

# “PERFORMANCE METRICS – A DOMINANT X-RAY FACTOR FOR CORPORATE COMPETITIVENESS”

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**Abstract:** World is passing through a business turmoil and turbulence. Corporate sectors are trying to find out genuinely ways and means to unfold newer dimensions and usher-in fresh lights of competitiveness. In this age of turbulence and upheaval, a most dominant and infallible tool of performance metrics, requires to be resorted to for harnessing the corporate competitiveness.

Corporate sectors have to aim at big pictures-bigger canvas- in this chaotic business turbulence scenario. And this requires ‘performance metrics’ and ‘performance measurement’ for assessing company’s strategy and the efficiency of its operating processes as well as ‘evolvability’, making essential changes for addressing shortfalls, wants and other constraints. Metrics, specific performance metrics, and leading indicators (forward-looking) are essential requirements. Herein, we should understand clearly the ‘metrics’, as per Lord Kelvin (William Thomson). In simple term “metric is a measuring system that quantifies a trend, dynamic, or characteristics”. In reality, “metrics is – you are what you measure.” Metrics explain phenomena, diagnose causes, share findings, projects the results of future trends, and it make it possible to compare observation across regions and time-periods, facilitating holistic understanding of the problem.

Performance metrics are specific indicators for specific study. In the present paper the indicators used are: ‘Critical Success Factors (CSFs) and ‘Key Performance Indicators (KPI). Simply a CSF is a key activity needed to achieve a given strategic objective and is a broader term. Organisations should identify the handful of CSFs that comprises every strategic objective. At the same time a KPI is a measure reflecting how a corporate sector is doing in a specific aspect of its performance and is one representation (corollary) of CSF.

A Performance Metrics (PM) gives executives and managers a comprehensive, high-level view of their organizations performance an understanding of how the company’s different parts work together to produce business results. Comparing targeted and actual performances appears very simple, but in a changed economic stage from normalcy (or normality) to turbulence makes it really turbulent like natural havocs, in the form of hurricanes, tornadoes, cyclones or tsunamis.

In these business scenarios, some of the great corporates like Infosys, Wipro, TCS, IBM, Zensar etc. have been chosen out of studied ten ITES companies. The techniques applied are empirical (questionnaires) and qualitative (interviews) etc. from a research programme. Herein, out of the various performance metrics (PMs), Performance Appraisal system and promotional aspects have been chosen, studied and analysed. Performance Metrics, marketing metrics and financial metrics alongwith ‘dashboards’ provide depth of marketing understanding concerning the business upheaval. A dashboards or cockpit is possibly the simplest type of PM system, combines the corporate various metrics, targets and performance data or printed document (such as a spreadsheet). A dashboard enables executives and managers to easily digest the company’s aggregated performance data. All these metrics also work as “ traffic lights’, coding system, which indicates ‘red’ light as below target yellow

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*slightly below; and green at or above target. The above all parameters are termed as “X-rays” factors and are collection of metrics for management as important indicators of business health.*

*In the present paper some live case studies of selected ITES companies have been taken and their performance metrics have been found out based on empirical as well as qualitative analysis. The study is the outcome of a research done by a researcher under the author. As is well known, most companies operate on the assumption of a built-in-self-restoring equilibrium. But every corporate sector should create a system that would ensure / insure against risk and respond to uncertainty. A ‘hyperinnovation’ dimension solves the business problems arising out of a wave of turbulence, uncertainty and complexities – the more the novel ideas the higher is the pre-ponderance of complexities.*

**Keywords:** Key Performance Indicator, Critical Success Factor, Hyper Innovation, Performance Metrics, ITES Companies.

## **Introduction**

World is passing through a business turbulence scenario. Corporate sectors are trying to find out genuinely ways and means to unfold newer dimensions and usher-in fresh lights of competitiveness. In this age of turbulence and upheaval, a most dominant and infallible tool of performance metrics, requires to be resorted to for harnessing the corporate competitiveness.

