



## Performance Metric Framework: A Behaviour-First Approach to Designing Metrics

Most organisations know that metrics matter for continuous improvement and success. Yet traditional metrics often fall short. They track partial targets simplistically, encourage the wrong behaviour, ignore key outcomes, or remain too lagging. The result is wasted effort and distorted priorities.

Many organisations commit a category error: they believe that measuring performance is the same as managing it. In reality they are confusing visibility with control. The act of measurement may trigger action, but it does not guide it. Behaviour design is the missing layer.

### Foundational Laws and Principles

Several well-known observations help explain why metrics so often fail:-

- The Hawthorne Effect showed that people change their behaviour when they know they are being observed.
- Goodhart's Law states that when a measure becomes a target, it ceases to be a good measure.
- Campbell's Law warns that the more any quantitative social indicator is used for decision-making, the more it will be subject to corruption pressures.
- DeMarco observed that you can't control what you can't measure.
- Creathorn's Law states that metrics do not directly determine outcomes; they shape behaviour, and behaviour determines outcomes.

While the first four describe important failure modes or limitations, Creathorn's Law highlights the behavioural mechanism that drives many of them.

I had been designing metrics my way intuitively for a decade until the turning point in 2015 when I was working as a management consultant; for the first time I had to articulate my thought process. I wanted the client to measure their "ability to reach the goal". When I started documenting my frameworks in February 2026, I realised that the basis for my metrics was shaping behaviour — and that insight crystallised into Creathorn's Law.

### The Performance Metric Framework

The framework follows six disciplined steps:-

1. **Objectives** — What are the desired business objectives and outcomes? This may seem obvious, but there can be inner contradictions or trade-offs. The example in the Creathorn's Law article showed how the objective of revenue growth delivered exactly what management wanted — at the expense of profit.



2. **Means** — What practical “vehicles” do we have within our control that can influence the objectives? We explore possible ways to affect the outcome by looking at what each department actually produces. Many will be challenged, refined, or abandoned before becoming the target of metrics.
3. **Measures** — Does the means have attributes that can be measured to promote positive behaviour toward the objectives? If it cannot be measured, it cannot be used. Many measures will need to be abandoned because of negative side-effects, unless they can be balanced by other metrics.
4. **KPI / Metrics** — The defined computational formula, including scope, definitions, and assumptions. This is where we enter more familiar territory, but care is still required. Ideally the metric can be expressed as a clear mathematical equation to remove ambiguity.
5. **Baselines** — The historical performance level of the metric. Without a baseline, credible targets cannot be set. Because the metrics are usually new, historical data is often not readily available — yet we must know our starting point to justify continued investment and prove that we are improving.
6. **Targets** — The agreed, desired business performance improvement. Even this familiar step is fraught with pitfalls. Management funding and patience will correspond to the quantified benefits of the improved performance. Low targets will not gain interest; unrealistic or unrealised high targets will quickly lose backing. The baseline and historical data help set the first credible target.

### Advice in Good Measure

Good metric design requires judgement, not just steps. Metrics are only a means to an end. Keep Creathorn’s Law in mind — metrics are used to shape the behaviour we need.

A useful corollary to Creathorn’s Law:-

“The metric must deliberately measure and promote positive behaviour that aligns with the ability to achieve the goals — and it must not create unwanted side effects.”

Define concrete business goals that are within your control and aligned with the current corporate strategic focus. Define success qualitatively before defining numbers.

We are constantly prioritising, so at each step we should focus on the vital few. Once you have identified the “means” you have to influence the objectives, order them by priority derived from effort and impact. If the means cannot be measured effectively, it cannot be used. Metric priority will similarly be affected by data availability, collection effort, and automation.

If we can assure the right behaviour by measuring one thing only, that is where we stop. In reality, we will have multiple goals with multiple means, measures, and metrics. Choose metrics that balance or defend each other.



Targets must be negotiated between teams and management — especially where incentives or bonuses are involved. Acceptance matters as much as ambition.

### **Anti-Patterns**

The following recurring real-world failures illustrate how easily things go wrong:-

- Sales growth measured by revenue only → teams maximise volume through heavy discounting → margins collapse.
- Customer relationship measured by number of visits → teams call on friendly contacts instead of pursuing real opportunities → no impact on sales.
- Productivity measured by “Worker of the Month” → one person is praised while others feel unappreciated → morale and collaboration suffer.

### **Case Study: Power Utility 2015**

The corporate objective was to optimise financial performance. I worked with each department to design metrics that would track their contribution and progress toward that goal on a single corporate dashboard. Some existing metrics were weak, others were not aligned with the objective or were too lagging to drive behaviour, and some departments had no metrics at all.

It was during this engagement that I first had to articulate my intuitive thought process into a structured plan we could follow together. The resulting framework was applied in a 6-week process with weekly workshops and guided reflection between sessions.

Using the six-step process, each department identified how it contributed to overall financial goals. Lead metrics were designed to measure the ability to achieve those goals rather than just the outcomes themselves.

The result was greater awareness, clearer ownership, early warning of problems, and a more consistent approach across teams. More than one manager used their new understanding of what truly mattered to change the way they worked, leading to structural and funding changes within the company.

### **In Practice**

The Performance Metric Framework aligns behaviour with desired outcomes, reduces unintended consequences, and supports accountability and sustainable improvement.

However, metrics are not guarantees. Designing effective metrics requires serious effort, critical thinking, and continuous adaptation. A metric that encourages behaviour that undermines success has failed. The framework provides structure, not immunity.



## How to Get Started

If your current metrics seem to be shaping the wrong behaviour, or if you are looking for metrics that better support your strategic goals, the frameworks described here may be useful.

You are welcome to get in touch at [enquiry@punkfrog.se](mailto:enquiry@punkfrog.se) if you would like to explore how the Performance Metric Framework could be applied in your own organisation.

Martin Creathorn, April 2026

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