

provide a strategic level source of competitive advantage. No longer can existing structures, hierarchies and business units be taken as givens.

This is now the level at which specific details can be decided regarding what jobs need to be done, and what competencies are needed to do them, in order to achieve the strategic goals within an appropriate structure and systems. Typically, job descriptions are formulated as a contract between employer and employee to ensure common mutual expectations. Performance **standards and targets** can be attached to these. Standards are those measures of performance which are required from the job holder, while targets are used to stretch and increase performance.

Performance management implies that performance - both business and individual - needs to be constantly measured and improved. At the individual level, this is typically done through a **performance appraisal** system. Appraisal compares actual performance against standards and targets and seeks to identify and agree opportunities for improvement as well as rectify any deficiencies. There has been a trend worldwide to appraise (and reward) team performance numerically while monitoring individual performance qualitatively.

Performance improvement programmes can take very many forms, from new investment in plant and equipment, to formal quality programmes, process reengineering, and various forms of **training and personal development**.

The underlying principle that performance should constantly improve now implies that not only should the business be run better and make best use of technology, for example, but that everyone's individual performance should also improve. Over a period of years, at this personal level, this implies gaining skills and competencies and often progressing into different roles within the organisation. This kind of personal development can also be achieved in very many ways but needs to be carried out within a planned framework to ensure a tangible return on what can be a substantial investment of time and money.

Once this cycle has been completed, there is the opportunity now for a strategic level review to take account of changing circumstances and priorities. There is no hard rule about the timescale for this - it depends on the nature of your business sector and may be anything from 6 months to 2 years.

There is clearly scope for great variation in the degree of formality in these various approaches. In fact it is vital that each element is designed and conducted in a way that is compatible with the organisation's corporate culture. What is certain is that the formality should be greater as the organisation grows and new forms of leadership are put in place.

Link Performance with Strategy using the Balanced Scorecard

The Balanced Scorecard provides a valuable framework for institutional change and capacity building. It is widely used to ensure a direct linkage between strategic plans and departmental and individual activity and achievement. It focuses attention and resources under four key areas. These act as headings for cascading goals, objectives, initiatives and measures from the organisation's mission, vision and values.

Components of a performance management system

The essentials of a modern system would include the following.

- ◆ A Strategy Map based on a Balanced Scorecard analysis
- ◆ Job descriptions, formatted to include key performance areas, key performance indicators and personal objectives.
- ◆ An informal quarterly or half yearly review between job holder and immediate supervisor, based on completion of a self-appraisal form.
- ◆ A formal half yearly and/or yearly appraisal interview between job holder and immediate supervisor.
- ◆ Intermediate coaching sessions between job holder and coach to improve specific area of performance over a 6-12 week cycle.
- ◆ 360° appraisal of senior managers.
- ◆ Occasional employee and customer surveys.

How TACK can help

Our consultancy services are designed to help client organisations around this cycle. Outside assistance is often seen as most necessary in times of major change but clearly can be helpful at any time in an organisation's development. The diagram below shows how our most common products and services fit in to the model.

