PERFORMANCE MANAGEMENT
SESSION 3
Dr. Nadeem Kureshi

PM & STRATEGIC PLANNING
LINKING PERFORMANCE WITH ORGANIZATION’S FUTURE
IS YOUR PLAN CONSISTENT WITH OUR CORPORATE STRATEGY?
HOW WOULD I KNOW?
DON'T YOU KNOW OUR STRATEGY?
NO. DO YOU?
OF COURSE I DO. IT'S SOMETHING ABOUT LEVERAGING OUR PLATFORMS.

DOES YOUR PLAN LEVERAGE OUR PLATFORMS?
NO, BUT I CAN REWRITE MY PLAN SO IT SEEMS AS IF IT DOES.
GOOD. GO BACK AND DO THAT.
THERE'S NO POINT IN HAVING A STRATEGY IF YOU AREN'T GOING TO PRETEND TO FOLLOW IT.
Performance Management and Strategic Planning: Overview

- Definition and Purposes of Strategic Planning
- Linking Performance Management to the Strategic Plan
  - Strategic Planning
  - Developing Strategic Plans at the Unit Level
  - Job Descriptions
  - Individual and Team Performance
- Building Support
Why Strategies and Behavior Disconnect: Percentage of Rater Agreement.*

- Company Has Agreed-On Strategy: 65%
- Strategic Measures or a Balanced Scorecard: 51%
- Linked to Business, Functions: 37%
- With Targets: 33%
- Linked to Individual Accountabilities and Capabilities: 24%
- Linked to Rewards: 11%
- Employees Understand Their Role in Business Strategy: 14%

*The percentages represent the cumulative agreement of raters for each element and for the ones above that element.
Strategic Planning

- **Definition:** A Process to
  - Describe organization’s destination
  - Assess barriers
  - Select approaches for moving forward

- **Goal:** Allocate resources
  - to provide organization with competitive advantage
Strategic Planning: Purposes

- Help define the organization’s identity
- Help organization prepare for the future
- Enhance ability to adapt to environmental change
- Provide focus and allow for better allocation of resources
- Produce an organizational culture of cooperation
- Allow for the consideration of new options and opportunities
- Provide employees with information to direct daily activities
Linking Strategic Planning with PM

- Mission
- Vision
- Goals
- Strategies

Developing Strategic Plans at the Unit Level

- Mission
- Vision
- Goals
- Strategies

Job Descriptions

- Tasks
- Knowledge
- Skills
- Abilities

Individual and Team Performance

- Results
- Behaviors
- Developmental Plan
Strategic Planning: Overview

1. Environmental Analysis
2. Mission
3. Vision
4. Goals
5. Strategies
Environmental Analysis

Identifies *external* and *internal* trends

– To understand broad industry issues
– To make decisions using “big picture” context
External trends

- **Opportunities:**
  - environmental characteristics that can help the organization succeed

- **Threats:**
  - environmental characteristics that can prevent the organization from being successful

**Factors to Consider**

- Economic
- Political/legal
- Social
- Technological
- Competitors
- Customers
- Suppliers
Internal trends

- **Strengths:**
  - internal characteristics that the organization can use for its advantage

- **Weaknesses:**
  - internal characteristics that can hinder the success of the organization

**Factors to Consider**

- Organizational structure & culture
- Politics
- Processes
- Size
Gap Analysis

- **Analyzes:**
  - External Env vs. Internal Env

- **Determines:**
  - Opportunity + Strength = Leverage
  - Opportunity + Weakness = Constraint
  - Threat + Strength = Vulnerability
  - Threat + Weakness = Problem
Strategic Planning for the Organization

Environmental and Gap Analyses provide information for organizations to decide:

– Who they are
– What they do
Mission

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?
Mission - Coca Cola

Our Roadmap starts with our mission, which is enduring. It declares our purpose as a company and serves as the standard against which we weigh our actions and decisions.

- To refresh the world...
- To inspire moments of optimism and happiness...
- To create value and make a difference.
Dilbert

STRATEGY MEETING

THE WEAK ECONOMY IS LIMITING OUR STRATEGIC OPTIONS.

I WON'T SUGARCOAT ANYTHING.

OPTION ONE IS A LONG SLIDE TO OBLIVION.

OPTION TWO IS A DEATH SPIRAL.

OUR NEW COMPANY LOGO IS A MAN GETTING SUCKED INTO A TOILET.

OUR REVISED MISSION STATEMENT IS "FORAGE DURING DAYLIGHT. HIDE AT NIGHT."

