Performance Management – a discussion document

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1. OBJECTIVES FOR THIS DISCUSSION DOCUMENT

Our aim is to define performance management and to determine the core competencies required to fulfil a successful performance management programme.

We have set out in this paper to state clearly what is included in performance management and to then identify the components and the core competencies required for successful implementation. We have also looked at implementation strategies and the overall cost/benefit equation.

2. THE SCOPE OF PERFORMANCE MANAGEMENT

The diagram below provides a clear definition of performance management (PM) and its components.

Performance Improvement Delivery

This diagram expresses the relationship between the components of PM which can be treated like a menu and the core competencies which are essential for success. With the core competencies in place, the client organisation can choose to start implementing PM at any point on the clock face and in any combination.

It is fundamentally important to the success of performance management that the core competencies are acquired along with the selected components in order to deliver performance improvement.

Organisational Core Competencies
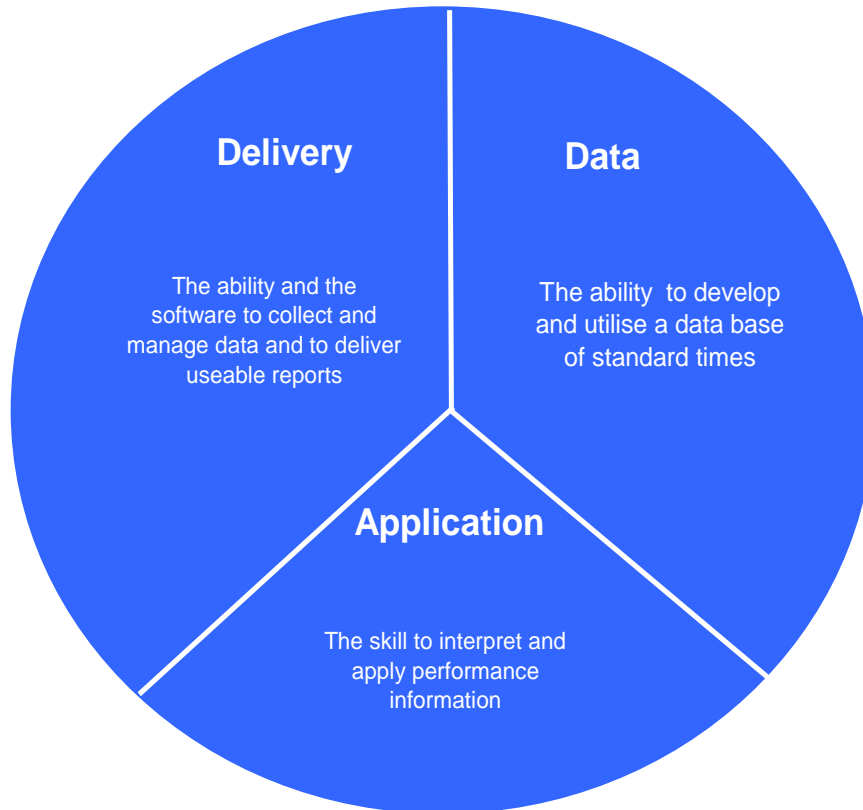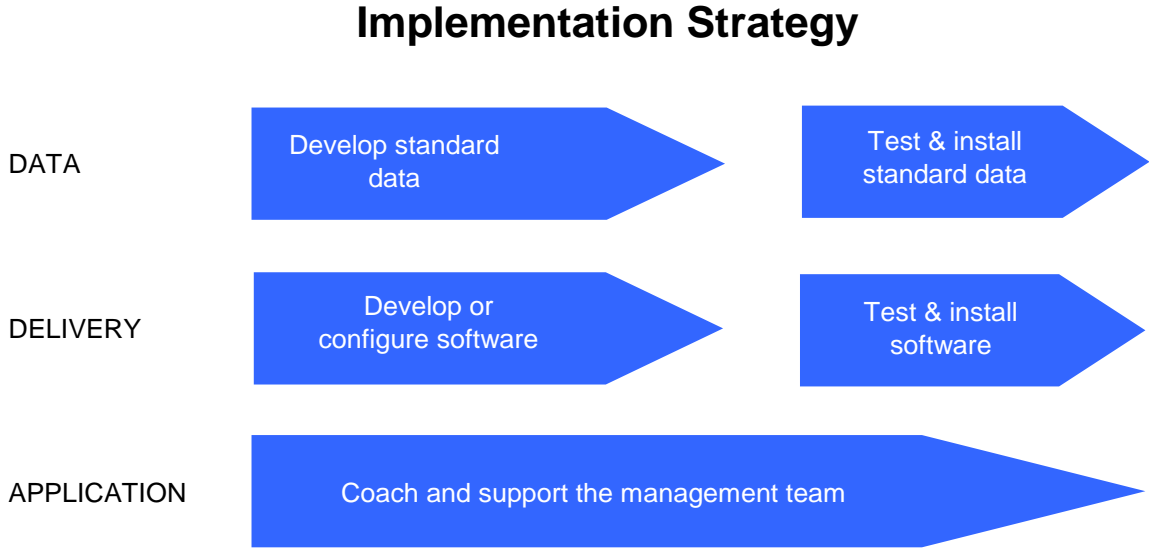

