CONNECTED PERFORMANCE: A NEW APPROACH TO MANAGING AND IMPROVING ORGANISATIONAL PERFORMANCE

Alan Meekings1, Simon Povey1 and Andy Neely2

1Landmark Consulting, London, UK

2The University of Cambridge, Cambridge, UK

alan@landmarkconsulting.co.uk

*Keywords:* *Organisational Performance, Connected Performance, Performance Architecture, Performance Exploration, Performance Planning, Performance Culture, Better Decisions Faster, Successful Implementation*

The past 50 years have seen massive changes in the world of work, not least in terms of increasing complexity, pace of change and globalisation. Similarly, there have been huge changes in how the work actually gets done in organisations. However, the way organisations are managed has changed surprisingly little, and disconnectedness remains rife – for instance, between functions, levels of management, strategy and operations, and so on. Over the past 25 years, we have developed and demonstrated the benefits of a radically new approach to improving the way organisations are managed that we call "Connected Performance". This paper describes the key elements of this approach.

**CONTEXT**

Imagine Rip van Winkle[[1]](#footnote-1), an experienced Chief Executive, inexplicably falling asleep 50 years ago and waking up in today's world, physically and mentally unchanged. Next imagine him walking into his corporate headquarters the following morning, totally unaware of the passage of time since he fell asleep.

The shock for him would be massive. Almost everything about the way his employees were doing their daily work would have changed, not least as a result of:

* Technical developments, such as: smartphones, personal computing, the Internet, instant global communication, massive advances in data capture and processing, etc; and
* Operational developments, such as: just-in-time manufacture and the Toyota Production System, systematic quality improvement and lean thinking, supply chain integration and customer relationship management, less deference to people in authority, etc.

Asking around, Rip would also instantly grasp that the pace of change and degree of complexity in the external environment had increased dramatically while he was asleep.

Then imagine him belatedly joining the standard, weekly Executive Team meeting he personally introduced over 50 years ago. Instantly, he would feel at home, as if almost nothing had changed, observing:

* Executive directors not behaving as a real team, and instead pursuing various functional priorities and personal incentives; and
* Strategy formulation and execution still fundamentally disconnected from day-to-day operational delivery and pressures to meet the annual budget.

Although briefly reassured by this experience, imagine Rip then visiting the various functions across his organisation and talking to frontline staff and managers at all levels. What would he discover? Almost certainly, he would find:

* Managerial levels disconnected from each other, with no mechanism for surfacing or addressing issues appropriately from frontline to boardroom;
* Decisions and actions being avoided, countermanded or endlessly revisited, up, down and across the organisation;
* Strategic goals disconnected from day-to-day, operational line management decision-making;
* A high proportion of routine management reports seen as costly to prepare and largely disconnected from the key issues and opportunities that most influence organisational performance, improvement and adaptability;
* The people best placed to drive performance and innovation disconnected from: (a) actionable insights into levers they *could* pull that would actually make a real difference; and (b) essential feedback showing the impact of decisions made and actions taken;
* Performance seen primarily as an attribute of individual competence and motivation, assessed through an individual performance appraisal process implemented hierarchically, rather than the outcome of a combination of effective leadership, management decision-making and teamwork, coupled with rigorous efforts to improve the system in which individuals are required to work.

Shocked by these discoveries, imagine Rip reflecting on the implications of what he had learned from his unexpected return to work.

His fictional story illustrates two important points:

* The art and science of managing organisational performance merits more attention than it currently commands. Anyone viewing organisational performance from an objective, informed perspective would observe disconnectedness[[2]](#footnote-2) and consequential waste on a significant scale in terms of unrealised opportunities, misdirected resources and squandered human talent; and
* More attention and effort should deliberately be directed to improving the way organisations are managed, in addition to seeking to improve how their work gets done.

Given that management science progresses incrementally (like all scientific disciplines) by building upon or changing prior thinking, it is worth taking a moment to question why we, as human beings, seem so tolerant of sub-optimal organisational performance, given that we value and expect excellence in so many other aspects of life around us.

