

Efficiency vs Effectiveness



Frank Rios & Rich Valde
HERE



About us

- Frank Rios
- Former life
 - System Administrator
 - Java Developer
 - Software Architect
 - Scrum Master
- Current life
 - Agile Coach / Trainer

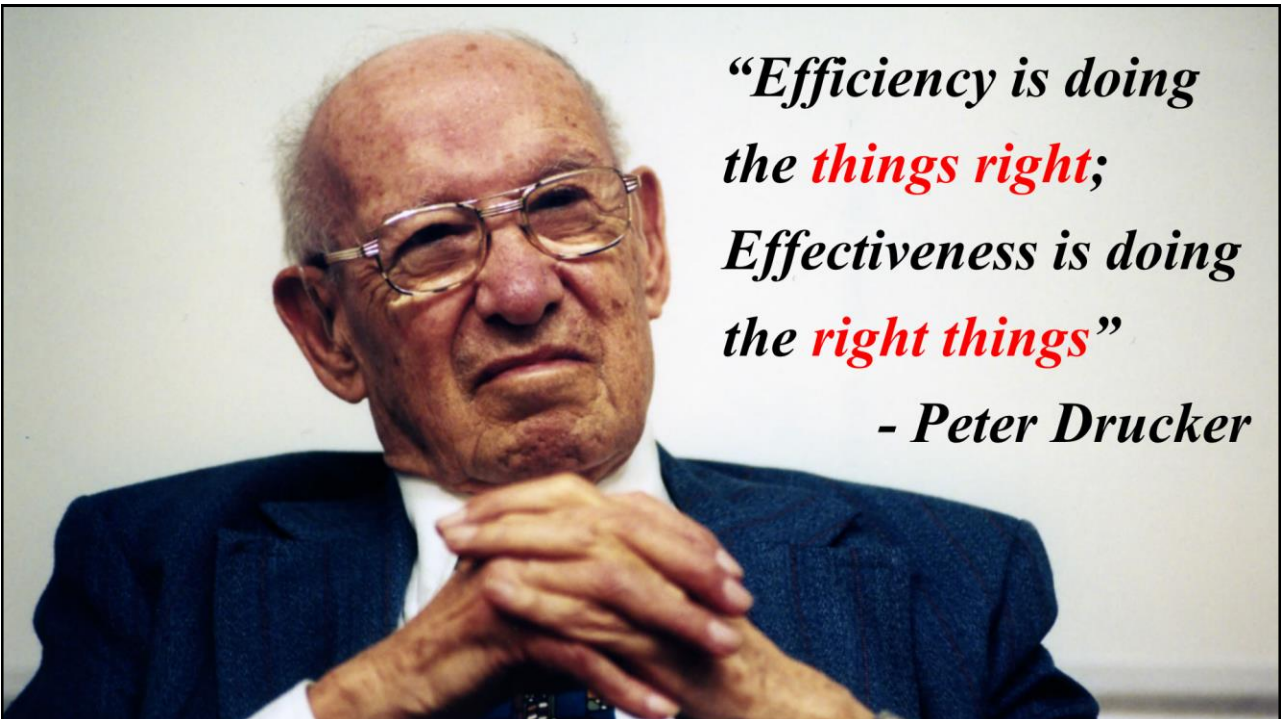
- Rich Valde
- Former life
 - Musician / Singer
 - Java Developer
 - Scrum Master
- Current life
 - Manager of Engineering
 - Trainer

Agenda

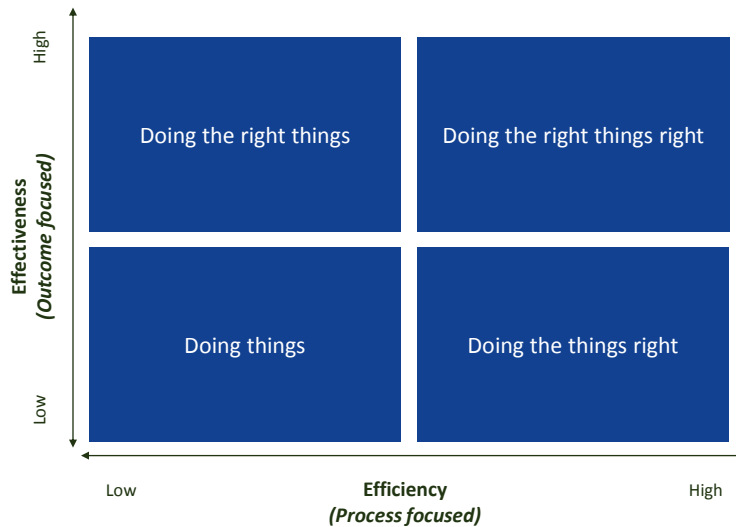


- Efficiency vs Effectiveness
- Culture of Fear: Why would a rational, well-intentioned person do such a thing?!
- Discuss what to do when the root-cause of poor quality is your company's environment
- Effective and Efficient metrics

