

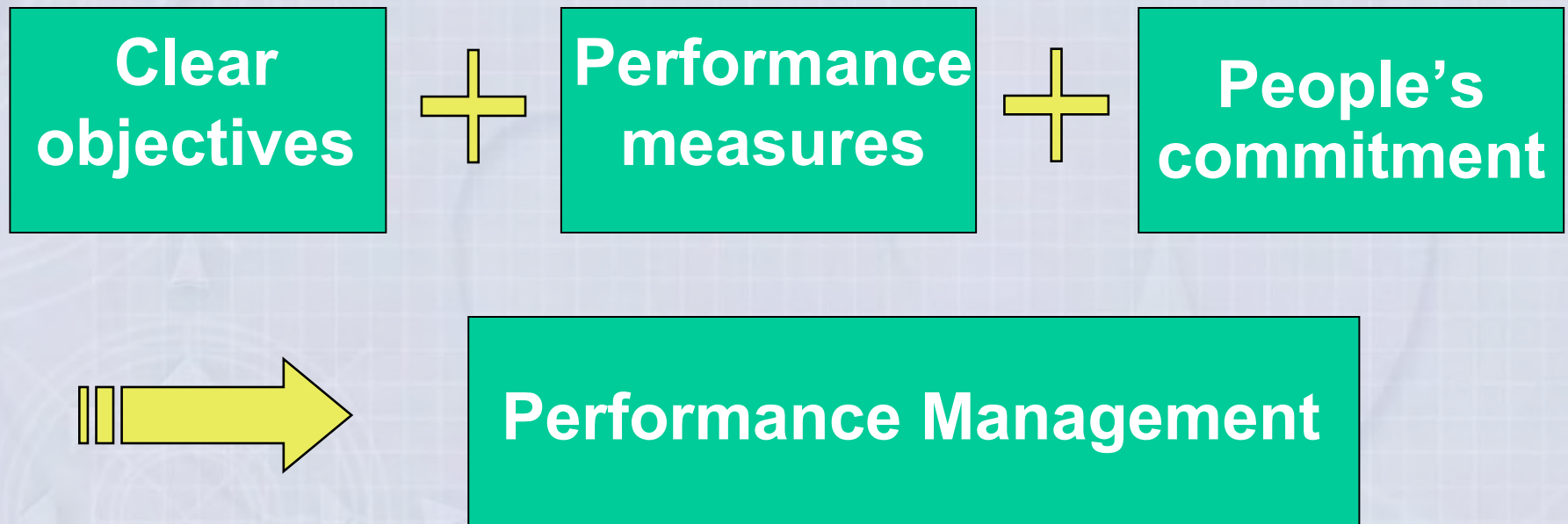
Measuring performance of performance measurement

Mike Hudson

Structure of this presentation

- 1. The current state of performance management**
- 2. Criteria for measuring the performance of performance management systems**
- 3. Planning and monitoring improvements to performance management**

The essential elements of performance management



Fundamental performance questions

The question	Measured by
1. What has really been achieved?	Outputs, outcomes and impact
2. How healthy is our organisation?	Benchmarking KPI's
3. Are we progressing according to plan?	Achievement of milestones in strategic, operational and individual plans

Rationale for strengthening performance management

- **Focuses people on results**
- **Drives people to be more realistic about objectives**
- **Helps people to concentrate on agreed priorities**
- **Links resources expended to results achieved**
- **Learning allows better decisions about future resource expenditure**
- **Provides evidence of achievements for funders**
- **Increases transparency and accountability to all stakeholders**

Arguments against performance management

- **Hard to ascribe causality**
- **Social policy change is not amenable to measurement**
- **Human nature means people always cheat at the margin**
- **Can be a tool for blaming people for poor performance**
- **Data is seldom complete**
- **Greatest benefits of voluntary action are often intangible**
- **Support staff enthusiasm outweighs line management ownership**
- **Costs outweigh the benefits**

Three levels of performance

Type of performance

Monitors

Strategic



Organisation wide achievements

Operational



Services and support function achievements

Individual



Achievement of personal targets

Some tools

The tool	Comments
Balanced scorecard	Most popular, but performance categories not ideal for voluntary organisations
Corporate dashboard	Good for reporting corporate performance, but not a complete performance management system
Benchmarking	Good for comparisons and generating unthreatening debate, but no two organisations are the same

The core challenge

To establish a system :

- That is strongly owned at all levels of the organisation
- That captures limited but essential information
- That has credibility
- That is an essential element of ‘the way we do things’

Criteria for measuring the performance of performance management systems

1. Intimate ownership by staff, managers and the board
2. Close alignment between objectives and performance measures at every level of the organisation
3. A limited number of measures at each level of the organisation
4. A mix of qualitative and quantitative measures
5. A corporate reporting cycle starting at front line and ending with trustees
6. Active use of information by managers and board members
7. A culture that recognises performance management leads to greater social impact
8. Corporate performance data presented on the web to enhance transparency

Planning and monitoring improvements to performance measurement

- **Build commitment across the organisation**
- **Embed whole process in field and in line management, not staff support**
- **Develop three year plan with annual targets**
- **Review annually as integral part of organisation's corporate planning cycle**

Some questions

- **What are the next three most important elements of performance management at your organisation?**
- **What actions and resources are required to establish them?**
- **What obstacles might you encounter and how should they be overcome?**

Mike Hudson is the Director of Compass Partnership. He was the Administrative Director of Friends of the Earth during its formative years. Following this, Mike worked in the UK and USA for a business strategy consultancy. He has worked as a consultant to not-for-profit organisations for 20 years leading teams that bring about major change in complex organisations. His clients include the Chairs and Chief Executives of a wide range of national and international organisations in the voluntary, housing, education and international aid sectors and their government and foundation funders.



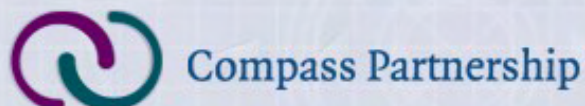
Mike was a Visiting Fellow at the London School of Economics from 2000 – 2003 and is currently a Visiting Fellow at Cass Business School in London.

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



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