

# GOING FOR GOLD

## SIX LESSONS ON EFFECTIVE PERFORMANCE MEASUREMENT FROM THE OLYMPIC GAMES

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Measurement systems are one of the most important aspects of any high performance environment. They are ‘exposure systems’, providing precise information on how groups of people in given environments are performing, as such they need to highlight those pieces of information that ‘expose’ performance status.



The 100 metres race in the Olympic Games has a very clear and simple exposure system combining the clock and the relative ranking of the athletes. The clock precisely records the time taken to run the race – 9.58 seconds for Usain Bolt. In addition, each runner is placed in order of finishing (first, second, third etc.). This exposure or measurement system is highly effective in driving improved performance in the athletes that compete.

But why?

## CHARACTERISTICS OF EFFECTIVE MEASUREMENT SYSTEMS

Our research has given us a rigorous understanding of the key factors that determine how effective any measurement system will be in helping to drive improved performance. The Olympic 100 metre race perfectly illustrates these factors.

Measurement systems must be:

1. **Accurate:** People must believe that measures are 100% accurate and a true reflection of the performance. Nobody questions the clock in the Olympic 100 metres and as a result everybody agrees that time is an accurate reflection of performance.

We regularly find measures being consistently used in business situations that are readily recognised as not being accurate. Such measures do not stand up to scrutiny and, when their legitimacy is probed, their results are immediately discounted.

2. **Trusted and fair:** In other words, measures must be highly effective in capturing and separating good performers from bad ones. Everybody knows that if you run the Olympic final in 9.58 seconds you are likely to be amongst the medals, but if you run it in 10.58 seconds you are likely to be ranked amongst the also-rans.

More often than not, measures such as annual or half-yearly reviews simply aren't precise enough; employees find themselves grouped together on the same “rating” despite knowing that there are discrepancies between their individual performances. Such measures are easily dismissed as unfair or irrelevant such that they ultimately become actively counterproductive.

3. **Comparable:** Measures must easily facilitate benchmarking against other performers. Such benchmarking can be used to drive improved performance. If I am currently running 10.20 seconds and want to know how that compares to the best in the world I can do so easily.

Businesses regularly fail to provide suitable external benchmarks for performance, relying instead on stagnant internal benchmarks that quash competitiveness. Measures should serve as propellers of improved performance and give clear indication of the direction that takes.

- 4. Transparent and public:** Measures must be easily understood and visible to all. In the case of the Olympic 100 metres, everybody watching the race knows immediately who has won and lost. The more public and transparent the measure is, the more it serves to ratchet up pressure to perform – people understand that there will be no hiding place.

In many companies, we find real reluctance – from all corners – to share information regarding individual performance; this secrecy is antithetical to the concept of an exposure system.

- 5. Timely:** Measures must reflect the most recent performance. The Olympic 100 metres race is not decided on athletes' historical performance but rather on how they do in a single race. Past performance is irrelevant as a measure of who has won the gold.

The closer in time to an event a measure is executed, the more effective it is. We frequently encounter businesses who hold their end of year review...in March. By executing the measure at a remove from the event, the urgency of the performance assessment is lost and its effective application in improving current and future performance is undermined.

- 6. Relevant:** Measures must be matched to the outcome that those doing the measuring are trying to achieve. In the case of the Olympic 100 metres race, the outcome is “winning.” As such, time and relative ranking as measures are perfectly relevant and suited for this.

There is a tendency in business to focus on KPIs that are easily tracked, whether or not they are the most relevant to performance. This is counterproductive as it can influence employees to focus on less relevant aspects of their roles. High performing businesses instead identify the right measures to track, and develop tools and systems that allow them to gather the information that they need more efficiently and easily. In a world of ubiquitous big data, we find it hard to accept the “we couldn't get the information” excuse.

A key step to driving improved performance in any environment is to improve the effectiveness of measurement or exposure systems. However, we frequently observe companies falling back on the same systems again and again without due regard given to their ultimate effectiveness. Conscious focus on designing the right measurement system to drive sustained high performance is a key management challenge for all of the businesses we work with. How effective is your measurement system?



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