***“Efficiency is doing
the **things right**;
Effectiveness is doing
the **right things**”
- Peter Drucker***



Efficiency vs. Effectiveness matrix

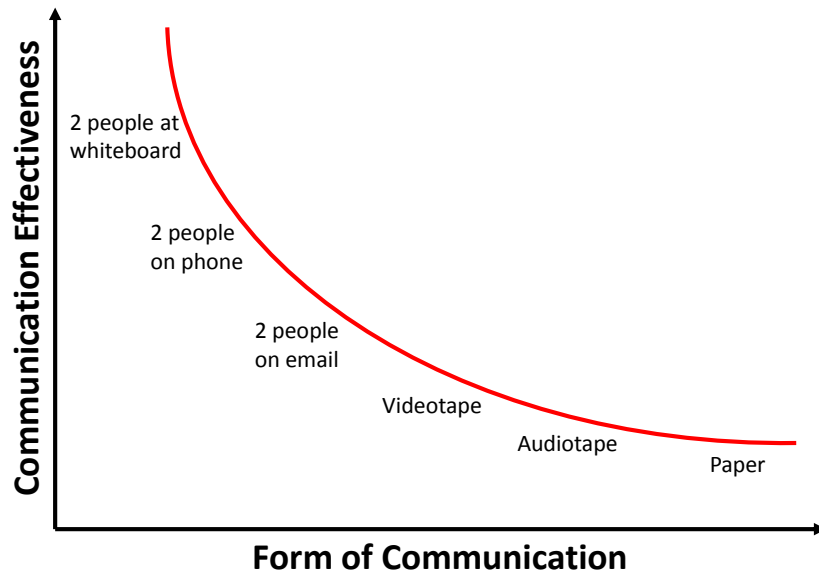


Consider the following statements:

- A. Train 40 people in one day
- B. Train 20 people each day for two days

Which one is more *efficient*?
Which one is more *effective*?





Can you be efficient without being effective?



the most fuel efficient car

YES!!



What should you focus on first...

Efficiency or Effectiveness?

Answer: Effectiveness

Why?

- Before you can make something efficient, you have to ensure it's effective first
- Any change in your process should only effect its efficiency; it should *not* impact its effectiveness



Efficient metrics

Efficiency.

This measure should be viewed in terms of how an organization uses its resources, such as available funding and staff, to achieve organization objectives.



Is the organization applying these resources in such a way as to maximize their contribution to organization outputs, i.e., the services it provides?

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Efficient metrics

Efficiency measures include:

- **Per unit costs:** A measure of per unit cost reveals how many resources are consumed in producing a unit of service.



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Efficient metrics

Efficiency measures include:

- **Cycle time:** Measures the amount of time it takes for a process to be completed.



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Efficient metrics

Efficiency measures include:

- **Response time:** Measures the amount of time it takes to respond to a request for service. Again, it is a key measure of customer satisfaction, as it indicates how much “waiting or queue-time” customers wait for a service response.



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Efficient metrics

Efficiency measures include:

- **Backlog:** Measures the amount of work in queue, waiting to be processed. Backlog is a tricky measure, as it can be defined several ways. One way is to measure total work in queue waiting to be processed. Another way is to measure backlog as the amount of work not processed within a required or targeted time frame.



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Efficient metrics

Efficiency measures include:

- **Per unit full-time equivalents (FTE's):** Measures how many employees are required to fulfill a unit of work.



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Efficient metrics

Efficiency measures include:

- **Staffing ratios:** Another way of looking at staffing is computing a ratio of staffing to a particular function or in comparison to the total organization.



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Efficient metrics

Efficiency measures include:

- **Per unit equipment utilization:** Measures the efficient use of equipment.



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Effective metrics

Effectiveness:

This measure should be viewed in terms of the extent to which the service provided meets the objectives and/or expectations of the organization and/or a customer.



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Effective metrics

Effectiveness measures include:

- **Coverage:** The number of customers you serve.



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Effective metrics

Effectiveness measures include:

- **Accomplishment:** Measures the overall outcome or achievement of a program.



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Effective metrics

Effectiveness measures include:

- **Quality:** The proportion of service provided without error.
 - The proportion of services provided without a complaint or the ratio of complaints to total services provided.
 - The proportion of service produced at a specified standard.
 - The proportion of services provided with compliments from customers.
 - Staff turnover.



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Effective metrics

Effectiveness measures include:

- **Satisfaction:** Customer satisfaction as measured by a predefined survey.



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Using efficient and effective measures

- What is the trend?
- Are the ratio's good or bad, compared to our efforts and circumstances?
- Are our ratios becoming better or worse?
- Is this what we expected?
- If there is no substantial change year to year, is this good or bad?
- How do we compare to other organizations in general, to similar organizations?
- How can we make better use of our resources? What can we do to better leverage our technology, financial and staff resources?



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Creating a Culture of Fear



Any questions?



