

Integrated Performance Management

Ad Esse Consultant Mike Wistow has over 15 years experience of working in improvement in the public sector. In this article he discusses developing an integrated approach to Performance Management...

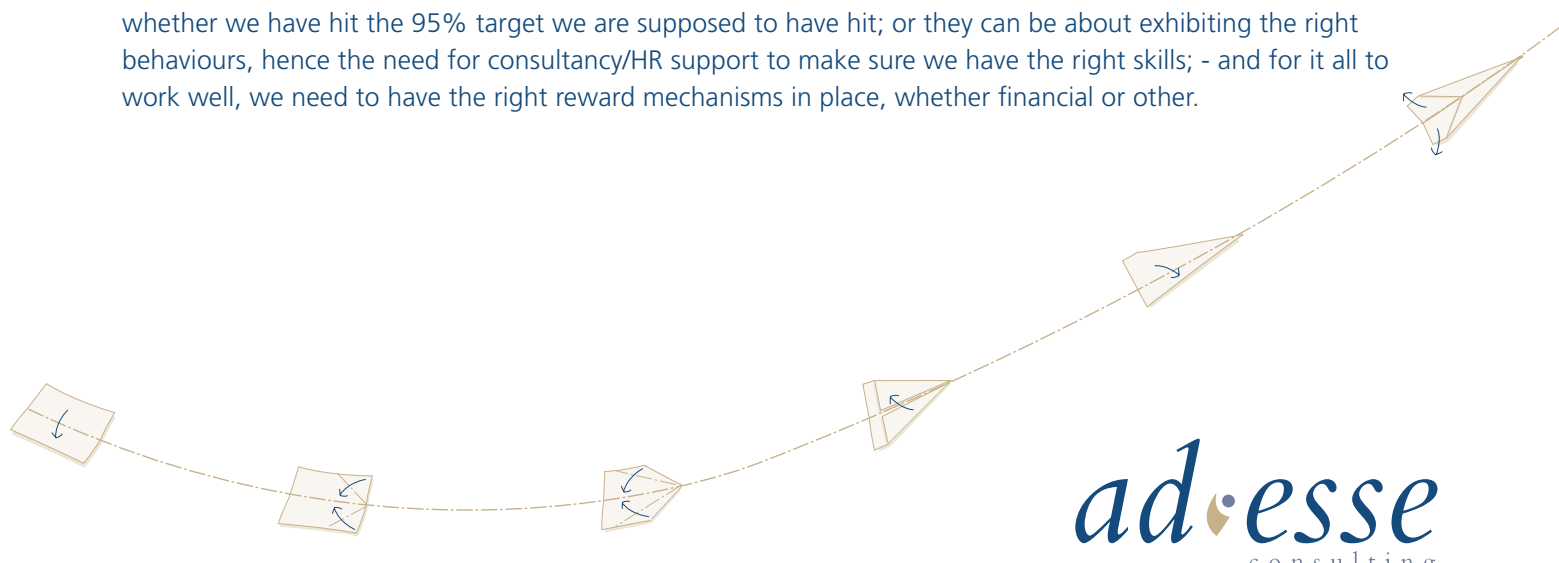
EMBEDDING A NEW CULTURE

Interestingly, at the time of writing, if you put 'performance management' into Google in search of a good quotation, it brings up a varied range of interpretations. The first website it brings up is a news site with articles about performance management software. The second is from Roger Davis, Assistant Vice Chancellor, Human Resources at the University of California, San Diego (UCSD):

'Performance management is a joint process that involves both the supervisor and the employee, who identify common goals, which correlate to the higher goals of the institution. This process results in the establishment of written performance expectations later used as measures for feedback and performance evaluation.'