I'LL PASS OUT CLUBS, AND YOU CAN DECIDE AMONG YOURSELVES HOW TO DOWNSIZE BY FIFTY PERCENT.

IS IT JUST ME OR WAS IT BETTER WHEN THEY SUGAR-COATED?
Vision

- Statement of future aspirations
- Focuses attention on what is important
- Provides context for evaluating
  - Opportunities
  - Threats
Vision – Coca Cola

Our vision serves as the framework for our Roadmap and guides every aspect of our business by describing what we need to accomplish in order to continue achieving sustainable, quality growth.

- **People**: Be a great place to work where people are inspired to be the best they can be.
- **Portfolio**: Bring to the world a portfolio of quality beverage brands that anticipate and satisfy people's desires and needs.
- **Partners**: Nurture a winning network of customers and suppliers, together we create mutual, enduring value.
- **Planet**: Be a responsible citizen that makes a difference by helping build and support sustainable communities.
- **Profit**: Maximize long-term return to shareowners while being mindful of our overall responsibilities.
- **Productivity**: Be a highly effective, lean and fast-moving organization.
Purposes for Setting Objectives

- Formalize expected achievements
- Provide motivation
- Provide tangible targets
- Provide basis for good decisions
- Provide basis for performance measurement
Strategies

- Create strategies or Game Plans or “How to” procedures to address issues of:
  - Growth
  - Survival
  - Turnaround
  - Stability
  - Innovation
  - Leadership
How the HR Function contributes:

- Communicate knowledge of strategic plan
- Provide knowledge of KSAs needed for strategy implementation
- Propose reward systems
Strategic Plans at the Unit Level

- Every Unit’s/SBU’s Mission statement, Vision statement, Goals, and Strategies must be aligned and congruent with

- Organizational Mission statement, Vision statement, Goals, and Strategies
Alignment of Strategic Plan with Performance

Organization’s Strategic Plan
Mission, Vision, Goals, Strategies

Critical to involve all levels of management

Unit’s Strategic Plan
Mission, Vision, Goals, Strategies

Critical to involve all employees

Job Description
Tasks, KSAs

Individual and Team Performance
Results, Behaviors, Developmental Plan
Job Descriptions

- Tasks and KSAs are congruent with Organization and Unit strategic plans
- Activities described support mission and vision of Organization and Unit
Individual and Team Performance

Organization and Unit mission, vision, goals lead to:

- Performance management system, which
  - Motivates employees
  - Aligns development plans with organization priorities
Strategic Plan ➔
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)*
Building Support – Answering “What’s In It for Me?”

- Top Management:
  - Help carry out vision

- All levels:
  - Involvement
  - Participation
  - Understanding
Case Study 3-1
Evaluating Mission & Vision Statements

- The table on next slide summarizes ideal characteristics of mission and vision statements. Use this table to evaluate mission & vision statements of Toyota.

- Prepare a brief report, addressing the following:
  - How many of the ideal 8 characteristics of mission statement are present?
  - How many of the ideal 8 characteristics of mission statement are present?
  - Do they both serve their purpose?
  - Collectively, are they useful tools to link organizational priorities with individual and team performance?
## Case Study 3-1
### Ideal Characteristics

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Summarizes the organizations most important reason for existence.</td>
<td>1. Brief so employees can remember it.</td>
</tr>
<tr>
<td>2. Primary customers.</td>
<td>3. Bound by a timeline for all aspirations.</td>
</tr>
<tr>
<td>4. Technology to be used in production.</td>
<td>5. Focused – does not include everything.</td>
</tr>
<tr>
<td>5. Fundamental concern for growth through profitability.</td>
<td>6. Understandable – clear &amp; straightforward.</td>
</tr>
<tr>
<td>6. Managerial philosophy.</td>
<td>7. Inspiring – Makes employees feel good about organization's direction and motivates them to achieve it.</td>
</tr>
<tr>
<td><strong>Mission Statement</strong></td>
<td><strong>Vision Statement</strong></td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>to make maximum long-term profits for its stockholders and be a good corporate citizen.</td>
<td>To become the most successful and respected car company in each market around the world by offering customers the best purchasing and ownership experience.</td>
</tr>
</tbody>
</table>
Case Study 4

- Get the Job Description of your current or recent job and Mission/Vision statement of your employing company.
  - Revise the JD so that they are aligned with strategic priorities. Revision may include adding KSA important for the strategy.
Next

- Balanced Scorecard