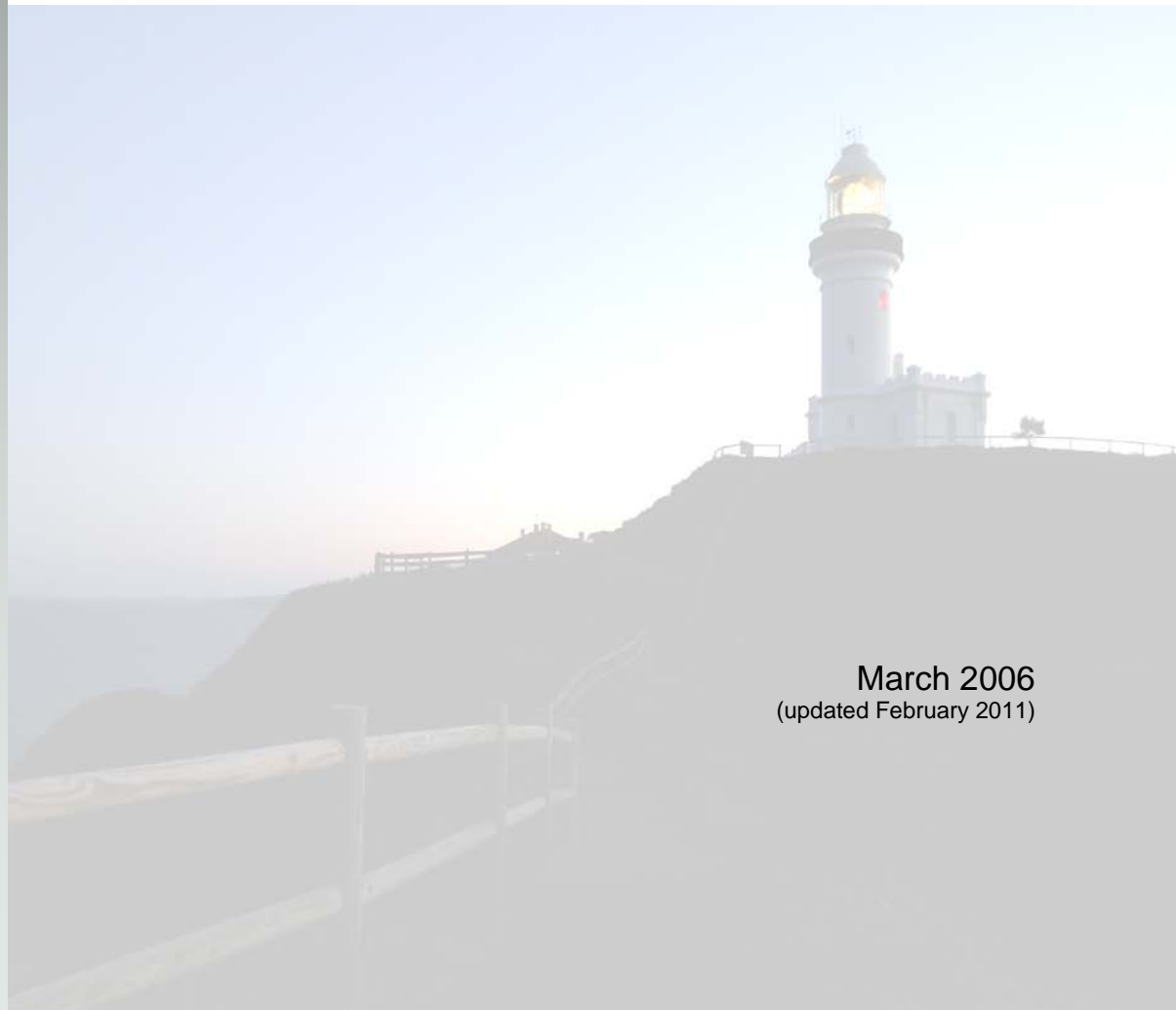
Driving Strategic Results Instead of Metric Mania

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Metric mania: an obsession with numbers that overshadows any concern for results

The business side of the Navy is beginning to follow the old military dictum to mass one's forces at the decisive point. In this case, "forces" include money, manpower, and mindshare. And the "decisive point" is the production of cost-wise readiness.