Notes on the three core competencies:-

- Data – a data base of standard times is the foundation of all the performance management components. The skills to develop and use the data base must either be acquired or bought in.

- Delivery – performance management relies on accurate, complete and timely information delivered via appropriate media to the right managers. The organisation must acquire the means of delivery and the ability to configure reports to suit the users.

- Application – performance management delivers benefits when the information it generates is used effectively. The organisation must acquire the skill to interpret and apply the management information so that it becomes part of the every day management task.

3. SOFTWARE SYSTEMS

This is the network of systems that support performance management.

Performance Management (PM) Software

KEY
- Not Specific to PM
- PM Specific

Warehouse Management System

Incentive Payments

Performance Reporting

Workload Planning

Payroll System

Time and Attendance

Standard data base

Budgeting

Capacity Optimisation

Slotting & layout planning

Cost to Serve

We expect to find warehouse management and other information systems in place at clients and to use these in conjunction with specific PM software. In some cases, supplementary information collection needs to be installed to fill gaps in existing systems. The aim always is to standardise and automate wherever possible to reduce administration to a minimum.

4. IMPLEMENTATION STRATEGIES

There is a great deal of flexibility in how the components and systems can be installed. The key to success is to take the right approach for the particular business.

We adopt a three strand approach to implementation aligned to the three core competencies:-

Implementation Strategy

DATA	Develop standard data	Test & install standard data
DELIVERY	Develop or configure software	Test & install software
APPLICATION	Coach and support the management team	

The principle we follow is to transfer our skills and competencies into the team and to then support them to get the maximum potential out of the investment in performance management.

Our experience is that organisational change and the build up of skills is achieved over time. It is usual for the major improvement potential to be realised over a period of two to three years and for further improvement to continue beyond that. The organisation may decide to install components in series, e.g. put in performance reporting, followed by workload planning then cost to serve. The implication is that there will be an initial intense period of implementation followed by a longer period of support/development.

5. DELIVERING THE BENEFITS

We believe one of the keys to success is to assess the potential for performance improvement early in the programme and then set milestones in the project plan for the steps that must be taken to ensure success. We aim to bring rigour to the project management process by setting clear targets for ourselves and for the project as a whole. We carry out 'before and after' measurements and a full post audit of results. In this way the business learns from each installation and builds up the skills to ensure continued delivery of benefits.

The success of a performance management project is measured in return on investment and payback period.

It is the case for most projects that costs are incurred in advance of savings. The costs of consultancy, software and project management are all at their greatest at the start of the project while savings are generally delivered once the initial expenditure peak is over.

We can reduce risk and bring expenditure and savings into line by charging a fixed monthly payment over the life of the project. Our consultants can then be considered as members of the team to be called upon when they are needed.

6. STEPS IN THE PROCESS

We suggest a step by step approach as the best way of setting the objectives and scope for performance management and for achieving the benefits.

- An initial survey using sampling techniques to determine the scope for improvement

- Selection of the performance management components

- Development of the implementation plan

- Installation