Corporate sectors should aim at big pictures-bigger canvas- in this chaotic business turbulence scenario. And this requires 'performance metrics' and 'performance measurement' for assessing company's strategy and the efficiency of its operating processes as well as 'evolvability', making essential changes for addressing shortfalls, wants and other constraints. Metrics, specific performance metrics, and leading indicators (forward-looking) are essential requirements. Herein, we should understand clearly the 'metrics', as per Lord Kelvin (William Thomson). In simple term "metric is a measuring system that quantifies a trend, dynamic, or characteristics". In reality, "metrics is – you are what you measure." Metrics explain phenomena, diagnose causes, share findings, projects the results of future trends, and it make it possible to compare observation across regions and time-periods, facilitating holistic understanding of the problem.

People are an organisation's greatest assets and organisations have learned about the importance of the role of people in an organisation, for the success of an organisation. The role of human resource is absolutely critical in improving performance in an organisation. Ultimately, it is the performance of many individuals that culminates into organisational excellence. Armstrong (1994) says that the aims of performance management and human resources management are similar, viz. to achieve sustained improved performance of organisations.

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A Performance Metrics (PM) gives executives and managers a comprehensive, high-level view of their organizations performance as well as an understanding of how the company's different sections work together to produce business results. Comparing targeted and actual performances appears very simple, but in a changed economic scenario from normalcy (or

normality) to turbulence makes it really turbulent like natural havocs, in the form of hurricanes, tornadoes, cyclones or tsunamis.

In these business scenarios, some of the great corporates like Infosys, Wipro, TCS, IBM, Zensar etc. have been chosen out of studied ten ITES companies. The techniques applied are empirical (questionnaires) and qualitative (interviews) etc. from a research programme. Herein, out of the various performance metrics (PMs), Performance Appraisal system and promotional aspects have been chosen, studied and analysed. Performance Metrics, marketing metrics and financial metrics along with 'dashboards' provide depth of marketing understanding concerning the business upheaval. A dashboards or cockpit is possibly the simplest type of PM system, combines the corporate various metrics, targets and performance data or printed document (such as a spreadsheet). A dashboard enables executives and managers to easily digest the company's aggregated performance data. All these metrics also work as " traffic lights", coding system, which indicates 'red' light as below target yellow slightly below; and green at or above target. The above all parameters are termed as "X-rays" factors and are collection of metrics for management as important indicators of business health.

The study is the outcome of a research done by a researcher under the author. As is well known, most companies operate on the assumption of a built-in-self-restoring equilibrium. But every corporate sector should create a system that would ensure / insure against risk and respond to uncertainty. A 'hyper-innovation' dimension solves the business problems arising out of a wave of turbulence, uncertainty and complexities – the more the novel ideas the higher is the pre-ponderance of complexities.

In the present paper some live case studies of selected ITES companies have been taken and their performance metrics have been found out based on empirical as well as qualitative analysis. It will be observed that in the present paper, performance appreciation through various means of rewards and promotions has been attempted and analysed. By using techniques like performance HR metrics, overall performance of the selected organisations has also been eventually evaluated.

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## New Age of corporate Business turbulence

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The recent economic recession obtaining word over has ushered in a new age of Business turbulence. This also called as financial meltdown which started since 2008. The Renounced management Guru, Peter F. Drucker retorted in early 199

“In turbulent time’s enterprise has to be managed both to withstand sudden blows and to avail itself of sudden unexpected opportunities. This means that in turbulent times the fundamentals have to be managed, and managed well.”

Turbulence is occurring at a blistering pace, leaving many businesses unprepared and vulnerable to the chaos it brings entering this era is time of tremendous turbulence as well as opportunity. The companies cannot avoid turbulence but has to navigate through it. They have to device a built in self restoring equilibrium system. Thus, we observed that turbulence has to major effects. One is vulnerability, against which companies need defensive armour. The other is opportunities, which needs to be exploited. Bad times are bad for many and good for some.

If we are correct companies need a chaotic system for dealing with uncertainties. So the businesses must now develop the skills, the systems, the processes and the disciplines to quickly detect and predict turbulence in their environment and identify the vulnerabilities and opportunities that comes from consequent chaos-and the business enterprise must respond wisely and deliberately and with strong resolve. Now, as we observe that what is needed is a new strategic framework for operating in the face of unpredictable turbulence.

