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# Empirical Analysis of Maintenance Performance Measurement in Belgian Industries.

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**Abstract**

Performance measurement is a fundamental instrument of management. For maintenance management, one of the key issues is to ensure the maintenance activities planned and executed have given the expected results. This can be facilitated by effective use of rigorously defined key performance indicators (KPI) that are able to measure important aspects of maintenance function. In this paper, an industrial survey was carried out to explore the use of performance measurement in maintenance management. Based on survey responses, analyses were performed on popularly used KPI's, how these KPI's are sourced or chosen; the influence of manufacturing environment and maintenance objectives on KPI choice and effective use of these KPI's in decision support and performance improvement. It was found that maintenance performance measurement is dominated by lagging indicators (equipment, maintenance cost and safety performance). There is lesser use of leading (maintenance work process) indicators. The results showed no direct correlations between the maintenance objectives pursued and the KPI used. Further analysis showed that only a minority of the companies have high percentage of decisions and changes triggered by KPI use and only a few are satisfied with their performance measurement systems. Correlation analysis showed a strong positive linear relationship between degree of satisfaction and process changes/decisions triggered by KPI use, with the least satisfied people having the least decisions and changes triggered by KPI use. The results indicates some ineffectiveness of performance measurement systems in driving performance improvement in industries.

**Key Words:** Maintenance, performance measurement, Key performance Indicators (KPI)

## 1.0 Introduction

Due to intense global competition and increasing demands from stakeholders, companies are striving to improve and optimize their productivity in order to stay competitive. The performance and competitiveness of manufacturing companies is dependent on the reliability and availability of their production facilities (Coetzee 1997; Madu 2000; Fleischer 2006). Though production facilities are designed to ensure successful operation through the anticipated service life, deterioration begins to take place as soon as they are commissioned due to normal wear or operational errors. As a result, equipment down time, quality problems, slower production rate, safety hazards or environmental pollution becomes the obvious outcomes. These outcomes have the potential to impact negatively the operating cost, profitability, customers' demand satisfaction, and productivity among other important performance requirements. It has been asserted by some authors (Campbell 1995; Madu 1999; Madu 2000) that equipment maintenance and system reliability are important factors that affect the organization's ability to provide quality and timely services to customers and be ahead of competition. Maintenance is therefore vital for sustainable performance of a production plant.

To ensure the plant achieves the desired performance at an optimal cost, maintenance managers need to keep track of performance information on maintenance operations and equipment performance. One of the key issues is to ensure and verify that the maintenance activities planned and executed have given the expected results. The performance information may be focused on maintenance organization, technical and economical factors with addition to other factors of interest like safety and environmental performance.

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7 Like in other manufacturing functions, performance measurement is an important  
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9 instrument in maintenance management. Well-defined performance indicators can  
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11 potentially support identification of performance gaps between current and desired  
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13 performance and provide indication of progress towards closing the gaps. In addition,  
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15 performance measures provide an important link between strategies and management  
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17 action and thus support implementation and execution of improvement initiatives (Kaplan  
18  
19 1983; White 1996; Neely 2005). Further, they can potentially help maintenance managers  
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21 to focus maintenance staff and resources to particular areas of production system that will  
22  
23 impact manufacturing performance. This can only be realised through effective use of  
24  
25 rigorously defined performance indicators that are able to measure important elements of  
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27 maintenance and equipments' performance. For effective decision making by maintenance  
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29 managers, the measures need to be accurate, reliable and current information that is  
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31 presented in an understandable way.  
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40 With the use of industrial survey, the objective of this research is to first establish the  
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42 most important indicators or category of indicators used in managing maintenance  
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44 performance. The second point of interest is to investigate how these indicators are  
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46 chosen, sourced or derived. This is done by establishing the correlation between  
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48 manufacturing environment and maintenance focus, based on maintenance objectives and  
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50 indicators used. Finally, the effective use of maintenance indicators will be investigated  
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52 based on measurement frequencies, maintenance actions triggered and managers  
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54 satisfaction in the use of indicators. It is in the interest of this research to establish the  
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56 role of maintenance performance measurement in continuous improvement of  
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58 maintenance efficiency and ultimately equipments' performance.  
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## 2.0 Literature Review

### 2.1 Maintenance Operating Environment

The scope of maintenance in a manufacturing environment is illustrated by its various definitions. British Standards Institute defines maintenance as a combination of all technical and associated administrative activities required to keep equipments, installations and other physical assets in the desired operating condition or restore them to this condition (BSI 1984; Pintelon 1997; Pintelon 2006). Maintenance Engineering Society of Australia (MESA) gives a definition that indicates that maintenance is about achieving the required asset capabilities within an economic or business context. (MESA 1995). They define maintenance as the engineering decisions and associated actions, necessary and sufficient for optimization of specified equipment 'capability'. The "capability" in this definition is the ability to perform a specified function within a range of performance levels that may relate to capacity, rate, quality, safety and responsiveness (Tsang 1999). Similarly, Kelly states that the objective of maintenance is to achieve the agreed output level and operating pattern at minimum resource cost within the constraints of the system condition and safety (Kelly 1989). The desired production output is achieved through high availability, which is influenced by equipments' reliability and maintainability. Maintenance is also partly responsible for technical systems' safety and to ensure the plant is kept in good condition and acceptable system image (Visser 2003).

We can summarize the maintenance objectives under the following categories (based on (Kelly 1998); ensuring the plant functions (availability, reliability, product quality etc):

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4 ensuring the plant achieves its design life; ensuring plant and environmental safety;  
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6 ensuring cost effectiveness in maintenance and effective use of resources (energy and  
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8 raw materials). For production equipment, ensuring the system function is the prime  
9  
10 maintenance objective. Maintenance has to provide the required reliability, availability,  
11  
12 efficiency and capability of production system in accordance to the need of these  
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14 characteristics. Ensuring system life refers to keeping the equipments in good condition to  
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16 achieve or prolong their design life. In this case, cost has to be optimised to meet the  
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18 desired plant condition (Dekker 1996). Plant safety is very important in case failures have  
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20 catastrophic consequences. The cost of maintenance has to be minimised while keeping  
21  
22 the risks within strict limits and by meeting the statutory requirements. Finally,  
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24 maintenance has a role of ensuring the other plant factors like effective utilization of  
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26 energy, materials and maintenance resources are met.  
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35 We assume that the maintenance performance measures / indicators used in a given plant  
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37 are directly influenced by the maintenance objectives they wish to pursue in accordance  
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39 with the needs of its manufacturing environment. It is the interest of this research to  
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41 investigate the influence of operating environment on the choice of maintenance  
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43 performance indicators.  
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## 49 **2.2 Maintenance Performance Measurement**

