SCRIPT – MEASURING AND MANAGING PERFORMANCE FOR SUSTAINABILITY

Cover Page – Slide 1

I welcome you all to this exciting session on Measuring and Managing Performance for Sustainability.

Come along with me.

Learning Outcomes – Slide 2

At the end of this session, it is my belief that we would have achieved the following Learning Outcomes:

- Explain the concepts of Performance and Performance Management.
- Identify Key Performance Indicators (KPI) for effective Talent Management and Succession Planning.
- State the importance of the nine (9) box grids for Talent Management and Succession Planning.
- Discuss the use of Performance Management Techniques, and,
- Describe the challenges of Performance Management System.

Concepts of Performance Management – Slide 3

The concept of performance, as it appears defined in the dictionaries of French, English and Romanian, defines more the idea of outcome, achieved goal, quality, and less the economic aspects of efficiency and effectiveness.

Also, the Explanatory Dictionary of the Romanian Language defines performance as "a result (particularly good) obtained by someone in a sporting contest; a special achievement in a field of activity; the best result obtained by a technical system, a machine, a device, etc."

The definition shows that the term performance was originally taken from the mechanics and sports fields, in order to subsequently be used to characterize the very good results also achieved in other fields. This means that performance is obtained only by a limited number of entities, those who get the best results. Performance cannot be associated with any result achieved, but only with a special one

Verboncu and Zalman, (2005) defined performance as *"a particular result obtained in management, economics, marketing, etc. that print features of competitiveness, efficiency and effectiveness of the organization and its procedural and structural components.*

"Performance management is the continuous process of improving performance by setting individual and team goals which are aligned to the strategic goals of the organisation, planning performance to achieve the goals, reviewing and assessing progress, and developing the knowledge, skills and abilities of people."

Designing Effective Key Performance Indicators – Slide 4

Having established that performance and performance management is a systematic thing, there must be a process to ensure that is monitored, properly and objectively monitored especially in workplace. This will ensure that effective key performance indicators (KPI) are in place to drive the process seamlessly.

The following are the steps in designing an effective KPI:

1. **Start With Strategy**

You should always start with strategy. Without a firm stake in the ground around what your business is seeking to achieve, it's incredibly easy to end up with a dauntingly long list of possible indicators that you feel you could or should measure.

Your strategy therefore acts as a starting point for designing appropriate KPIs – but only if it's clear! All too often companies create a 30–40-page strategy document that no one ever reads or understands. A great way around this is to create a simple one-page strategy. This will help you clearly define your objectives, and help you work out what you need to put in place to achieve them.

2. **Define The Questions You Need Answers To.**

Linking your KPIs to your strategy will immediately sharpen your focus and make the relevant KPIs more obvious. Identifying the questions, you need answers to will further narrow your focus, because questions give the indicators context.

That's why, as well as KPIs, it always advisable to think about Key Performance Questions. (KPQs) Once you are clear on the questions you need to answer, you can make sure that every indicator you subsequently choose or design is relevant not only to your strategy, but also provides the answers to very specific questions that will guide your strategy and inform your decision making.

3. **Identify Your Data Needs**

Once you know what questions you're trying to answer, you need to define your data needs to establish what KPIs, metrics or data you need in order to answer those questions. In this phase, forget about reality for a moment and consider what information and knowledge you want to have in an ideal world. After all, everything can be measured!

4. **Evaluate All Existing Data**

Having worked out your ideal data in the previous step, perform a gap analysis by comparing what data you would ideally like to have with what you already have – that way you can easily see what's missing. Ask yourself what you need to change, tweak or implement to ensure the data collection is completely aligned with the strategy and will fully answer the questions you need answered. And then come up with the right indicators to deliver those objectives. Remember, most companies are full of data.

5. **Find The Right Supporting Data**

KPIs are incredibly powerful in the right hands, but we need to acknowledge that we also have access to vast quantities of supporting data that is every bit as insightful and useful as traditional KPIs. By finding the right supporting data – be it industry information, demographic data, trend statistics, or whatever – you can triangulate and verify your findings.

