

PROCESS IMPROVEMENT MEASUREMENT – TYPES OF MEASURES

QUICK REFERENCE

TYPES OF MEASURES	CALCULATION/NOTES
COST MEASURES	
Cost savings	
Cost per unit/product	
Labor savings	
Profit	Revenue - cost
Return on investment (ROI)	Gains – costs/costs
CYCLE AND TIME MEASURES	
Cycle time	Clock time starts when work begins on request & ends when ready for delivery
Lead time	Clock time starts when request is made and ends at delivery
Processing time	Total time the unit or product is worked on
Percent on-time delivery	% units/products delivered on time/% total # of units/products delivered
Takt time	Net operating time (units i.e..mins or hrs)/customer demand (units)
Throughput	The quantity or amount of raw materials processed over a given time
PROCESS COMPLEXITY MEASURES	
# of process steps (tasks)	Derived from process map
# of handoffs	Derived from process map
# of decisions	Derived from process map
# of delays/waits	Derived from process map
PRODUCTION MEASURES	
# of customers needing/requesting service	
# of units produced	
# of units waiting for processing	
# of submissions that are complete	
Rework percentage	# units reworked/total # units produced
Inventory	Dollar value of all inventory held at the beginning of an accounting period.
# of FTEs working on a process	
Area (square feet) per process	
Injuries per process	
Work in progress (WIP)	work that has not been completed but that has already incurred a cost
QUALITY MEASURES	
Customer satisfaction	% of customers satisfied
Employee satisfaction	% of employees satisfied
Percent complete and accurate	# units complete and accurate/total # units
Defects/errors (# or percent)	# units with defects or errors/total # units
First pass yield (FPY)	# units complete and accurate/total # units
VALUE MEASURES	
Percent value added time	Time spent on value added activities/total time
Percent non-value added time	Time spent on non-value added activities/total time
Percent non-value added but required time	Time spent on non-value added but required time/total time