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51 The importance of maintenance performance measurements have extensively been  
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53 discussed by many authors (Arts 1998; Tsang 1999; Visser 2003; Weber 2006; Parida  
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55 2007). Maintenance managers require performance information to monitor and control  
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57 maintenance processes and results, and provide indication towards improvement.  
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59 Performance measures support the building of actions needed to attain equipments  
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4 performance as required by the strategic goals. It is the interest of managers to measure  
5 the efficiency and effectiveness of maintenance process, establish the relationship  
6 between maintenance inputs and outputs, and therefore justify investments in  
7 maintenance (Parida 2007). Apart from providing information, performance measures  
8 influence what people do and thereby serve as a motivational tool that drives decisions  
9 and actions that are consistent with the strategy of the organization.  
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21 Different categories of maintenance performance measures/indicators can be identified  
22 from literature. The total productive maintenance (TPM) concept (Nakajima 1988),  
23 launched in the 1980s, provided a quantitative metric called Overall Equipment  
24 Effectiveness (OEE) for measuring productivity of manufacturing equipments. It identifies  
25 and measures losses of important aspects of manufacturing namely availability,  
26 performance/speed and quality rate. This supports the improvement of equipment  
27 effectiveness and thereby it's productivity. The OEE concept has become increasingly  
28 popular and has been widely used as a quantitative tool essential for measurement  
29 equipments' performance in industries (Huang 2003; Muchiri 2008). Arts and Mann use  
30 the time horizon to classify maintenance control and performance indicators into three  
31 levels namely strategic, tactical and operational (Arts 1998). Some indicators proposed for  
32 operational control are; planned hours over hours worked, work orders (WO) executed  
33 over WO scheduled, preventive maintenance (PM) hours over total maintenance hours  
34 among others. Parida proposes a multi-criteria hierarchical framework for maintenance  
35 performance measurement (Parida 2007) that consist of multi-criteria indicators for each  
36 level of management (i.e. strategic, tactical and operational). These multi-criteria  
37 indicators are categorised as equipment/process related (e.g. capacity utilization, OEE,  
38 availability etc), cost related (e.g. maintenance cost per unit production cost),  
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4 maintenance task related (e.g. ratio of planned and total maintenance tasks), customer  
5 and employee satisfaction, and health safety and environment. Indicators are proposed  
6 for each level of management in each category.  
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14 Campbell classifies the commonly used measures of maintenance performance into three  
15 categories based on their focus (Campbell 1995). These categories are measures of  
16 equipment performance (e.g. availability, reliability, etc), measures of cost performance  
17 (e.g. maintenance, labour and material cost) and measure of process performance (e.g.  
18 ratio of planned and unplanned work, schedule compliance etc). Coetzee outlines four  
19 categories of maintenance performance measures with detailed indicators for each  
20 category (Coetzee 1997). These category of indicators are maintenance results  
21 (measured by availability, mean time to failure (MTTF), breakdown frequency, mean time  
22 to repair (MTTR) and production rate); maintenance productivity (measured by manpower  
23 utilization, manpower efficiency and maintenance cost component over total production  
24 cost); maintenance operational purposefulness [measured by scheduling intensity  
25 (scheduled tasks time over clocked time), breakdown intensity (time spent on breakdown  
26 over clocked time), breakdown severity (breakdown cost over total maintenance cost),  
27 work order turnover, schedule compliance and tasks backlog]; and maintenance cost  
28 justification [measured by maintenance cost intensity (maintenance cost per unit  
29 production), stock turnover and maintenance cost over replacement value).  
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54 Ivara Corporation developed a framework of defining the key performance indicator for  
55 managing maintenance function based on the physical asset management requirements  
56 and asset reliability process (Weber 2006). They propose twenty-six key maintenance  
57 performance indicators and classify them into two broad categories of leading and lagging  
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4 indicators. Leading indicators monitor if the tasks are being performed that will 'lead' to  
5 results (e.g. if the planning took place or if the scheduled work was completed on time)  
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7 while lagging indicators monitor the results or outcomes that have been achieved (e.g. the  
8 number of equipment failures and down time). Leading indicators are classified as work  
9 identification (e.g. percentage of proactive work done), work planning (e.g. percentage of  
10 planned work), work scheduling and work execution (e.g. schedule compliance). Lagging  
11 indicators are classified as equipment performance (number of functional failures, safety  
12 and environmental incidents, and maintenance related downtime) and cost related  
13 measures (e.g. maintenance cost per unit output, maintenance cost over replacement  
14 value and maintenance cost over production cost). Dwight classifies performance  
15 measures into a hierarchy according to their implicit assumptions regarding the impact of  
16 the maintenance system on the business (Dwight 1995; Dwight 1999). He gives five levels  
17 in the hierarchy namely overt (visible) bottom-line impact (e.g. direct maintenance cost),  
18 profit-loss and visible cost impact performance (e.g. total failure/down time cost),  
19 instantaneous effectiveness measures (e.g. availability, OEE), system audit approach  
20 (e.g. % planned work and work backlogs) and time related performance measurement  
21 (e.g. life cycle costing and value based performance measurement). The main finding of  
22 Dwight (1999) work surrounded the variation in lag between an action and its outcome.  
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49 The maintenance performance literature shows that different authors have different ways  
50 of classifying maintenance indicators. Furthermore, differences can be seen from the  
51 choice of indicators. However, some indicators and category of indicators have popularly  
52 been recognised by all authors as vital for management of maintenance function. For  
53 example, much emphasis has been laid on equipment performance in terms of  
54 number/frequency of breakdowns, MTTF, availability and OEE. Similarly, maintenance  
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4 cost-related measures are deemed important. Measures of maintenance efforts are  
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6 considered important by many authors though different authors used different  
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8 terminologies (e.g. maintenance productivity and operational purposefulness(Coetzee  
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10 1997), maintenance efforts(Campbell 1995), maintenance work management (Weber  
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12 2006)) to describe them. However, it was observed that the literature mainly proposes  
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14 lists of KPI's but lacks a methodological approach of selecting or deriving them. As a  
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16 result, users are left to decide the relevant KPI's for their situation. So, one of our survey  
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18 objectives is to investigate how maintenance KPI's are sourced and chosen.  
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26 Based on the literature, we summarise the commonly used maintenance performance  
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28 indicators into two major categories. We define the maintenance process or effort  
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30 indicators as leading indicators and maintenance results indicators as lagging indicators  
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32 (as shown in Figure 1). Using the definition of Weber (2006), leading indicators monitor if  
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34 the tasks are being performed that will lead to expected outcome while lagging indicators  
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36 monitors the outcomes that have been achieved. Under maintenance process indicators,  
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38 we have three categories of indicators namely; work identification, work planning and  
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40 scheduling, and work execution indicators. For maintenance results, we have three  
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42 categories of indicators namely; equipment performance, maintenance costs and safety &  
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44 environment indicators. For each category, performance indicators have been outlined.  
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47 Among the survey objectives is to investigate the extent in which these indicators are  
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49 used in industries, establish the most frequently used, i.e. popular indicators and  
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51 investigate how effectively they are used in maintenance management.  
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**‘[Insert Figure 1 here]’**

### 3.0 Research Methodology

#### 3.1 Survey Approach

The objective of this paper is to explore the use of indicators in managing maintenance performance in the industries; investigate how these indicators are sourced or chosen and the influence of manufacturing environment / maintenance objectives on KPI choice; and finally investigate the effective use of these indicators in managing the maintenance function based on measurement frequencies, maintenance actions triggered and managers satisfaction in the use of indicators. Survey research strategy was chosen as a valuable means to seek insights on the use of maintenance performance indicators in practice. Thus, this research work can be classified as an exploratory study, where information is collected using literature, interviews or surveys to find out what is happening, seek new insights into and assess the whole phenomenon in a new light (Robson 2002). Further, we can classify this research as a deductive research, where literature is used to identify theories and theoretical framework of OEE, which are tested using survey data (Saunders 2007). Survey research strategy was chosen as it allows collections of large amount of data from a sizeable population through the administered questionnaire (Saunders 2007). Since the data is standardised, it allows easy comparison and quantitative analysis using descriptive and inferential statistics.

