
Continuous Process Improvement: Defining Effective ITIL Key Performance Indicators

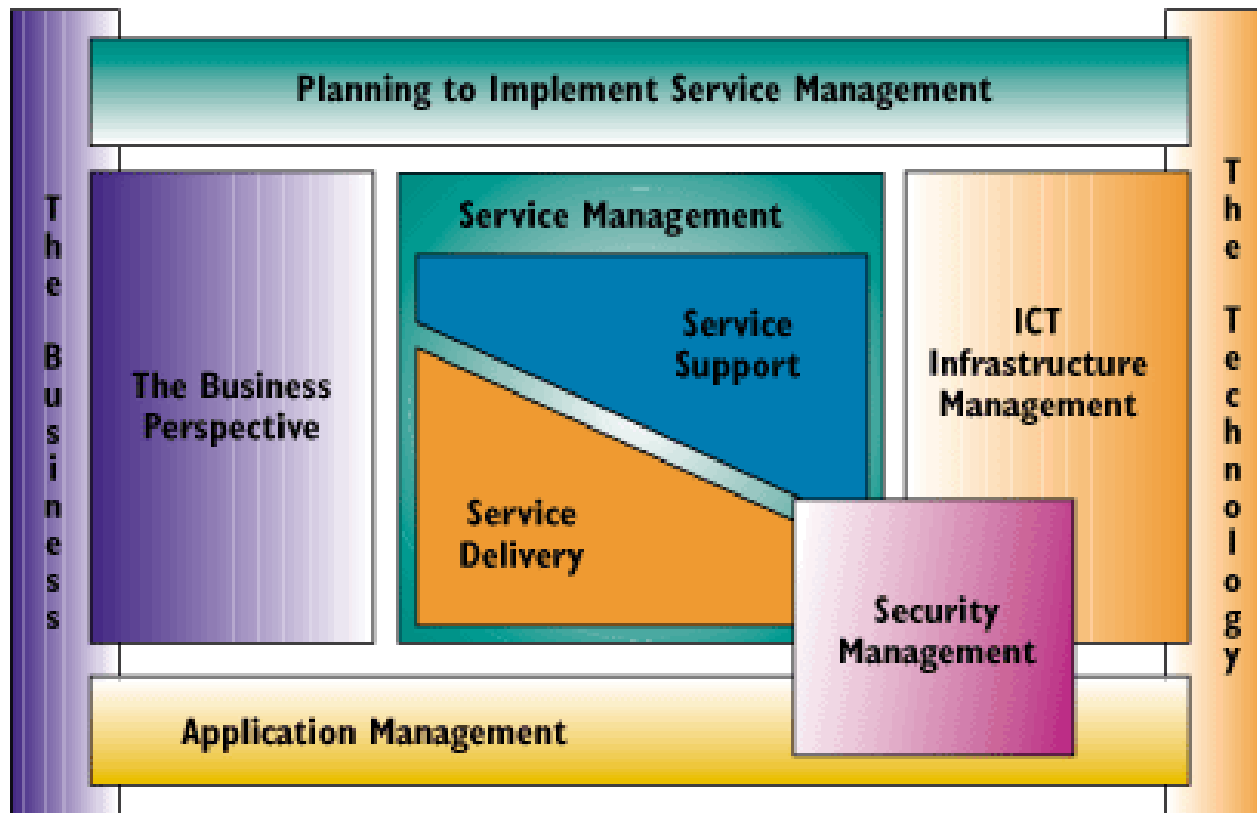
Webinar March 13, 2007

Agenda

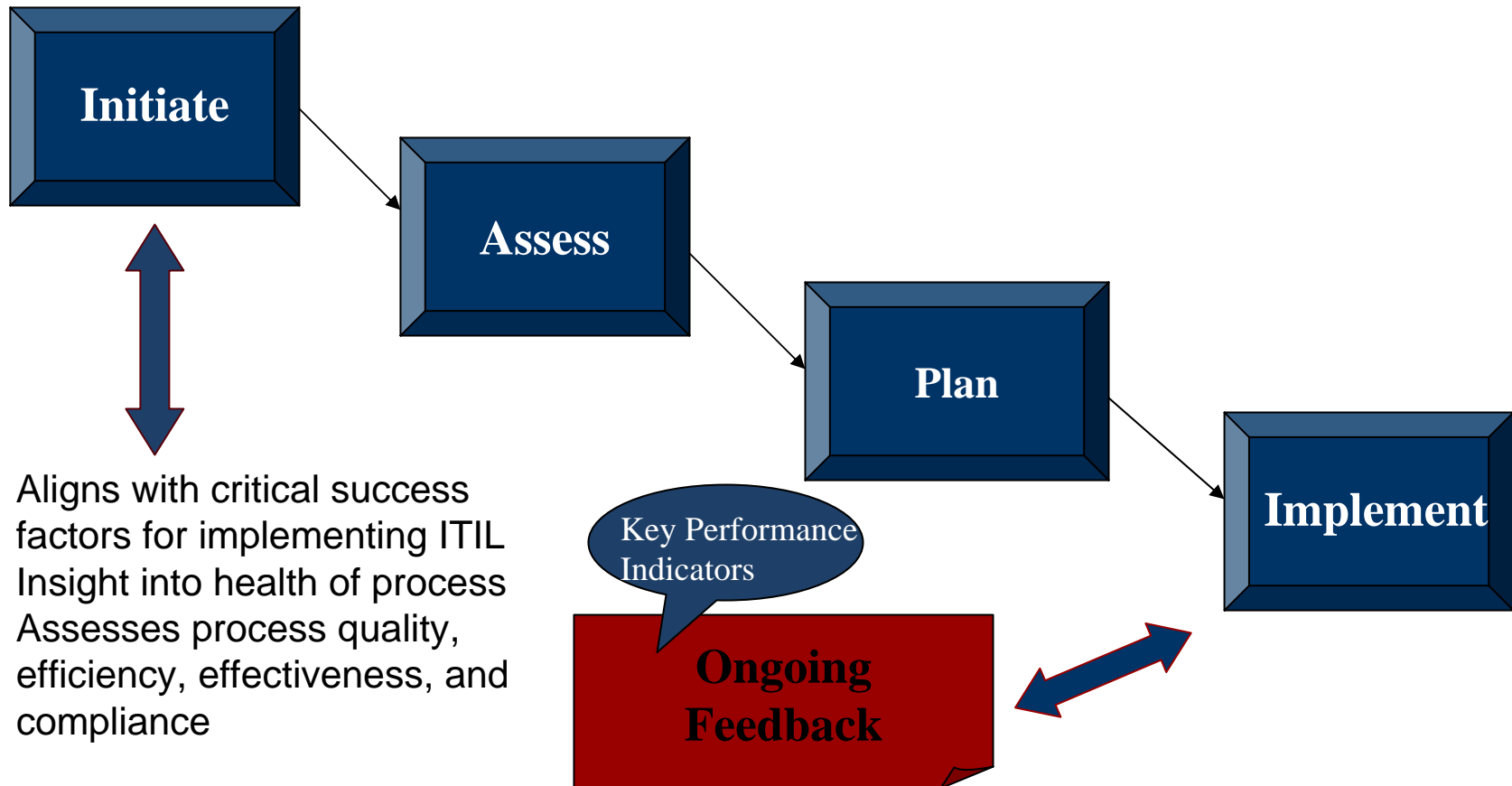
- Role and Importance of Measurement in ITIL
- Basic Measurement Definition
- Measurement Architecture
- Measurement Value Chain
- Sample ITIL Key Performance Indicators
- Measurement and Planning Workshops