Not unreasonably, we expect our domestic appliances, cars and mobile phones to work at peak efficiency, with all their component parts performing and collaborating optimally. Yet we hardly notice disconnectedness in the organisations in which we happen to work. Why so? And why are we so tolerant, given that organisations are central to the delivery of value to human society around the globe?

The short answer, seenfrom a performance management perspective, is two-fold:

1. There are several crucial elements missing from current theory and practice. Hence, rather like a recipe cooked with missing ingredients, it is unsurprising to find that the final result is unappetising; and
2. Successful implementation holds the key to liberating the full potential of connected organisational performance. For instance, were you to purchase a new washing machine, you would not expect it to deliver value until you had found a suitable place to install it, arranged for it to be plumbed in and plugged in, and turned on its water and electricity supplies. A similar logic applies to installing new organisational performance management systems. We explored this analogy in more detail in an earlier PMA conference paper (Meekings and Povey, 2006).

So what are the missing ingredients, and how can they best be implemented in practice?

**CONNECTED PERFORMANCE**

Our response to widespread disconnectedness in organisations has been to develop the framework and approach we call "Connected Performance".

Connected Performance delivers better decisions faster, connects levels of management (up, down and across organisations), inspires individuals, teams and functions to collaborate effectively, and creates a vibrant learning culture. Its five essential elements are illustrated in Figure 1 below:

**Figure 1: The Essential Elements of Connected Performance**

**PERFORMANCE ARCHITECTURE**

In attempting to improve organisational performance, it is easy to forget that the most important thing is not defining performance indicators but, instead, determining how performance information needs to be used in practice and working systematically to improve the quality and timeliness of managerial decision-making.

Designing metrics linked to strategic goals or putting in place new business intelligence software is seductively appealing. This intuitively makes sense. Unfortunately, it is like putting the proverbial cart before the horse. Our advice is to forget measures and technology at the outset, and start, instead, by thinking about how performance information should best be used in practice.

Two key questions need to be addressed (Meekings, 2004):

1. ***Who*** needs to look at ***what*** performance information, ***why***, ***when*** and ***how***; and
2. ***How*** differing functions and levels of management should best integrate and interrelate?

Answering these two questions rigorously (typically as a once-only exercise, requiring only minor honing over time) enables the design of a Performance Architecture specifying *by whom, why*, *when* and *how* managerial decisions will be taken up, down and across the organisation. This, in turn, delivers better decisions faster – strategically, operationally and commercially. It also ensures that metrics and associated technology become genuinely self-correcting. In essence, what is needed to improve decision-making is what gets pulled-through by demand, rather than being forced at the organisation. As one client Managing Director said, reflecting on his own personal experience, "This now seems so obvious to us."

A well-designed Performance Architecture allows decision-making to be made at appropriate levels within and across the organisation (with the right people coming together, with the right information, at the right time, for the right reasons). It also provides both connectivity and visibility for decision-making up, down and across the organisation. The practical benefits are profound. In particular, it enables subsidiarity to work in practice, allowing decision-making to be devolved to the lowest appropriate level in the organisation (closest to customers and how the work gets done) while concurrently giving senior managers the visibility needed to reassure them that decision-making is everything they would wish it to be at lower managerial levels across the organisation.

Although anyone can and should be able to explore performance information for themselves with a view to identifying relevant issues and opportunities, our point of view is that, in most circumstances, Performance Planning decisions are best made by small groups of people with the necessary insight and control over the relevant levers influencing future performance, coming together at a frequency and in a sequence that allows timely, beneficial action to be taken.

