The Evaluation of Success in Change

We have said in chapter 10 that in more orthodox innovations, the evaluation of success, like the defined objective of an innovation, tends to be unidimensional: the evaluation criterion will often be simply how nearly the project has come to meeting the single objective set for it at the beginning. There is little ability to distinguish between the monitoring of the change process and the evaluation of success. The latter is assumed to be increased to the extent that the former is successful.

Evaluation in systems terms must obviously differ from this. To be consistent with the systems philosophy, it has to be multidimensional. We must never assume that a measurable improvement in one direction is an indication of an overall improvement. We have to demonstrate that it is not offset, or more than offset, by consequential adverse changes elsewhere in the system or in the relations between the system and its environment. Preferably also the evaluation mechanism should be based on some theory which explains why movements in different directions do occur in different parts of the system.

The systems approach allows us, however, to make a distinction between evaluation criteria which claim to measure changes in organisational performance on an ‘objective’ basis and to be independent of any preconceptions involved in a particular change strategy; and a process of monitoring in which the assumptions about relationships that lie behind the change strategy are also the assumptions of the evaluation process.

We first look at the more independent method of evaluation. This would necessarily be multidimensional, but would be divorced from any monitoring or feedback process by which the strategy for change was being tested and confirmed or modified. It should be possible to collect information about a large number of performance variables over a reasonable period of time and assess the state of satisfaction of the labour market, product market, and other areas of the environment, the efficiency of the transformation process, etc. There are at least twenty or thirty variables, most of which are available as a matter of routine in many industrial organisations, which can be used in combination as indices of environmental satisfaction or of economic efficiency. A list of possible indicators is given in table 11.1 classified according to the criteria they are most likely to measure.

The variables suggested in table 11.1 are pertinent to our own declared
TABLE 11.1

Some Likely Variables in an Independent Multidimensional Evaluation System of Organisational Performance

1. **Labour market and input market criteria of performance**
   - Rates of labour turnover
   - Index of labour stability
   - Rates of voluntary absence and sickness absence
   - Accident rates
   - Average earnings compared with index of local earnings levels
   - Overtime hours as percentage of total hours worked
   - Overtime pay as percentage of total pay
   - Reported trends in quality of recruits or difficulty of recruitment
   - Number and duration of disputes about pay
   - Number and duration of other disputes by cause
   - Problems encountered with materials suppliers
     - Trends in availability of material
     - Delivery dates
     - Specification problems
     - Costs as compared with alternatives

2. **Product market criteria of performance**
   - Changes in share of product market for various products
   - Percentage of delivery dates not being met
   - Trends in delivery time being offered
   - Variations in finished stock levels, related to various in order levels
   - Rise or fall in surplus capacity or in capacity overload
   - Index of customer complaints, or other indices of customer satisfaction
   - Trend in total value of sales (related to charge in economic conditions)
   - Successful introduction of new products into range
   - Ratios of unit costs to selling price

3. **'Efficiency' (closed system) criteria of performance**
   - Ratios of total costs, labour costs, materials costs and capital costs to volume of production
   - Indices of work content per unit of output and per man hour
   - Index of production per employee for constant capital employed
   - Percentage of materials scrapped or wasted
   - Percentages of components or products rejected or scrapped
   - Ratio of value of plant to volume of production
   - Trends in machine downtimes
   - Trends in manpower utilisation
   - Variations in total stock levels and in intermediate stock levels from a defined optimum

4. **Input/output criteria of performance**
   - Ratios of sales volumes to
     - Wage and salary bill
     - Direct labour costs
     - Total materials costs
     - Fixed capital charges
     - Maintenance costs
   - Unit costs as ratio of selling price