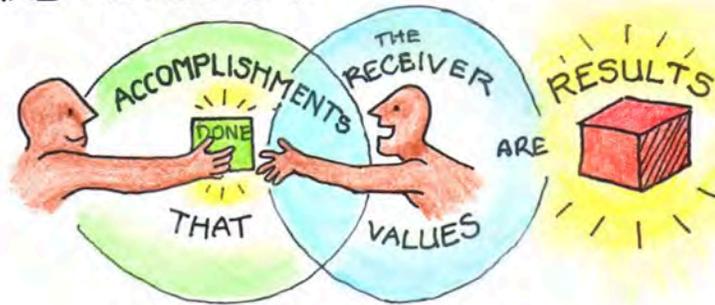




# WHAT IS PERFORMANCE IMPROVEMENT?



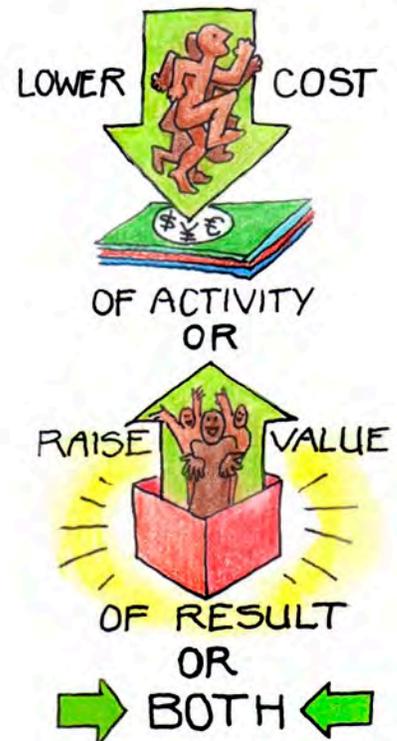
## WHAT ARE "RESULTS"?