6. **Determine The Right Measurement Methodology and Frequency**

Knowing what you need is one thing, working out how to access and measure that information is another. Finding the right measurement methodology is critical. Therefore, once you know what information you need to collect, you need to find the right measurement methodology to get it. This is especially true if you have to develop new KPIs or tweak existing ones.

It's always preferable to align measurement frequency with how and when the data is used in the organisation, because all data has a "shelf life". This means measurement frequency must be in line with the reporting frequency. If it's not, the data may lose impact and/or relevance. For example, if you collect customer satisfaction data via survey in the summer and report on the findings in the winter, then the findings are already six months out of date.

7. **Assign Ownership for Your KPIs**

Effective KPIs require two types of ownership. The first is the ownership of the KPI in terms of its meaning and interpretation. Someone needs to oversee looking at the KPI, interpreting its meaning, monitoring how it's changing and deciding what that means for the organisation. Again, this ownership needs to be clearly set out and followed through.

8. **Ensure KPIs are Understood by People Within Your Organisation**

It's essential that everyone in your business is aware of what you're trying to achieve, and how you're measuring progress towards those achievements. This is especially important for those who are charged with ownership of the KPIs, but it's also important for people right across the business, at any level. KPIs should form part of the decision-making process for every employee, and everyone should be able to answer the question, "How will what I am doing today affect our KPIs?"

9. **Find The Best Way to Communicate Your KPIs**

It's always wise to think about how best to communicate your KPIs so their insights are obvious, engaging and apparent to all. So many KPIs are reported in long reports full of numbers or tables, perhaps with a traffic light graphic to indicate urgency. This is not good enough. There is absolutely no point hiding important insights in excessively long reports that no one ever reads.

Really effective visualisations clearly illustrate trends and variations in data, and engage the reader. Try to find the right picture for your KPIs and create an explanation of the insights so that the nuggets of wisdom extracted from the data are clear, unambiguous, accessible and, most importantly, actionable.

Nine (9) Box Grid – Slide 5

The 9-box grid is an individual assessment tool that evaluates an employee's current and potential level of contribution to the organization.

The 9-box grid is most commonly used in succession planning as a method of evaluating an organization's current talent and identifying potential leaders

This tool is an unbiased, objective one for a critical assessment of performance with a view to position employee and organisation for succession as it grows.

Importance of the Nine (9) Box Grid – Slide 6

The 9 Box Grid has the following advantages:

1. Helps to identify valuable talent.

The 9-box matrix can help identify high performing employees with high potential and note areas they need to improve in. This way, the company can effectively manage its resources on engaging and developing these employees. Internal opportunities can be easily directed to this valuable talent.

2. Helps to channel post-appraisal actions.

After performance appraisals have been completed, the categorisation of employees in the 9-box matrix can help HR and line managers plan and execute post-appraisal actions towards the development   of   the   employee.
It also helps to ensure a system of consistent communication so that employees are always receiving feedback on how they are doing and what they can do better.

3. Supports the improvement of organisational processes.

If the 9-box matrix shows that many the workforce falls under low potential and/or low-performance box, then there could be a flaw in the recruitment process. The matrix can expose the need for improvement in the hiring and recruitment process and even improve the organisation's learning and development plan.

What Is 360 Degrees Feedback- Slide 7

It is a feedback process where not just your superior but your peers and direct reports and sometimes even customers evaluate you. You receive an analysis of how you perceive yourself and how others perceive you.

360 Degree feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them. This typically includes the employee's manager, and peers.

In 360 degrees feedback, everyone is involved and every opinion counts, this is so important so that no one feels information is being gathered to be used against anyone.

According to Forbes, 85% of Fortune 500 companies use 360 Feedback - otherwise known as 360 Degree or Multi-Rater Feedback. These companies see it as a powerful tool for performance appraisal, often using it as part of their performance management system.