Role and Importance of Measurement in ITIL

ITIL Architecture



Role of Measurement in ITIL



ITIL Measurement

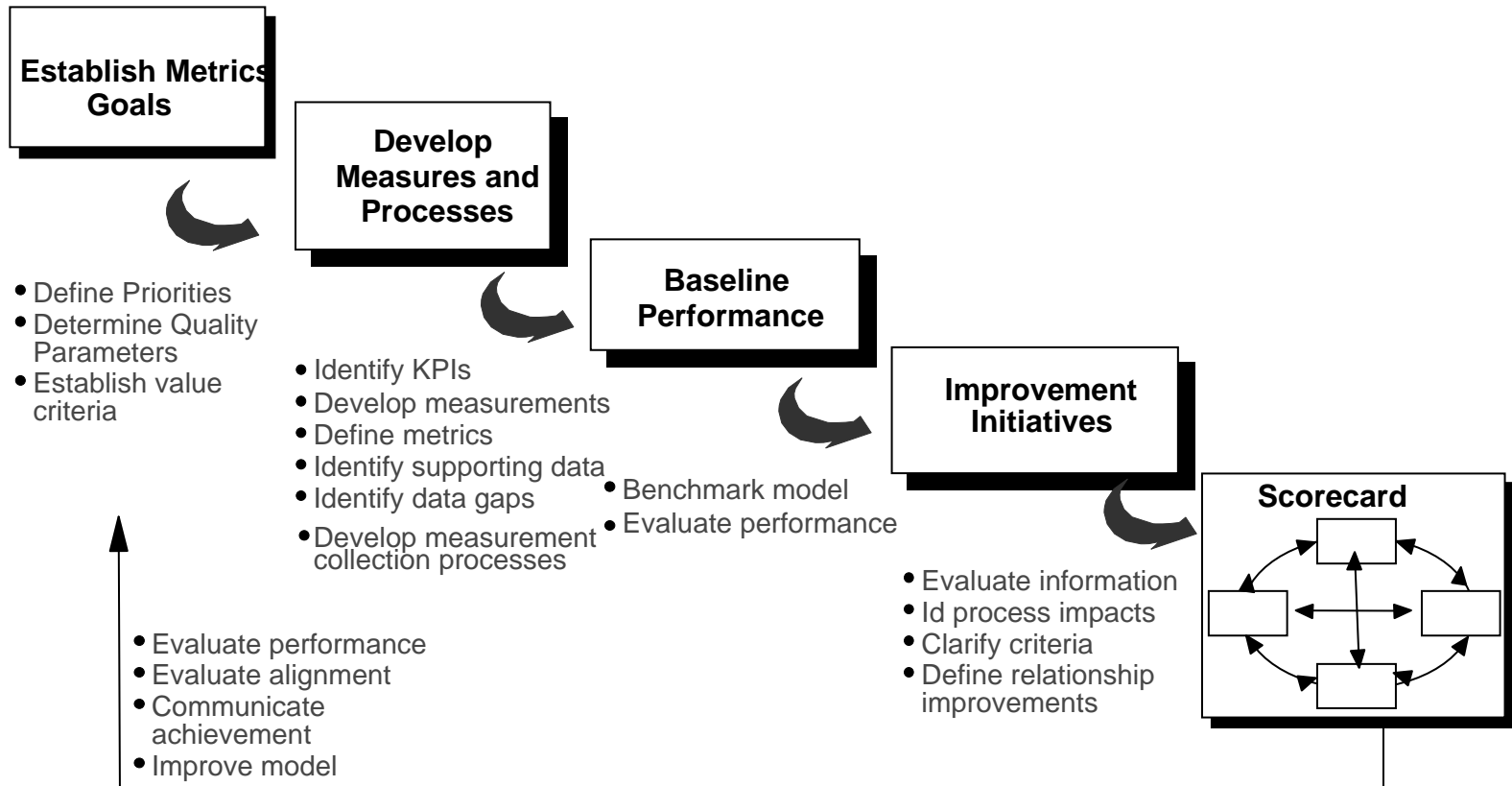
The structured application of measurement and analysis to enable a company to identify, standardize, improve and leverage their IT services through understanding of Quality Parameters And Key Performance Indicators.

Why Measure?

- “When you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot measure it, when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind.” - Lord Kelvin
- “The very act of measurement tends to focus attention” – anonymous
- “The proper use of knowledge is action” – anonymous
- “Measurement is not the goal. The goal is improvement, through measurement, analysis, and feedback.” - Michael Daskalantonakis, Motorola

Basic Measurement Definition

A Measurement Model



The Baseline Process Can Be Used To Develop And Refine Data Collection Processes.

Measurements Deliver

- Insight
- Organizational Focus
- Gauge Of Progress Toward Commitments, Goals, And Objectives
- Basis For Detecting Deviations From Desired Performance
- Facility To Identify Trends
- Diagnostic Tools

Guides to Establishing a Metrics Set

- Measurements Should Directly Support Organizational Goals
- View Measurements As A Scorecard
- Measurements Should Be Focused On Results Of Processes, Not On Individual Performance
- Start With Results Measurements
- The Measurement Set Must Be Consistent

... guides (continued)

