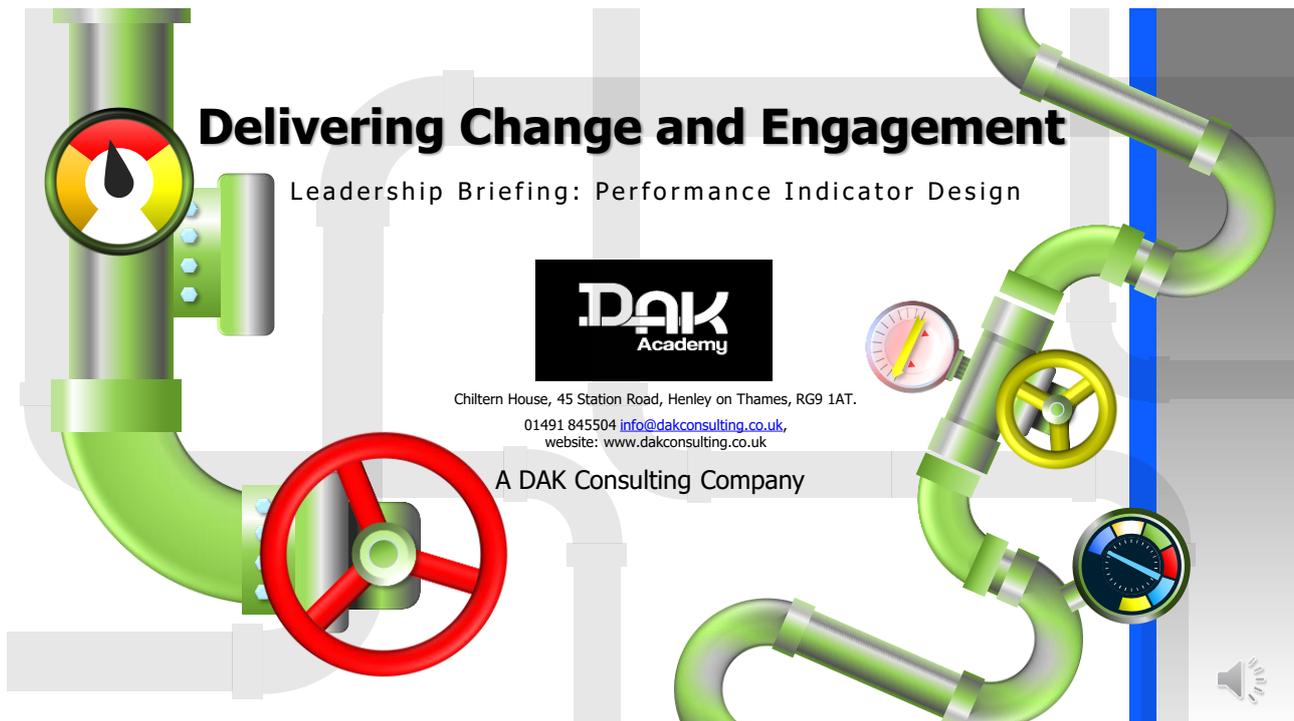


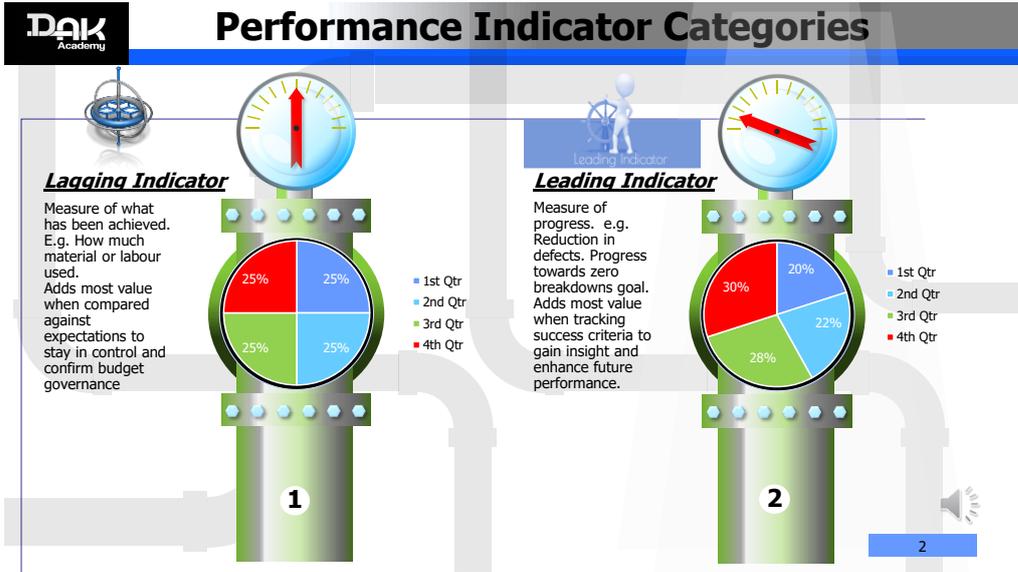
# IMPROVEMENT LEADER BRIEFING



One of the most powerful levers for change and engagement are the conversations leaders have with their direct reports and managers

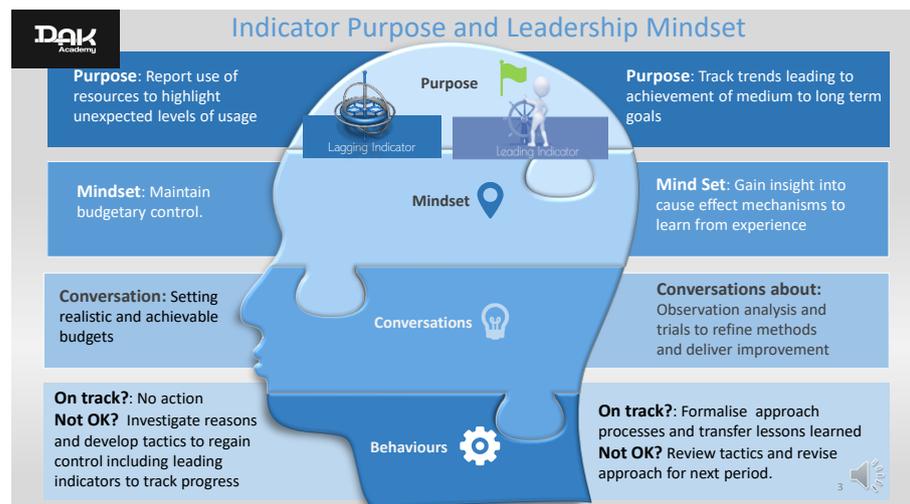
A significant driver of those conversations are the Key Performance Indicators used.

This short video sets out how leaders can apply Performance Indicators to promote conversations that facilitate the engagement process



There are 2 categories of performance indicators. The first, called a Lagging indicator, provides a measure of what has been achieved. The main purpose is to confirm conformance to budget. The second type of performance indicators, called Leading indicators, provide confirmation of progress towards a desired outcome such as zero accidents or zero breakdowns.

These two types of indicator have a different impact on Leadership mindset. Each encouraging a different type of conversation. A Lagging indicator encourages conversations relating to maintaining day to day control. On the other hand, a Leading indicator encourages conversations about new ideas and improvement. Presenting leaders with an opportunity to engage those impacted by the change in shaping the outcome



To understand more about conversations that facilitate engagement, take a simple indicator such as equipment Availability or uptime. If Availability is treated as a Lagging indicator, action is only prompted when there have been one or more poor results. Lagging indicators tend to lead to conversations about reacting to problems as they occur. That encourages actions to work around the problem rather than deal with root causes.

### Leadership Mindset Drives Behaviours

Conversations about **Equipment Availability**

	Lagging Indicator	Leading Indicator
<b>Purpose/ Mind Set</b>	Measure Availability to confirm that it is within accepted limits	Track Availability Trend to confirm actions taken to reduce causes of stoppages
<b>Action If on track</b>	Do Nothing	Confirm improved condition standards are effective and standardise ways of working to lock in the new standard
<b>Action If better than expected</b>	Do Nothing	Investigate to identify how to replicate the conditions leading to the performance
<b>Action If worse than expected</b>	Identify how to avoid impact on production output in the future	Allocate resources to revisit condition standard and improve working methods to learn how to raise standards.