In order to thrive in the age of unpredictable turbulence business enterprise sustainability can be achieved in the following way, (Philip Kotler and John A. Caslione (2009).

- a) The Chaotic Model Study
- b) Designing Management Systems for Resilience
- c) Designing Marketing Systems for Resilience

Above mentioned points can be elaborated as follow:

The ultimate goal of all business leaders is to create a viable, vibrant, growing and profitable company that can sustain itself for the benefit of all of its stakeholders. Organisations

progress through the work of chaotic, the goal is to attain a high level of Business Enterprise Sustainability for the company. To do so, the company needs to exploit the opportunities created by chaos and seen at the chaos inflection points and take the necessary protective measures to minimise potential damage by company's exposed vulnerabilities. (Refer Fig. 1).

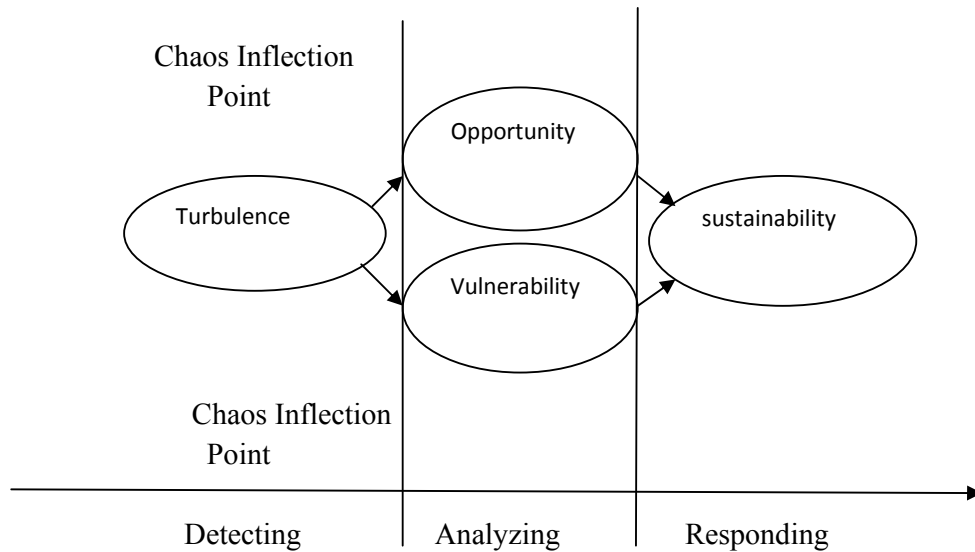


Fig.1 from Turbulence to sustainability

Designing Management System is about organisations behaviour that are responsive, robust and resilient. Each management function in the organisation needs to distinguish between what it can cut or delay, what it can outsource and what it can increase or accelerate to improve its short-term and long-term performance.

Designing marketing system for resilience can help the companies to enhance marketing proficiency, which will take these companies to lay the ground for a stronger and longer future.

### Manifestations of Innovations

Information Technology (IT) is used to in order to become more efficient, faster and perform with precision. With the advent internet and convergence, the role of the computer and communication has assumed greater importance. IT can facilitate the innovation of customer experience, internal business processes and the business model. Creativity is important for addressing cost, customer experience and competitive challenges through computers and communication technology (Govindrajan Vijay, Chris Trimble (2007)).

Services of most IT companies, barring a few market leaders (who still focus on hard-ware manufacturing), constitute a major part of their business. IT companies chose one or more of the services value chain as their offering, starting from skill staffing, software development, product development, implementation and package selection and consulting services.

Performance appraisal system should be designed as a tool for encouragement of the knowledge sharing behaviours. In the present chapter different perspectives of knowledge management have also been covered.

### **IT Services offering Innovation**

IT services are all too focused on technology intervention and the measure of success in business terms rarely exists. Indicators of IT products offering success should be linked with increased value, reduced cost and increased business effectiveness through customer delight (Dubey, 2009). Typically information technology products and services are offered in the following areas:

1. IT Consulting
2. System architecture, design and delivery
3. Enterprise application integration
4. Applications management
5. System engineering and technical problem – solving assistance
6. Functional process outsourcing

The innovation perspective would be to link the end business performance with any or many of these services. The IT services need to blend other problem solving tools and techniques while creating IT systems and integrate.