The third is a consultancy offering to bring its 'unique behavioural lens to all of its consulting engagements, from individual executive coaching sessions to large-scale strategy implementation'. *NB. The current results are different, but equally diverse.*

Clearly there are a range of approaches to the subject. Even simple diagrams attempting to summarise the topic can cover areas as diverse as: business strategy, pay strategy, peer review, succession planning, performance information, review cycles etc. Each comes from a different tradition and each has its adherents. Perhaps, however, this is the key to good performance management. To state the obvious, performance management is about making sure you have achieved your objectives. These can be individualised: hence the approach in the document from UCSD above; they can be corporate, hence the need for enterprise-wide software to assess whether we have hit the 95% target we are supposed to have hit; or they can be about exhibiting the right behaviours, hence the need for consultancy/HR support to make sure we have the right skills; - and for it all to work well, we need to have the right reward mechanisms in place, whether financial or other.



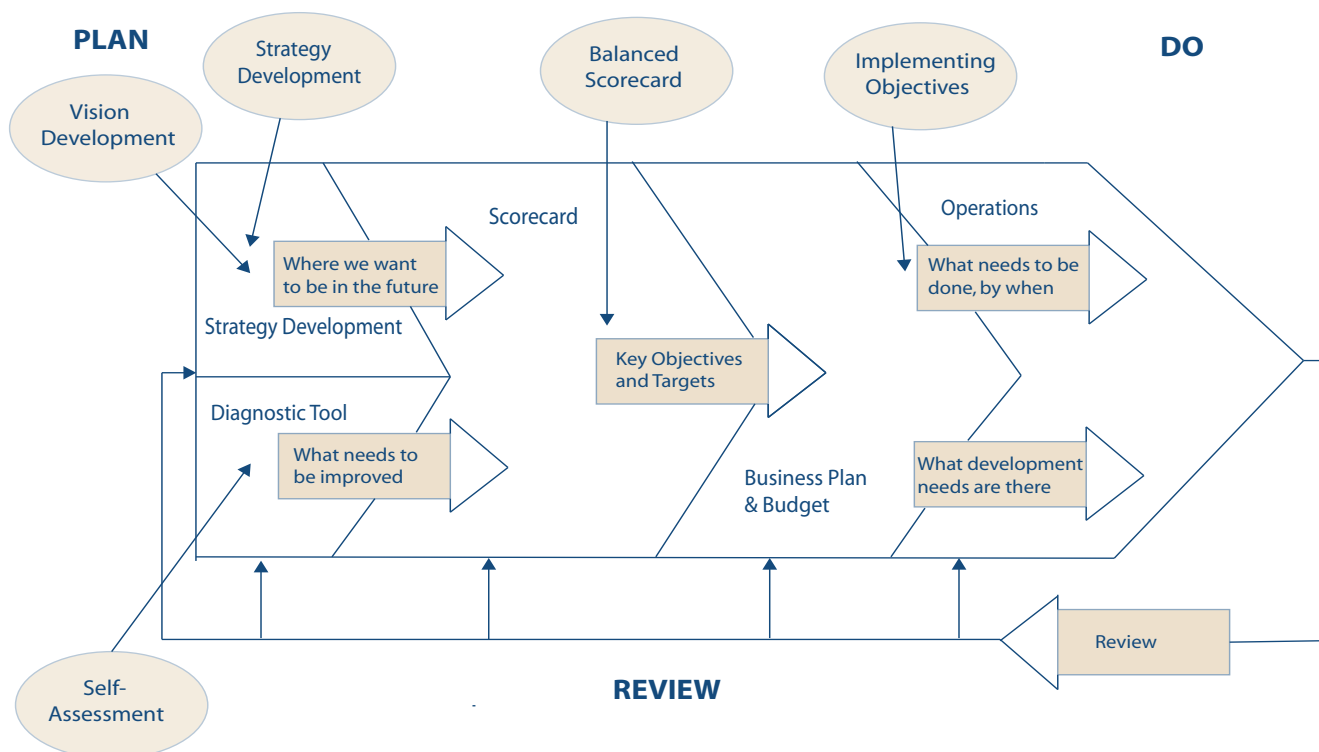
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In the days when I ran short seminars on objective setting, I used to touch on performance management aspects and point out that performance management was easy – it was objective setting that was difficult. If you have an objective such as ‘we will open the Bevan Health Centre in 2005’, there is little to explicitly manage and only one measure of achievement. Revise the objective to ‘we will open the Bevan Health Centre on 15th August 2005 at a cost of no more than £2m, with a staff satisfaction rate of +85% and a patient satisfaction rate of +95% by 31st December 2006’, and you need to manage resources, consult with both staff and patients (and respond to their expectations and needs), project manage timescales, engage in planning as to future patient services, etc. Hence you need information systems (computerised, perhaps?) to ensure that financial monitoring takes place and to ensure that you know the perceptions of those working with and using the services. With very little effort, we could add indicators of throughput (e.g patients per month) or outcome (the percentage who finish their treatment restored to health) and we have effectively the beginnings of a balanced scorecard.

