

Performance management



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Process of Linking Performance Management to the Strategic Plan Strategic

Planning Developing Strategic Plans at the Unit Level Job Descriptions

Individual and Team Performance 3. Building Support Definition Process

Describes organization's destination Assesses barriers Selects approaches

for moving forward Goal Allocate resources to provide organization for

competitive advantage Purposes Helps define the organization's identity

Helps organizations prepare for the future Enhances ability to adapt to

environmental change Provides focus and allows for better allocation of

resources Produces an organizational culture of cooperation Allows for the

consideration of new options and opportunities Provides employees with

information to direct daily activities Planning for the Organization What was

Key Bank of Tutu's experience with this process? According to the study of

338 international organizations, what kinds of organizations are most likely

to have Performance Management provide significant benefit to the strategic

plan? Strategic Planning: Overview

A. Environmental Analysis B. Mission C. Vision D. Goals E. Strategies

Identifies external and internal trends To understand broad industry issues

To make decisions using "big picture" context How might a gap in service

prompt a business to compete in a market? Compare Frontier Airline's

opportunities in 1994 with those of 2004... What internal and external issues

did you consider? External trends Opportunities Environmental

characteristics that can help the organization succeed Threats Environmental

characteristics that can prevent the organization from being successful Some

factors to consider

Economic Political/legal Social Technological Competitors Customers

Suppliers Consider an organization you have worked for—where does your

organization stand in terms of these factors? Internal trends Strengths

Internal characteristics that the organization can use for its advantage

Weaknesses Internal characteristics that can hinder the success of the

organization Some factors to consider Organizational structure

Organizational culture Politics Processes Size Environmental Analysis

includes conducting a gap analysis, which analyzes External environment

(opportunities and threats) vice-verse

Internal environment (strengths and weaknesses) Gap analysis determines:

Opportunity + Strength = Leverage Opportunity + Weakness = Constraint

Threat + Strength = Vulnerability Threat + Weakness = Problem How has

Vim's performance changed since the asses as the company learned to use

gap analysis? Consider a company you have worked for—identify a leverage

and a problem—what happened? Environmental and gap analyses provide

information for organizations to decide: Who they are What they do A good

mission statement answers: Why does the organization exist? What is the

scope of the organization's activities?

Who are the customers served? What are the products or services offered?

What should go into a mission statement for the Coca-Cola Company? The

mission statement contains information on the organization's Basic

product/service to be offered Primary market/customer groups Unique

benefits and advantages of product/services Technology to be used Concern

for survival through growth and profitability The mission statement may

contain information on the organization's Values and beliefs Managerial

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philosophy Desired public image Self-concept of business adopted by
Employees Stockholders Statement of future aspirations

Focuses attention on what is important (eliminates unproductive activities)
Provides context for evaluating Threats How do the vision statements for
Arrival and Grief differ in their approaches? A good vision statement is: Brief
Verifiable Bound by a timeline Current Focused Understandable Inspiring A
stretch Do you think the new Microsoft vision is a stretch? How/why? Purpose
of setting goals: Formalize expected 5+ years achievements Provide source
of motivation Provide tangible targets to strive for Provide basis for good
decisions Provide basis for performance measurement How do the Harley-
Davidson, Inc. Alls fit this model? Or not? Create strategies or game plans or
“ how to” procedures Address issues surrounding: Growth Survival
Turnaround Stability Innovation Leadership How the HRS Function
contributes: Communicate knowledge of strategic plan Provide knowledge of
Asks needed for strategy implementation systems Organization Mission
statement Vision statement Goals Strategies Must clearly align with and be
congruent with Every unit’s Propose reward Is the Microsoft Training and
Education Unit mission statement congruent with the overall Microsoft
mission statement? How? Consider the mission statement for the
Norfolk State University School of Business. How does it align with Ann.’s
mission statement? Alignment of Strategic Plan with Performance (see figure
in slides) Tasks and Asks are congruent with organization and unit strategic
plans Activities described support mission and vision of organization and unit
How could the Job description for Trailer Truck Driver be improved to link
with organization and unit strategic plans? How does the Job description for
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the Training and Education Performance Solutions Group Manager at Microsoft align with its organization and unit strategic plans?

Organization and unit mission, vision, goals lead to Performance management system, which Motivates employees to Display behaviors aligned with mission, vision, goals Produce results to support mission, vision, goals Aligns development plans with organization priorities Strategic Plan leads to some Choices in PM System Design Criteria (Behavior vs.. Results) Participation (Low vs.. High) Temporal Dimension (Short-Term vs.. Long-Term) Level of Criteria (Individual vs.. Team/Group) System Orientation (Developmental vs.. Administrative) Rewards (Pay for Performance vs.. Tenure/Position) Answering “ What’s In It for Me?

Top Management Help carry out vision All levels Involvement Participation (voice feedback and concerns) Understanding of organizational vision and goals What role did good communication play in launching the revamped PM system at Bankers Life and Casualty? Performance Management and Strategic Planning: Summary and Review 1 . Definition and Purposes of Strategic Planning Review Learning Objectives Worked Solutions for End-of-chapter Cases Case Study 3. 1 : Evaluating Vision and Mission Statements at Harley-Davidson 1. How many of the eight characteristics of an ideal mission statement are present in

Harley-Davidson mission statement? (see table below) (Suggested points: 2, [3. 7]) 2. How many of the eight characteristics of an ideal vision statement are present in Harley-Davidson vision statement? (see table below) (Suggested points: 2, [3. 9]) 3. Given the purposes that a mission statement

and a vision statement are ideally serving, compare the mission and vision statements of Harley-Davidson based on whether they are achieving their respective objectives. Do they both serve their respective purposes?