The focus of the survey was on maintenance managers, maintenance engineers and other senior professionals within the maintenance function. This rank was chosen since high-ranking informants are considered to be a reliable source of information according to (Phillips 1981). The survey was intended to reach as many potential candidates as

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4 possible in Belgium and other European Industries to ensure diverse sample. Therefore,  
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6 the sampling methodology used was simple random. To boost the response rate,  
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8 questions were made as clear and concise as possible. Closed questions were used,  
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10 since according to (Dillman 2000), they are quicker and easier to answer, as they require  
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12 minimal writing. Responses are also easier to compare, as they are predetermined. For  
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14 the closed questions, lists, ratings and quantity types of questions (Saunders 2007) were  
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16 used in the questionnaire to acquire the various data required. When appropriate, the five-  
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18 point Likert scale was used.  
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26 The respondents were offered anonymity to increase response rate (for those who prefer  
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28 confidentiality) and to increase veracity of responses. To ensure clarity of the  
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30 questionnaire, in-depth interview and pilot study were conducted in six companies to  
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32 further improve the questions. The self-administered questionnaires were used in the  
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34 survey and administered to the respondents through email and in other cases by hand  
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36 delivery. The unit of analysis was at company level and thus one questionnaire was  
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38 delivered to an individual respondent at each company.  
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### 44 **3.2 Data**

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49 A sample of 400 companies were identified using Belgium Maintenance association  
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51 (BEMAS 2007) due to its diverse network of maintenance managers and engineers from  
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53 all manufacturing sectors. The standard European industrial classification code (NACE  
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55 2008) was used to classify the type of industry in the manufacturing sector for the various  
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57 respondents. The companies targeted deals with the manufacture of food products; pulp  
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59 and paper products; coke and refined petroleum products; chemical products; basic metal  
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4 and fabricating metal products; machinery and equipments; automotive industry;  
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6 pharmaceutical; mining; electricity generation; and nuclear sectors. These sectors have  
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8 substantial amount of maintenance activities. Using the BEMAS network, some  
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10 consultants in maintenance management were also contacted. The potential participants  
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12 were contacted by email and phone calls were later done as a follow up to boost response  
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14 rate.  
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19 [ Insert Table 1 here]  
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22 In total, 41 responses were returned, representing a response rate of 10.25%. The profile  
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24 of the respondents is shown in Table 1. Based on the profile of the respondents, the  
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26 respondents were dominated by the chemical industries with a rate of 36.6% of the  
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28 respondents. This was contrary to our expectation of proportionate distribution of  
29  
30 respondents among the various sectors. We suppose that the chemical industries have  
31  
32 more interest in maintenance performance measurement due to its critical operations and  
33  
34 machinery. The second highest group of 'others' (19.5%) consisted of companies in glass  
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36 production, medical devices and construction materials. On another note, most of the  
37  
38 respondents (82.5%) have more than 100 employees while 26.8% have more than 1000  
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40 employees. This shows that most of the respondents are from large companies.  
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#### 48 49 **4.0 Results analysis** 50

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52 This section consists of four sets of analysis, which pertains to the objectives of this  
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54 research. These analyses are related to maintenance environment, maintenance  
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56 performance measurement, the influence of Maintenance environment on the choice of KPIs  
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58 and the effective use of performance measurement in maintenance management.  
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#### 4.1 *The Maintenance Environment*

To gain insights into maintenance work environment and its influence on performance measurement, the respondents were asked to indicate the types of production disruptions they encounter and their level of importance (on a Likert scale ranging from 1 to 5) to the manufacturing systems. Likewise, they were asked to indicate on a Likert scale the frequency of occurrence of these disruptions in their plants. For both the importance and frequency of these disruptions, weighted average for each type of disruption was calculated by multiplying the number of respondents with the level of importance attached to each type of disruption.

**‘[Insert Figure 2 here]’**

From the results (see Figure 2), it is shown that mechanical breakdowns, electrical breakdown, utilities problems and SHE issues are perceived to have the highest impact on plants' operations. On the other hand, internal logistics and resources (e.g. manpower) are perceived to have lesser impact on plants' operation. When compared with the frequency of disruption, mechanical breakdown still leads with the highest frequency of occurrence. This indicates that mechanical breakdown is a very important aspect of plant functionality and signifies the need for plant reliability and maintenance. Instrumentation and electrical breakdown are also among the top five highly occurring problems, which indicates the importance of maintenance function. On the production side, inefficient operations and quality problems are among the highly frequent problems. Though SHE problems have high impact on the plants, they have the least frequency of occurrence.



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7 The respondents were asked how they counter the production disruptions and the results  
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9 are shown in Figure 3. It is shown that preventive and predictive maintenance are the  
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11 most preferred options of countering production disruptions especially those emanating  
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13 from equipment failures. Training of operators is also a highly rated means of countering  
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15 disruption. These top-three means of countering disruptions are related to performance  
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17 improvement of the existing resources (machines and people). The other options (e.g.  
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19 redundant machines, buffers and large inventory) are related to capital investments.  
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21 Though substantial number of companies prefer capital investment options improving their  
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23 output, majority opt for performance improvement initiatives like equipment's reliability  
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25 improvement and staff capacity development.  
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33 **'[Insert Figure 3 here]'**  
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37 To check the maintenance objectives pursued by the various companies, the respondents  
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39 were asked to rank the importance of the various objectives in their plants on a likert  
40  
41 scale (1 to 5). The weighted average of the results is shown in Figure 4. It was found that  
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43 safety, availability and reliability are the highly rated maintenance objectives. This is in  
44  
45 agreement with literature on the objective of maintenance function. It was also found that  
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47 cost effectiveness, attainment of production targets and products quality are important  
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49 objectives of maintenance managers.  
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56 **'[Insert Figure 4 here]'**  
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Having analyzed the maintenance environment and objectives, the next study focuses on maintenance performance measurement and the influence of the environment on KPI choice.

#### 4.2 *Maintenance KPIs used in practice*

One of the survey questions was to check the popularly used performance indicators from the given list of 20 popularly mentioned maintenance KPI's. The respondents were asked to indicate the KPI's they use in their plants, the frequency of measurement and whether they are reported to the senior management or not. The popularity of these KPI's was analysed as shown in Figure 5.

**'[Insert Figure 5 here]'**

Safety, health, and environmental (SHE) incidents are the most measured items with a response rate of 90%. This may be attributed to the statutory requirements by regulating authority to monitor and report these incidents. Further, HSE incidents are regarded highly in many of these major plants due to the criticality of the processes like in chemical and petrochemical plants. The second popular KPI is the percentage of work orders in backlog with a response rate of 83%. This being a measure of maintenance effectiveness in executing work requests within the given period, it is in the managers interest to monitor how well the work is executed. Equipments' availability also polls second with a response rate of 83%. Availability is highly advocated in literature as a key indicator of maintenance result in ensuring the equipment is available for production. It is controlled by monitoring the number of unplanned maintenance interventions (used by 80% of the

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4 respondents); mean time to repair, MTTR (with a response rate of 76%); the number of  
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6 shut downs (with a response rate 68%); breakdown frequency and MTBF (with a response  
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8 rate of 63%). From the results, it is seen that OEE is indeed an important indicator with a  
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10 73% usage together with another 12% of respondent using its variants. This adds up to  
11  
12 85% response rate of OEE usage. Some companies use the OEE indicator as advocated  
13  
14 by (Nakajima 1988) while other companies integrate other types of losses. Some  
15  
16 companies have customized it to fit their requirements and even use other names to  
17  
18 describe it. With an 85% usage rate, OEE is regarded as an important indicator able to  
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20 measure different types of losses experienced by the plant and give indication towards  
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22 improvement. In overall, equipment performance related- indicators are very popular in  
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24 practice.  
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33 Among the maintenance cost-related indicators, percentage of maintenance cost to the  
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35 total manufacturing cost is popularly used with a response rate of 78%. This may be  
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37 attributed to the desire by many companies to control the overall manufacturing cost by  
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39 monitoring the various cost centres like maintenance. Though highly advocated in  
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41 literature, maintenance cost as a percentage of replacement value had a low response of  
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43 51%. Other cost indicators like maintenance cost as a % product cost and, maintenance  
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45 cost as a % of sales revenue are among the five least used indicators. Surprisingly, % of  
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47 work orders assigned to rework (being a measure of the quality of maintenance work  
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49 done) is among the least used indicators. Likewise, % of scheduled man-hrs to total  
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51 available man-hrs (being a measure of manpower utilization) is among the least used  
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53 indicators. In general, it is seen that the maintenance performance measurement is  
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55 dominated by lagging indicators (equipment performance, maintenance cost and HSE  
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4 issues), while not much of the leading indicators (maintenance work process) is  
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6 measured.  
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11 The frequency of measurement of the top 15 indicators were analysed shown in Figure 6.  
12  
13 It is seen that many indicators are mostly measured on monthly basis and rarely on  
14  
15 quarterly basis. For example, 82% of the respondents measure % of maintenance cost to  
16  
17 total manufacturing cost on monthly basis. Likewise, high percentage of respondents  
18  
19 measure % work orders in backlog (57%); scheduled maintenance downtime (65%);  
20  
21 unscheduled maintenance downtime (57%) on monthly basis. We may conclude that  
22  
23 managers find monthly intervals as a good time interval to evaluate performance. As  
24  
25 would be expected, maintenance cost in the % of replacement value is measured at a  
26  
27 longer time interval with 38% on quarterly basis and 57% on monthly basis. An indicator  
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29 like the HSE incidents are monitored more regularly with 27% of respondents recording it  
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31 on daily basis, 22% on weekly and 46% on monthly, as per the requirements and criticality  
32  
33 in the different plants. The OEE has the highest daily measurement frequency (39% of  
34  
35 respondents). Since OEE integrates different elements of equipments' productivity,  
36  
37 managers have a high interest in analysing their equipments' effectiveness at a shorter  
38  
39 time interval. Based on the rate and frequency of usage, we may conclude that OEE, SHE  
40  
41 and maintenance cost are important aspects of maintenance performance in practice. We  
42  
43 may conclude that equipment performance indicators are measured on a shorter time  
44  
45 interval (daily and weekly basis), probably to facilitate quicker corrective actions.  
46  
47 Maintenance work process indicators are measured more on weekly and monthly basis  
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49 while cost related indicators are measured on a longer time interval (monthly and  
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51 quarterly basis).  
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**‘[Insert Figure 6 here]’**

