

Introduction to Performance Management

Mike Hudson



Compass Partnership

What is performance management

“A systematic process for clarifying objectives, establishing quantitative and qualitative indicators to measure achievements and using the learning to enable the organisation to improve performance.”

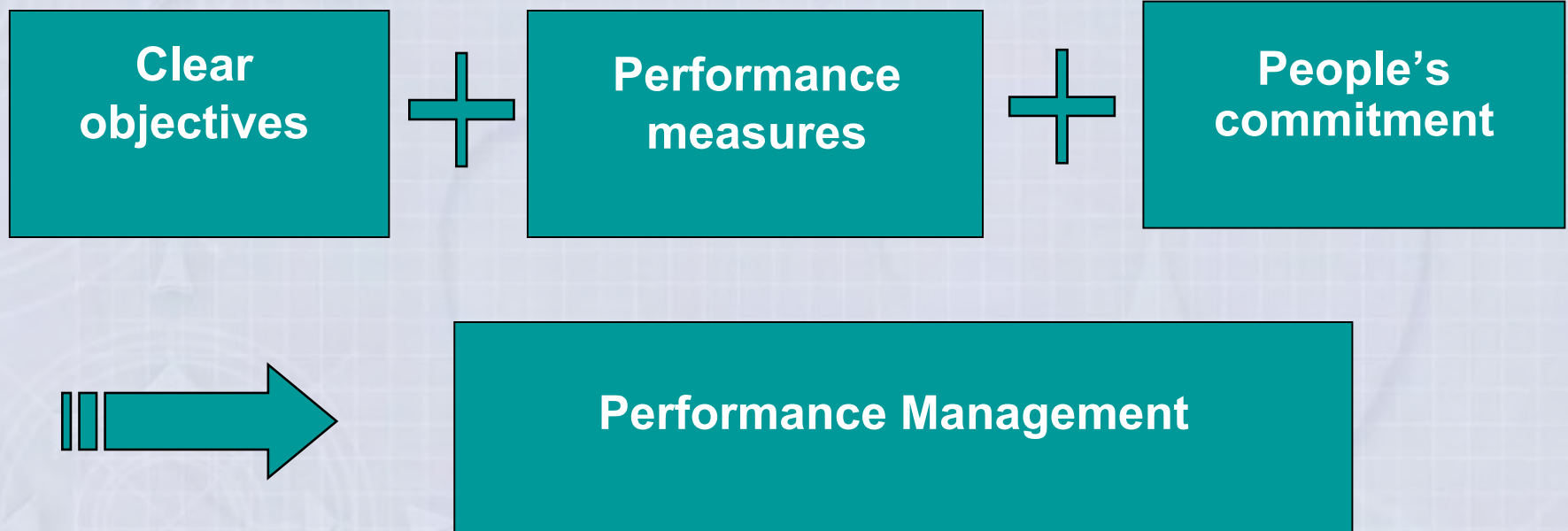
Two fundamental questions

- 1. Are we achieving the milestones in our strategic, operational and individual plans?**
i.e. are we progressing according to plan?
- 2. What are the outputs, outcomes and impact of our work?**
i.e. what has really been achieved?

Why strengthen performance management?

- **Focuses people on results**
- **Drives people to be more realistic about objectives**
- **Helps people to concentrate on agreed priorities**
- **Enables people to make better judgements about achievements**

What are the essential elements?

