

Best Practices to Design, Implement, and Evaluate Performance Management Systems to Deliver Results

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Resources

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Session Objectives

After attending this session, participants should be able to:

1. Identify job performance measures.
2. Explain how to measure results at all five levels of outcomes.
3. Design performance management systems to deliver impact and a positive ROI.

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Our employees don't like our performance process, our managers hate it, and our executives won't support it.

— CEO, UN Agency

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Why are you concerned about your performance management system?
(Select all that apply.)

- ☐ Top executives have asked for improvements.
- ☐ The current system is not working.
- ☐ I think the current system can be improved.
- ☐ I am looking for new ideas to make it better.
- ☐ I am curious to see what others are doing.

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The High-Performance Organization Defined

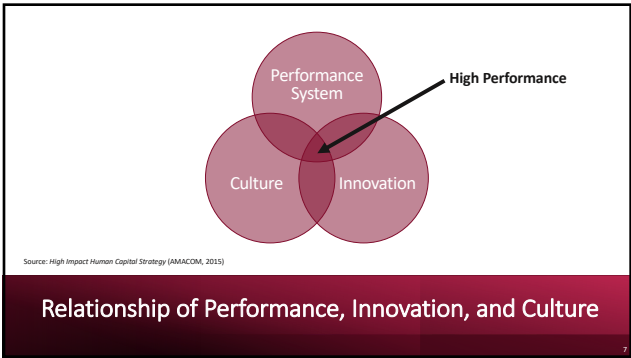
• A high-performance organization achieves financial and nonfinancial results that are exceedingly better than those of its peer group over a period of five years or more.

• An effective performance management system can make a difference.

Source: HPO Center, "The High Performance Organization Framework," <https://www.hpo-center.com/hpo-framework/>



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High-Performance Chain of Impact		
Level	Measurement Focus	Typical Measures
0: Inputs ↓	Inputs into the work, including indicators representing resource's scope, efficiency, and costs.	Access to tools, technology, materials, number of people involved, hours of involvement, budget
1: Reaction ↓	Reaction to the work, including perceived value of the work.	Relevance, importance, usefulness, fairness, appropriateness, useful, motivational, necessity
2: Learning ↓	Learning to do the job, including the confidence to be successful.	Skills, knowledge, capacity, competencies, confidence, contacts
3: Application and Implementation ↓	The actions taken, use of tools, knowledge, materials, and system in the work environment.	Extent of use, task completions, frequency of use, actions completed, success with use, barriers to use, enablers to use
4: Impact	The consequences of actions, use of the tools, materials, and system, expressed as business impact measures of output, quality, cost, and time.	Productivity, customers served, revenue, accidents, incidents, quality, errors, cycle times, costs, project completions, efficiency, customer satisfaction, employee engagement

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Some Criteria for Effective Measures

Criteria: effective measures are	Definition: the extent to which a measure
Important	Connects to strategically important business objectives rather than to what is easy to measure
Timely	Tracks at the right time rather than being held to an arbitrary date
Visible	Is visible, public, openly known, and tracked by those affected by it, rather than being collected privately for management's eyes only
Controllable	Tracks outcomes created by those affected by it who have a clear line of sight from the measure to results
Simplicity	Simple to understand from each stakeholder's perspective
Specific	Is clearly defined so that people quickly understand and relate to the measure
Collectible	Can be collected with no more effort than is proportional to the usefulness that results
Credible	Provides information that is valid and credible in the eyes of management

Source: Steve Kerr

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The Performance Management Shift

Issue	Traditional	New Approach
Executive View	A necessary process	A business driver
Purpose	Documentation, managing poor performance	Performance enhancement
Review Frequency	Once or twice per year	Frequently
Rewards	Closely guarded, rare	Routine, transparent, based on performance
Design Focus	Top down	Bottom up
Goals	Rigid and specific	Smart and flexible
Documentation	Bureaucratic and extensive	Simplified and flexible
Business Alignment	Vague, top-level measures	Specific business measures at the individual level
Evaluation Focus	Measure the process	Specific business measures at the individual level
Preparation	Training for managers	Training for managers, employees, and teams

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Poll

How is your current system working?

(Select all that apply.)

- ☐ It's not supported by senior executives.
- ☐ Team members are not happy with it.
- ☐ It could be improved.
- ☐ It seems to be working appropriately.
- ☐ It's achieving its purpose.
- ☐ It's driving business performance.