Unfortunately, the success of any large organization is hard-won. Recent research¹ in the private sector has confirmed what most leaders already know: the top challenges to organization-wide success are misaligned goals and unclear roles. Different entities within the larger organization necessarily have different agendas and different ways of doing things, so aligning everyone to the same ultimate goals is tricky at best. Collaboration across the "enterprise" is imperative, but so is clear, individual accountability for results.

To address the twin problems of misaligned goals and unclear roles, the leadership courses of the Navy's Center for Executive Education has for years now included robust methods of strategic planning and execution. Key to the approach taught has been results-based management rooted in "effects-based thinking." The most basic tenet of this approach is to determine the effects your organization was funded to produce before determining how to spend your dollars. Properly done, these effects will align with the larger effects of the Navy. When these effects are stated as measurable goals and cascaded down the organization as individual accountabilities, you have gone a long way toward solving the problems of misaligned goals and unclear roles

This approach has been adopted by many Navy leaders and has become a positive trend for the Navy. So, what could jeopardize this trend? Perhaps the biggest threat is one that could be called "*metric mania*": an obsession with numbers that overshadows any concern for strategic results or individual accountability. Metric mania subtracts value, rather than adding value; it subordinates the point of the organization to the PowerPoint of its briefs.

¹ Sy, T. & D'Anunzio. (2005) Challenges and strategies of matrix organizations: top-level and mid-level managers' perspectives. *Human Resource Planning* Vol 28, No. 1, pp. 39 – 48.

“We are becoming metrics driven, and properly so. But how much of our *measuring* - and *analysis* of what we are measuring - and *reporting* on what we are measuring - could itself become non-value added effort?”
 RDML (sel.) Ray English

RDML Ray English alludes to potential metric mania when he states, “We are becoming metrics driven, and properly so. But how much of our *measuring* - and *analysis* of what we are measuring - and *reporting* on what we are measuring - could itself become non-value added effort?”

But surely measuring what we are doing is a no-brainer. Are metrics really the problem? No, no more than driving a car is a problem, unless you are driving it in the wrong direction. Consider that we must first understand the point of an organization - its desired effects or benefits - before metrics can tell us if we are getting there. And if we understand the strategy for achieving that point, only then will measurement help us express the strategy as measurable personal accountabilities that will assure successful execution.

Organizational strategy must aim to achieve the organization’s desired effects. Metrics must reflect the achievement of that strategy and must enable the personal accountability that ensures strategy execution.

Metrics sap and distract when we fail to connect them to what we are really trying to achieve. Then, we have forgotten the point, and the point is not metrics. They are a means to an end, not the end. Like Col. Nicholson in *The Bridge on the River Kwai*, we have forgotten that the point is to win the war, not to build an intricate edifice.



Strategy(ies) must aim to achieve the desired effects of the organization i.e., the point of the organization’s existence, and then metrics expressed as goals must reflect that strategy. Those goals drive personal accountability, the foundation for executing the promised organizational effects via the strategy.

Symptoms of Metric Mania

Metric mania is an unhealthy obsession with numbers in which measurement eclipses achievement, and counting trumps doing. Instead of helping align and achieve goals, they become the goal. Overtime hours and burnout increase, while great strategies sit on the shelf never to be realized.

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One symptom of metric mania is that your metrics drive your strategic focus, instead of your strategic focus driving your metrics. This stems from a bottom-up approach to data collection that sends our PowerPoint rangers scrambling to generate charts, graphs, and bulleted lists, but without overarching purpose. They sometimes generate islands of information amid their sea of data. But the islands are unconnected. These metrics specialists count equipment, but not capabilities, billets but not competencies, and actions but not the effects of those actions. Dashboards, scorecards, and report cards do not solve this basic problem if there is no connection to strategy. Consequence: In effect, we are left to live in a house built by near-sighted carpenters who worked without a blueprint. Strategies (and budgets) then derive from what is being measured, instead of the other way around.

When tracking metrics eclipses achieving measurable results, your people become weathermen – describing the world, but not changing it.

