Continuous Improvements using Metrics for ITSM

Value creation through continuous improvement.

Get the most from IT
www.micromationinc.com/
Session objectives

By completing this session, you will learn:

- Overview of basic measurement framework concepts
- Measurement life-cycle of monitoring, analysis, tuning and process improvement
- Goal alignment of KGIs, CSFs, KPIs, KPMs, Facts
- Reporting with dashboards, scorecards, process maps, causal maps
- Costs, benefits and common problems
ITSM Metrics – Overview

Metrics for IT Service Management.
What are Metrics About?

A “metric” is just another term for measure. Metrics are an important part of the management system that steers and controls IT in the desired direction.

Align business/IT objectives
- Accounting of IT processes & deliverables
- Inform stakeholders
- Understand issues

Achieve compliance
- IT Operations Strategy
- ISO20000, CobiT, other
- Critical success factors
- Minimize interruptions

Operational excellence
- Measure, control, manage, maximize, value creation
Why Implement ITSM Metrics

The problem:
- Compliance i.e. Sox, C198, ISO20000
- Need to improve IT/business alignment
- Need for IT governance
- Need to improve service quality
- Need to improve cost/value

Measurement framework to realize benefits:
- Performance improvement methodology
- Hundreds of ITIL metrics
- ITIL process maps
- Fit for purpose approach
- 21 ITSM processes areas

Helps to:
- Provide the instrumentation for management control
- Easier to concentrate what’s important
- Easier to spot danger in time to correct it
- Improves moral in an organization
- Stimulates healthy competition between process owners
- Helps align IT with the business goals
- Drives cost/effectiveness
Steering Towards Value Realization

Majority of IT organizations produce management reports, facts and figures. But there are three key questions to ask:

1. Who receives existing reports?

2. What is done with them?

3. To what degree do they support goals?
Who should use Metrics and Where

Metrics can be used in a hierarchical (departmental) approach as well as in a matrix (process) approach by managers, owners and staff.
Concepts – Framework

Anatomy of a measurement framework.
Measurement Framework

A measurement framework helps to validate, direct, justify and intervene when necessary to meet your goals and objectives.

Goal:
- Provide a measurement framework to align IT with the business objectives to create value through continuous improvements.

Objectives:
- To align IT with business objectives
- To help maintain compliance requirements for business operations
- To drive operational efficiencies, effectiveness and quality

Your measurement framework:
- To validate
- To direct
- To justify
- To intervene
Measurement Process

The performance measurement process provides a basis for continuous improvement.
General Process Schematic

Quality

Process Owner

Metrics

Internal Stake Holders

External Stake Holders

SIP

Change Requests

Process Metrics

Satisfaction Feedback

Defects/Cus. Sat.

Goal/Objectives

Cycle Time/Cost

Efficiency

Effectiveness

Input

Output

SLA Requirements
End-to-End Service Needs

Process

Organizations

Process States

Service Reports
KPI
SLA Compliance

Service Reports
KPI
SLA Compliance

SLA Compliance

Metrics

Goal/Objectives
Goal Alignment

A continuous improvement approach.
IT Alignment

Determine where IT can provide the most value to the customer and align goals accordingly.

Value to Customer

- Economic
  - Cheaper provision of services
    - Encourage economy
    - Higher productivity
    - Lower prices
  - New ways of working

- Efficiency
  - Improve customer efficiency
    - Improve quality
    - Improve delivery
  - Improve agility

- Effectiveness
  - Enable the customer
    - Optimize investments
Align IT objectives with the customer, develop the critical success factors required to meet those objectives — then build KPIs and KGIs to monitor improvement and progress.
What to Measure

Key Goal Indicators

- Agile Optimized
  - Available
  - Responsive
  - Secure
- Fact Metrics
  - RFCs
  - FTEs
  - CIs

Critical Success Factors

- Key Performance Indicators
  - Efficient
  - Effective
  - Quality
  - Progress
  - Utilization
  - Compliant
  - FCR Rate
  - MTTR
  - Failed RFC
  - Cycle time
  - MTBI
  - Cost/call
  - Cus. Sat.

Key Performance Metrics

- RFCs
- FTEs
- CIs
- Incidents
- Problems
- Breaches
- MACs
- Lines of code
- Wait time
- Downtime

Framework links strategic objectives from the top with measurement/metrics from the bottom.
Concepts – Reporting

Techniques for reporting metrics.
Dashboards help align IT with the business goals.

**ITSM Dashboard**

**Performance Indicators**

**Key Goal Indicators**

- Activity Goals: Repeateble Process
- Process Goals: Quick & Accurate
- IT Goals: Protect Service

**Benefit Indicators**

- Benefit 1: Cost Avoidance
- Benefit 2: Productivity
- Benefit 3: Agility

**Improvement Initiatives**

- Efficient & Effective
Scorecards

Scorecards make it easier to concentrate on what matters.