To extend this simple example slightly further, one can see how the human resources and behavioural aspects begin to come into play. An authoritarian style, which demands that ‘you will be satisfied and tick the right box on your satisfaction survey’, will probably not be effective. Managers /project managers need to engage with staff and patients in the Bevan Health Centre - and to do this, they need appropriate skills in facilitation, objective setting, team-building and so on. Equally, the rewards need to be there – whether this is a financial incentive for delivering a building project on time, or simply the satisfaction of knowing patients can be treated in surroundings that are hygienic and reward their sense of human dignity.

The above is a simple example of the diversity of understanding about performance management. Add to this the numerous measures – often less well defined than the one above – that corporate bodies have to work to and report on, and the scope for different approaches grows. But then, it has to: the style with which I would manage the planning and implementation of any given objective is a result of personality, experience and the interaction I have with those who work with me; my colleague with a different history and different co-workers would approach the same task in a different style.

The following diagram, adapted from an original developed in BT Payphones, shows an approach to utilising the different aspects of performance management in the translation of strategy into action.



Over the years, I have worked in different roles focusing on the different aspects of performance management. Nowadays, I would try and work with an integrated approach to Performance Management, both Strategy and Implementation, and attempt to embrace this diversity and to turn it into something very practical to work with. In my previous role as Head of Performance Management in Hull and West Hull PCT's, we had developed this into a document divided into three aspects: Strategy, Implementation and Using the Software. This segmentation is applicable generically and can be developed for any organisation. The following are suggestions as to what should be considered.

STRATEGY

Any performance management strategy should include the following areas:

- A clear strategic plan;
- Clear objectives with sound measurement
- A sound information base and reporting framework;
- Clarity about decision-making structures and accountability;
- A clear HR strategy to develop both individuals and the organisation's capability;
- Clear communication.

On the grounds that people learn in different ways, I now use a mixture of styles to make similar points. For example, I have described the importance of measurement as part of a sound information base and reporting framework with the visual - a graphic of a cricket scorecard; the (hopefully) easy to remember quotation 'If you're not keeping score, it's just practice'; and the more explanatory – a series of questions based on the key perspectives of the balanced scorecard: What are we spending? What are we getting for the money? What are people saying about us? What are we doing to improve performance in the future?

IMPLEMENTATION

People learn in different ways. While some will be happy with the more theoretical approach above, others will prefer a more practical approach. To deal with this, I tend to use a series of practical prompts based around key quality tools and techniques summarised on no more than a page of A4 . The Bevan Health Centre example above is one I have used with NHS colleagues for helping with objective setting. However, I have supported it with further information such as the following emphasising how working with colleagues to develop clear objectives helps make planning more coherent:

The value of involving colleagues in agreeing your plans and targets and then writing them down is that:

- You clarify your own thinking.
- Everyone knows what you are trying to achieve and how they can contribute.
- Your colleagues can be clear that their work and yours is integrated.
- The [organisation] therefore has a clear set of deliverables in line with its strategic plan.