Another symptom of metric mania is that the sheer number and disorganization of metrics makes accountability problematic. There are too many measures, at wildly varying strategic levels, to even contemplate using them to create goals and allocate individual accountability for results. So the only real accountability is for collecting and reporting on metrics. The briefing becomes more important than the thing being briefed. Consequence: *your people become weathermen describing the world, but not changing it.*

Key Steps to Achieving Strategic Results

Here are the steps successful leaders are taking to reduce metric mania and focus their organizations on results:

Forget about the metrics for a while and ask yourself: What's the point of my organization? What effects are we funded to create?

1. Forget about metrics for a while. **Ask yourself: What's the point of my organization?** What need do we serve? In other words, "Short term and long term, we are funded to create what *effects?*" (AKA "results," "outcomes," "impacts," "achievements," "benefits," or "end-states") Answering that question requires that you scan your environment. Look to see who you exist to benefit, what benefits you should produce, and how those benefits play into what your boss is trying to accomplish. Look at any other relevant factors, such as global, legislative and technological trends, and interdependencies with other organizations. Ask yourself, what future scenarios must we be ready to exploit or cope with? Most of all, *talk with people* in interdependent organizations so you can synch up with them. Don't form strategy in a vacuum.

This scan should help you validate or shape your vision (desired future state) and mission (organizational purpose), and that in turn should help you express the point of the organization and its relevance within a bigger context.

2. **Next, translate that into a set of high-level, *time-bracketed* goals stated as measurable effects.** Large corporations classically adopt a long-term vision of ten years or more. On that they build medium-term goals of three to five years. Finally, they write short-term goals of one to two years.

Large organizations, private or public, benefit from these timeframes because they confer context for ongoing planning as well as context for work. Even as administrations, policies, and budgets change, leaders and their teams should not be without a big picture from which to operate. If yours is a smaller organization, part of a large one, then you might make do with medium- and short-term goals, or even just short-term goals.

Write your effects, especially near-term effects, in such a way that success or failure will be absolutely indisputable and not open to interpretation. In other words, *now that you know what you are trying to achieve*, incorporate metrics. At this point, most leaders find that they possess a multitude of metrics unrelated to what they are actually

trying to achieve, and that they need to develop other metrics related to their key desired effects. The good news: this clarity of direction permits leaders to start deciding what to stop measuring and stop doing.

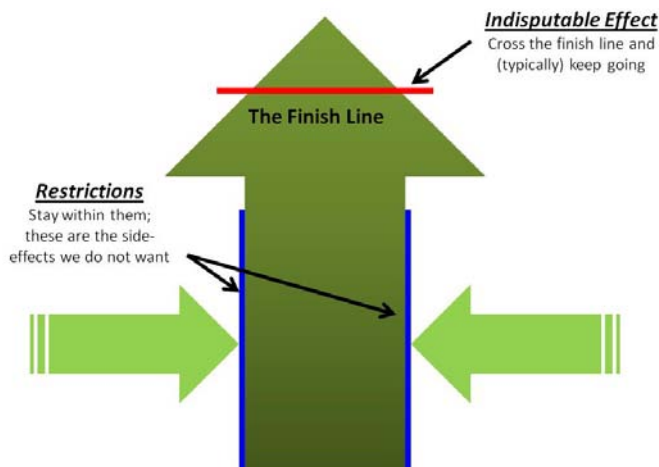
We suggest you write each effect as a Whole Goal, which comes in two parts.

If you want to provide absolutely unambiguous direction, then consider writing each effect as a Whole Goal. Whole Goals come in two inseparable parts. The first part of a Whole Goal states the desired effect and how we will know it is achieved – a single metric – in one simple sentence. Here is an example from NETWARCOM's strategic plan, "Service providers meet defined service levels no less than 98% of the time."

Crafting this first piece of the Whole Goal always looks easy after the fact, but it is not. Dave Wennergren, CIO for the Department of the Navy and a user of Whole Goals, comments on this significant hurdle: "Getting measurably and verifiably clear about the strategic results we will create is a huge challenge, even more so in a secretariat-type organization like ours. But without that clarity we'll be in constant reactive mode, unable to lead. And leading is our job."