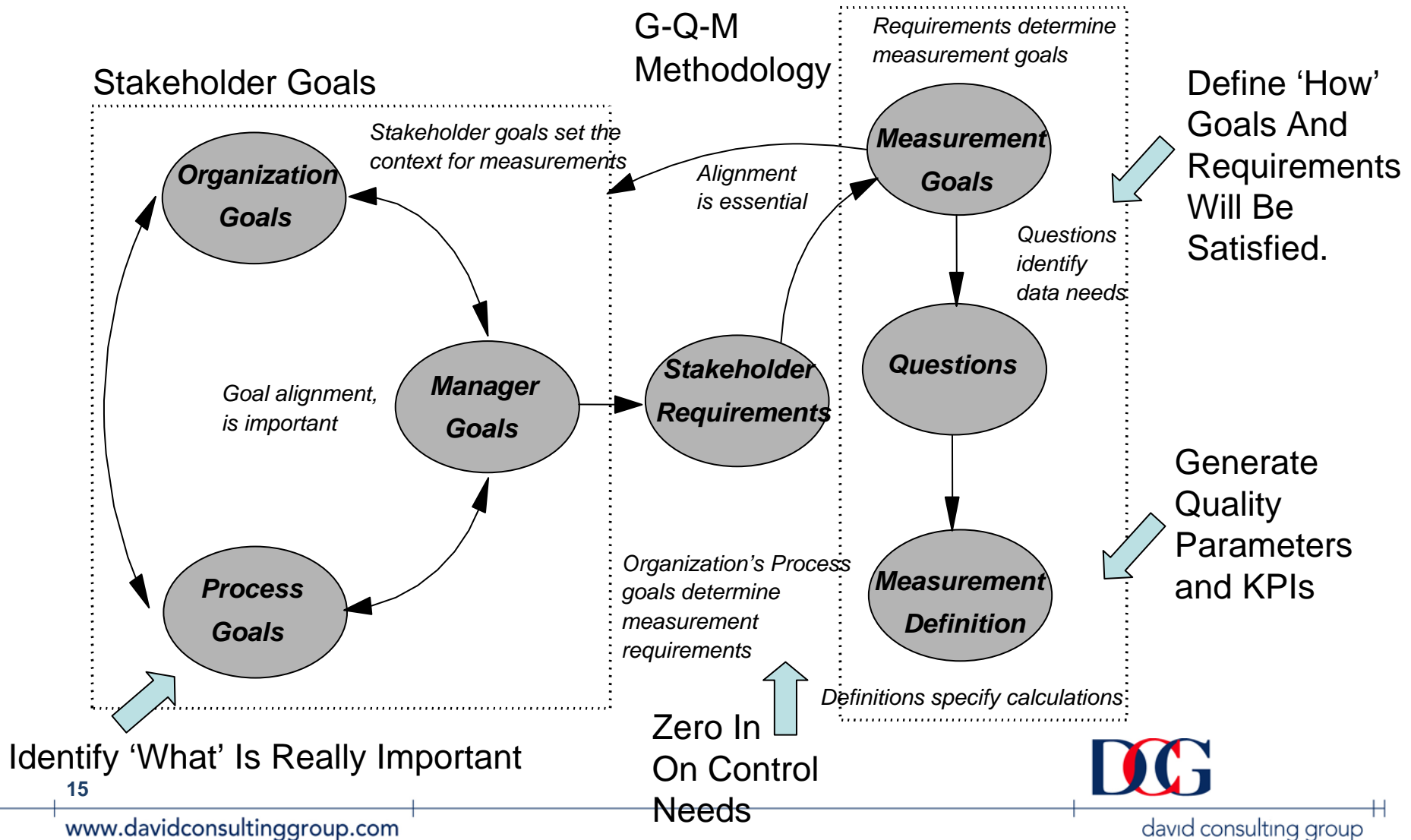
- The Measurement Set Should Be Balanced
- To Help Measurements Pass Into Use:
 - Be Sure That Data Is Accessible for Measurement
 - Change Reward, Incentive, And Compensation Systems to Reflect the New Measures
 - Prepare Management To Use The Measurements
- Good Measurements Help Motivate Desired Behaviour