Collectively, are they useful tools to link organizational oratories with individual and team performance? Suggested points: 5, . 3[3. 7], . 4[3. 8], . 3[3. 9]) Answers: Overall, the mission statement serves its purpose of summarizing the company's most important reason for existence. However, it fails to identify the unique benefits, features, and advantages of Harley motorcycles, the technology to be used in the production of Harley, the fundamental concern for survival through growth and profitability of Harley-Davidson, and the managerial philosophy of Harley-Davidson. Overall, the vision statement seems to give a statement of future aspirations for the many, but it is phrased in present as opposed to future tense.

Also, it is a little too long to remember, it does not give a timeline when the vision should be reached, and the goal given is not a large stretch. Yes, the mission and vision statements can be used to motivate employees toward helping the organization meet its goals. While the mission and vision statements at Harley-Davidson are broad, the goals of the organization are updated yearly and clearly specify measurable goals for the specified year. The combination of the mission statement, vision statement, and organizational goals will allow Harley- Davidson to cascade these messages to each individual's goals.

Case Study 3. 2: Dilbert Mission Statement Generator Individual answers will vary based on the generated statements. A critique of the following statement is given below: “ We strive to continually administrate timely

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opportunities and enthusiastically utilize enterprise-wide technology while promoting personal employee growth. ” Basic product/service to be offered (does what?): This statement does not tell us what product or service the company offers. Primary markets or customer groups to be served (to whom?): It does not tell us who their customers are.

Unique benefits, features, and advantages of products/services (with what benefits?): No mention of advantages of their product or service.

Technology to be used in production or delivery: It states “ enterprise-wide” technology is utilized, but this sounds like a buzzword, with no real explanation of what it is. Fundamental concern for survival through growth and profitability: Just emphasizes the growth of their employees, not the organization as a whole. Managerial philosophy of the firm: Just the emphasis on employees. Public image sought by organizations: Not given.

Self-concept of business adopted by employees and stockholders: Not clear because it is not even clear what the company does. (Suggested points: 5, [3. 10]) 1 . Without clear guidance as to where the organization is going, it is hard for the employees to know where to focus their efforts, what is important in the organization, and how their individual contribution is tied into the organization meeting its goals. (Suggested points: 3, [3. 12]) 2. This type of mission statement may do more harm than good, because it sends the message that the organization does not know what it is doing or where it is going.

Case Study 3. 3: Linking Individual with Unit and Organizational Priorities
Answers will vary based on the chosen statements and Job descriptions.

Consider the following example from Federal Express, a family of companies that offer a global network of specialized services—transportation, information, international trade support, and supply chain services: Job Description for Senior State and Local Affairs Representative: Monitors legislative activity and analyzes developments and trends in state and local governments for Fed Government Affairs.

Formulates and coordinates company responses to state ND local legislative initiatives. Develops and implements state and local government relations programs. Requirements: Licenses/Certifications – NONE Field of Interest – Legal Job Type – Full Time Location(s) of position – TN-MEMPHIS Relevant Years Experience Required – 6-8 Years Maximum Percent Travel Required – Up to 50% Preferred Language – English Fed Mission Statement (wry. Fed. Mom): Fed Corporation will produce superior financial returns for its shareowner by providing high value-added logistics, transportation, and related information services through focused operating companies. Customer service requirements will be met in the highest quality manner appropriate to each market segment served. Fed Corporation will strive to develop mutually rewarding relationships with its employees, partners, and suppliers. Safety will be the first consideration in all operations. Corporate activities will be conducted to the highest ethical and professional standards.

Fed Corporation (strategic leadership and financial reporting) Mission Statement: To achieve the Fed mission? producing superior financial returns while meeting customer needs in the highest quality manner possible? the \$23 billion Fed Corporation is focused on sustained, profitable growth and provides consolidated financial reporting based on a fiscal year ending May
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31 . Changes/additions to Job description: Ability to analyze current changes in state and local governments in an effort to identify new revenue opportunities.

Ability to build high-quality relationships with stakeholders in the community. Performs Job in accordance with highest ethical standards. Knowledge of and experience operating in a customer-service oriented company. Knowledge of logistics, transportation, or information services required. (Suggested points: 10, [3. 14]) Additional Cases and Worked Solutions Case Study: Homeowners Insurance Mutual Company Homeowners Insurance Mutual Company (HIM) is a small insurance brokerage with 25 employees and about 5, 000 clients.

The company sells a variety of homeowners and automobile insurance and manages the processing of claims against the insurance sold. Some employees sell insurance (both in clients' homes and in the office); some employees process claims; some employees inspect insured damages; other employees are responsible for supervision and/or clerical support of the business. With the exception of the sales people, who receive a base pay and commissions on their sales, the rest of the employees are paid based on their positions and seniority in the company.

The owner of HIM retired and sold the business to one of the managers, John Thomas. John had a BAA in business and had been in the insurance business for 10 years. John wanted to make some changes in the business operations when he took over, so in addition to his customer service and administrative duties, he took on the task of implementing a performance management

system. John scheduled several retreats during which all of the employees of the agency recommended company goals and a business plan.

During the retreats, John led discussions and facilitated projects meant to result in the basis for the company goals and business plan. After the retreats were held, he published the following mission statement in the company brochures: HIM serves the families of this state by making sure that their assets are protected. We offer comprehensive and inexpensive Auto and Home insurance packages, including preferred auto and homeowner rates. We continuously search for the best rates and the best insurance policies to make certain that we are the