By using both theory and practical examples, the building blocks for developing and embedding a culture of performance management can be established with a range of staff and a range of learning styles.

USING SOFTWARE

In a small team, it is, perhaps, easier to put the main focus on the HR traditions of performance management; in a large organisation, you need software. There are a number of performance management software companies around (that same Google search will give you a list of sponsored links on the right hand side of the page). Ad Esse works in partnership with Performancesoft and I have used their software to help embed approaches to performance management. The Performancesoft Views approach of trend analysis, accountability and a consistent interface matches closely with the principles of ensuring clarity of accountability based on ownership of processes and analysis of data.

CULTURE

When it finally comes down to it, however, one can have all the right systems in place but the wrong culture. To offer some examples:

- Managers need to make decisions on the basis of limited information – it is one of the roles of management. However, everyone will have been in a meeting with far too little information on which to make a decision; how often is it re-scheduled until a reasonable level of information is available and how often are decisions made because it seems more decisive to do so?
- When the results are good, how often do you celebrate? It helps to develop better practice because it promotes success to a wider group. It also helps to develop the good practice even further because other colleagues will make even more improvements; Equally, how do you deal with bad results: do you create an atmosphere in which colleagues can learn and improve by asking for explanations and ways to perform better – or do you blame? The former will lead to improvement, the latter to ‘game playing’ and hiding of the reality.

FINAL THOUGHTS: WHOLE ORGANISATION APPROACH

Anyone who plays a team sport will know that, at certain times, you will have a group of talented players all working together at the height of their powers, with a skilled captain/coach/mentor guiding and motivating them. At other times, the team will be growing old together, or have too many youngsters without the experience, or be too confident or too used to failure and not play to their potential. Performance managing an organisation relies upon a similar blend of different skills all being engaged at the right time: planning, leadership, information systems, skilled colleagues, the creation of an atmosphere in which people want to succeed, et al. Focusing on the range of approaches and bringing them together in a coherent approach to performance management is something that can only be achieved by a whole organisation – not by any department on its own. I once worked on developing a core skill programme on performance management. We looked at an approach that considered different teams – one of which was a Formula 1 team. If we could dissect the skills needed to refuel a car, change tyres, etc. in seven seconds, with ten men in close proximity and a back-up team with some of the best IT in the world, then we might be able to learn some of the skills that are transferable to successfully dealing with patients, supervising offenders, training students, etc. in the public sector. The pace might be slower than in Formula 1 but the skills are the same.

FINAL THOUGHTS: GENERAL PRINCIPLES

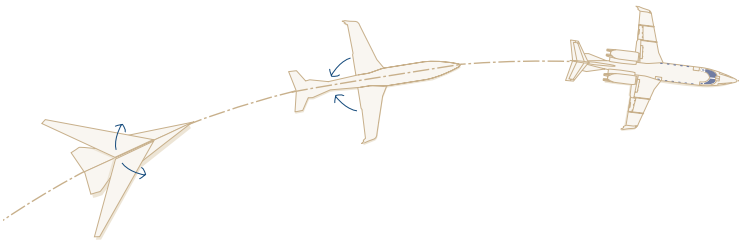
Bob Stone, who led the Clinton administration's project for reinventing government, suggests four principles that apply in any culture:

- Workers know the work better than managers or politicians
- Customers know what they want better than anybody else
- People are capable of things they (and you) never dreamed of
- Move fast

They are sound principles for embedding a strong performance culture and in the next issue of *Actuality*, there will be a review of Stone's book 'Confessions of a Civil Servant'

FINAL NOTE

My experience has been predominantly public sector performance management. However, many of the principles apply equally to the private sector. Inter-personal dynamics do not change too drastically because we work in different sectors; good approaches to strategy, planning and review are applicable in a range of sectors and industries. Irrespective of where we are employed, we (mostly) went to similar schools and universities in the same cultural tradition. The principles are generic.



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