### Change Management – Performance Scorecards

#### Quality

<table>
<thead>
<tr>
<th>Index Name Description</th>
<th>Quality</th>
<th>Efficiency</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
</tr>
<tr>
<td>S</td>
<td>T</td>
<td>E</td>
<td>M</td>
</tr>
<tr>
<td>1</td>
<td>W</td>
<td>CM001</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>W</td>
<td>CM004</td>
<td>9</td>
</tr>
<tr>
<td>1</td>
<td>W</td>
<td>CM007</td>
<td>25</td>
</tr>
<tr>
<td>1</td>
<td>W</td>
<td>CM010</td>
<td>15</td>
</tr>
</tbody>
</table>

#### Maturity

<table>
<thead>
<tr>
<th>Index Name Description</th>
<th>Maturity Level</th>
<th>Quality</th>
<th>Efficiency</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
</tr>
<tr>
<td>S</td>
<td>T</td>
<td>E</td>
<td>M</td>
<td>FPM</td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>CM001</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>CM005</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>CM009</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

#### Initiatives

<table>
<thead>
<tr>
<th>Index Name Description</th>
<th>Initiatives in Progress</th>
<th>Quality</th>
<th>Efficiency</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
</tr>
<tr>
<td>S</td>
<td>T</td>
<td>E</td>
<td>M</td>
<td>FPM</td>
</tr>
<tr>
<td>1</td>
<td>I</td>
<td>CM001</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>I</td>
<td>CM005</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>I</td>
<td>CM009</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

#### Benefits

<table>
<thead>
<tr>
<th>Index Name Description</th>
<th>Anticipated Benefits</th>
<th>Quality</th>
<th>Efficiency</th>
<th>Effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
<td>Index</td>
</tr>
<tr>
<td>S</td>
<td>T</td>
<td>E</td>
<td>M</td>
<td>FPM</td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>CM001</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>CM005</td>
<td>26</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>B</td>
<td>CM009</td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>
Process Mapping

Process mapping provides the instrumentation necessary to control the process.
Metric Trending

Monitoring trends help identify efficiency, effectiveness and quality improvement opportunities.
Causal Maps

Root cause analysis tools make it easier to spot danger in time to correct it.
Costs, Benefits & Potential Problems

Justifying your approach.
Investment Costs

A well planned and implemented measurement program is one of the better investments an organization can make.

- **Implementation**
  - Hardware and Software – metrics database, design & reporting tools
  - Project management - should be treated as a project
  - Staff costs – training & consultancy

- **Ongoing**
  - HW/SW maintenance
  - Ongoing staff costs – salaries, training, ad-hoc consulting
## Benefits of Measurements

Measurements help improve performance, align goals and realize value.

<table>
<thead>
<tr>
<th>Benefits (+)</th>
<th>Consequences (-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides the instrumentation necessary to control an organization</td>
<td>Reduced visibility resulting in loss of control</td>
</tr>
<tr>
<td>Easier to concentrate on important matters</td>
<td>Focus on noise vs. what's important</td>
</tr>
<tr>
<td>Easier to spot danger in time to correct it</td>
<td>Reactive fire-fighting mode</td>
</tr>
<tr>
<td>Improves moral in an organization</td>
<td>Low moral in organization</td>
</tr>
<tr>
<td>Stimulates healthy competition between process owners</td>
<td>Unhealthy political competition</td>
</tr>
<tr>
<td>Helps align IT with the business goals</td>
<td>Benefits not apparent or realized</td>
</tr>
<tr>
<td>Drives efficiency/ effectiveness/ quality</td>
<td>Cost effectiveness not understood</td>
</tr>
<tr>
<td>Inspires continuous improvements</td>
<td>Customer complaints drive improvements</td>
</tr>
</tbody>
</table>
Potential Problems

Potential problems can be identified, prepared-for and dealt-with in advance.

- Metrics not aligned with organizational goals – or conflicts
- Lack of understanding – misinterpretation
- Wrong level of detail – too much – not enough
- No Sr. management sponsorship – commitment
- Lack of education and training – measurements – process
- Difficulty obtaining input data – time – resources
- Goals & objectives not clear – non-existent
- Stakeholders not identified – R&R not clear
- Takes too long to demonstrate benefits – quick wins
If you want to go into these subjects more deeply, …

### Publications

- [Metrics for ITSM](www.vanharen.net/)
- [How to Implement Metrics for ITSM](www.micromationinc.com)

### Courses

Implementing ITSM Metrics:
- Awareness
- Foundations
- Practitioner
- Expert

### Web sites

- [www.micromationinc.com](www.micromationinc.com)
- [866-792-5690](866-792-5690)

### Tools & Templates

- [myKPI Designer©](#)
myKPI Designer© Tool

myKPI Designer helps you quickly design, create, visualize, test and report metrics, scorecards and dashboards.

**ITSM Metrics**
- An ITSM metrics framework helps to validate, direct, justify and intervene
- ✓ 22 Processes
- ✓ 200+ Metrics
- ✓ itSMF Approved

**Data Maps**
- Metrics help drive cost/effectiveness and continuous improvements
- ✓ 12 Periods
- ✓ Data Dictionary
- ✓ RACI Mapping

**Process Maps**
- Process maps provide the instrumentation necessary to control the process
- ✓ Inputs/Outputs/Activities
- ✓ Critical Success Factors
- ✓ Process Indicators

**Dashboards**
- Dashboards help align IT with the business goals
- ✓ Performance Indicators
- ✓ Key Goal Indicators
- ✓ Benefit & Improvement

**Scorecards**
- Performance scorecards make it easier to concentrate on what matters
- ✓ Efficiency/Effectiveness
- ✓ Quality/Maturity
- ✓ Initiatives/Benefits

**Causal Maps**
- Root cause analysis tools make it easier to spot danger in time to correct it
- ✓ Cause & Effect
- ✓ Dynamic Analysis
- ✓ 6 Primary Drivers
Questions & Answers

A continuous improvement approach using metrics for ITSM.