Information Needs Create A Filter

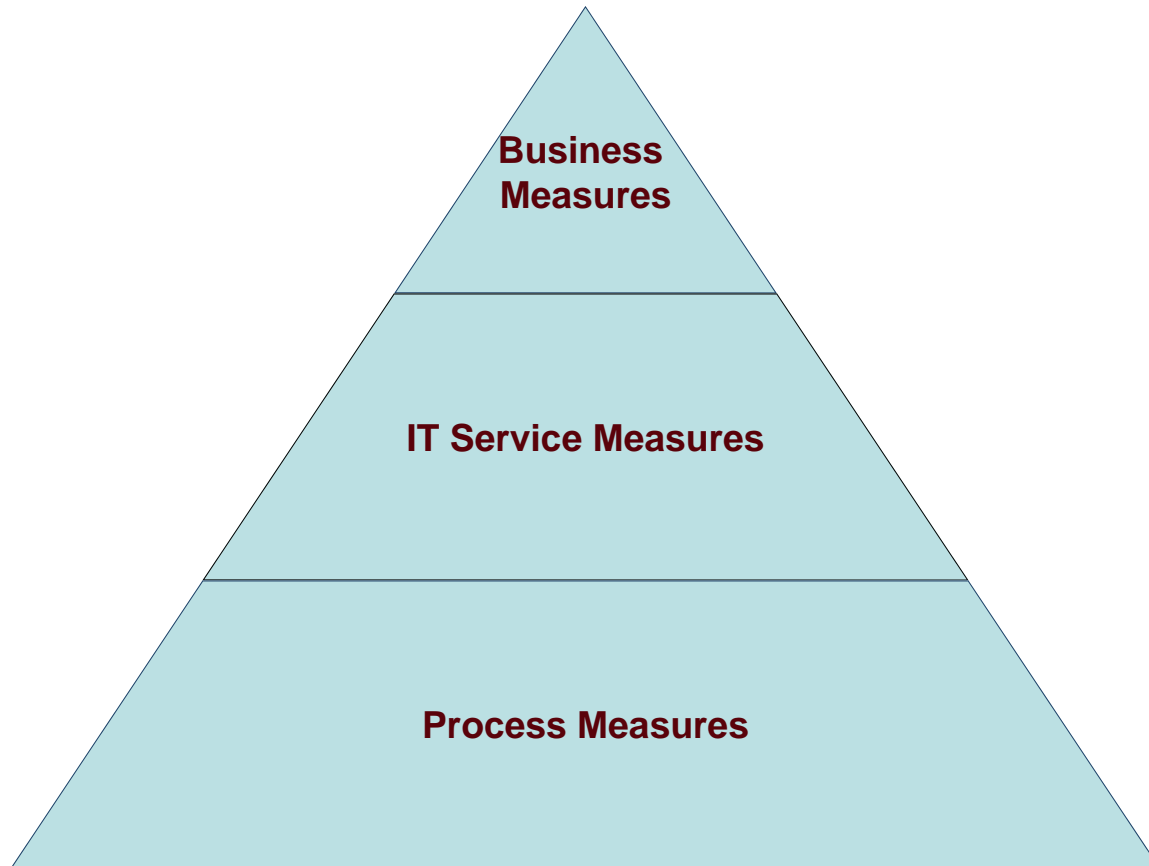
- Process Control Or Monitoring
 - Process, Sub-Process Or Enabler
 - Drive or Control Behavior
- Individual v Collaborative Data Collection
 - Who Will Collect, Warehouse And Validate The Data?

Defining ITIL Metrics and Key Performance Indicators Leveraging a Measurement Architecture

Define Goals and Measures



Measurement Hierarchy



Collecting Value Added Metrics

- Challenge:
 - Measurement Overload – so many measures that the information provided is not seen as important
 - Measurement Overhead – so many measures that there is significant overhead in collecting and analyzing
- Solution:
 - Define and refine measures to include those that provide value and insight
 - Leverage any existing measurement collection methodologies and tools

Defining Measures - Example

Type of Measure	Definition	Goal
Business (Airline)	Percentage of customers who purchase airline tickets online	Reduce costs of customer service representatives by 10% or \$20M annually
IT Service	Web-based ticket purchase service availability of 99.999%	Supports business measure to ensure service is available to customers to reduce phone calls to customer service reps
Process – Service Level Management (and Availability Management)	Percentage of time that the SLA for web-based ticket service availability is achieved; trends on meeting SLA	Supports IT Service measure and provides insight on improvements or issues with meeting SLA

Attributes of Good Process Measurements

- Measure The Full Process
 - or -
- A Specific Discrete Portion (Sub-Process)
- Measure What Is Important
- Valid for What Is Being Assessed
- Satisfies the Intended Objective
- Provides Reliable Data

Metrics Attributes (Continued)

- Consistent And Repeatable
- Easily Understood By All Audiences
- Points Toward Viable Improvement Actions
- Has An Owner

(Responsible For Definition And Interpretation)