### **4.3 Source of maintenance KPI's**

Our next research interest was to establish the source of the used indicators and investigate how the choice of indicators is influenced by the manufacturing and maintenance-operating environment. The source of indicators is analysed as shown in Figure 7. It is seen that 78% of the respondents developed some of the used indicators on their own. By using indicators from literature or benchmarks, they customize them to fit their industrial requirements. Some process softwares (e.g. SAP or ERP) are popular source of KPIs' with a response rate of 56%. The Third highest source of KPIs' are those proposed by the upper management (41% of respondents), standard benchmarks (32%) and theory (27%). The least used sources are other companies (17%) and outcome of a project (12%).

**‘[Insert Figure 7 here]’**

To check the influence of maintenance environment on the choice of KPI's, the Spearman's rank correlation analysis was done among the different maintenance objectives as shown in Figure 8. It showed that availability has a high correlation with reliability (with  $p=0.0008$ ). Since the Likert scale used has a small data range (1 to 5) that could lead to lots of tied ranks, the Kendall's tau rank correlation analysis was also done. (From Liebetrau (1983), both Spearman's rank correlation and Kendall's tau correlation are recommended for the analysis of ordinal data). Using Kendall Tau correlation, it was likewise found that availability is correlated with reliability (with  $p=0.0015$ ). This is an

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4 indication that companies pursuing availability are interested in reliability as well. This  
5  
6 finding underlines the importance of reliability in attaining equipment availability.  
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8 Availability was also found to be correlated with cost effectiveness (with  $p=0.0164$   
9  
10 (Spearman's rank) and  $0.0165$  (Kendall's tau)). Though the analysis shows safety is highly  
11  
12 correlated with cost effectiveness ( $p=0.0171$ ), other results (section 4.2) shows that there  
13  
14 is wider company level interest in plant safety due to its high impact on people,  
15  
16 equipments, production, statutory requirements among other factors. It was found that  
17  
18 attainment of production target is highly correlated with product quality ( $p<.0001$  in both  
19  
20 Spearman's and Kendall's tau rank correlation). This is an indication that companies  
21  
22 interested in production output are interested with product quality as well. However, the  
23  
24 results did not show a link between attainment of production target and equipment  
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26 availability or reliability as would be expected.  
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35 **'[Insert Figure 8 here]'**  
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40 To check the influence of maintenance objectives on the choice of KPI's, cumulative  
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42 logistic regression was done for each maintenance objective against the 20 given KPI's.  
43  
44 (Cumulative logistic regression is a generalization of logistic regression for ordinal  
45  
46 outcomes (Agresti, 2002)). The objective of the analysis was to check whether companies  
47  
48 pursuing certain maintenance objective prefer certain set of KPI's over others. The  
49  
50 analysis of the maximum likelihood estimates showed that reliability objective is  
51  
52 significantly related to the following KPIs; the number of unplanned maintenance  
53  
54 interventions (with  $p=0.0372$ ), unscheduled maintenance related downtime ( $p=0.0214$ ) and  
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56 the number of HSE incidents ( $p=0.0225$ ). This is an indication that companies pursuing  
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58 reliability as a maintenance objective use or measure these KPI's. The mean time  
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4 between failure- MTBF(with  $p=0.813$ ) and failure frequency ( $p=0.311$ ), however are not  
5 statistically significantly related to reliability objective while literature proposes them as a  
6 measure of equipment reliability. For the other maintenance objectives, the analysis did  
7 not yield results that are statistically significant. This outcome was unexpected, especially  
8 on availability objective, since many of the used KPI are related with equipment  
9 performance (see Figure 5). These results indicates lack of direct alignment of  
10 maintenance objectives and the maintenance KPI used.  
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#### 23 **4.4 Effective use of KPIs'**

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28 Our third research interest was to analyse the effective use of the maintenance KPI's by  
29 checking how the KPI's support the management of maintenance function. As shown in  
30 Figure 9, 80% of the respondents use KPI's to improve equipment performance and  
31 monitor & control maintenance activities. KPI's are also considered useful in maintenance  
32 resource allocation (70% response rate); safety improvements (68%); response  
33 improvement (67%); decision support of process changes (63%) and improvement of  
34 manpower utilization (60%) among others. The response is in agreement with the known  
35 use of performance indicators. However, the analyses of the percentage of maintenance  
36 actions and process changes triggered by performance measurement shows contrary  
37 results on the use of KPIs in practice.  
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**'[Insert Figure 9 here]'**

As shown in Figure 10, only 10% of the respondents have high rate (above 75%) of  
decisions and process changes triggered by KPI's use. The highest percentage of

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4 respondents (36%) have the least (less than 25%) decisions and changes triggered by  
5 performance measurement. These results are contrary to the general expectation of KPI's  
6 role in decision support on performance improvement as advocated in performance  
7 measurement literature. These are surprising results that cast some doubt on the utility  
8 value of maintenance performance measurement. In addition, the respondents were asked  
9 to indicate the degree of satisfaction with their measurement system. As shown in Figure  
10 11, only 5% of the respondents indicated a very high degree of satisfaction and a further  
11 22% with high degree of satisfaction. 42% of the respondents have medium (average)  
12 degree of satisfaction, 24% have low, and a further 5% have very low satisfaction in  
13 performance measurement. The result shows that there is a significant number of  
14 maintenance managers who are not satisfied with their performance measurement.  
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33 **'[Insert Figure 10 here]'** **'[Insert Figure 11 here]'**  
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37 The Spearman's rank correlation analysis between degree of satisfaction and  
38 decision/process changes triggered by KPI use was found to be significant with a p-value  
39 of ( $p=0.0063$ ) and a positive coefficient of 0.412. Likewise, the Kendall's tau rank  
40 correlation was found to be significant with  $p=0.0064$  and coefficient of 0.366. Further  
41 cumulative logistic regression was carried out to detect the influence of the 'degree of  
42 satisfaction of maintenance performance measures' on the decisions and process  
43 changes triggered by KPI use and quantify its effects on the maximum likelihood fit. The  
44 analysis of the maximum likelihood estimates showed that least decisions / changes  
45 triggered by KPI (<25%) is statistically significantly related to to the degree of satisfaction  
46 with ( $p=0.0034$ ). This is an indication that the least satisfied people had the least decisions  
47 and changes triggered by KPI use. The results indicated a strong positive linear  
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4 relationship between degree of satisfaction and process changes/decisions triggered by  
5 KPI use. Thus a higher degree of satisfaction in KPI's use is likely to trigger more  
6 decisions and process. Likewise, least decisions / changes are likely when the  
7 satisfaction in KPI use is low.  
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16 These significant results on low decision /changes triggered by KPI use, coupled with low  
17 degree of satisfaction raises a question on the effectiveness of performance measurement  
18 systems in practice. First, the results cast some doubts on "success story" of performance  
19 measurement as suggested in literature. Second, the result exposes some ineffectiveness  
20 of performance measurement systems in driving performance improvements and decision  
21 support in significant number of companies. These ineffectiveness can potentially negate  
22 the benefits expected from such systems like performance gap identification, decision  
23 support, focusing resources in important areas, and performance improvement initiatives.  
24  
25 Finally, the study shows that only a minority of managers said that high improvements  
26 originated from their quality systems. This shows there is something very wrong with  
27 quality management systems in practice, which necessitates further research to determine  
28 the cause of this ineffectiveness.  
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## 5.0 Conclusions

