FIT FOR PURPOSE

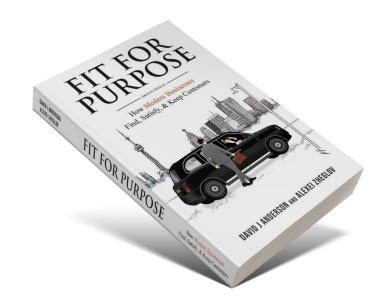
FRAMEWORK

RELEASE 3

DAVID J. ANDERSON · ALEXEI ZHEGLOV







METRICS

HAVE YOU GATHERED REAL CUSTOMER FEEDBACK? DO YOU HAVE ACCESS TO REAL DATA?

TO ESTABLISH YOUR KPI, USE:

- 1. Collected data 2. Known feedback from your customers
- 3. Demand and capability analysis
- 4. Market research 5. Information from beta testing

TO ESTABLISH YOUR KPI, **USE EXISTING FITNESS CRITERIA:**

- 2. Convenience 3. Affordability 4. Safety & Conformance
- 5. Quality 6. Optionality

1. Time to market

OVERSERVING Exceptional performance threshold that would be differentiating and perhaps an enabler for market disruption. Fitness Criteria · KPIs Fitness Criteria have **THRESHOLDS** 븝 Minimum thresholds below which the product or service is unfit-for-purpose.

METRIC TYPE

LAGGING INDICATOR

Reported after fact, e.g. Lead Time

HEALTH INDICATORS

FITNESS CRITERIA * KPI



Have a guide range but no ideal value, threshold or target.

Can be allowed to vary within a defined healthy range without intervention.

Many of the metrics you are already tracking are more likely to be general health indicators than KPIs.



Have a target value to be achieved over time.

When a target is reached, consider deprecating the metric or changing it to a health indicator and establishing the healthy range.

LEADING INDICATOR

Can be instantly measured e.g. WIP

Predicts good or bad future outcomes, e.g. shorter or longer

It is most interesting to monitor changes (detect deltas) e.g. rising

Example: weight and blood pressure for humans; it is changes that matter most and are most indicative.

LEADING INDICATOR

They have a relationship to a fitness criteria

an improvement in the fitness criteria

If we hit the target for the improvement driver, we expect to see

VANITY METRICS



are addictive; more is always better

Often are mistaken for one of the three useful types.

Have no meaningful impact on decision making but serve a "feel good" purpose.

Generally reflect some cultural, social, or psychological issues that should be addressed first in order to remove the pressure to track the metric.

LEADING OR LAGGING INDICATOR

They do not align to survival or success

They are "feel good" metrics related to identity

OKRs

Improved Objectives & Key Results using Fit-for-Purpose metrics

F4P helps enable better, higher maturity use of OKRs.

The use of F4P Metrics enables the definition of "strong" key results.

The progress towards OKRs should be tracked and reported regularly. Create feedback loops using meetings & reviews such as the Kanban Cadences of Operations Review, Strategy Review, & Service Delivery Review.

F4P provides input on market segmentation on a strategy review, where you set top 5 OKRs.

Fitness criteria and their thresholds, improvement drivers and their targets, health indicators and their ranges make defining good OKRs easier and more effective. They make OKRs more

F4P Framework helps to frame OKR stretch goals in more realistic and motivational terms: exceptional performance thresholds for fitness criteria. These potentially disruptive and differentiating levels of capability may enable new market segments or redefine markets.

6 TRAPS OR MISTAKES IN WRITING OKR	HOW FIT-FOR-PURPOSE CAN HELP
Failing to differentiate between committed and aspirational OKRs	F4P Framework helps to make market segmentation and target vs non-target segments explicit.
Business-as-usual OKRs	F4P focuses everything around the customer and a market segmentation based on customers' purposes.
Timid aspirational OKRs	F4P makes customers' needs explicit and their acceptable and exceptional threshold limits explicit.
Sandbagging	Although F4P cannot help here, the Kanban Method can support transparency, capacity allocation and demand-capability balance.
Low value Objectives (aka "Who cares?")	F4P makes the value of an opportunity more explicit and transparent. It also helps understand the value of an improvement.
Insufficient Key Results for committed Objectives	F4P makes explicit what the fitness criteria for each market segment are, along with thresholds levels to satisfy them.