Several design considerations are important:

* ***Determining the most appropriate frequency and sequencing for Performance Planning sessions***. People are naturally concerned that extra time spent in meetings, either face-to-face or virtually, may reduce productivity rather than increase it. Fortunately, experience shows that implementing an appropriate Performance Architecture always significantly reduces the total time people spend in meetings, as well as increasing their effectiveness and impact. In particular, we advocate frequent, short, well-prepared Performance Planning sessions, as these are generally more effective in managing and improving performance than longer, less frequent sessions. Also, it is important to ensure that performance is explored first from the bottom up, rather than top down. Sometimes this necessitates rescheduling senior management meetings.
* ***Appropriately stretching managerial timespans of attention***. Managers at differing levels in organisations should be adding value distinctively differently in a complementary and connected way. This typically implies working on issues with differing timescales. For instance, senior managers may be wrestling with issues affecting outcomes many years ahead, while frontline staff and supervisors are working on issues affecting performance today, tomorrow and over the next three months. If everyone in an organisation is worrying about next week's performance and this year's budget, then something is fundamentally wrong.
* ***Physical considerations***. Physical constraints can sometimes be challenging. For instance, it can be difficult for frontline managers to meet face-to-face if they are working shifts, managing geographically dispersed branches or part of a mobile workforce. So, alternatives to routine face-to-face meetings may need to be designed, agreed and put in place.

**PERFORMANCE EXPLORATION**

One of the key differences between 'reporting performance' and 'managing performance' is the ability of people to investigate, understand and act on root causes.

Performance Exploration ensures that individuals and teams can: (a) share the same view of the world; (b) rapidly assimilate information visually; (c) explore performance issues at the speed of thought (much as we all do now when exploring for information on the Internet); and (d) monitor the downstream impact of decisions made and actions taken.

Performance Exploration is completely different from performance reporting. Attempting to manage performance through the production of routine performance reports is not only inefficient but inherently limiting. In contrast, it is now feasible to enable managers at all levels, from frontline to boardroom, to explore their own performance-related issues, so they can make better decisions faster, based on a deeper understanding of the underlying drivers and levers of performance. Fortunately, this is increasingly inexpensive and easy to enable in technology terms.

Simple overviews and dashboards still have value, and no hugely sophisticated data mining capability is necessarily required. What is needed, though, is the provision of the performance information necessary and sufficient to perform three key roles, namely:

1. ***Monitor*** – providing the information required to keep a finger on the pulse of performance and check it is in line with expectations and the organisation’s current goals, especially in the context of daily variation, weekly cyclicality, annual seasonality and significant trends;
2. ***Explore*** – providing the information required to explore why performance is either on track as anticipated, or not, and why; and
3. ***Show*** – providing the information required to show the impact of decisions made and actual performance against planned trajectories. Typically, this is the most overlooked aspect of performance management. However, it is vital to creating a genuine learning organisation (Senge et al, 1994).

We advocate avoiding wasting time at the outset in trying to define enduring KPIs, in favour of starting with 'provisional indicators' that seem reasonable. The Performance Planning process then self-corrects the information required. Indicators that are seen to be helpful are retained, indicators that add no value are deleted, and new indicators are defined as and when necessary.

It is important to note that not all actionable performance information is likely to come from performance measures in numerical form. For instance, map-based information and mash-ups of data can be hugely helpful, as are techniques for understanding and exploring the 'voice of the customer', such as comparative mystery shopping, post-transaction surveys, e-enabled community forums, co-creation, crowd-sourcing, and so on.

**PERFORMANCE PLANNING**

Performance Planning is also completely different from performance reporting. Performance reporting is backward-looking, whereas Performance Planning is forward-looking, using feedback from performance information in two essential respects: (a) learning from the past to improve future performance; and (b) predicting the future to enable better outcomes.

You can tell, in an instant, if an organisation has fully grasped the concept of Performance Planning if managers and teams – at every level, up, down and across the organisation – can talk about their own 'performance trajectories' (i.e. where they expect performance to be, bywhen,and how). As far back as 1992, Rolls-Royce Motor Cars dubbed this approach "Windows Planning" (thinking in terms of quarterly 'windows' on change and improvement), and this still remains a useful concept.

It is also important to understand that Performance Planning subsumes issues around strategy formulation and execution, operational and commercial optimisation, and continual improvement. Performance Planning sessions not only generate big ideas but also delve into the weeds to identify the small changes that can collectively deliver a significant difference.