51 The objective of this research was to explore the use of performance measurement and  
52 indicators in management of maintenance function by use of industrial survey. This was  
53 done by investigating the key performance indicators (KPIs) used in maintenance  
54 management; how these indicators are sourced or chosen; the influence of manufacturing  
55 environment and maintenance objectives on KPI choice; and finally, the effective use of  
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4 these indicators in managing the maintenance function based on measurement  
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6 frequencies, maintenance actions triggered and managers satisfaction with the use of  
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8 indicators.  
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13 First, the literature review showed that different categories and types of maintenance KPI  
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15 have been proposed by various authors. However, it was observed that a methodological  
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17 approach of deriving the various KPI's has not been explicitly done and the users are left  
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19 to decide the relevant KPI's for their situation from the given KPI lists. From the analysis  
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21 of the manufacturing and maintenance environment, it was found that equipment  
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23 breakdown is the most important cause of production disruption among other causes of  
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25 disruptions (quality, feedstock, logistics etc). To counter production disruptions, managers  
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27 prefer performance improvement of the existing resources (through preventive and  
28  
29 predictive maintenance, and training of employees) over capital investment to buy  
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31 redundant capacity or larger inventory in case of equipment unreliability. These findings  
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33 signify the importance of maintenance function and the need of maintenance performance  
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35 monitoring.  
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45 On the KPIs used by maintenance managers, SHE incidents are the most measured  
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47 indicator with a response rate of 90% probably due to statutory requirements.. The top ten  
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49 maintenance KPIs are dominated by equipment performance. OEE metric and its variants  
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51 came out as the most popular equipment performance indicator capable of measuring  
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53 different production losses, of which maintenance related losses are important. It was  
54  
55 observed that maintenance performance measurement is dominated by lagging indicators  
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57 (equipment performance, maintenance cost and SHE issues), while not much of the  
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59 leading indicators are measured. This observation raises some questions on whether  
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4 sufficient knowledge of maintenance process does exist and if sufficient knowledge exists,  
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6 why is it rarely used in performance measurement systems? While both leading and  
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8 lagging indicators are important in maintenance performance management, the leading  
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10 indicators are even more important than lagging indicators because they have the  
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12 potential to avoid unfavourable situations from occurring in the first place <possibly add  
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14 reference to newly discovered paper>.  
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21 On the source of KPI used in industries, it was seen that most of the respondents use  
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23 'own-developed' KPI. They customize indicators from literature or standard benchmarks to  
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25 fit their industrial requirements. Process softwares (e.g. SAP or ERP) were found to be  
26  
27 important source of KPI. The correlation analysis of the influence of manufacturing  
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29 environment on the choice of KPI showed that reliability and availability are highly  
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31 correlated. This signifies how these two equipment performance aspects are highly linked  
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33 by maintenance managers. However, the results did not show a link between production  
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35 output and equipment availability or reliability as it would be expected. Further regression  
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37 analysis indicated that there is no direct alignment of maintenance objectives and the  
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39 maintenance KPI used.  
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47 The most surprising results came from the analysis of the use of KPI's in maintenance  
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49 management. It was found that the highest percentage of respondents have the least  
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51 decisions and process changes triggered by performance measurement. These results  
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53 give an indication that much of the performance measurement data collected is not  
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55 adequately used in decision support and performance management. Further analysis  
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57 showed that there is a significant number of maintenance managers who are not satisfied  
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59 with their performance measurement systems while much effort and resources are  
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4 dedicated to such systems. Further regression analysis showed a strong positive linear  
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6 relationship between degree of satisfaction and process changes/decisions triggered by  
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8 KPI use. This indicates that higher (lower) degree of satisfaction in KPI's use is likely to  
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10 trigger more (less) decisions and process. The results showed that the least satisfied  
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12 people had the least decisions and changes triggered by KPI use.  
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18 These significant results on low decision /changes triggered by KPI use, coupled with low  
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20 degree of satisfaction raises some important questions on the effectiveness of  
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22 performance measurement systems in practice. This ineffectiveness can potentially  
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24 negate the benefits expected from performance measurement. It shows there is something  
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26 wrong with performance management systems. At the time of this study, we had no  
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28 indication why this is the case, and why it has not been noticed before. Further research  
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30 is needed to determine the cause of this ineffectiveness. Among the issues proposed in  
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32 future research is establishment of a methodological approach of deriving maintenance  
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34 KPI's from maintenance strategic objectives. Such an approach can potentially support  
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36 managers in deriving relevant KPI's for their manufacturing environment. Further research  
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38 on maintenance processes that can lead to the expected maintenance results need to be  
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40 conducted and consequently integrated in maintenance performance systems. Finally, a  
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42 research on the overall performance management systems is necessary to establish the  
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44 inadequate use of performance information in decision support and the cause of  
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46 dissatisfaction in performance measurement systems by maintenance managers. This  
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48 research could establish the effectiveness of feedback process in performance  
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50 management and how performance information should be used to trigger changes.  
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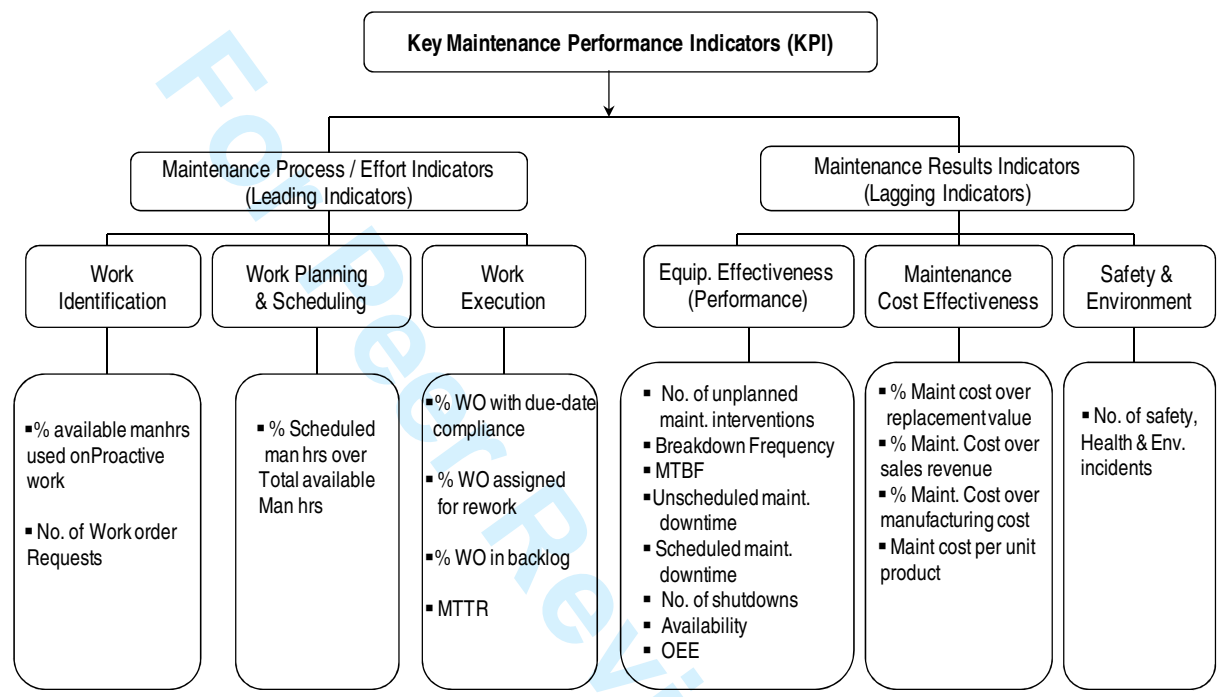
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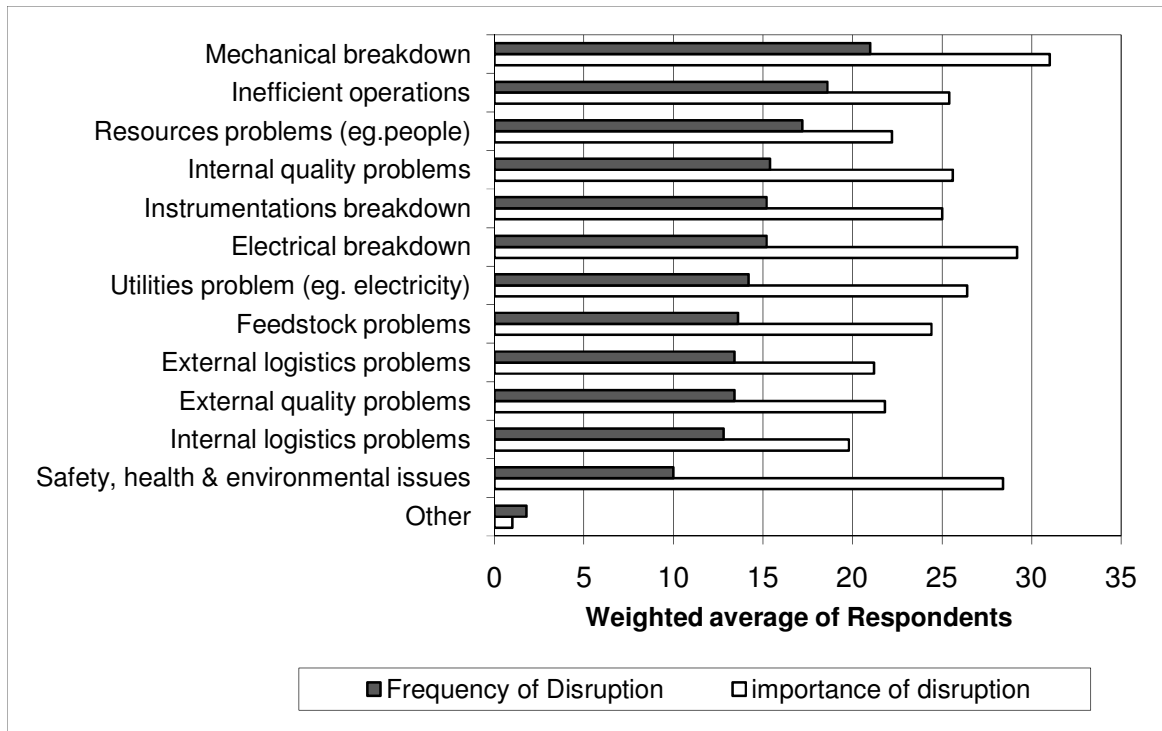
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# Empirical Analysis of Maintenance Performance Measurement in Belgian Industries.