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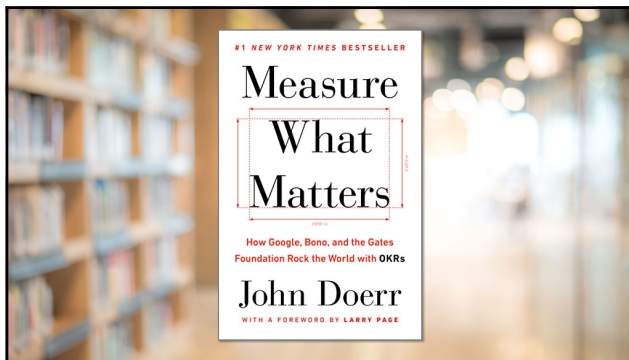
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Adobe Performance Management, Then and Now

BEFORE:
The annual
performance review

AFTER:
Check-in

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Intel

OBJECTIVE

Demonstrate the 8080's superior performance as compared to the Motorola 6800.

KEY RESULTS (AS MEASURED BY...)

1. Deliver five benchmarks.
2. Develop a demo.
3. Develop sales training materials for the field force.
4. Call on three customers to prove the materials work.

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Telcom

OBJECTIVE

Improve market share by 20% in two years.

KEY RESULTS

(AS MEASURED BY...)

1. Increase sales with existing customers by 10% in two years.

2. Increase new accounts growth by 15% in two years.

3. Increase customer retention by 10% in two years.

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Zume Pizza

OBJECTIVE

Delight customers.

DETAIL

Feeding people is a sacred trust. To maintain that trust, we have to deliver the very best customer service and the very best food quality. To succeed as a business, we must ensure that our customers are so happy with our service and product that they have no choice but to order more pizza and to rave about the experience with their friends.

KEY RESULTS

(AS MEASURED BY...)

1. Net Promoter score of 42 or better

2. Order rating of 4.6/5.0 or better

3. 75% of customers prefer Zume to competitor and blind taste test.

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Bono's ONE Campaign

OBJECTIVE

Proactively integrate a broad range of African perspectives in two ONE's work, align more closely with African priorities, and share and leverage political capital to achieve specific policy change in and toward Africa.

KEY RESULTS

(AS MEASURED BY...)

1. Three African-based hires complete and onboard by April, and two African board members approved by July.

2. African Advisory Board in place by July and convened twice by December.

3. Relationships fully developed with a minimum of ten to fifteen leading African thinkers who actively and regularly challenge and guide ONE's policy positions and external work.

4. undertake 4 participatory trips to Africa over the course of 2010.

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The Gates Foundation

OBJECTIVE

Global eradication of malaria by 2040.

KEY RESULTS

(AS MEASURED BY...)

1. Prove to the world that a radical cure-based approach can lead to regional elimination.
2. Prepare the scale-up by creating the necessary tools—SERCAP (Single Exposure Radical Cure and Prophylaxis Diagnostic)
3. Sustain current global progress to ensure the environment is conducive to eradication push.

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- Eliminate the formal follow-up meeting and replace it with a virtual meeting by May 1.
- Continue to monitor the process with the same schedule previously used.
- Create a procedure by July 1 for clarifying physician orders in crucial situations.
- Use the new skill in every situation for which it was designed.
- Conduct a post-audit review at the end of each project.
- Submit a suggestion for reducing costs each quarter.
- Enroll in a fitness program by September 1.
- Respond to customer inquiries within 15 minutes.
- Continue networking with contacts on (at minimum) a quarterly basis.
- Increase the frequency of use of the leadership portal.
- Increase by 20 percent the number of process checks.

Examples of Application Goals

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- Incidents should decrease by 20 percent within the next calendar year.
- The average number of infections should decrease from 10 to five per month.
- Fees collected should rise by 12 percent during the next calendar year.
- Operating expenses should decrease by 10 percent in the fourth quarter.
- Transaction errors should decrease by 25 percent in six months
- Overtime should be reduced by 20 percent in the third quarter of this year.
- Complaints should be reduced from an average of twelve per month to an average of three per month.
- By year-end, the average number of service delivery errors should decrease from 12 per month to four per month.
- Project time should be reduced by 10 percent in one year.
- System downtime should be reduced from three hours per month to no more than two hours per month in six months.
- Outpatient revenue should increase by 20 percent in one year.