In practice, three key factors are essential for Performance Planning to be successful:

1. Performance Planning sessions need to be well-prepared and well-managed. This implies: identifying in advance a small number of pre-determined issues to be addressed; preparing a storyboard[[3]](#footnote-3) of relevant information to inform the meeting; and managing the meeting well;
2. It needs to be clear how decisions are going to be made. In differing circumstances, this could range from the meeting owner taking a necessary decision to 'a show of hands'; and
3. The organisational culture has to be supportive of an experimental and learning approach. We say more about this under the heading of Performance Culture.

**PERFORMANCE CULTURE**

How would you recognise an effective performance culture? Appropriate markers are the extent to which:

* Performance management really matters to the organisation;
* Senior managers are pleased and comfortable with the quality, timeliness and connectedness of decision-making at other levels across the organisation; and
* There is an open-book approach to sharing information within the organisation.

It is motherhood and apple pie to say that top management support is essential for changing the culture in organisations. In the case of Connected Performance, though, this assertion is far too simplistic. What really helps foster a Connected Performance culture is middle managers observing senior managers conducting Performance Planning sessions properly, including completing their actions precisely as agreed. This style of management then propagates naturally throughout the organisation, with junior managers and frontline staff in turn observing their own managers in the same vein.

One way to embed this approach is to insist that the meeting owner at any level is not just *responsible* for ensuring that Performance Planning works properly at his or her particular level but is also *accountable* for ensuring Performance Planning works properly at the next subsidiary level too. Although this can be a difficult concept for senior managers to accept at the outset, it always proves immensely powerful culturally when implemented properly.

We have developed (and would be happy to share) a set of behavioural guidelines for managers around what to do, and what not to do, in order to create an environment in which the principles of Connected Performance can flourish.

As the Managing Director at Rolls-Royce Motor Cars said, "When it comes to managing performance, we've created a culture of no hiding place. Yet everyone sees this as a fantastically good thing."

The end result is the creation of a genuine learning organisation, as characterised, for example, in the Fifth Discipline Fieldbook (Senge et al, 1994). Indeed, Peter Drucker, writing twenty years ago (Drucker, 1992) was insistent that "in the information age, every enterprise has to be a learning institution." The key question is how to achieve this aspiration. Implementing the principles of Connected Performance is certainly part of the answer.

**SUCCESSFUL IMPLEMENTATION**

Although Connected Performance is a universally applicable approach, implementation needs to be tailored to specific organisational circumstances. In this context, there are three key design issues to consider: (a) how to design an appropriate Performance Architecture; (b) where to commence implementation; and (c) how far to aspire to take the organisation during initial implementation.

In terms of designing an appropriate Performance Architecture, an ideal place to start is with the organisation's operating and economic model and its strategic goals. This privileged perspective helps clarify the key performance drivers and levers (at individual, team and departmental level) and hence helps identify the relevant performance information required.

In terms of implementing an appropriate Performance Architecture, two design considerations are important:

1. Whether or not to start with an early adopter group, in order to demonstrate the benefits of Connected Performance, thereby paving the way for further roll-out; and
2. At which particular managerial level to commence implementation. For instance, should implementation of Performance Planning start at senior, middle or frontline level in some sort of sequential order, or, alternatively, start with some combination of levels concurrently?

This is where experience counts.

Experience is also important for assessing how far to take any organisation during initial implementation. For instance, we start all our consulting assignments with a short *discovery and design phase* to enable our clients and ourselves to build a shared view of the desired To-Be state and associated business case for subsequent *results delivery*.

