

Designing a Systems Approach to Performance Management

When Wittenberg University began its continuous quality improvement (CQI) journey several years ago, the president and other key administrators realized that a realignment of the non-faculty performance management system was essential. Only a new system could motivate staff members to change the way they interpreted and performed their jobs, encourage communication across the work force, and lead to a common vision of strategic issues throughout the university. Development of a meaningful performance management system at Wittenberg was difficult and at times discouraging, but it suggested seven steps that might be helpful to other colleges and universities undertaking this task.

Performance Management and CQI Initiatives

Most performance management programs do not work. They sit on the shelf until the day of the performance review and the completion of the appraisal form. Such was the case at Wittenberg University, as at many organizations that narrowly define performance management. However, Wittenberg, like many other organizations, has come to the realization that effective performance

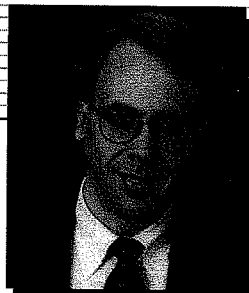
management is a continual process that becomes part of the organization's culture. Moreover, it is a process that benefits from a combination of techniques, such as coaching, upward feedback, articulation of development plans, the setting of objectives, and performance assessment.

Performance management might appear to conflict with the guiding principles of continuous quality improvement. Indeed, many CQI gurus, including Dr. Edward Deming, believe that traditional performance management practices, which focus on grading personal attributes or task completion and on fostering competition among employees, have damaged organizations. However, some CQI proponents have suggested that performance management could promote CQI initiatives if it takes one or another nontraditional approach. The authors of *Improving Performance: How to Manage the White Space on the Organization Chart* believe that four steps would result in more appropriate management of performance (Rummler and Brache 1990). They are to

- establish an infrastructure that enables the performance management system to be sustained without "special program" mechanisms;



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- establish a set of goals and a mechanism for reestablishing them over time;
- require substantive actions from individuals at the organization, process, and job/performer levels; and
- ensure top management's active involvement in and support of performance management.

These steps result in a performance management system that enhances communication; establishes relationships among supervisors, staff, and peers; and motivates staff to attain strategic objectives. Such a system supports CQI initiatives.

The Wittenberg Experience

At the time continuous quality improvement was introduced at Wittenberg, a variety of formal and informal performance management methodologies were in place. Many of these methodologies did not support continuous quality improvement, and there was dissatisfaction with how they worked. Previous attempts to redesign the methodologies had resulted in new and perhaps even better annual review processes, but because the processes remained once-a-year exercises, they were regarded as perfunctory and meaningless. The university determined that if a performance management system were to work, it could not be directly linked to merit increases or any form of compensation. If so, fear and competition for better salary increases would interfere with meaningful dialogue.

Awareness of the need for a performance management system that supported continuous quality improvement grew. Such a system would

- operate throughout the year,
- improve cross-department communications,
- promote discussion about job performance,
- strengthen staff development, and
- initiate tasks aimed at achieving Wittenberg's strategic objectives.

Recognizing that development of such a system would be complicated and emotionally charged and would require a new way of thinking, Wittenberg executives engaged an outside consultant to facilitate the design process and objectively present issues to the various constituencies.

Two issues commonly faced by universities and colleges when delving into a new performance management system are whether faculty and non-faculty members should be subject to the same system and whether the system should focus on both individual performance and team performance. Although theoretically one performance management system could apply

Founded in 1842, Wittenberg is a private, Evangelical Lutheran church-related college of the liberal arts and sciences. The college is located in Springfield, Ohio. It has an enrollment of approximately 2,000 students representing more than 35 countries. It employs approximately 200 non-faculty FTE and 200 faculty.

to all university positions, the scope of the new system at Wittenberg was limited to non-faculty members. Because the faculty members view themselves as a distinct group and have an established system that meets their unique needs, it was neither necessary nor desirable to evaluate faculty members with a new system. The new system would be used only for non-faculty staff. Although the faculty generally was satisfied with its system, some components of the new system, such as upward feedback and relationship building, eventually would be incorporated into it.

Wittenberg executives knew they wanted a system that would be applicable to individuals and to teams. Therefore, the university chose to design a system that supported both individual and team performance. The performance of some staff members would be managed to achieve individual objectives, and the performance of others would be managed to achieve team objectives. The performance of still other staff members would be managed to achieve a combination of individual and team objectives. This flexibility was viewed as essential to development of an environment that fosters CQI initiatives.

Phase One: Identification of Needs

University staff members were asked what they wanted from a performance management system. The consultant used various data gathering tools, such as interviews, focus groups, and a survey, to objectively identify the needs of various departments and constituent groups. Three significant findings emerged:

- Nearly half of those surveyed indicated that they never received guidance in preparing for future promotions or other internal career opportunities.
- More than half believed that staff members are not held accountable for the results they produce or fail to produce.
- Only one-third felt that their supervisor effectively communicated information relevant to their subordinates' job performance.