Examples of Business Impact Goals

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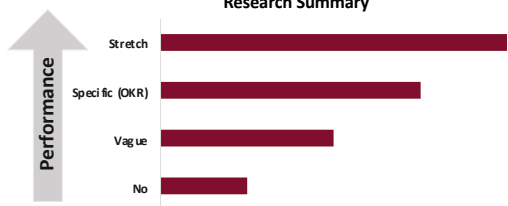


Rules for Objectives

1. Must be measurable and represent minimum acceptable performance.
2. Fewer objectives are better than many objectives.
3. Involve subject-matter experts and key stakeholders.
4. Keep them relevant to the situation and key stakeholders.
5. Create stretch objectives, but make sure they are achievable.
6. Allow for the flexibility to change as conditions change.
7. Failure is OK; process improvement is the key.
8. Objectives are tools for progress, not weapons for performance review.
9. Most objectives should be time-bound.
10. Objectives provide the focus for design, development, implementation, and evaluation.

These rules are from a combination of publications:
J. J. Phillips and P. P. Phillips, *Beyond Learning Objectives: Develop Measurable Objectives that Link to the Bottom Line*, Alexandria, VA: ASTD Press, 2008.
P. P. Phillips and J. J. Phillips, *50 Steps to Successful Business Alignment*, Alexandria, VA: ASTD Press, 2012.
J. Doerr, *Measure What Matters: How Google, Amazon, and the Gates Foundation Rock the World with OKRs*, New York: Penguin, 2018.

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Objective Type	Performance Level
Stretch	High
Specific (OKR)	High
Vague	Low
No	Lowest

The Power of Objectives

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Action Items

Review the System

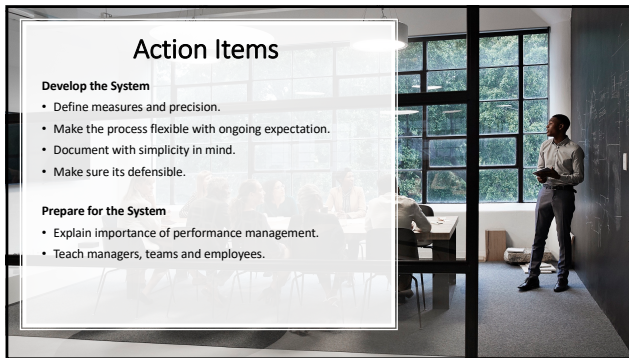
- Identify reasons for previous failures.
- Start over with a blank page.
- Obtain input from employees and managers.

Design the System

- Secure executive commitment and support.
- Secure support and involvement from managers.
- Define/describe performance.
- Encourage mutual agreement of performance.



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Action Items

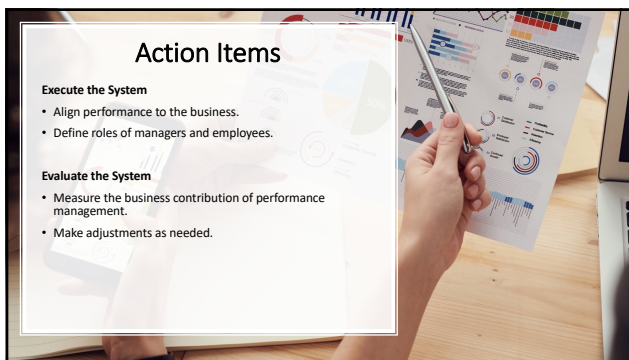
Develop the System

- Define measures and precision.
- Make the process flexible with ongoing expectation.
- Document with simplicity in mind.
- Make sure its defensible.

Prepare for the System

- Explain importance of performance management.
- Teach managers, teams and employees.

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Action Items

Execute the System

- Align performance to the business.
- Define roles of managers and employees.

Evaluate the System

- Measure the business contribution of performance management.
- Make adjustments as needed.

