Implementing a Leading Indicator Management Scorecard

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ABSTRACT

Does your company calculate periodic QHSE Key Performance Indicators (KPIs) for which the most broadly used metrics are lagging incident rate indicators? Has leadership conveyed the desire to have a more proactive approach to QHSE performance management? If so, have you found a set of leading metrics which are as broadly applicable and practically attainable as the standard incident rate metrics? Many companies track and analyze Leading Indicators in isolated areas of their businesses but few are using Leading Indicators to measure and improve performance as they do with the age-old “incident rate” metric. There are several reasons for this, including but not limited to, the practicality of a “near” standard, normalized leading metric that can deliver an “apples to apples” comparison of performance across the enterprise, difficulty in consolidating the "outcome" data and the "work practice behaviors" from these events on a corporate scale, and other cultural/business obstacles (i.e. lack of top management buy-in, resource costs, etc.).

To overcome these obstacles, the most effective Leading Indicators must minimize "additional” resources required for execution and provide sufficient proof that executing Leading Indicators will improve QHSE performance.

This session will begin with an interactive workshop in which participants will be asked to share their experiences in implementing lead metrics on management scorecards. This interactive workshop will explore some of the challenges and opportunities associated with trying to implement lead metrics throughout the different organizations that choose to share their experiences during the session.

We will explore the analytical results from a large data set involving thousands of sites across the globe for both Energy companies and Oilfield Service businesses which serve as contractors to them. We will discuss how many different types of “potential leading indicators” are being extracted from this data set and are being analyzed mathematically to identify the most meaningful KPIs.

Finally, the session will provide an overview of how some companies have been shifting their focus away from the standard incident-based metrics toward a set of “leading” management KPIs which are drawn from the organizational treatment / execution of QHSE business processes. We will also share some specific examples showcasing how some these companies are able to focus on those proactive activities that have been proven to have the biggest impact on “outcome” performance.