- **USEABLE**

Sample Key Performance Indicators

Process	Goal (Critical Success Factor)	Measure Definition	Measurement Architecture
Service Level Management	Improve ability to track and meet service levels agreed to with client	Percentage increase or decrease in meeting service level targets	Tracked through Incident Management and reported monthly
Change Management	Reduce incidents caused by unauthorized changes	Percentage reduction in the number of incidents resulting from unauthorized changes	Tracked through Incident Management and Change Management and reported monthly

Important Considerations

- Foundation Systems Are Important
- Collect Data Close To Its Source
- Measurements Should Be A Natural By-product Of Work
- Actual Use Is The Fastest Way To Identify Inaccuracies And Get Them Corrected
- Those Who Provide Data Should:
 - Verify The Accuracy Of Assembled Measurements
 - Use The Data To Improve Their Process Or Operation

... Important Considerations (continued)

- Begin Measurement On A Manual Basis To Work Out The Kinks
- Use Pilot Programs To Work Out The Difficulties Of Problem Areas
- Avoid Collection Of Data Which Is Not Used
- People Determine Measurement Success

Why Measure, Reprise

The principal benefit of a metrics program is improved *control* of the project; metrics furnish an overview of progress against plan, provide early warning of problem situations, and enable management to take corrective action.

George H. Wedberg, *Pro-Active Metrics*, *Crosstalk* 8/98

Next Steps: Where are you?

- ITIL in progress
 - Internal discussion on measurement requirements
 - Evaluate CAI/DCG ITIL KPIs Facilitated Workshop
- ITIL in planning
 - Internal discussion on pilot ITIL implementation
 - Evaluate CAI/DCG ITIL Roadmap Planning Workshop

Next Steps: ITIL KPIs – Facilitated Workshop

- Workshop Objective: Define ITIL measures that align to organizational objectives and provide valuable information and insight
- Approach:
 - 2-4 Hour facilitated workshop, on-site
 - Walk through the GQM methodology for your organization
- Materials and Outputs:
 - Tools and templates provided to derive ITIL measures
 - Defined Measures for IT Services and Processes
 - Sample Measurement Architecture to collect and report on measures
 - Implementation approach and next steps for moving forward

Next Steps: ITIL Roadmap Planning – Facilitated Workshop

- Workshop Objective: Define ITIL Roadmap for a pilot ITIL implementation
- Approach:
 - Two 2-4 Hour facilitated workshops, on-site, over 2 business days
 - Walk through the ITIL Framework for your organization
 - Facilitate selection of a “high-return” priority area of improvement opportunity within your Data Center
- Materials and Outputs:
 - Project planning template provided for sample ITIL project
 - Implementation approach and next steps for moving forward

Q & A

**Please submit your questions
on-line, we will try to answer all
we can in the time allotted.**

CAI / DCG Overview

- **CAI Sponsors the IT Metrics Productivity Institute where DCG is a frequent Speaker**
 - Clearinghouse repository of best practices: www.itmpi.org
 - Weekly educational newsletter: www.itmpi.org/subscribe
 - Software Best Practices Conferences around the world: www.itmpi.org/events
 - Mar. 14 - Tallahassee, FL
 - Mar. 29 - Washington, DC
 - Apr. 17 - Tampa, FL
 - Apr. 19 - Rochester, NY
 - Apr. 26 - Princeton, NJ (DCG)
 - May 3 - Pittsburgh, PA (DCG)
 - May 10 - Toronto, ON (DCG)
 - May 17 - Houston, TX
 - May 22 - Shanghai, China
 - May 24 - Baltimore, MD (DCG)
 - June 7 - Albany, NY (DCG)
 - June 14 - Jersey City, NJ
 - Aug. 28 - San Antonio, TX (DCG)
 - Sept. 11 - Toronto, ON
 - Sept. 13 - Atlanta, GA (DCG)
 - Sept. 18 - New York, NY
 - Sept. 27 - London, UK
 - Oct. 4 - Washington, DC (DCG)
 - Oct. 11 - Detroit, MI (DCG)
 - Oct. 16 - Jacksonville, FL (DCG)
 - Oct. 18 - Chicago, IL (DCG)
 - Oct. 23 - Minneapolis, MN
 - Nov. 1 - New York, NY
 - Nov. 8 - Albany, NY
 - Nov. 13 - Ft. Lauderdale, FL
 - Nov. 15 - Austin, TX
 - Nov. 29 - Philadelphia, PA (DCG)

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