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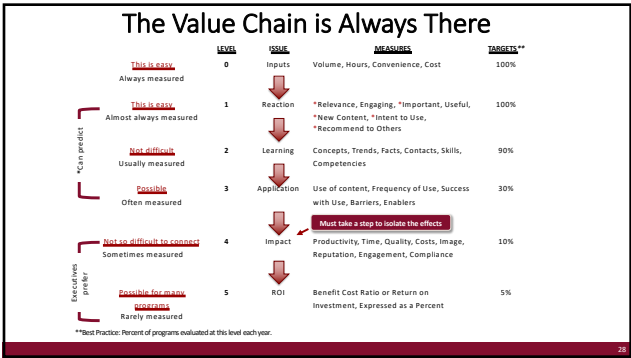


What are your concerns about changing your current system?

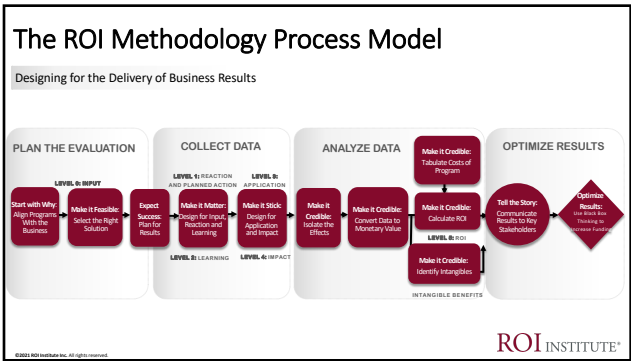
(Select all that apply.)

- ☐ Securing support from senior executives.
- ☐ Creating management buy-in
- ☐ Earning team member acceptance.
- ☐ Coordinating the process.
- ☐ Evaluating its success.

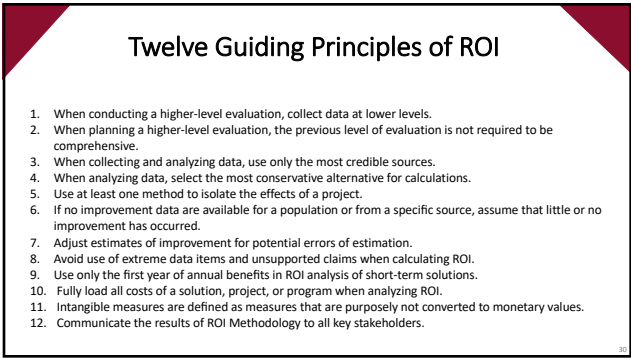
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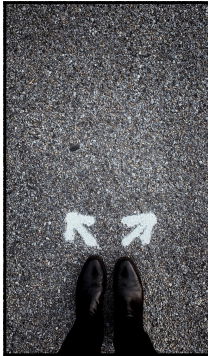
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Be Proactive

Remember, when it comes to delivering results:

- Hope is not a strategy.
- Luck is not a factor.
- Doing nothing is not an option.

**Change is inevitable.
Progress is optional.**

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Click the link below or scan the QR code to access resources from today's session.

<https://roiinstitute.net/tmn-best-practices-to-design-implement-and-evaluate-performance-management-systems-to-deliver-results/>

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ROI CERTIFICATION®

SCHEDULED EVENTS

January 17-28, 2022 – Live Virtual	July 25-29, 2022 – Denver, CO
February 28-March 4, 2022 – Orlando, FL	August 15-19, 2022 – San Diego, CA
April 11-15, 2022 – New Orleans, LA	September 12-16, 2022 – Boston, MA
May 9-13, 2022 – Orlando, FL	October 10-14, 2022 – Seattle, WA
June 13-17, 2022 – Salt Lake City, Utah	November 14-18, 2022 – Atlanta, GA
July 11-15, 2022 – Williamsburg, VA	December 5-9, 2022 – Charlotte, NC

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Hosted by Training Magazine Network
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Four realities occur in today's learning and development environment, globally.

1. Most top executives want learning and development to be aligned with the business.
2. The concept of ROI is familiar to most people.
3. Connecting learning and development to the business is not that difficult.
4. Thousands of L&D professionals are routinely doing this.

The ROI Learning Center provides tools, templates, and case studies to help prepare you for success in today's environment. Our goal is to take the mystery out of the ROI process.

Start at Level 1 and explore each level at your own pace. Each of the five levels will bring you closer to calculating the ROI of your program or project. There is also a calculator to help you calculate ROI when you have the appropriate data.

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- Level 1 Reaction
- Level 2 Learning
- Level 3 Application
- Level 4 Impact
- Level 5 ROI
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