Advantages Of 360 Degrees Feedback – Slide 8

When done correctly, there are eight clear benefits of 360 degrees feedback, they are as follows:

- Increases self-awareness.
- Clarifies behaviours.
- Measures "how" things get done as opposed to "what" gets done.
- Promotes dialogue.
- Improves working relationships.
- Encourages personal development.
- Increases accountability.
- Enhances performance.
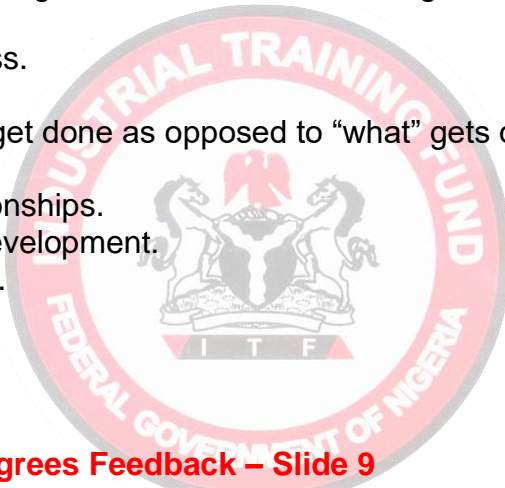
Disadvantages of the 360 Degrees Feedback – Slide 9
If there is a lack of trust in the people administering the 360-Degree appraisal system, no one will offer honest feedback. Respondents will respond only to what they think you want to hear, making the feedback useless. This is the major disadvantage of this method of performance management.

- It might not be very informed feedback
- Too much managerial oversight can deter truthful feedback
- It can become focused on negative feedback
- Without senior buy-in, everything falls apart

Stages of Performance Management – Slide 10

Performance Management has the following stages:

- **Planning.** The planning stage of the performance management cycle involves both the employees and managers.
- **Monitoring.** Employee performance and progress should be continuously monitored, by measuring performance against set standards
- **Reviewing**. At the end of the year, the management and the employee meet to review the previous year and see if goals were met. This is another opportunity to build a collaboration with the employee. The more involved they are in the other stages of the performance management cycle, the more motivation they will have to continue working diligently to achieve their goals and those of the organization.
- **Improving.** Various capacity building methods are used such as, training, Coaching, mentoring etc.)
- **Rewarding.** The final stage of the performance management cycle plan is the reward. This is a stage that cannot be overlooked, as it is the one that is the most important for employee motivation. Employees who do not receive a proper reward after a year of striving to meet organizational goals, and succeeding in doing so, will lose motivation for the next year. They might lose faith in their organization, feel that their talents are not appreciated, and begin searching for another job. When management fairly rewards employees and gives them recognition for their efforts, they are ensuring that those employees will continue to work hard to achieve organizational goals

Challenges Of Performance Management Systems – Slide 11

Challenges are part of human endeavor and whatever is created by man has limitation or will have some limitation at the long run. The same thing therefore goes for which ever system, tool or model of Performance Management, it comes with a lot of challenges that may need to be tweaked depending on the uniqueness of the situation at hand. These challenges are:

Wrong Design. The performance management system and tools must fit with the specific needs of the organization. It cannot be a duplication of a system designed and implemented in another organization, even an organization in the same industry or the same business group. Intense consultation with various stakeholders and users of the system is necessary

Absence of Integration. The performance management system has to be integrated with the strategic planning and human resource management systems as well as with the organizational culture, structure and all other major organizational systems and processes.

Lack of Leadership Commitment. Leadership commitment and support is a must for smooth implementation of the system. Leaders must drive the process and make performance management an integral part of the management of the company.

Ignoring Change Management in System Implementation. Strategic management of change is a vital part of implementing the system. Driven by the top management, it involves careful management of resistance.

Communication would be a major intervention and a key tool in managing the change. Implementation milestones and schedules must be followed. Proper documents must be in place.

Incompetence. Competence to use the performance management system is necessary to ensure smooth implementation of the system.

Conclusion – Slide 12

Hey, so in the past few minutes, we have been able to look at:

- Concept of Performance Measurement.
- Nine (9) Box Grid
- 360 Degree Feedback.
- Stages of Performance Management, and,
- Challenges Of Performance Management Systems

We cannot overemphasize the need for measuring and managing performance for growth, sustainability, succession and improved bottom-line. What we should ensure is that the right tools, model or approach is used as it is unique to the workplace and ensure that aren't cast on stone to achieve the kind of results that is expected.

Once this is done periodically, it will deliberately set in motion that the talents being spotted in an employee can be managed and such employee can be monitored over time to take up more responsibilities and it can be safe that such system is grooming employees to take over as older people go or the occasion demands.

Thank you and Stay Safe. Bye