## Figures

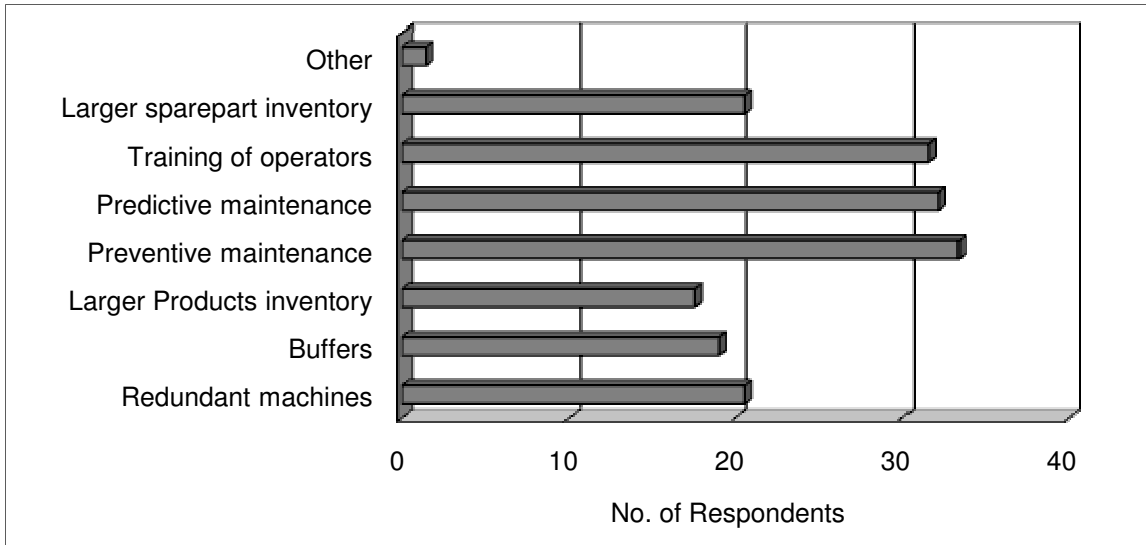


**Figure 1: Key maintenance performance indicators in Literature**



**Figure 2: The level of importance and the frequency of production disruptions encountered by the plants**

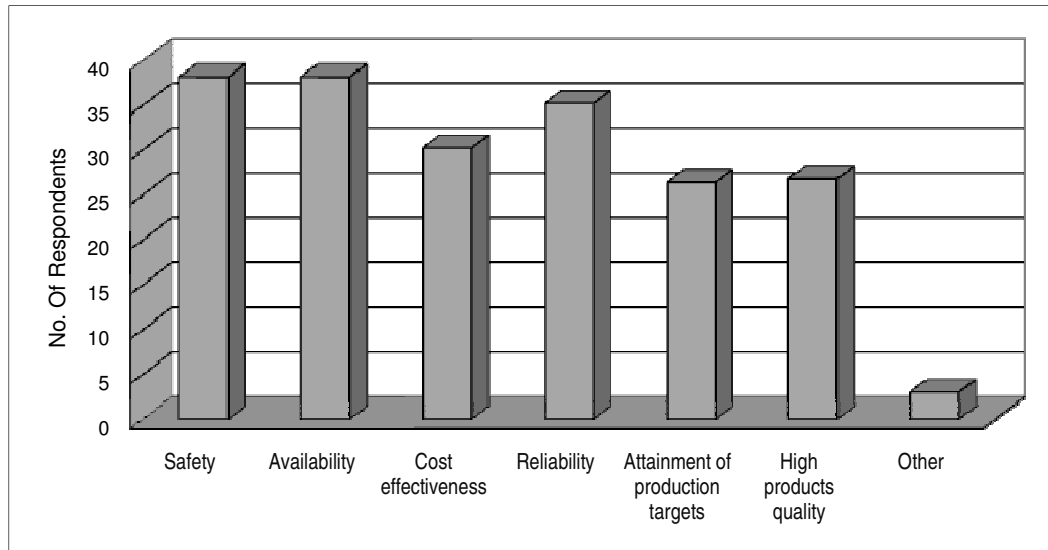




**Figure 3: The preferred alternatives of countering production disruptions by different plants.**

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**Figure 4: The maintenance objectives pursued by different plants**