Contact Us

Frank Rios

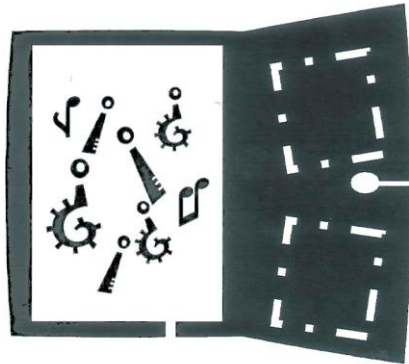
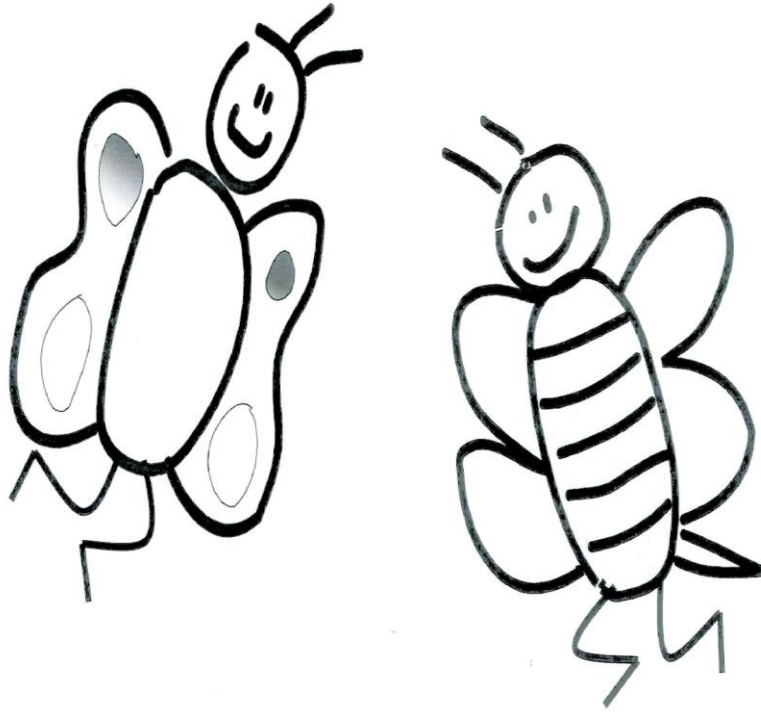
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Principles of Open Space

1. Whoever comes are the right people
2. It starts when it starts
3. Wherever it is, is the right place
4. Whatever happens is the only thing that could have
5. It's over when it's over



Be Prepared
to Be Surprised !

The Law of Mobility and Responsibility

If you are not learning or
contributing where you are,
find a place where you can
learn or contribute.

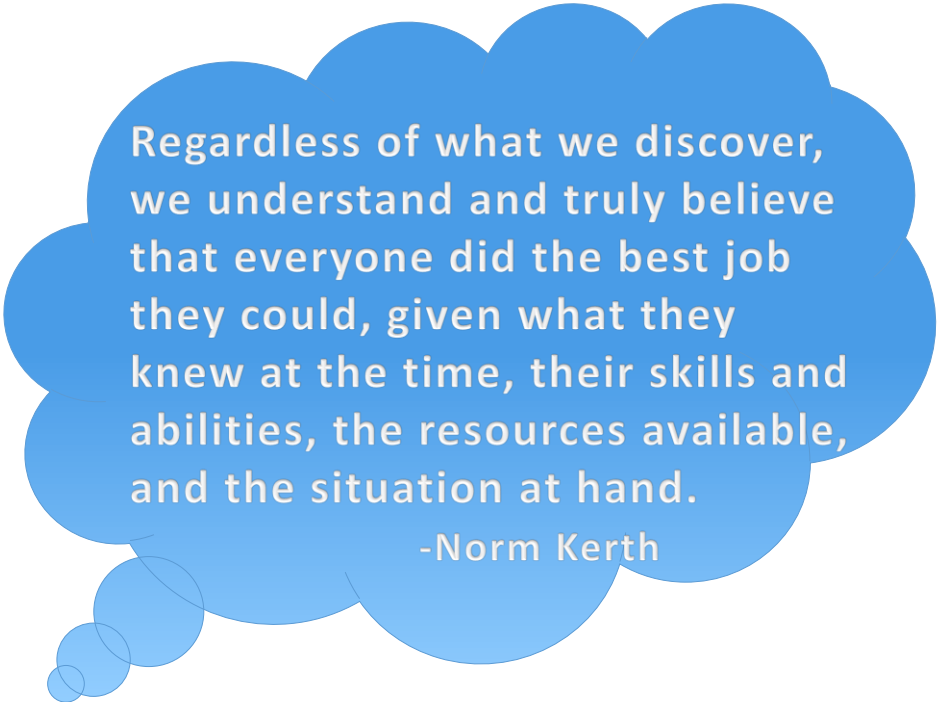


The Session Host

Express your passion

Take responsibility

Facilitate your space



Regardless of what we discover,
we understand and truly believe
that everyone did the best job
they could, given what they
knew at the time, their skills and
abilities, the resources available,
and the situation at hand.

-Norm Kerth