

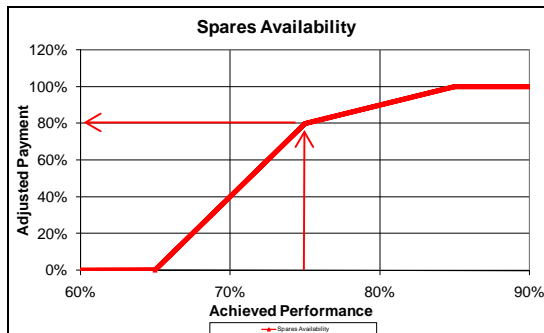


FACTSHEET 003 – CALCULATION OF A WEIGHTED PERFORMANCE SCORE (WPS)

One of the ways Performance Management Frameworks are managed is through the calculation of a Weighted Performance Score (WPS). For example here are two sets of data recorded for two example KPIs, Spares Availability and Bandwidth:

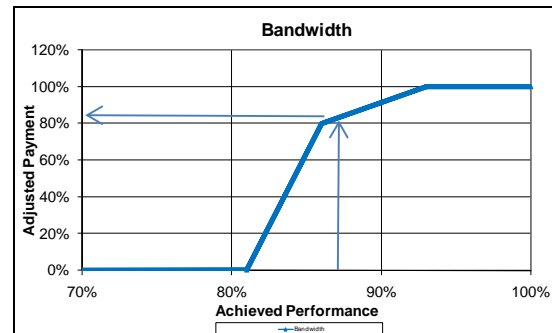
Achieved Spares Availability Performance (%)
Week 1 – 75%
Week 2 – 77%
Week 3 – 74%
Week 4 – 74%
Average = 75%

Achieved Bandwidth Performance (%)
Week 1 – 90%
Week 2 – 86%
Week 3 – 85%
Week 4 – 87%
Average = 87%



Achieved Performance = 75%

Adjusted Payment = 80%



Achieved Performance = 87%

Adjusted Payment = 85%

- If we assume the Spares Availability KPI and Bandwidth KPI are unequally weighted with 60%/40% respectively, then the calculation of WPS is as follows:

$$\begin{aligned}
 \text{Weighted Performance Score (WPS)} &= (60\% \times \text{Adjusted Payment for Spares Availability}) + \\
 &= (0.6 \times 0.8) + (0.4 \times 0.85) \\
 &= 0.82 \text{ or } 82\%
 \end{aligned}$$

- Therefore, the WPS is equivalent to 82% of the “At Risk Margin”, or a permanent withhold of 18% of the Performance Payment.
- For a project with a \$100,000 a year “At Risk Margin”, the adjusted Performance Payment would be \$82,000.