How to work around the problem (points to Lagging Indicator)

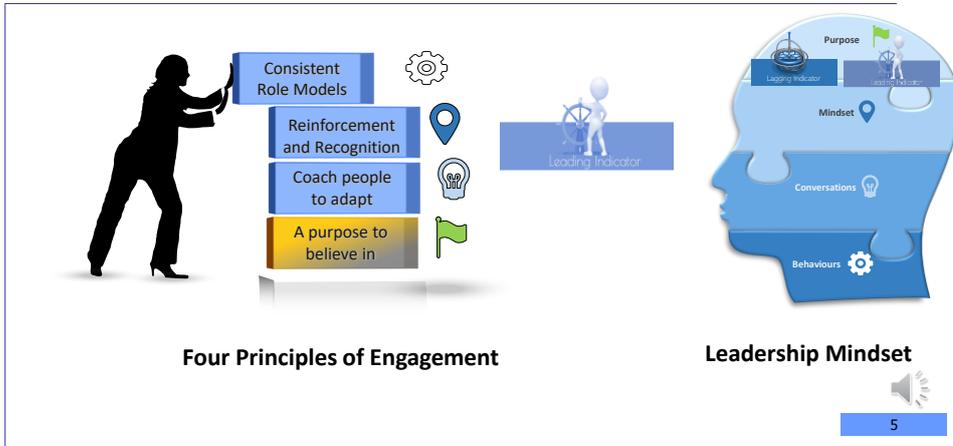
How to lock in gains (points to Leading Indicator)

How to replicate (points to Leading Indicator)

How to improve standards (points to Leading Indicator)

Leaders with the right mindset know that breakdowns can be reduced significantly (in some cases to zero) by reducing the causes of deterioration and human error. Here the use of a Leading indicator approach leads to conversations about how to stabilise and extend component life. That encourages a proactive approach to finding opportunities to improve. The outcome is increased problem ownership and in most cases low cost or even no cost solutions that raise capacity, material yield and flexibility to changes in demand.

## A Leading Indicator Mindset Facilitates Engagement



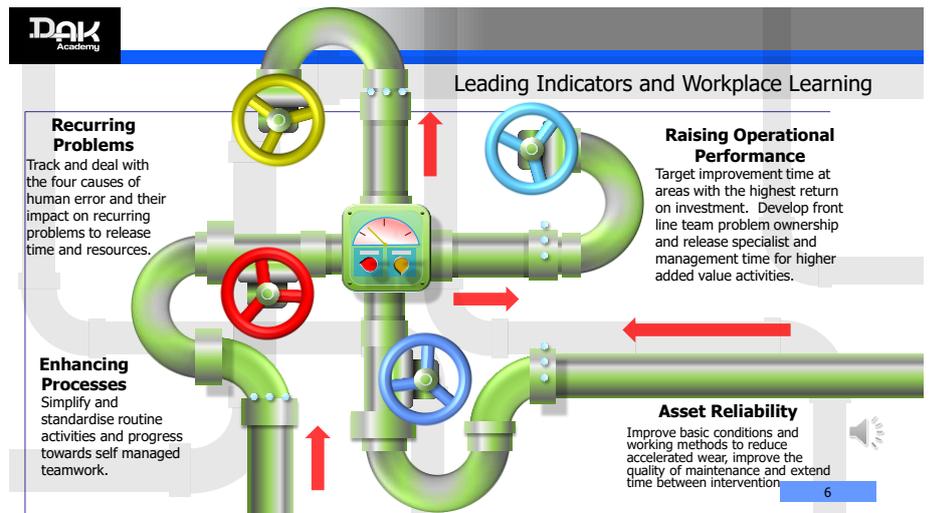
5. The leadership mindset associated with use of a Leading indicator creates working environments that satisfy the four principles of engagement. As the purpose of a Leading indicator is to track trends leading to the achievement of medium to long term goals, this has the potential to provide people with a purpose to get behind.

Conversations with that leadership mindset provide support and encouragement as people meet

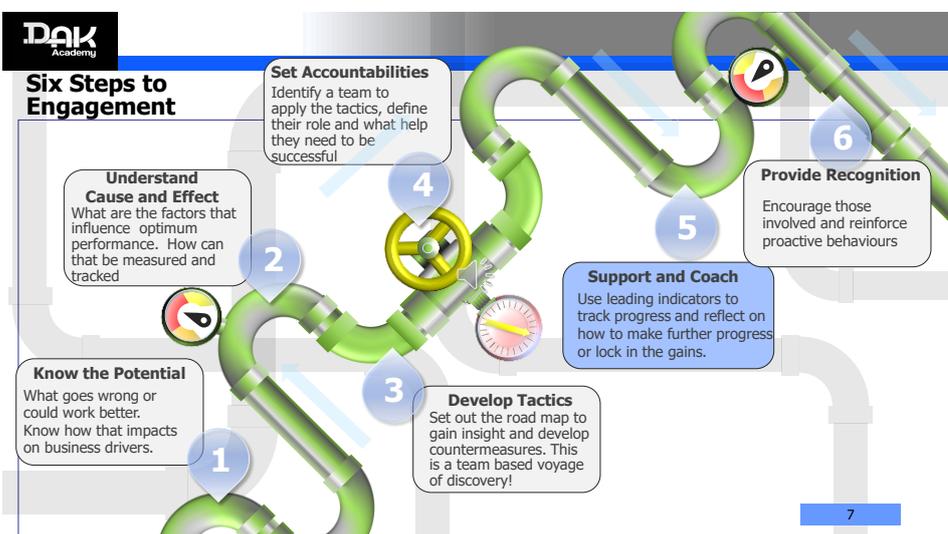
that challenge. That in turn will signal the value that leaders place on those who take on a proactive improvement role.