### **Hyper Innovation**

The principle of Hyper Innovation depends primarily on the degree of novelty multiplied by complexity – the higher the uncertainty the longer the relative cycle time. Herein, degree of novelty and complexities defines the degree of uncertainty and uncertainty defines the relative timing factors involved in introduction. There are various ways and means of finding complexity and measuring novelty. A possible hyper innovation equation can be given as below:

$$Ct = Y \alpha N * D \dots \dots \dots (1)$$

Where, (Ct) = Cycle time

(Y) = Uncertainty

(N) = Novelty

(Dn) = Complexity

There are various ways and means to measure Ct, Dn, and N, which will determine the degree of Y i.e. Uncertainty (Michael L. George, 2005).

### **Disruptive Innovation Technology**

The term 'disruptive technology' was first coined by Christensen, C. M. (1995). Christensen eventually replaced the term disruptive technology by disruptive innovation after realising that the technologies are intrinsically disruptive in character. The Fast Innovation nowadays talked about is primarily due to disruptive technology / innovation. Disruptive technology helps in tackling the chaotic business situations.

Christensen and Overdorf, 2000, defines Disruptive Innovation as 'innovations that create an entirely new market by introducing new product or service that mainstream customers initially see as worse and no company has a routine for handling them.'

### **Dashboards:**

Dashboard or cockpits possibly combines the company's numerous metrics and targets and performance data into one online or printed document (such as spread sheet that is prepared monthly, quarterly on some other schedule).

Dashboard enables executives and managers to easily digest the company's aggregate performance data; in addition many dashboards use a traffic light coding system to evaluate performance on each metric enabling managers/leaders to spot and address problems promptly. For e.g. red: indicates performance that is significantly below target yellow indicates slightly below and green: indicates at and above target.

### **X-ray Metrics Factor**

Metrics can serve as leading indicators of problems, opportunities and future financial performance. Just as X-rays (now MRIs) are designed to provide deeper views of our body metrics can show problems and opportunities that would otherwise be missed (Paul W. Farris, 2006).

Metrics has to be necessary, precise and consistent and sufficient for review purposes, for measurement. In the present study, with the help of X-ray metrics factor two metrics i.e. performance metrics and financial performance metrics have been formulated.

- **Key Performance Indicators (KPIs):** It is a measure of reflecting how an organisation is doing in a specific aspect of its performance.

- **Critical Success Factors (CSFs):** It is a broader term and it's a key activity needed to achieve the given strategic objectives of the organisation. A KPI is one representation of CSF.

### **Performance HR Metrics**

A Metric is measuring system that quantifies a trend, dynamic, or characteristic. In the present study performance HR metrics for selected ITES companies has been formulated with some common traits and key performance indicators like, customer satisfaction, talent retention, training and development, interchangeability / flexibility, acceptance of change, feedback/follow-up, and performance based rewards/ incentives, crisis management, and innovative approach.

### **Objectives:**

1. To evaluate the performance of the selected ITES companies with the help of Performance Metrics.
2. To draw the necessary findings in the light of the data analysed and interpreted.

### **Case Studies:**

In the present paper the selected ITES (Information Technology Enabled Services) Companies from Pune region namely ZS Associates Ltd., Tata Consultancy Services (TCS), Infosys, IBM, Patni, Zensar, Wipro, Cognizant have been taken for study. Performance Metrics for the selected ITES companies has been formulated with the certain Key Performance Indicators (KPIs) and certain common traits like customer satisfaction, talent retention, training and development, feedback/ follow up method, performance based rewards / incentives, crisis management, innovative approach and acceptance of change. The data required for this purpose has been extracted through well-structured questionnaires and direct interview with the officials working at the top management level of the respective companies.

