

How to Increase the Value of Performance Improvement Interventions

Whether working as an internal or external consultant for an organization, one of the most challenging tasks is convincing top management to implement performance improvement initiatives. Often, they are hesitant to invest time and resources in interventions that cannot be directly linked to bottom-line objectives. Their concern revolves around the potential lack of sufficient return on investment from the performance improvement intervention. This guide provides a framework for establishing a connection between performance improvement initiatives and business objectives, thereby increasing the likelihood of achieving desired outcomes.

INTRODUCTION

The purpose of performance improvement interventions extends beyond merely enhancing the skills and performance of employees and managers. The ultimate goal is to enhance the overall performance of the organization. While consulting success stories often conclude with the achievement of organizational objectives, we have also witnessed projects where everyone was satisfied with the work done, yet the organization failed to make significant gains in productivity or performance. This guide presents a blueprint for designing interventions that possess a higher probability of delivering the desired results.

How Performance Initiatives Align with Strategy

While the model above does not encompass all possible performance improvement activities, it illustrates the connections between some key ones. When seeking to maximize the value of a company's employees, it is essential to start with the business strategy. The strategy should clearly define the company's goals and objectives. By understanding these objectives, we can design programs and processes that effectively support those goals, ultimately providing value to the organization. A sample business strategy statement for a company could be:

"To deliver the highest quality products to our consumers, provide exceptional customer service to our partners and consumers, and generate the highest possible return for our shareholders. We will achieve this through collaborative teamwork and by actively contributing to our communities as responsible corporate citizens."

To implement this strategy, the company may choose the following tactics:

- Introduce a new quality program within our facilities and collaborate with suppliers to do the same.
- Conduct surveys to gather feedback from partners (suppliers and customers) and consumers regarding customer service issues, and allocate resources to address any concerns or areas for improvement.
- Implement a cost-reduction program to decrease overhead and administrative expenses by 10 percent.
- Foster a culture of teamwork by enhancing upward and cross-functional communication.
- Engage with the community by participating in local events and supporting charitable initiatives.

With a clear understanding of the company's direction and the strategies it intends to pursue, we can now devise performance improvement initiatives that align with its strategy and enable the organization to meet its business objectives.

IDENTIFY CORE COMPETENCIES

An initial step in the process is to establish a list of core competencies (CCs) that individuals must possess to effectively execute the company's strategy. For a manager, these CCs may include:

- Demonstrates effective and direct communication with customers, team members, and direct reports.
- Provides proficient coaching to enhance the performance of others.
- Manages resources and budgets effectively to establish priorities and maximize value.
- Engages in team decision-making while taking accountability for outcomes.
- Anticipates and resolves problems efficiently.
- Balances customer concerns with business requirements.
- Acts as a liaison with the community, promoting the company's image.

It is important to note that these core competencies directly align with the business strategy statements discussed earlier. Once the CCs for a specific role are identified, targeted activities can be pursued to enhance performance in that role.

While this model serves as a valuable tool for communicating your intentions to top management and maintaining focus on your objectives, it assumes that your organization possesses a relatively clear and well-articulated strategy that can be effectively conveyed to employees at all levels. Without such clarity, the task becomes more complex. However, operating under the assumption that you have a strategy in place, the next crucial step is to define the core competencies. These definitions will guide many of the subsequent interventions.

Keys to Success: To be effective, the CC definitions must:

- Be written in a language that employees can comprehend.
- Be tailored to the specific job and level of responsibility (e.g., supervisor CCs will differ from manager CCs).
- Be observable, allowing for the assessment of competency demonstration.
- Be measurable, enabling the evaluation of competency levels.
- Be relevant to current and future business needs, aligning with the evolving demands of the organization.

CAREER DEVELOPMENT

Many companies aim to develop the skills of their existing employees, enabling them to progress within the organization. However, these development efforts must be directly aligned with the achievement of strategic business objectives. Without this connection, skill development initiatives will not yield significant improvements in the company's performance.

For example, let's consider a motivated engineer who aspires to become a manager in the future. This presents an excellent opportunity for the organization to promote someone who already possesses an understanding of the company and shares its values. However, the core competencies required for a manager significantly differ from those required for an engineer. Thus, some development will be necessary. The company can choose to promote the engineer and rely on on-the-job learning (trial by fire), or it can create a development plan or career path to prepare the engineer for the managerial role when it becomes available.

Undoubtedly, the latter option is more likely to lead to success for both the engineer-turned-manager and the company. By shortening the learning curve through prior training and preparation, the company can realize an immediate return on investment instead of waiting for the newly appointed manager to grow into their responsibilities. An example of a development plan for two of the core competencies is provided here:

By illustrating the relationship between the core competencies and the manager's job, we demonstrate the significance of skill development to the engineer. Simultaneously, we provide the employee with a roadmap to acquire the necessary competencies. By highlighting the direct link between the development initiative, the core competencies, and the business strategy, we can more easily justify the investment in training. The engineer will acquire skills that contribute to the company's success.