In addition, the formal declaration of a Leading indicator, will encourage consistency of leadership behaviours across organisational levels and the adoption of a proactive leadership role model for others to emulate.

6. The use of a Leading indicator approach combines well with team based Workplace learning projects. These projects can be designed to target specific improvement priorities such as asset reliability, recurring problems, enhancing management processes or raising operational performance. Workplace learning projects can also be a practical vehicle for improvement leaders to hone their coaching skills and raise the self managed teamworking capabilities of their direct reports.

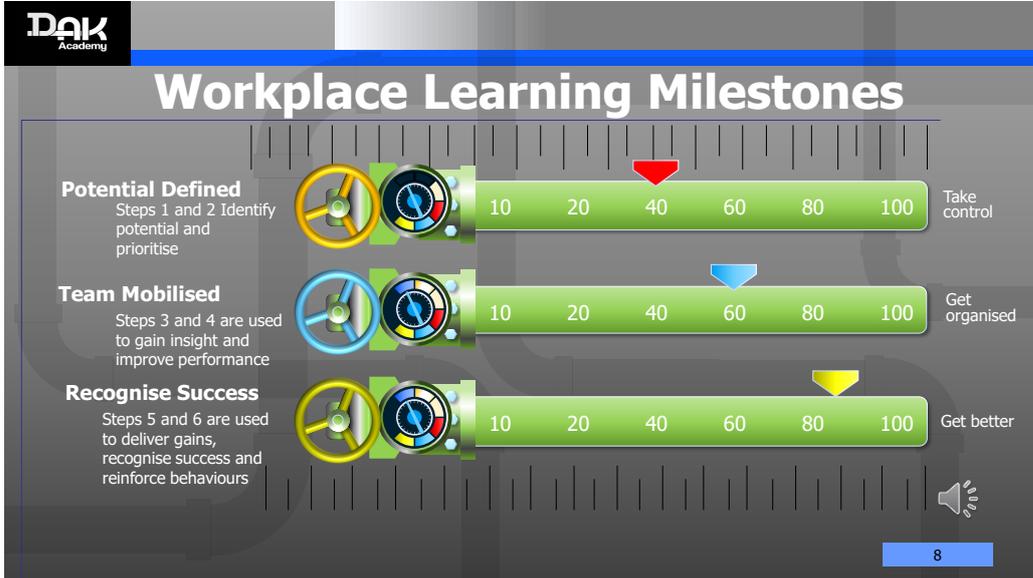


## Six Steps to Engagement



7. To apply a Leading Indicator approach leading to higher levels of workforce engagement, begin by working with those in the area to understand the potential for improvement and how to deliver it. Approach this as a team based process and encourage people to learn from each other. Conversations around the creation and tracking of Leading indicators can then form part of the management routine. This in turn will facilitate engagement, provide a basis for formal recognition of success and reinforce proactive mindsets.

8. A typical workplace learning project will pass through 3 quality milestones. One for each pair of steps shown in the previous slide. The first milestone is achieved when the potential improvement areas are identified, prioritised and likely cause/effect loops are defined. The second milestone "Get organised" is passed after the improvement team has been mobilised and they are tracking the impact of their efforts using the agreed leading indicator. The final milestone "Get Better", is achieved when sustained improvement has been delivered and formal recognition can be made of their success.



9. In summary, the use of a Leading indicator can lead to conversations that facilitate greater workforce engagement. Those that do this well, adopt 3 leadership values.

- Clear improvement direction based on a purpose which others can buy-in to.
- An intent and mindset of allowing those who work in the area to be accountable for delivering that improved outcome.
- Supporting those accountable with relevant training and coaching conversations so that they develop the capabilities they need to be successful.

