Chapter 10
Organizational Cockpit: Grouping KPI as a Valuable Business Instrument

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ABSTRACT
The “rationalization of costs” is the actual paradigm of current national and international scene. However, even in a time of enormous savings, organizations must continue to effectively perform their missions. To accomplish it without the slightest fault and in spite of budget reductions, organizations must possess the ability to adapt to reality and create mechanisms that provide situational awareness and rapid reaction to external actions. One of these mechanisms involves finding indicators that can assess the effectiveness of the operation. This chapter develops the theory behind an artifact that is used to obtain the Global Organizational Effectiveness Index Subsystem that, when applied to an organizational subsystem will give quantitative and qualitative information about its performance by comparing the performed actions with the planned actions. The research was conducted in the Portuguese Air Force and the resulting Model is now being used with success in the operational subsystem.

INTRODUCTION
All organizations, as they execute business activities, have survival as a primary objective. Planning while anticipating problems that can occur takes an important role in the organization. Although it may seem that planning is something that only the strategic level can do, the truth is that tactic and opera-
tional levels also need to plan and anticipate problems that can affect them. Analyzing the surrounding environment is a sound way to develop robust planning and create value and establishing a baseline that can serve as reference for comparing with execution.

Measuring key performance indicators is also fundamental to organizational success because they will show if the execution is meeting what was planned.

Effectiveness and efficiency are known measurement indicators that can tell if the objectives are being met and also if the usage of resources is sufficient to accomplish the activities. Therefore, it is necessary to create mechanisms that can be implemented in the management and control of an organization and help its survival. This mechanism will have to gather effective measurement of the organizational sub-systems that compose an organizational system and allow its control at the several management levels.

This research, conducted by the Portuguese Air Force (PRT AF), consisted in the creation and development of a calculation artifact to ascertain the overall rate of the operational organizational subsystem effectiveness. The research resulted in the Operational Effectiveness Index System (OEIS) Model. During the research period the artifact was used, as a prototype by the Operations Division in a joint effort with the PRT AF Academy. The research also produced a master thesis that gave theoretical support to the Model. The OEIS is now being fully used and has already improved the organization’s operation in various ways.

The remainder of this chapter is organized as follows:

- **Section “Concepts and Application”** introduces concepts and applications that: i) stresses the importance of effectiveness measurement; ii) identifies associated literature review’s contributions to the model; iii) characterizes the PRT AF operational key elements.
- **Section “OEIS Development”** explains the Model concept and development, the validation process and the added value to the PRT AF.
- **Section “Conclusions”** reinforces that organizations must have the ability to improve and strive for excellence and the benefits that OEIS can bring.
- **Section “Future Work”** identifies the actions that are now being taken to extend the application of the concept.

**CONCEPTS AND APPLICATION**

At the beginning of this research, the PRTAF did not formally measure effectiveness. However, from 2010 to 2011, the OEIS was an experimental prototype, developed by the Portuguese Air Force Academy and operated by the PRT AF Air Staff Operational Division involving the major Commands (operational, personnel and logistics) and the Air Units (AU).

Simultaneously, the Air Force Academy was involved, in the form of a master dissertation, to study, develop, define and explain the tool’s logic of calculation reinforcing the scientific component of what is operationally used by the Organization. The Academy was also involved in other projects with the objective to provide theoretical background to the development of artifacts that could support its strategy. A few of the artifacts created are: the business model (Páscoa & Tribolet, 2010; Páscoa et al, 2010b; Páscoa et al 2012c; Páscoa, 2012); the strategy map (Páscoa et al, 2011b); integration between business