## WHAT IS "PERFORMANCE"?



## HOW CAN YOU IMPROVE PERFORMANCE?



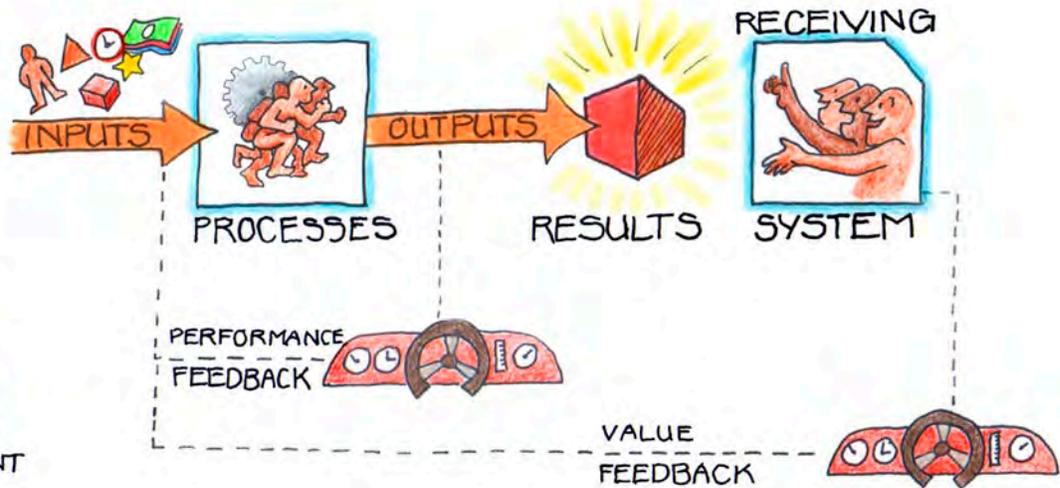
## 4 LEVELS OF PERFORMANCE





# WHAT IS PERFORMANCE IMPROVEMENT? THE PERFORMANCE SYSTEM

CONDITIONS OR  
BUSINESS ENVIRONMENT



## SOURCE

## PERFORMANCE DRIVERS



EXTERNAL

INTERNAL



	INFORMATION	RESOURCES	INCENTIVES
EXTERNAL	<ul style="list-style-type: none"> <li>★ GOALS &amp; EXPECTATIONS</li> <li>➔ GUIDE LINES</li> <li>✉ FEED-BACK</li> </ul>	<ul style="list-style-type: none"> <li>💻 MATERIALS &amp; INFO</li> <li>🎧 EQUIPMENT</li> <li>🚪 SPACE &amp; TIME</li> <li>🏗️ WORK DESIGN</li> </ul>	<ul style="list-style-type: none"> <li>💰 COMPENSATION</li> <li>👤 NON-FINANCIAL REWARDS &amp; OPPORTUNITIES</li> <li>🏆 BASED ON PERFORMANCE</li> </ul>
INTERNAL	<ul style="list-style-type: none"> <li>🧠 KNOW-HOW</li> <li>🌟 EXPERIENCE</li> <li>💻 TRAINING</li> <li>📄 HOW-TO'S, MODELS, DEMOS &amp; PRACTICE</li> </ul>	<ul style="list-style-type: none"> <li>🧠 MENTAL &amp; PHYSICAL &amp; EMOTIONAL</li> <li>❤️ ABILITY TO DO THE WORK</li> </ul>	<ul style="list-style-type: none"> <li>🧠 DESIRE &amp; WILLINGNESS TO DO THE WORK</li> </ul>
	SKILLS & KNOWLEDGE	CAPABILITY	MOTIVES

*Instructions:* Use this document to plan how you will talk when you use the graphic. Put the ideas in your own words and add your own examples. Match the examples you provide to the job and level of the person you are talking to, e.g., do not talk about phone call performance to a VP of manufacturing, talk about supply chain management or something similar.

Principle	Talking Points
Focus on Results	<p>We start with the end in mind, not with problems, opportunities, or methods but with the <b>goal</b>.</p> <p>We ask: What result must the organization achieve: reduce costs, raise income, or reduce cycle time? What should be different when we finish doing what is needed?</p>
What Are “Results”?	<p>Results are work accomplishments (completed work) that are valuable to the person (or group) that receives them. They are work outputs that meet customer or organizational needs.</p>
<p>What Is “Performance”?</p> <p><i>This is the most important and least understood principle of performance improvement.</i></p>	<p>Performance is work activity plus results. Answering the phone is only an activity; answering a call and resolving a customer problem is performance. Making a sales call is an activity; making a sales call and getting an appointment to do a demo with a decision maker is performance. Training data entry people is activity; training data entry people so there is high adoption and fewer Help Desk calls is performance.</p>
There Are Four Levels of Performance	<p>Organizations try to improve performance at the worker level, assuming that if employees “did everything right,” results would improve. But there are four levels of performance and any one of them can drive or impede results. You have to look at all four:</p> <p><b>Worker Level</b> – the skills, motivation, and actions of individuals and teams.</p> <p><b>Work Level</b> – the design of work tasks and processes, especially cross-functional processes. The most frequent causes of inadequate performance are here.</p> <p><b>Workplace Level</b> – the design of the organization, its governance, policies, strategies, and culture. These all promote or impede performance. Example: Policies and cultural practices have a huge impact on innovation and agility. Exhorting the employees will do nothing to change this.</p>

**World Level** – the business environment, regulation, and societal expectations have a big impact on organizational performance. World level factors are those that organizations do not control, but must pay attention to and plan for. Issues include the economy, changing industry regulations, and public reactions to the organization's impacts on the environment and on local and distant communities. Examples: Organizations that performed badly by ignoring this level: Enron, the current garment industry disasters in Bangladesh, the Fukushima nuclear power plant meltdown after the tsunami in Japan. Organizations doing well at this level: FedEx's international emissions reducing initiative "Earth Smart," Wells Fargo Bank's environmental grant program.

How Can You Improve Performance?

Because we focus on results, and performance is activity plus results, you can improve performance in three ways:

**One – reduce the cost of the activity** that produces products, services, or other valued results. For example, shorten the time it takes to produce a service, produce it with less labor and material, or eliminate an expensive activity altogether.

**Two – make a result more valuable** to the end receiver. For example, Apple produced a phone that was also a camera, a clock, a calendar, and a music player and performed many other functions users liked. It was also beautiful and fun to use. Customers were willing to pay a lot more for one.

**Three – do both:** Reduce the cost of activity and make the result more valuable to the end receiver. For example, banks established ATMs that required fewer labor hours from tellers, while enabling customers to deposit, withdraw, or transfer money 24/7. They improved performance both ways again by creating online banking.

Both these models can be used to troubleshoot existing performance or to design sustainable new performance.