Keys to Success:

Successful career development necessitates:

- Support from top management, demonstrating a commitment to employee growth.
- Clear connections between the training courses and the core competencies, ensuring relevance and applicability.
- An easy-to-follow roadmap for development that assists employees in reaching their desired positions.
- Motivated employees who actively engage in their own development.
- Recognition and rewards for acquiring new skills, reinforcing the value of continuous learning.
- Regular updates to the development catalog, anticipating future trends and aligning with evolving business needs.

SELECTION

To make effective hiring decisions, it is crucial to assess candidates based on the core competencies (CCs) required for the position. Different assessment methods can be used, such as interviews, tests, role plays, and reviewing candidates' previous experience. By understanding the CCs and their importance in relation to the business strategy, the performance of chosen candidates can be validated against clear business objectives.

It is important to note that there is no one-size-fits-all assessment method to measure all CCs. Careful consideration should be given to matching the assessment tool to the specific CCs, although some tools may be able to measure multiple CCs. For example, the following assessment methods might be used for a manager position:

Core Competency	Selection Technique		
	Interview	Test	Role Play
1. Communicates effectively and directly with customers, team members, and direct reports.	X		X
2. Provides effective coaching to others in order to improve their performance.	X		X
3. Budgets resources in order to establish priorities and maximize value.		X	X
4. Understands and accepts team decision making while taking responsibility for outcomes.			X
5. Anticipates and solves problems.	X	X	X
6. Understands and balances customer concerns with business needs.	X		X
7. Is willing and able to be liaison with the community and promote the company.	X		

It is crucial to align the CCs, derived from the business strategy, with the recruiting, staffing, and selection processes. By using the appropriate tools to identify individuals who possess the required CCs, both internal and external to the organization, the company can increase the likelihood of success. The assessment process also helps identify training and development needs for both successful and unsuccessful candidates.

Keys to Success:

For a successful selection system, consider the following:

- Prioritize the CCs if you cannot assess all of them.
- Use the CCs to guide recruiting efforts and the design or choice of assessment methods.
- Select the appropriate assessment method for each CC.
- Provide candidates with a realistic job preview, including information about working conditions, chances for promotion, and potential overtime.
- Clearly communicate performance expectations to candidates, emphasizing their accountability for coaching employees and productivity.
- Utilize assessment information to create training and development plans for candidates.

TRAINING

Training plays a vital role in an organization's success, but it must be directly linked to business needs to be effective. Many companies offer training courses without considering the connection between the courses and the business strategy, leading to employees attending training that has little impact on their performance. To ensure training adds value to the organization's bottom-line objectives, it should focus on improving or acquiring core competencies (CCs) that contribute to current and future success.

Keys to Success:

For a successful training program, consider the following:

- Offer training courses that directly impact the business strategy or bottom-line productivity results.
- Provide training in areas that are currently needed and anticipated in the future.
- Update training offerings and courses to align with changes in the business environment.

- Provide training opportunities for employees at all levels of the organization.
- Recognize and reward employees for learning and applying new skills.
- Create a supportive environment for employees to practice new skills without fear of reprisal for failures.
- Offer refresher courses or updates as new information or techniques emerge.

PERFORMANCE MANAGEMENT

Performance management is a challenging process but offers significant potential returns for the company. Many performance appraisal systems are not directly linked to business strategies or objectives, and their effectiveness is limited. By aligning performance expectations with the business strategy and implementing good measures and standards, performance management becomes a powerful tool for improving organizational success. It allows for objective measurement of success, rewards those who add value to the organization, and identifies training and development opportunities for improvement.

Keys to Success:

For an effective performance management system, consider the following:

- Align the system with business objectives and make necessary changes.
- Train managers and supervisors on how to use the system and communicate its benefits.
- Make the process and forms easy to understand and complete.
- Hold managers and supervisors accountable for practicing good performance management.
- Provide specific, timely, and constructive feedback to employees.
- Keep employees informed through continuous feedback to avoid surprises during review meetings.
- Recognize and reward good performance while addressing poor performance through coaching, discipline, or termination.

CONCLUSION

Adopting a strategic approach to performance intervention allows for a clear connection between interventions and business strategy. By consistently linking activities to the required core competencies for business success, the support of top management can be gained, and the impact on the company's bottom line can be increased. Taking the time to ensure a direct connection for each intervention to the business strategy strengthens the effectiveness and value of the efforts undertaken.