Measurement Information Specification
Revenue

Information Need Description	
Information Need	What is the impact of our process improvement program on revenue goals? Is the projected increase in income being realized?
Information Category	Process Improvement Results

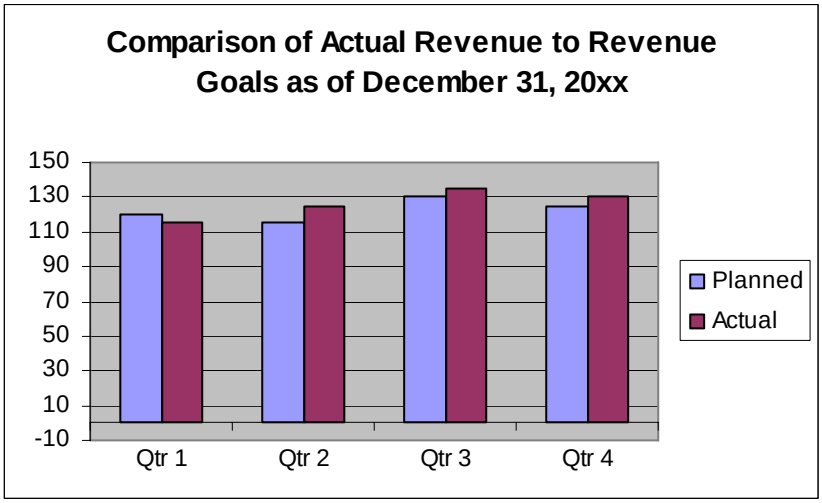
Measurable Concept	
Measurable Concept	Financial

Entities and Attributes	
Relevant Entities	products and services
Attributes	1. number of units sold 2. price per unit

Base Measure Specification	
Base Measures	1. number of units of each product or service sold 2. price of each product or service sold
Measurement Methods	Collect actual data on sales of each product and service, on a regular basis
Type of Method	Objective
Scale	1. count of units 2. value of price
Type of Scale	1. ratio 2. ratio
Unit of Measurement	1. individual product or service 2. monetary value of a unit of individual product or service

Derived Measure Specification	
Derived Measure	Revenue earned over period of time
Measurement Function	For each product and each service of interest, accumulate the total revenue earned as a product of the number of units sold (product or service) multiplied by its price. Accumulate over all products and services for this period.

Derived Measure Specification	
Derived Measure	Planned revenue over period of time
Measurement Function	For each product and each service of interest, accumulate the total revenue planned as a product of the number of units projected for a given product or service multiplied by its price. Accumulate over all products and services for this period.

Indicator Specification	
Indicator Description and Sample	
Analysis Model	The improvement program may have been targeted at increasing the revenue based on some key customer consideration, such as ability to quickly implement small changes in functionality. Here we see an example where the projected impact was exceeded in each quarter after the first. Whether or not this is due to the process improvement activities is not clear from just this measure; other measures would be needed to describe the changes made and the relationship of those changes to the revenue increase. If improvements are deployed in one organization, but not another, the sales of the several organizations might be contrasted to their goals.
Decision Criteria	The revenue goals are set by the organization, based on its expectation of the effect of certain changes. In the case of revenue increase, it is likely that the organization will balance the level of improvement here against the cost of gaining that improvement, with a threshold (such as a 5 or 10% improvement) required to justify the investment.
Indicator Interpretation	In this example, with the exception of the first quarter, where the target was missed, the results appear to meet the targets.

Data Collection Procedure (for each Base Measure) ***Complete this section for each base measure listed on the previous page.***	
Frequency of Data Collection	At the end of each reporting period for actual values; at the end of the budget/planning cycle for the target values
Responsible Individual	Accounts Receivable
Phase or Activity in which Collected	Not applicable; collected by calendar period
Tools Used in Data Collection	Finance tracking system
Verification and Validation	Accounting procedures
Repository for Collected Data	Organization's financial systems

Data Analysis Procedure (for each Indicator)	
Frequency of Data Reporting	Monthly or quarterly
Responsible Individual	Accounts Receivable or Chief Financial Officer
Phase or Activity in which Analyzed	Throughout the fiscal year
Source of Data for Analysis	Finance tracking system
Tools Used in Analysis	Finance tracking system
Review, Report, or User	Process Group Management Teams Executive Leadership

Additional Information	
Additional Analysis Guidance	To ensure that the increased levels of revenue are due to the process improvement, customers may need to indicate the reason for their purchase or in some other way tie the improvements to the sales that resulted in revenue increases. Otherwise, there are likely to be confounding effects from other competing initiatives to raise revenue levels.
Implementation Considerations	Predictive measures (sales forecasts, sales records) might also be used, instead of the actual revenue recognized once invoices have been paid. Using the sales measures allow for tracking the impact earlier than when using the revenue measures. Sales figures are subject to change, however, while revenue recognized is stable.