### **Performance HR Metrics of the selected ITES Companies:**

Performance Metrics for the selected ITES companies has been formulated with the following Key Performance Indicators (KPIs) and certain common traits:

**Table 1: Performance HR Metrics of the Selected ITES Companies**

Key Performance Indicators (KPIs)	ZS	Infosys	TCS	IBM	Patni	Zensar	Wipro	Cognizant	Remark
Customer Satisfaction	75%	65%	60%	73%	50%	55%	63%	60%	Secondary sources
Talent retention	92%	89%	88%	85%	77%	80%	80%	89%	Secondary sources
Training & Development	95%	90%	85%	85%	75%	85%	85%	90%	Qualitative Analysis
Interchangeability/ Flexibility	90%	80%	80%	80%	70%	75%	75%	75%	Qualitative Analysis
Feedback/ follow-up	50%	32%	40%	40%	70%	50%	40%	50%	Empirical Study
Crisis Management	90%	90%	90%	90%	70%	85%	85%	90%	Qualitative Analysis
Performance based Reward/ Incentives	30%	50%	30%	25%	25%	35%	25%	32%	Empirical Study
Innovative approach	90%	95%	90%	95%	70%	90%	90%	90%	Qualitative Analysis
Acceptance of change	95%	95%	90%	95%	70%	80%	80%	90%	Qualitative Analysis

**Analysis of Performance Appraisal System of the selected ITES companies**

- Performance Appraisal System:**

The following table (table no.2) shows the satisfaction level of the employees/ respondents regarding their existing Performance Appraisal System (PAS).

**Table No. 2 : Table showing the satisfaction level of the employees regarding their PAS.**

Name of the Company	Satisfied (+ve) %	Not Satisfied (-ve) %
TCS	65	35
Patni	55	45
Zensar	60	40
Wipro	68	32
Persistent	60	40
ZS	70	30
Infosys	72	28
IBM	75	25
WNS	70	30
Cognizant	73	27

**Critical Comment:** It is generally observed from the above data that the majority of the employees of the companies are in consonance and feel satisfied with the existing performance appraisal system.

### **Analysis of Promotion Policy and Performance Metrics of the selected ITES**

#### **Companies:**

The following is the evaluation of the ITES companies regarding Promotion policies:

- a) Majority of the ITES companies out of 10, are in consonance / agreement for existence of promotion policies and people/respondents are satisfied with policy (85%).
- b) Three companies, e.g.: Zensar (50%), Patni (60%) and WNS (60%), they are at little variance from the above subparagraph.
- c) Only 15% employees have desired for a change with the promotion policy.

Thus, it is eventually observed that since 85% employees are in favour, of existing promotion policies and only 15% employees are in disagreement. Thus the objectives chosen in the paper are fulfilled and validated.

Observing from the Performance Metrics Appraisal tables and analysis thereof it is found out that the selected ITES Companies are performing under some rules, regulations and under some standard directives as well as standard practices from time to time; the employees feel satisfied on this account.

#### **Discussions of Results**

On the basis of above data analysis presented in the form of Performance HR Metrics of the selected ITES Companies; these companies can be categorised in the following manner:

#### **High:**

- ZS
- Infosys,
- TCS,
- Wipro

## **Medium**

- Zensar,
- Cognizant
- IBM

It is further ascertained that as per the present study the **best rated companies** are:

- INFOSYS,
- TCS and
- WIPRO
- 

## **Limitations and Constraints:**

1. Detailed statistical analysis could not be done due to the qualitative nature of the research.
2. Due to high degree of confidentiality of the Selected ITES companies, more information/factual data could not be collected.

## **Conclusion**

The paper presents Performance Metrics of the selected ITES companies; A Performance Metrics (PM) gives executives and managers a comprehensive, high-level view of their organizations performance an understanding of how the company's different parts work together to produce business results. In the present paper the indicators used are: 'Critical Success Factors (CSFs) and 'Key Performance Indicators (KPI). Simply a CSF is a key activity needed to achieve a given strategic objective and is a broader term. Dashboard enables executives and managers to easily digest the company's aggregate performance data.

In the present paper some live case studies of selected ITES companies have been taken and their performance metrics have been found out based on empirical as well as qualitative analysis and based upon this analysis the companies have been rated in terms of their performance.

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