"Restrictions" is the second part of a Whole Goal and integral to it. Restrictions spell out the undesired side-effects that you commit *not* to produce while you are achieving your desired effect. With Whole Goals, you are saying, "We will give you the desired effect, without the side-effects." The restrictions piece of a Whole Goal is especially important to the Navy now. Its current emphasis on performance objectives in the NSPS system, and CNO's emphasis on effects-based thinking, will lead to clearer results-based goals and commitment to achieving them. Unfortunately, though, commitment to achieving clear goals can cause people to grow blinders and can damage cross-organizational alignment. In Mr. Magoo-like fashion, people committed to their goals can leave behind a wake of destruction for other people, other departments, and other enterprises. Management pundits call this lateral misalignment. Whole Goals bundle restrictions with intended results to help thwart such co-lateral damage.

With Whole Goals, you are saying, "We will give you the desired effect, without the negative side-effects."



Whole Goals state the *indisputable* effects you want, plus the side-effects you do not want. *Whole Goals* tell the *whole* story. They drive performance that results in the *full effect* you want.

"There are unintended consequences we don't want. They are just as important to manage as the product we do want."
 VADM Chuck Munns,
 Commander, Naval
 Submarine Forces

VADM Chuck Munns is refining SUBFOR's top level results as Whole Goals. Munns comments, "As we mature our focus and accountability for producing measurable enterprise effects, we need also to manage the side effects. There are unintended consequences we don't want. They are just as important to manage as the product we do want."

VADM Don Arthur, Surgeon General of the Navy, is another leader who is establishing Whole Goals to focus and align his organization and help prevent unwanted side-effects. Here is one Whole Goal under consideration at Navy Medicine. It falls under the headline of Maintain Deployment Readiness.

Whole Goals provide the clarity that permits leaders to start deciding what to *stop* measuring and *stop* doing.

Effect

All Operational Medical Units achieve Fully Mission Capable certification prior to deployment.

Restrictions

- Training impact (cost/time) may not exceed identified requirement for unit.
- Training requirement may not exceed capacity of schools and courses.
- Equipment requirement may not exceed unit authorized allowance.

3. Once you have framed the point of your organization as a small set of Whole Goals, **next create a theory or strategy about *how best to achieve those effects***. More than one strategy will likely be required. There are many good strategic thinking and planning processes, and they commonly result in notional statements called strategic thrust, strategic intent, or strategic themes. These statements contain your approach to closing the gap between where you are and where you want to be. Great! But do not stop there.
4. Clarify and improve your strategic focus by stating what effects will cause the effects that are the point of the organization: your top tier Whole Goals. In other words, **state your strategy(s) – *how you'll achieve the higher level Whole Goals – as the subordinate Whole Goals of your top tier Whole Goals***. There are three reasons for doing this. First, by focusing on effects at each level, you will avoid the activity trap: endless effort with no sense of when you are done, or what good enough looks like. Second, by translating strategy into Whole Goals you can more easily whittle your focus down to only what is *necessary and sufficient* to produce top tier effects – a judgment that of course is tempered by one's risk tolerance. In a time of resource scarcity, “necessary-and-sufficient” is a litmus test for any organizational strategy. Third (and again), Whole Goals drive results without the collateral damage.
5. **Cascade Whole Goals down the organization one layer at a time, assigning them to individual roles**. The overarching results of the organization belong to the commander; they are his or her accountability. Individuals in the next layer of the organization are accountable to the commander for achieving *their* Whole Goals. These goals represent the high-level strategy of the organization. And subordinates to these people own the next layer of Whole Goals, which is a more granular view of the organization's strategy. Said another way; the Whole Goals at any level should express the strategy for achieving the Whole Goals at the next higher level – with the whole goals at the very top expressing the ultimate destination or purpose of the organization. Strategy is thus articulated one layer at a time, down the organization, laying the foundation for accountability and aligned performance.

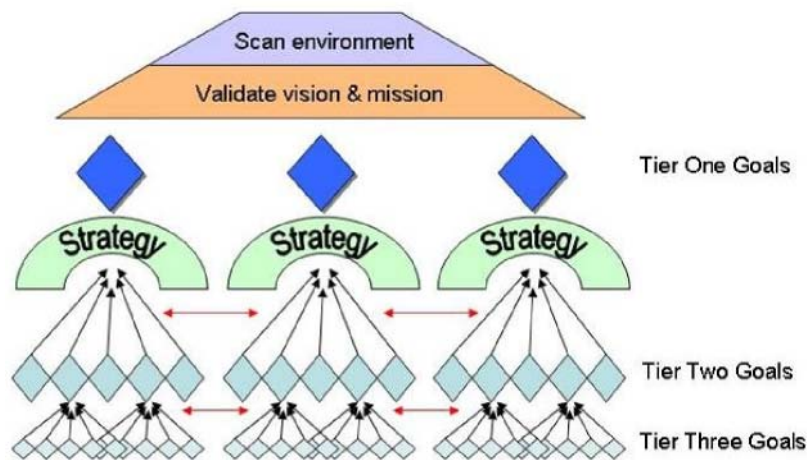
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Cascade Whole Goals down the organization one layer at a time, assigning them to individual roles.