The information gathered from this phase of the project served as a guide for improvement.

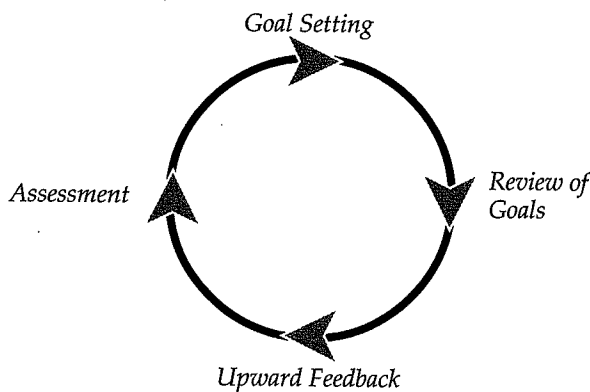
Phase Two: Development of the New System

In keeping with CQI principles, Wittenberg's president carefully chose the members of the design team. With the results of the survey at its disposal, the team was ready to consider the system's design. The challenge was to develop a meaningful system that could meet the needs of a diverse staff.

Phase Three: Initiation of Change

The new system was tested through a pilot program. Members of the pilot group set goals and objectives that in some way related to the goals of their department or division or the university's evolving strategic plan. The purpose was to direct each individual's effort toward the most important goals. Each member of the pilot group formally reviewed his or her individual objectives at mid-year to document any desirable changes in the objectives. The members then were given an opportunity for upward feedback

Figure 1
Key Components of Pilot Program



and a formal assessment of their performance. Coaching and staff development supported these processes (see Figure 1).

Despite some minor design flaws, the fundamental principles of the new system have been overwhelmingly supported by university staff. The process is not yet complete, but the fundamental design has been viewed as successful.

Seven Key Lessons

Wittenberg learned seven lessons that might be applicable to other institutions as they refine their performance management systems. Many of these lessons might apply to a variety of CQI initiatives.

Lesson One: Select the Right People for the Design Team

The individuals who will be affected by a new system must be involved in the development of that system. The administration or an outside consultant will not be successful in attempts to create the system independently of these individuals. This belief is deeply rooted in CQI principles, which emphasize communication, collegiality, and team work. At Wittenberg, the president selected representatives from the executive leadership who could serve as liaisons to the president and vice presidents and from all key organizational units and employee groups. Individuals respected by staff at all organizational levels also were asked to join the design team.

Lesson Two: Create a 'Burning Platform'

Organizations considering a new performance management system typically face a dilemma similar to that faced by workers on an oil platform in the middle of the ocean when the platform caught fire. During this actual event, the workers were faced with a difficult decision: stay on the platform and fight the fire or jump into the freezing waters below. Those who took the leap of faith and jumped survived, but those who stayed on the platform perished.

For many, the status quo is safe, comfortable, and predictable. This was the case at Wittenberg. Although many staff members recognized the need for change, others were satisfied with their own approach to performance management and feared the development of a new bureaucratic process. To address this resistance, Wittenberg was guided by another CQI principle: data-based decision making. The information gleaned from phase

one (identification of needs) highlighted the gap between the university's present culture and its desired culture and served as its burning platform.

Lesson Three: Clearly Define and Communicate Top Executives' Expectations

Clearly and continually defining the expectations of individual executives and the executive group as a whole is crucial to acceptance of a new system. Without buy-in, the final system is likely to be dismantled or to sit on the shelf unused. The Wittenberg design team took several steps to avoid these possibilities. Before development of the university's new performance management system, key executives were asked to articulate their expectations. To reinforce a generally accepted understanding of project goals, executives, as well as staff members, attended a series of informational meetings.

Although these initial steps were essential to align expectations, they would have been insufficient without ongoing communication. The design team kept executives abreast of its progress through written summaries and occasional one-on-one meetings. Midway through the process, the team met with top executives to present its tentative decisions and anticipated future direction. The executives recognized that the new system design was drifting out of alignment with their expectations. If not addressed, this misalignment would make the system unacceptable. At first the design team felt defeated and reluctant to significantly alter its decisions. Fortunately, the team was spurred on by renewed support from the president, who recognized that the fundamental concepts were sound and who helped the team understand why procedural changes were necessary. If this meeting had not occurred, the final proposal would have been rejected.

Lesson Four: Elicit Supervisor and Staff Feedback throughout the Process

Some organizations make the mistake of obtaining input from supervisors and staff at the beginning of the design process and then carrying on without additional input. Omitting staff from the process leads to resistance down the road. The design team and top executives then face the daunting task of motivating the staff to comply with the new system.

