

PdK Services Overview – (detailed version)

Why measure performance?

- ◆ In 1977 the Knowledge Sector represented 46% of GDP and generated 75% of corporate profits. At the beginning of the 21st century, estimates increase these percentages to 67% of GDP and 90% of corporate profits. **Knowledge workers' performance is a critical component of profitability!**
- ◆ Merck & Co. and Warner Lambert are essentially identical companies. Knowledge capital per employee is \$1,423,916 at Merck and only \$261,847 at Warner Lambert. **Measuring knowledge capital and knowledge workers' performance explains this 445% difference in market valuation.**
- ◆ A 1996 IFMA benchmark study states that total annual occupancy cost per employee averages \$7,200. Studies by DataQuests and others estimate the annual cost of technology at \$7,800 per employee. Our own research indicates that Value Added Revenue per employee averages \$233,000. **Improving performance is potentially 16 times more effective than reducing occupancy costs. There is enormous leverage from small increases in performance.**
- ◆ A [BOSTI](#) study indicates that workplace factors account for 24% of job satisfaction and 5%-11% of individual and team performance. **The workplace affects performance and can increase profit by more than 1%.**
- ◆ A study by [DeMarco & Lister](#) identified that the “best” software developers are 10 times more effective than the worst, and the top half are 2.1 times more effective than the bottom half. Workplace factors and company culture account for the difference. **Culture and the physical environment significantly affect performance.**

How do we measure performance changes?

PdK Consulting has designed a methodology adapted from the [Balanced Scorecard](#) developed by [Norton & Kaplan](#) for measuring corporate performance, and has combined it with a bottom-up analytical process enabling the quantification of increases in knowledge workers' performance.

- ◆ The Balanced Scorecard approaches the measure of business performance from four perspectives: Financial, Customer, Internal Process, and Learning & Growth.

For each perspective, PdK identifies the business results and objectives of the target workgroup/business unit and verifies consistency with corporate business results.

- ◆ For each of 50 to 100 objective identified, PdK looks for four to five performance drivers that cause those objectives to be met.
- ◆ After testing for redundancy and duplication, PdK reduces the data to 100 to 200 performance drivers with clear causal relationship to the business objectives. PdK establishes a metric and collects the data necessary to establish a base line assessment.
- ◆ PdK transforms the Balanced Scorecard into a [performance table](#) with action items for continuous performance improvements along each of four dimensions:
 - **Workplace Strategy and Design**
 - **Technology**
 - **Process Edges**
 - **Organizational Development**

What will PdK Consulting do?

- ◆ **Develop the Balanced Scorecard** including identification of business objectives and performance drivers.
- ◆ **Make recommendations for data to be collected** on the performance drivers e.g. surveys, focus groups, interviews, and ethnography).
- ◆ **Reduce the base line data to an easily understood metric** using statistical or heuristic models.
- ◆ **Establish a road map for designing** the new workplace for more effective work processes, for supporting technology improvements, and for organizational development.
- ◆ **Measure the performance increases** resulting from the move to a new workplace by managing data collection on the same performance drivers four to six months later.

The first four steps take approximately 60 days and the last step about 30 days. PdK fees range between \$70,000 and \$140,000. Outside consultants' fees for workplace assessment and data collection and analysis can range between \$20,000 and \$100,000

All PdK fees are offered with unconditional money back guarantee. If you are not satisfied with PdK's performance for any reason, PdK will refund your fees.

Payback

A [case study](#) for software developers resulted in work being redefined in a series of team molecules consisting of 8 to 12 permanent members augmented by 8 to 12 temporary members joining for periods of time during the software development cycle. The new workplace has twice as much shared space than the previous space and total density is reduced by 14%. **The payback for the 1,600-person software developer facility was realized in less than 10 months. The annual increase in profit resulting from the performance increase exceeds \$4.8 million.**

PdK Consulting

PdK Consulting focuses on [Workplace](#) performance optimization and on measuring the resulting performance improvements.

Using the "[Balanced Scorecard](#)", PdK identifies work group performance variables and establishes baseline performance measures. PdK develops a Workplace Strategy and a detailed Action Map with accountabilities and schedules aimed at:

- ◆ Implementing strategies and tactics for high performance workplaces
- ◆ Developing processes for continuing improvements
- ◆ Deploying knowledge supporting technologies
- ◆ Enabling behavior changes increasing performance

PdK measures the resulting **performance improvements** (business results) on a simple linear scale via multi-variate statistical or simple heuristic models.

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