

## **Bridging the Gap between Performance Management and Executing Strategy**

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Performance management (PM) will assist you in reaching a number of solutions:

- Identifying, tracking and reinforcing individual and team competencies
- Shaping compliance with best practices
- Separating low from high performers


But, PM creates the greatest value when it drives your strategic plan. The challenge, however, is that most organizations find day-to-day performance driven by any number of items or urgent requests, other than strategy.

There's no better way to work strategically across groups of people; to have it continue beyond the planning session, beyond the printed strategic plan, then to have it directly supported by PM. In this white paper we would like to cover several factors that are critical to successfully aligning performance and the execution of a strategic plan. Here's a brief primer on how to use PM strategically, and do it better than your competition:

1. Adopt the mindset of viewing your strategic plan as nothing more or less than your best guesses, a set of yet to be tested assumptions for the coming year. Treat your strategic plan as an assumption-based navigational aid by which you and others expect to navigate to successful outcomes. The initiatives or goals of your strategic plan represent assumptions and performance metrics about really only two areas:
  - a. What are the most effective ways to grow
  - b. What are the most effective ways to reduce risk
2. Track and test regularly – As a set of assumptions, strategic plan metrics require solid performance measuring and management, otherwise you're left to verify and test assumptions against conjecture not facts. Given that you're operating based on assumptions, how often do you want to check your assumptions against performance measures? The answer should be regularly, monthly, not yearly or bi-annually. Checking assumptions works best when you:
  - a. Tie strategic objectives to measurable results and convert performance monthly into an easy to interpret scorecard
  - b. Review the strategic plan monthly with status updates, retesting validity of assumptions, checking to make sure your strategic plan still has you on the right course, that your assumptions are being tested and hold true
3. Get the process out of the closet - Both the viability of the strategic plan and PM suffer if not highly visible. Visibility directly supports prioritization, focus, accountability and improved results. Regularly:
  - a. Make the goals, the plans and the results visible to everyone whenever possible
  - b. Performance data will be one of the view sources of hard data to verify strategic assumptions, and the only data that simultaneously provides the basis for accountability to best practices

4. Answer the “How” question. Both strategy and performance management improve when you link the strategic plan to clear goals and action plans that extend all the way down to day-to-day operations. Strategy without the “How do we get there?” question addressed and tracked, is like driving a car without a map. Don’t make the mistake of believing that informally linking strategy and PM informally (ex. conversationally in the next staff meeting) will generate top level results – create the link between strategy and PM with software technology and focused management practices.
- Build the strategic plan into clear goals and supporting action plans that are visible to those responsible every day
  - Tie strategy to plans and performance objectives or the strategy connection runs the risk of not having the time, personnel and money resources to execute successfully
  - Tie strategy to performance or risk your staff not understanding the strategy, and failing to see how it connects with what they do on any given day
5. Is there any gas in the tank? Managing performance and executing strategy both require resources, even more so as they invoke change. Both require follow-up to ensure follow-through. Achieving growth goals, driving change, improving performance, and regularly testing (and course correcting) your strategic assumptions/initiatives is very easy to under-resource. Accurately resourcing the effort is an excellent predictor for success at generating value from the strategic – performance management connection. Bottom line:
- Follow-through improves with follow-up, it’s the first step in resourcing the effort
  - Resource attention to managing /improving performance and strategy execution and review with enough time, resources and mentoring commensurate with the task
  - Your strategic plan is intended to assist you in dealing with the known and the unexpected, linking it with clear PM practices and metrics gives it the basis to thrive

**Software Technology Requirements for Linking Strategy & Performance Management**

<b>Strategic Performance Management Checklist</b>	
1. Are the top strategic initiatives embodying the plan, values and assumption for growing the company clearly in one place and easily tracked with updated metrics?	
2. Are the key action steps (plan) or milestones for each initiative easily identifiable and tracked?	
3. Do all top level initiatives and projects receive regular progress updates for immediate drill down and review in staff meetings?	

4. Can each person see the context for the projects and tasks they are working on, such that the connection to top level objectives and the strategic plan is visible?	
5. Is there a single source for viewing or working with key projects and their relative progress across departments and across individuals?	
6. Is there a tool in place to track target goals vs. results in a color coded format across goals, objectives and projects? E.g. An easy-to-use "Management by exception" tool? Can that tool be viewed in an outline, or Gantt chart, or work-flow model to suit each user?	
7. Is there a tool for connecting all documents, e-mail and action items or to-dos to their related project or task for immediate review of past history and correspondence?	
8. Finally, is there a tool in place that with a single mouse click converts goal and project results into an annual review format for the individual's assigned to that task?	

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Performance Solutions Technology provides the software and processes that directly link performance management with executing strategy - assisting organizations with improved performance from the strategic to the individual level.