How far down an organization should you cascade Whole Goals? Most of the strategic leverage comes at the top several layers. However, some leaders prefer that everyone in the organization have measurable outcomes against which they are working and evaluated. Whole Goals must align with the Whole Goals of their boss. And by align we mean that the subordinates Whole Goals should be individually necessary and collectively sufficient to cause an effect: the boss' Whole Goal that they support.

Key to the cascading process is face-to-face team meetings.

Key to the cascading process is face-to-face team meetings. There, the leader can see whether subordinates proposed Whole Goals truly align with their own. The ensuing *group discussion and debate* distills and clarifies commander's intent better than any one-way briefing could hope to do.



The planning and alignment process aligns individuals to the results they must produce to execute strategy and ensure the success of the organization.

Too, alignment meetings should occur between the leader, his or her peers (some of whom may be customers) and boss to ensure alignment up and across the organization(s). These discussions make everyone smarter about opportunities, conflicts, synergies, and gaps in strategy.

Drive accountability for strategy execution through regular results review meetings.

6. **Finally, drive execution with regular review sessions between boss and immediate subordinates.** These group meetings are a conscience mechanism to help the team deliver on commitments while continuing to weigh strategy.

These sessions promote the patience that allows a strategy to “bake” long enough to be evaluated, and to yield results. However, they also ensure the agility to respond quickly and precisely to the need for change. Whole Goals should change if you discover that you are measuring the wrong thing, or driving the wrong behavior, or that a strategy must change.

While these meetings inevitably bring accountability to the individual performers, the point is not public lashing. The point is to bring focus to the effects that will drive organizational success. When accolades are deserved, award them. Rarely is a more pointed response required. Remember, too, that senior leadership should be asking for feedback. Are they enabling or constraining efforts to achieve Whole Goals?

Do not organize the meeting around individuals (Howzit goin’, Fred? Howzit goin’, Lisa?). Instead, organize the meeting around the boss’ Whole Goals. One by one, discuss each top tier Whole Goal’s status the status and of the Whole Goals that support it.

Let the speed of change required in your organization dictate the frequency of these meetings. Faster moving organizations should meet monthly or even bi-weekly. In organizations that are quite stable, bi-monthly or quarterly meetings will work. Very few organizations are changing at such a slow rate that annual or semi-annual meetings are adequate.

Session agendas should always include time to pose the question, “What can we stop doing?” It may be worth setting aside an entire meeting for this purpose alone. Unless you discipline yourselves to halt work unrelated to your Whole Goals, you will never achieve strategic focus.

But Wait. There’s More!

Effects-based strategy and implementation helps leaders and their people understand and drive toward the results their organizations were established to produce. Leaders who have used this approach note other benefits as well.

Let the speed of change in your organization dictate the frequency of these meetings.

Scalability. The notion of effects causing effects is as scalable as it is simple. It works at the deck plates, it works in the Pentagon's E-Ring, and it works everywhere in between. It requires no fancy software and no complicated system of terminology. But it does require rigorous thinking, and it benefits every organization that can state why it exists.

When people know what success looks like, and what effect not to create along the way, the creative juices flow.

Innovation. The paradox of *controlled freedom* is the natural result of Whole Goals, which spell out the finish line and the boundaries en route. Whole Goals are a constructive response to the plea, "I wish my boss would just tell me what she wants and get out of my way!" When people know what success looks like, and what effects not to create along the way, the creative juices flow.

