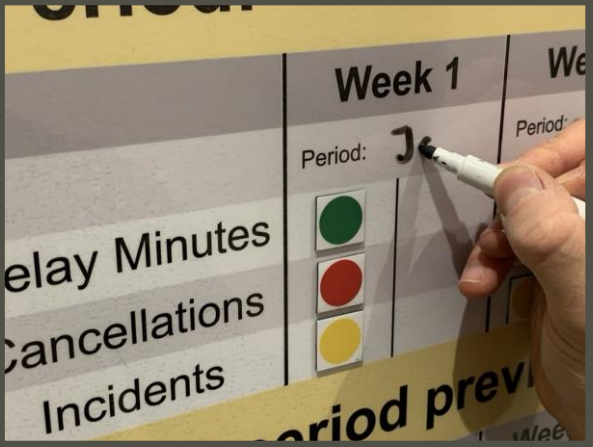


Establishing KPIs



Establishing KPIs

Using the case of Larin cookie factory, look at the process using the SIPOC diagram and determine in teams the KPI that should be implemented to track performance and support the customer (external and internal) requirements.

•**The process:** Chocolate chip cookie manufacturing process.

•**The process steps:**

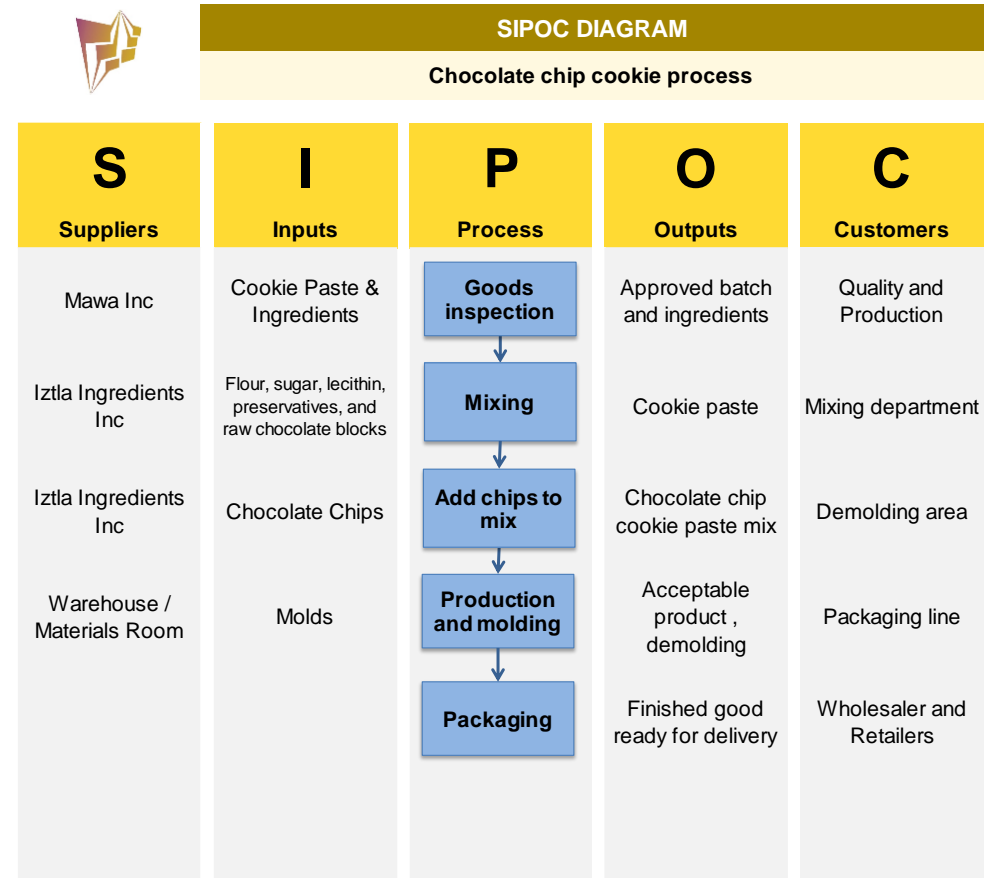
- Input goods inspection
- Meltdown chocolate blocks in warmers
- Add ingredients into the cookie paste
- Molding verification
- Cookie line production and packing

•**The Outputs:**

- Approved batches of cookie blocks and ingredients
- Cookie paste
- Chocolate chips
- Acceptable chocolate chips
- Packaged chocolate chip cookie

•**The Customers:**

- Wholesalers and Retailers.



Establishing KPIs

- Use the KPI definition worksheet

KPI DEFINITION WORKSHEET

What business problem are we trying to solve?

How often (Reporting Period:

Daily	Monthly	Quarterly	Yearly

What is the desire outcome ?

When?

Measurement Information is:

Currently Available	
Available with minor changes	
Not Available	

How will we measure the results?

Measurement formula:

Indicator (or measure)	UOM	Success Criteria	Data elements and sources:
1			
2			
3			
4			

Is this a leading or lagging indicator?

Lagging

Leading

Does the KPI predict the desired result?

YES

NO

Is the KPI in between our control?

YES

NO

Can we Influence the KPI?

YES

NO

Source for and approach to setting targets

Responsible for Target-Setting:

Accountability for Meeting Target:



KPI DEFINITION WORKSHEET

What business problem are we trying to solve?
 Measure process performance
 Provide customer with product that complies with their specifications

How often (Reporting Period):

Daily	Monthly	Quarterly	Yearly
	x		

What is the desired outcome ?
 Approve supplier inbound inspections
 Acceptable throughput
 Acceptable finished goods

When?
 Receiving
 Mixing process
 Packaging

Measurement Information is:

Currently Available	
Available with minor changes	xx
Not Available	xx

How will we measure the results?
 Supplier raw materials specifications
 Cookies per hour or per shift
 Finished product quality checks

Measurement formula:
 Approved / Not approved in sampling at receiving
 units per hour and kg per hour at the mixer
 Net weight per sampled units and specification compliance

Indicator (or measure)	UOM
1 specification	n/a
2 volume and units	kg/hr
3 specification	n/a
4	

Success Criteria
 Develop quality specs for each raw material
 124 kg/hr and 1,200 units/hr molded
 Develop quality specs for each finished product

Data elements and sources:
 SOP for inspection and QA specifications
 Production report, hourly equipment check
 SOP for finished product inspection and QA specifications

- Is this a leading or lagging indicator?
 Lagging
 Leading
- Does the KPI predict the desired result?
 YES
 NO
- Is the KPI in between our control?
 YES
 NO
- Can we influence the KPI?
 YES
 NO

Source for and approach to setting targets
 Customer demand
 Production planning requirements

Responsible for Target-Setting:
 Joanh Vilos

Accountability for Meeting Target:
 Peter Ho