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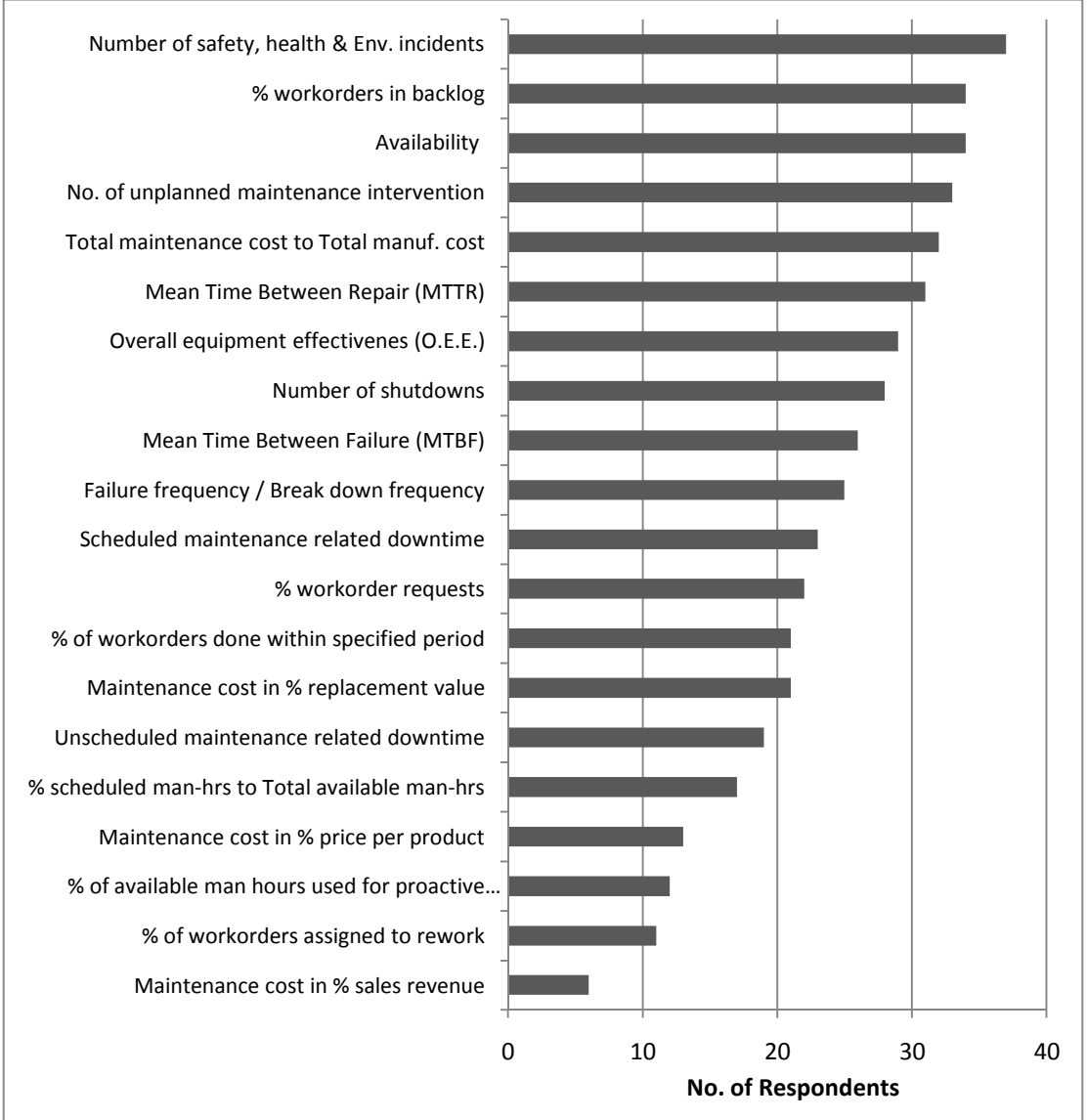


Figure 5: Usage of Maintenance KPI's

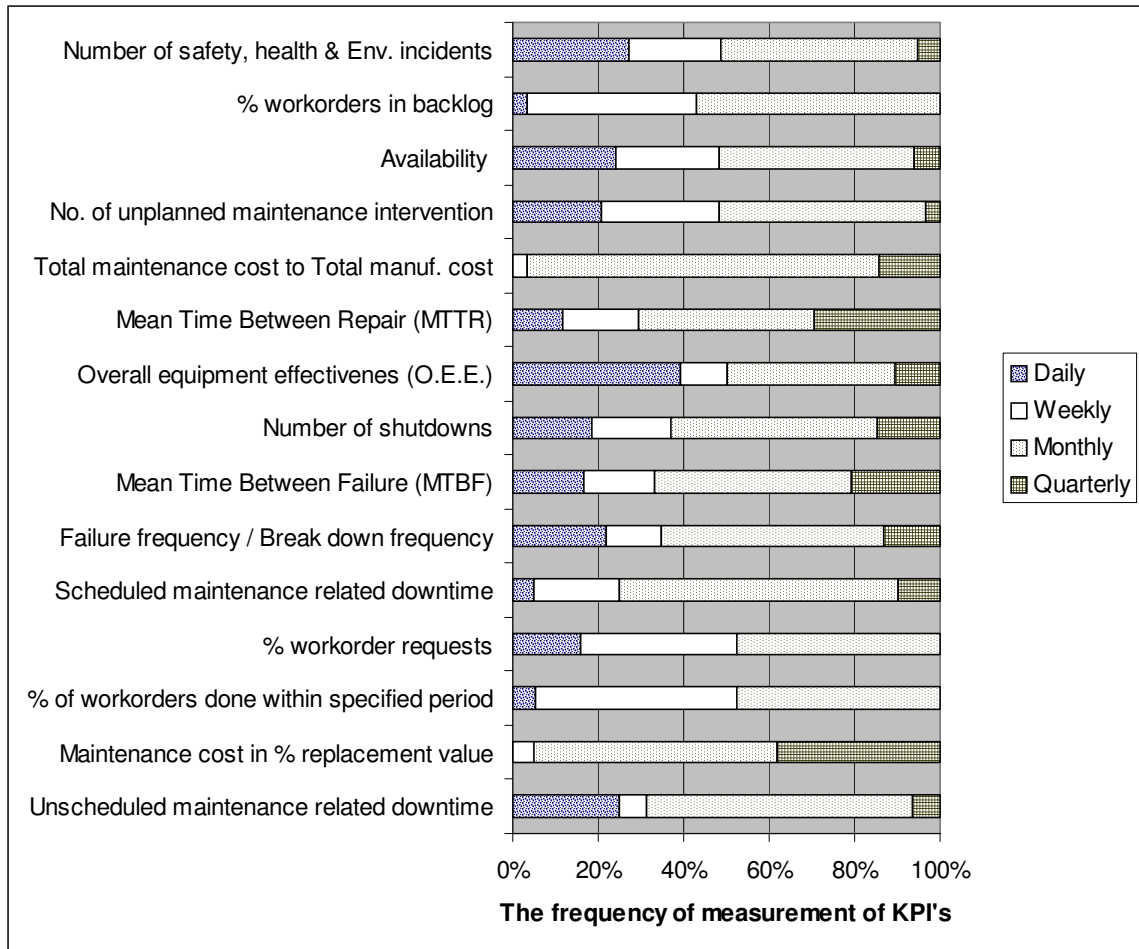


Figure 6: The frequency of measurement of the given KPI's

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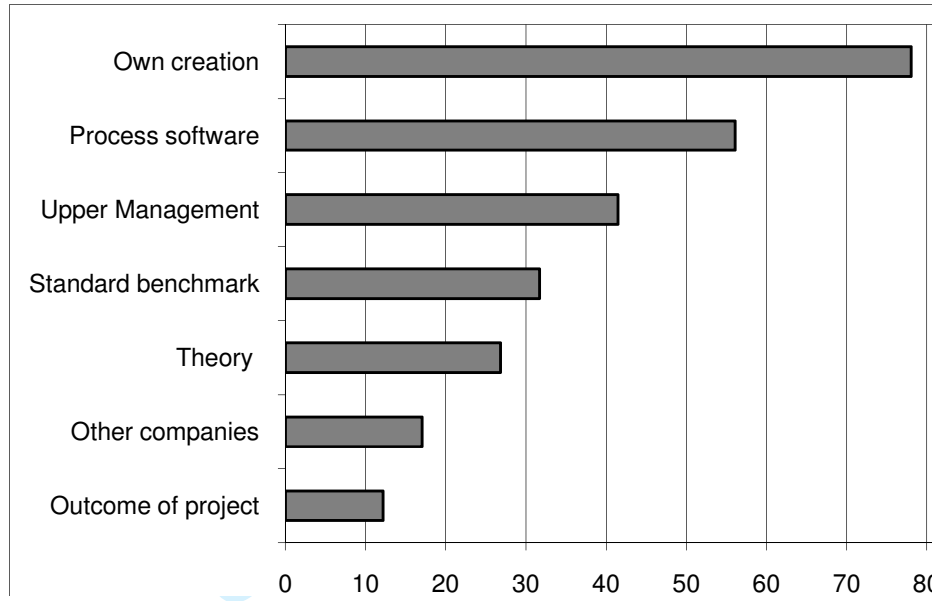