During *discovery and design*, we deploy a series of techniques to define the As-Is start state (under the four headings of Performance Architecture, Exploration, Planning and Culture) and use a sophisticated maturity model to help determine how far to take the organisation initially to deliver significant, sustainable benefits and put the organisation on a secure path to full maturity. Understandably, this maturity model is proprietary intellectual property. However, for illustrative purposes an abbreviated, indicative version is shown at Figure 2 below:

|  |  |  |  |
| --- | --- | --- | --- |
| ***Reactive*** | ***Defensive*** | ***Proactive*** | ***Insightful*** |
| * React to performance problems
* Poor information
* Decisions and actions disconnected from strategic objectives
* Very little confidence that the organisation has a grip on performance
 | * Monitor performance and address problems before they worsen
* Goals and targets used to focus attention
* KPI data available in reports
* Explanations of problems communicated upwards
 | * Performance outcomes actively managed
* Clear picture of what drives performance
* Explore information easily
* Shared understanding of key performance issues and what is being done about them
 | * Forward plan for performance
* Able to show impact of decisions taken
* Highly visual information
* High level of trust and assurance that performance is managed effectively throughout the organisation
 |

**Figure 2: Indicative Maturity Model**

We know from experience that implementing Connected Performance can be achieved surprisingly quickly, inexpensively and sustainably. However, one almost universal challenge is how to implement Performance Planning properly in practice. This is best done by providing coaching support, typically for the first six Performance Planning sessions at each level.

Our advice is to use external consultants sparingly to lead on: programme design and management; Performance Architecture design; and training internal champions to deliver the necessary Performance Planning coaching, not only during initial implementation but on an ongoing basis too (thereby creating a sustainable internal capability).

**CONCLUSIONS**

Taking beneficial action is the only way to deliver strategic development and fundamental improvement. In this context, it is important to recognise that actions intended to improve performance are essentially arbitrary unless founded on well-informed decisions, tested through review and learning, rather than anecdote or gut feel.

We believe the time has come to urge everyone involved in organisational performance management – managers, academics and consultants alike – to focus on the importance of *deliberately*, *systemically* and *systematically* improving the way organisations are managed. Compared with typical head-on approaches to strategy execution or continual improvement, working to improve the management process in organisations is:

* Not only quicker, cheaper and more highly leveraged, in terms of net benefits per minutes of management time involved; but also
* A Trojan Horse, in the sense that focusing on delivering better decisions faster and creating a genuinely connected organisation prompts the sort of improvements in strategy formulation and execution, operational and commercial performance optimisation, and continual improvement that are effectively unachievable in a disconnected organisation.

At the heart of our approach is the concept of putting in place a Performance Architecture that defines: (a) ***who*** needs to look at ***what*** performance information, ***why***, ***when*** and ***how***; and (b) ***how*** differing functions and levels of management should best integrate and interrelate.

However, there is no point in having even the most elegant, well-defined Performance Architecture unless the equally important elements of Performance Exploration, Performance Planning and Performance Culture are concurrently implemented and maintained by managerial role-modelling from executive level downwards.

Realising the benefits of Connected Performance is not difficult, and, once people have experienced the resulting benefits, no one wishes to go back to working in a disconnected organisation.

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**AUTHOR BIOGRAPHY**

**Alan Meekings**

Alan Meekings has been a management consultant operating in the field of organisational performance improvement since 1988. He is also a Visiting Fellow at the Centre for Business Performance at Cranfield University School of Management.

**Simon Povey**

Simon Povey has consulted in the field of organisational performance for over 20 years and co-created the Connected Performance approach and methodology.

**Andy Neely**

Andy Neely is a leading academic contributor in the field of organisational performance management, and chairs the international Performance Measurement Association.

1. This analogy is based on the famous short story, "Rip Van Winkle", published in 1819 by Washington Irving and recently adapted by John R. Childress (Childress, 2011) to make an important point about the role of the senior leadership team in organisations. [↑](#footnote-ref-1)
2. Seeing *disconnectedness* in the way organisations are managed and seeing process-related *waste* (*muda*, *mura* and *muri*) in the way the work gets done (Ohno, 1988) are similar in that, once people have learned to see *disconnectedness* or process-related *waste*, there is no going back – their perspective on observing the way things are done is changed forever. [↑](#footnote-ref-2)
3. Presenting information in storyboard format allows people to see and interpret performance information visually, rather than in tables of data, and should also enable them to make sense of daily variation, weekly cyclicality, annual seasonality and significant trends in performance. [↑](#footnote-ref-3)