

Integrated Performance Management for achieving full control

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Everybody is aware of the companies' objectives.
All employees striving for the same goals.
Daily activities are dedicated towards achieving those goals.
Employees are really motivated and willing to do that extra step.
Management information is well balanced and gives you insight in the performance of your business.
Information technology ensures reliable and timely information for every employee within your company.
Only projects that have a real impact on achieving your strategic objectives are currently running.
You are fully informed about the performance of your company and the progress of these projects.
You are in control and able to respond to changes in your environment at any point in time.
Your organisation is fully under control.

... for the majority of organisations this is the nirvana.

Performance management, nowadays called corporate, enterprise, strategic or business performance management, should be the solution. The promise is that your performance management project will give you full control over your business. For many companies their performance management project is part of another approach such as the Balanced Scorecard (BSC) or the EFQM model (European Foundation for Quality Management).

And yet, the results are often disappointing. Why? Does the manager reject performance management? Does he not want full control over his company? No. Managers want to be in control, but don't see the benefits of the current performance management approaches.

Key Performance Indicators are often too fluffy. They are too distant from business operations. Methods like BSC or EFQM don't resolve that. These are wonderful methods for managing and communicating strategic objectives or carrying out self-assessment on the maturity of your business, but you need more to control your business than just a set of KPI's.

One of the reasons the BSC or EFQM exercises run out of steam after the initial enthusiasm from top management is that they get less attention as you get lower down the organisation. But it is at the lowest levels in the organisation – where the work gets delivered – that it needs to

be taken most seriously. If not, you have strategic direction set at the top which never gets communicated or delivered.

Managers want to have information that really matters and helps them to measure and improve current performance and predict future performance.

A missing element of performance management is required to bring it to the level where performance can be improved: the operational processes. You might say that there is a process perspective in the BSC or there is an organisational enabler called processes in the EFQM model. Doesn't that do the job? Clearly it doesn't based on the disappointing results I hear reported. For example, the process perspective of the BSC is really focusing on defining process improvement objectives and KPI's. It is concentrating on the what. It is not concentrating on the how.

The only thing organisations can do for improving performance is improving their processes. They should have deep insight into the way processes are set-up and executed. They should link KPI's on these processes to financial and customer objectives. Not 20 or 30 objectives as is usually the case on a BSC strategy map, but 5 to 7 objectives at every level.

All relevant processes should be mapped out in a hierarchy to ensure alignment with the core strategy. The process will help determine the correct

KPI's. KPI's that measure real things like defects, quality, time, costs or service levels; KPI's that aren't fluffy, but really matter and are of interest to the manager; KPI's that are put in context of the business processes.

Decomposed processes gets involvement of employees responsible for running the processes on a daily basis. The relevant KPI's or operational indicators helps them understand where to focus their continuous improvement efforts.

The way to do this is known today. It is proven. It is called Integrated Performance Management (iPM).

It is a five step model that validates strategy, defines strategic objectives and KPI's, links process maps and performance, involves all employees and creates an attitude and commitment to continuous improvement.

The benefits are huge.

Performance Management is brought to where the difference can be made: the business processes. It is linking strategic ambitions with daily activities. It brings performance management to the shop floor.

Furthermore, Process Management is coming out of the quality area and is getting the attention it requires; from Senior Management.