Managing Personnel Churn. Because Whole Goals cascade down the organization, they define the prescribed effects for each job position, from the head honcho on down. This beats the more common personality-dependent system which often allows each new incumbent to make up the point of their newly occupied position. Instead, when new people roll into positions, the Whole Goals state why their positions exist: what effects they must produce and side-effects they must not produce in order to support the organization's strategy. If they have a better idea for why their position should exist, then fine. They can negotiate it with their superiors, who likely will embrace ideas for how better to achieve the points of their positions.

When new people roll into positions, the Whole Goals say why their positions exist: what effects they must produce – and side-effects they must not produce – in order to support the organization's strategy.

Though Whole Goals help drive consistent, high performance, they do not eliminate the need for leaders to be selective about who occupies each position in their organization. In other words, make sure you've got the right people "on the bus" and then use Whole Goals to make sure the bus is pointed in the right direction.

Enabling Pay for Performance. Rewarding people for achieving stated goals is a venerable tactic of the private sector. This approach often achieves spectacular success. But when it fails, the failure usually stems from personnel

systems that mandate goals *rather than strategies that mandate goal achievement.*

The results-based approach is a way to emphasize organizational achievement, rather than institutional bureaucracy.

The pending update to the National Security Personnel System faces precisely this choice: will it use pay for performance to execute organizational strategy, or will it use pay for performance merely to execute a revised personnel appraisal system? The results-based approach described here offers organizations a way to emphasize organizational achievement, rather than institutional bureaucracy.

Leveraging Scarce Resources. Much of the Navy's focus of late has been on risk acceptance and mitigation as we learn to do without. That is often exactly the right approach. But effects-based management is a different weapon in the cost-cutting arsenal. It causes us to ask, "What's really the point here?" and then to focus exclusively on achieving that point. Surprisingly often, concentration on the right effects will conserve money and resources by diverting them away from nice-but-not-necessary undertakings.

Making Lean Six Sigma Relevant. The catechism of Lean Six Sigma methodology is clear on this point: you need to understand *why* you are doing something before deciding to improve *how* you do it. Unfortunately, practitioners often skip that part. The effects-based discipline described here forces us to ask the tough, strategic questions before allowing us to dig in with commendable efforts to improve processes.

Vertical and Horizontal Organizational Alignment. In recent years, alignment has been promoted as the antidote to the Navy's bureaucracy and stovepiping. But how do you push past the rhetoric of alignment to actually achieve this hallowed state?

The process described here does exactly that. It ensures vertical alignment of effort up the chain of command to achieve the point of the organization. And it achieves horizontal alignment of effort both within and between organizations. If an organization is matrixed, such as in "competency-based"

structures, then Whole Goals are especially helpful for aligning and clarifying accountabilities.

Whole Goals better inform not only our actions but the budgeting process, since they are the precise articulation of our strategy.

Getting Smarter with Money. Whole Goals better inform not only our actions but also our budgeting process, because they are the *precise articulation* of our strategy. This helps us provide the key information for our funding and operations, which is transparent to DoD and Congress. Further, the process described here ensures alignment among performance measures and accountability, which should include feedback into the next cycle of performance management and budgeting.

Making Your Mark. Given their brief tenures, military leaders new to a command must prove their mettle quickly if they want to advance their careers. The resulting temptation is to slam in high profile changes. Typically this means restructuring the organization or uprooting existing strategies. Such moves can indeed improve an organization's effectiveness, but often they are merely a chaos-producing response to the desire to appear proactive.

The Whole Goals process described here helps new leaders make their mark by putting an emphasis on implementation; it helps a leader rightly be seen as a doer, an implementer. As the Navy continues to emphasize execution above activity, leaders who reliably produce desired effects – without undesired side-effects – will have made their marks quite nicely.

Conclusion

There is nothing wrong with obsessing over measurement if what we are really obsessing over is strategic *effects sans side-effects*. But it is wise to avoid metric mania, which confuses symbol with reality. VADM Kevin Cosgriff, Deputy Commander and Chief of Staff, U.S. Navy Fleet Forces Command summarizes nicely: “As an organization, the Navy has considerable ability to collect data. For instance, we do this all the time training for, and engaging in, combat. Our challenge is to take the same approach in the business aspects of the Navy. Just like in a military

campaign, we need to translate our strategic and operational goals into a handful of meaningful metrics, use them to drive decision-making, and then hold leadership accountable for achieving measurable results.”



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