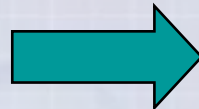


Three levels of performance

Type of performance

Monitors

Strategic



Organisation wide achievements

Operational



**Services and support
function achievements**

Individual



Achievement of personal targets

Performance measures

Inputs



Processes



Outputs



Outcomes



Impact

Efficiency and effectiveness measures

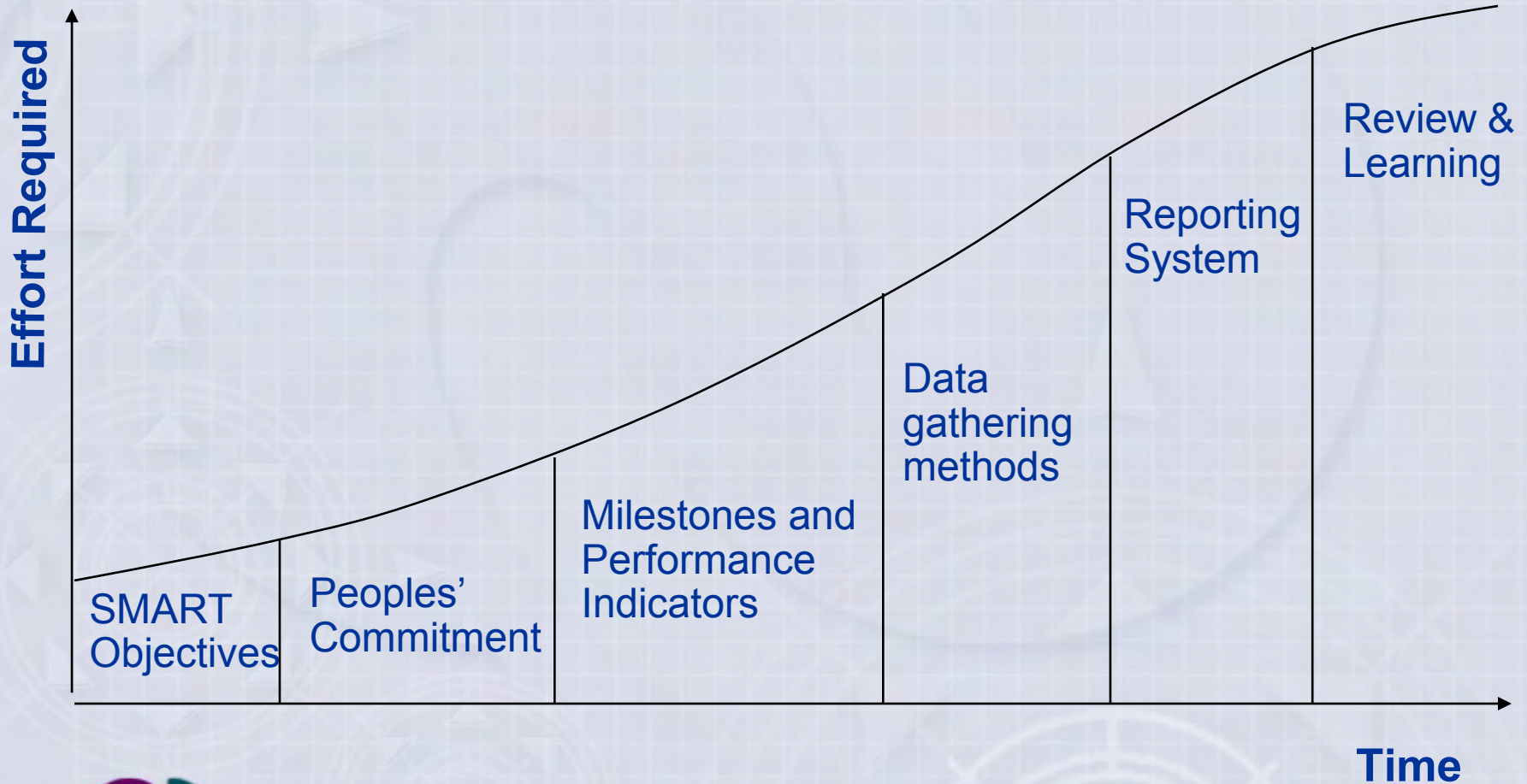
$$\text{Efficiency} = \frac{\text{Input}}{\text{Outputs}}$$

$$\text{Effectiveness} = \frac{\text{Input}}{\text{Outcomes}}$$

Pre-requisites for strengthening performance management

- **Plans with SMART objectives**
- **Long term commitment of senior management**
- **Identified benefits for everyone involved**
- **Time from everyone involved**
- **A process for continuous improvement**
- **Commitment to learning rather than criticising past performance**

Performance management learning curve



The state-of-the-art

- **Many organisations striving to improve performance management**
- **Separating questions around ‘progress’ and ‘achievements’ is important**
- **Few examples of emerging practice**
- **Most valuable indicators are the most difficult to measure**
- **Process is as important as the results**

Getting started

- **Recognise that your organisation has a number of performance management systems and collects some data**
- **Map existing systems to see if they can be used to give better performance information**
- **Plan a staged approach**
- **Recognition that it takes years - not months**
- **'Quick wins' are important**

Compass Partnership books:

Managing Without Profit, Mike Hudson, (DSC, 2009) sets out the theory and practice of creating highly successful nonprofit organisations.

Managing at the Leading Edge, Mike Hudson, (DSC, 2003) describes what can be learned from the management and governance of nonprofit organisations in the USA.

Both are available from www.dsc.org.uk

Compass Partnership

Greenbanks, New Road, Bourne End, Buckinghamshire SL8 5BZ

Tel: +44 (0)1628 478561

email: info@compassnet.co.uk

