

## **KPIs in a MRO Business**

### **Brig YVR Vijay**

#### **Introduction**

1. Key performance indicators (KPI) are tools for measuring the progress of a business towards its goals. Once every stakeholder works to maximising his KPI scores the business is in a good space. Although MRO is now a mature technology, there is generally a lack of well-defined best practices to assess the performance of the business. Based on my experience of being the Chief Operations Officer of a India's largest renewable energy MRO industry ie Suzlon Global Services Limited, I am listing the KPIs of the various key stakeholders of the MRO business.
2. KPIs can be applied to any area of performance, and should align with the organization's critical success factors and its stated vision and strategy. Avoid having too many KPIs, and ensure that they are Specific, Measurable, Achievable, Relevant, and Time-Bound (SMART).

#### **Stakeholder Identification**

3. Normally the key stakeholders in a MRO Business would be:-
  - a. Maintenance and Repair Teams
  - b. Engineering Analysis Team
  - c. IT and ERP Team
  - d. Quality Department
  - e. HSE (Health safety and Environment) department
  - f. Finance
  - g. SCM
  - h. CRM
  - i. HR
  - j. Admin

#### **KPIs of Each Stakeholder**

4. Operational Maintenance and Repair
  - a. Overall Equipment Effectiveness.
  - b. MTBF
  - c. MTTR
  - d. Scheduled Compliance to Plan
  - e. Ratio of Scheduled to Unscheduled Maintenance
5. Engineering Team in MRO
  - a. Reduction in Major Breakdowns which require external plant and machinery
  - b. MTBF of top ten spares which breakdown
  - c. MTBF of Top 10 failures.

- d. System Level Performance
- 6. IT and ERP Team Performance
  - a. IT Failure MTBF
  - b. IT Failure MTTR
  - c. Communication Availability
  - d. No of Security Incidents
  - e. No of applications deployed
- 7. Quality Department
  - a. No of quality checks on scheduled maintenance
  - b. First Pass Yield.
  - c. Defect Density.
  - d. Supply Chain Quality of incoming Inspection
  - e. Warranty Recovery on Premature Failed Parts
- 8. HSE
  - a. Lost Time due to Injuries
  - b. Severity of Injuries
  - c. Gross Profit Margin Near Miss Frequency
  - d. No of workplace inspections
  - e. Training on HSE
- 9. Finance Department
  - a. Revenue Growth rate
  - b. Gross and Net Profit Margin
  - c. Inventory Turnover Ratio
  - d. Cost per unit of equipment being supported
  - e. Reduction in Fixed Cost
- 10. Supply Chain (SCM and Logistics)
  - a. Inventory accuracy
  - b. Inventory per unit of equipment being maintained
  - c. Turn around time
  - d. Transportation cost
  - e. Supplier Performance
  - f. Stock Out Frequency
- 11. Customer Relationship Management Department
  - a. Maintenance of accurate Customer Satisfaction Score
  - b. Renewal of contracts (Customer Retention)
  - c. Response Time to Customer Complaints
  - d. Outstanding Payments
- 12. HR Department
  - a. Employee Turnover Rate
  - b. Time to fill voids
  - c. Training and Development Hours
  - d. Work Force Utilisation (Ratio Management to Worker)
  - e. Compliances

13. Admin Department

- a. Floor Availability of plant and Machinery
- b. Maintenance of Test Jigs and Test Equipment
- c. Security Cost

**Conclusion**

14. KPIs are more than the numbers and metrics you report out weekly - they enable you to understand the performance and health of your business so that you can make critical adjustments in your execution to achieve your strategic goals. Knowing and measuring the right KPIs will help you achieve results faster.