To avoid this possibility, the design team prepared written summaries of the project's progress after each meeting and made presentations at departmental staff meetings. The team encouraged the staff to contact team members at any time to ask questions and express opinions. To give team members adequate time to reflect on design decisions and consult with colleagues, decisions made at each meeting were considered tentative until supervisor and staff feedback was reviewed. These efforts led to the design of a system compatible with the university's culture.

Lesson Five: Do Not Get Boggled Down in the Details

Scores of decisions must be made during creation of a performance management system. A design team easily can become bogged down in details such as the kind of performance assessment categories to use; the wording of specific performance competencies; the time frame for establishing and reviewing individual objectives;

and, in particular, the design of performance management forms and related documentation. Each of these design decisions should be considered carefully, but maintaining the project's momentum is equally important. The system cannot *become* the work of the organization; rather, it must *support* the work of the organization. Otherwise, the "burning platform" will become a distant memory, and the university is likely to turn its attention to other more pressing priorities. At some point, the team has to stop theoretical discussions and test a system to determine what works and does not work in practice. Fine-tuning can come later.

To maintain momentum, the design team for Wittenberg's performance management system established a definitive time frame for the design process in advance (five to seven full-day meetings spaced over a six-month period). The consultant prepared a discussion guide that introduced the issues that needed to be addressed, various performance management methodologies, and the pros and cons of various courses of action. The guide helped the design team understand from the outset how many decisions it needed to make; hence, it was able to allocate the appropriate amount of time to each decision.

Lesson Six: Initiate a Pilot Program

A pilot program is a vital step in designing a system that is both meaningful and acceptable. Wittenberg initiated a pilot program with the assistance of department representatives who believed in the need to change the existing system. The intention was to allow a small group to identify areas for improvement by experiencing design problems first-hand. In this way, the new performance management system could be fine-tuned before it was presented campus-wide.

Although members of the pilot program overwhelmingly embraced the fundamental principles of the new system, many voiced strong concerns about its required documentation. For example, the pilot group found that the form for upward feedback was problematic. This form included a checklist of approximately 30 attributes expected in a supervisor and asked staff members to indicate whether their supervisor meets, sometimes meets, or does not meet expectations. The pilot group found that the form was too specific and that staff members were uncomfortable assessing their supervisors in such detail. The pilot group created a different upward feedback form that emphasized two-way communication rather than grading. The new form was more general and focused on perceptions of a supervisor's strengths and weaknesses. It allowed staff members to recommend things their supervisors could do differently to improve working relationships. One executive assistant, who had been concerned about over-documentation, commented that the new upward feedback form allowed her to have a meaningful and productive conversation with her supervisor. She and her supervisor had an excellent working relationship, but without this formal opportunity to raise issues, she would not have talked to him about these issues. She reported that the opportunity for discussion has strengthened their working relationship.

The pilot program was the single most important step in development of Wittenberg's new performance management system. In addition to identifying minor design flaws, the program gave the design team an opportunity to discover

underlying organizational barriers to performance management and CQI initiatives.

Lesson Seven: Persevere!

Design of a performance management system is an overwhelming project. Although many organizations embark on such a project with a strong sense of purpose and optimism, they often underestimate the effort involved. As a result, the initiative loses steam, and ultimately little is accomplished.

Once the system is designed, it must be fully integrated into the organization's culture. Wittenberg found that timing plays a key role in the success of this activity. Even when senior leadership is genuinely committed to a new and improved performance management system, development of such a system will not receive adequate time and attention if it is not among the institution's top strategic objectives. The effort likely will be delayed if it has to compete with other strategic initiatives, such as capital campaigns, new construction, and new marketing strategies. Unless senior leadership can actively participate in and support development of a performance management system, the rest of the organization will follow suit and direct its efforts to other priorities.

To avoid competition between implementation of its new performance management system and other initiatives, Wittenberg's senior leadership and design team adopted the mindset of continuous quality improvement. Design and implementation of the university's system has not proceeded as quickly as desired, but each increment of progress has been celebrated and used as a stepping stone to the future. If the system is fundamentally sound, it eventually will be implemented in its entirety, and benefits will be realized.

Conclusion

Continuous quality improvement and development of performance management systems that support it is complicated and difficult. The seven lessons learned by Wittenberg, if applied by other organizations, can increase the odds for success:

- select the right people for the design team,
- create a burning platform,
- clearly define and communicate top executives' expectations,
- elicit supervisor and staff feedback throughout the process,
- do not get bogged down in details,
- initiate a pilot program, and
- persevere.

Methodology, it should be remembered, is less important than the setting and communication of objectives. As Wittenberg plumbing foreman Dave Clark wrote after attending a meeting to introduce the university's new performance management system, "It's unbelievable how much more could be accomplished...how much better we would all feel if communication was better..." This is a result for which all organizations should strive.

References

Rummler, Geary A., and Alan P. Brache. 1990. *Improving Performance. How to Manage the White Space on the Organization Chart*. San Francisco: Jossey-Bass, Inc.