Figure 7: The source of KPI's

Peer Review Only

Spearman Correlation Coefficients, N = 41						
Prob >  r  under H0: Rho=0						
Maintenance Objectives	Q81	Q82	Q83	Q84	Q85	Q86
<b>Q81</b> Safety	1.00000	0.06982	0.37045	0.19370	-0.24251	-0.07038
		0.6644	<b>0.0171</b>	0.2250	0.1266	0.6619
<b>Q82</b> Availability	0.06982	1.00000	0.37268	0.50160	-0.08789	0.07506
	0.6644		<b>0.0164</b>	<b>0.0008</b>	0.5848	0.6409
<b>Q83</b> Cost Effective	0.37045	0.37268	1.00000	0.17708	0.05184	-0.02848
	<b>0.0171</b>	<b>0.0164</b>		0.2680	0.7475	0.8597
<b>Q84</b> Reliability	0.19370	0.50160	0.17708	1.00000	0.13741	0.14346
	0.2250	<b>0.0008</b>	0.2680		0.3916	0.3709
<b>Q85</b> Production Target	-0.24251	-0.08789	0.05184	0.13741	1.00000	0.67644
	0.1266	0.5848	0.7475	0.3916		<b>&lt;.0001</b>
<b>Q86</b> Product Quality	-0.07038	0.07506	-0.02848	0.14346	0.67644	1.00000
	0.6619	0.6409	0.8597	0.3709	<b>&lt;.0001</b>	

Figure 8: The Spearman correlation of the different maintenance objectives.

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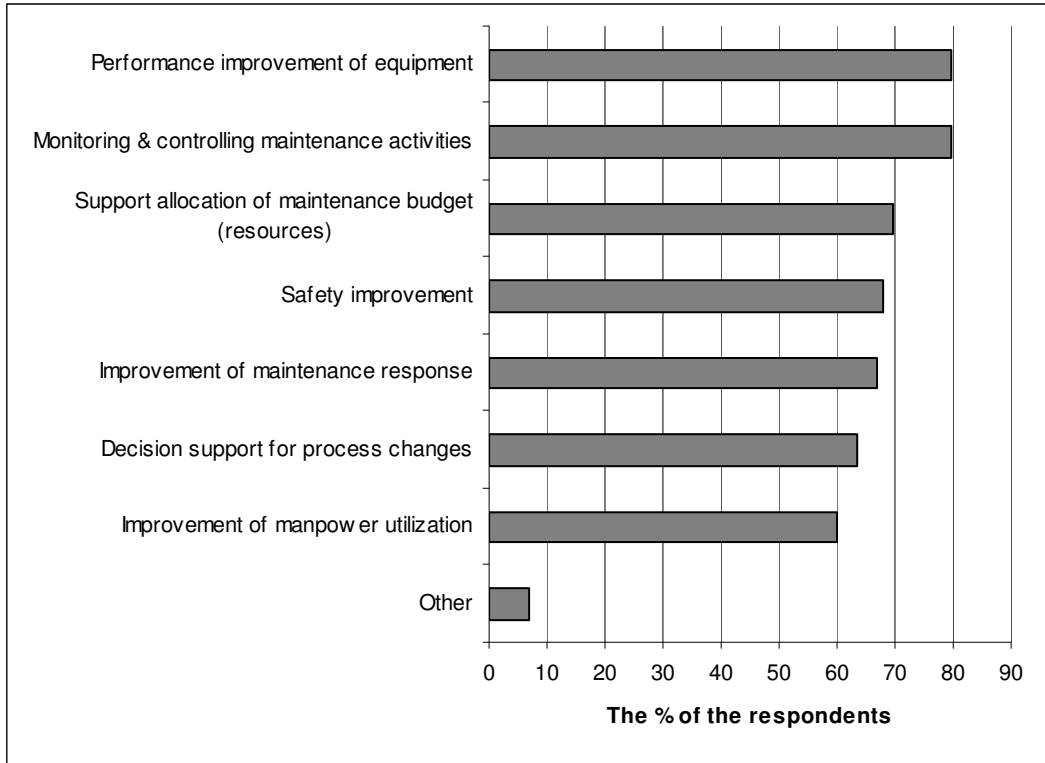


Figure 9: Use of KPI's in maintenance management support

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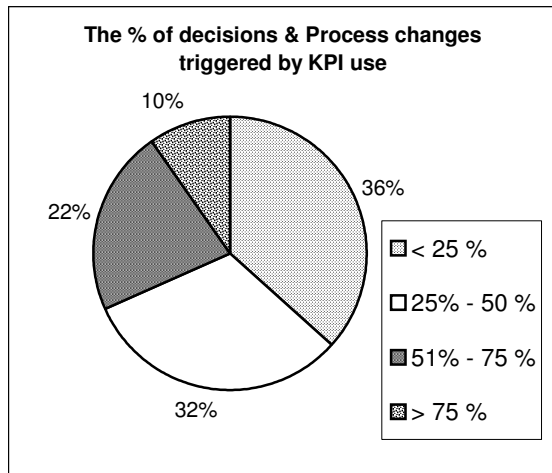


Figure 10: The percentage of decisions & process changes triggered by KPI use



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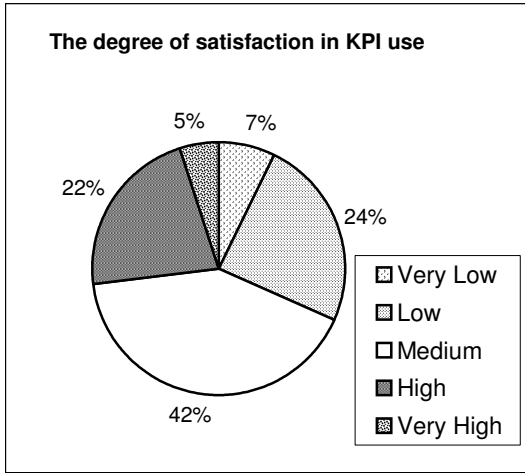


Figure 11: Degree of satisfaction with the maintenance performance measurement

**Table 1: The profile of respondent companies**

	<b>Respondent (%)</b>
<b>Manufacturing Sector of respondents</b>	
Manufacturing of food	2.4
Pulp, paper and paper products Industry	2.4
Cokes, refined petroleum Industry	2.4
Chemicals, man-made fibres Industry	36.6
Manufacturing of basic metals & fabricating metal products	7.3
Manufacturing of machinery	4.9
Automotive Industry	9.8
Consulting	2.4
Pharmaceutical Industry	7.3
Mining Industry	0
Electricity production	5
Nuclear Sector	0
Other	19.5
<b><u>Company Size of respondents</u></b>	
< 50 Employees	7.3
50 - 100 Employees	12.2
100 - 250 Employees	9.8
250 - 500 Employees	26.8
500 - 1000 Employees	17.1
> 1000 Employees	26.8