Model	Talking Points
<p>The Performance System</p> <p>Help your listeners by reassuring them that this is the familiar systems model with inputs, processes, and outputs. This is just a bit more detailed, so it will help people understand the dynamics of a system with people in it.</p>	<p>To explain this model, begin with the end and work backward. Start with the receiving system, which drives everything else. Follow this order:</p> <p><b>Receiving System</b> – The stakeholders: customers (most important), investors, employees, and any regulating bodies (often government).</p> <p><b>Results</b> – The end products and services delivered to the customer, valued, and paid for. Results include outcomes for other stakeholders in the receiving system. If the stakeholders are dissatisfied, you do not have results; you have a problem to solve.</p> <p><b>Outputs</b> – Individual products, services, sub-assemblies, and other items produced by the work that will lead to results. Example: A completed motherboard is an output; a laptop sold is a result. A decision to grant credit is an output; a profitable loan is a result.</p> <p><b>Processes</b> – Methods, work streams, and sequences of operations that we refer to as the “work level.” This is how materials and information are turned into products and services, then sold, delivered, billed, and collected.</p> <p><b>Inputs</b> – The resources required to produce the products and services. This includes information, goals, materials, labor, time, and money.</p> <p><b>Conditions, or Business Environment</b> – These are inputs that are either outside the organization’s control or difficult for a client within the organization to control. They include:</p> <ul style="list-style-type: none"> <li>- Government laws and regulations</li> <li>- Trends in the economy, legal precedents, and socio-cultural shifts</li> <li>- Market forces such as competition, cost of funds, suppliers, and consumer expectations</li> <li>- Facilities, including owned buildings, rented space, and virtual elements like e-commerce suppliers</li> </ul>

## What Is Performance Improvement?

## Talking Points

- Capital equipment, including mainframe computers, fleets of vehicles, and manufacturing equipment

**Value Feedback** – Words or behavior from stakeholders showing how much they value the results the organization is producing. Examples: Increased sales or many customers leaving is a form of value feedback. So are high turnover, unionizing efforts, regulatory fines or sanctions, and a drop in stock price. Value feedback often comes from outside the organization and is best used to accelerate or revise strategy, policy, and long-range planning.

**Performance Feedback** – Information generated during work processes as work products are inspected (quality control) and work units interact with each other (usually complaints). Most performance feedback comes from inside the organization and should be used to revise work design, procedures, and processes and adjust resources.

Model	Talking Points
<p><b>Performance Drivers</b></p> <p>Trying to talk through all the elements of the model is likely to confuse people because there is so much information. However, leading them into it with questions about their own experience builds recognition and understanding.</p> <p>Each question relates to the six cells of the model.</p>	<p>This model is best understood when your listeners apply it to their own experience, so do not try to make a presentation about it.</p> <p>Instead, ask them to think of a time when they were dissatisfied with the results they were producing in their own work.</p> <p>Then, using the graphic as a visual, ask them if they could have changed only one of the components below, which would have most improved their performance?</p> <ol style="list-style-type: none"><li>1. Clear performance goals and expectations, with frequent feedback on how they were doing</li><li>2. Access to all the tools, materials, and resources they needed to do the job right, including a well-designed workspace, enough time, and cooperation from other employees</li><li>3. Pay, desirable work assignments, and opportunities for promotion based on how well they were performing</li><li>4. More training in skills and knowledge about how to do the job</li></ol>

5. Greater intelligence, strength, or emotional resilience for doing the job
6. A stronger desire to do the job; higher personal motivation

Most people identify number 1 or 2 as the one element that would have done the most to improve their performance.

Ask whether they would have been able to produce the results they wanted if one of the other factors was provided instead, such as training or a motivational program.

Then discuss the model:

- Looking at the graphic together, point out that factors 1 through 3 are external to the individual and 4 through 6 are internal.
- Most performance problems have their source in external factors, as established by the four levels of performance.
- Changing what is inside of people is time-consuming and expensive: consider the usual investment required for psychotherapy. Even training is not cheap.
- It is usually faster and cheaper to change external factors, and most performance issues reside there anyway.
- Ask if they would like you to explain any of the six components further.

Next encourage them to think of situations where they were dissatisfied with someone else's performance and apply the same approach to identify the most likely cause and solution.

*Important:* Make sure the person you are talking with identifies a *specific* performance (e.g., slow report-writing), not the person's performance in general.

Use the graphic and these talking points (adjusted to your own style and your audience) to introduce others to performance improvement – in a way that is easier for both of you. Have fun with it! There is nothing more motivating than to be talking about performance improvement and have other people say, “Oh, I get it!” and start applying the ideas to their own work.

Contact me with any feedback, questions, or clarification at [lynn@lynnkearny.com](mailto:lynn@lynnkearny.com). Go forth and spread the word!