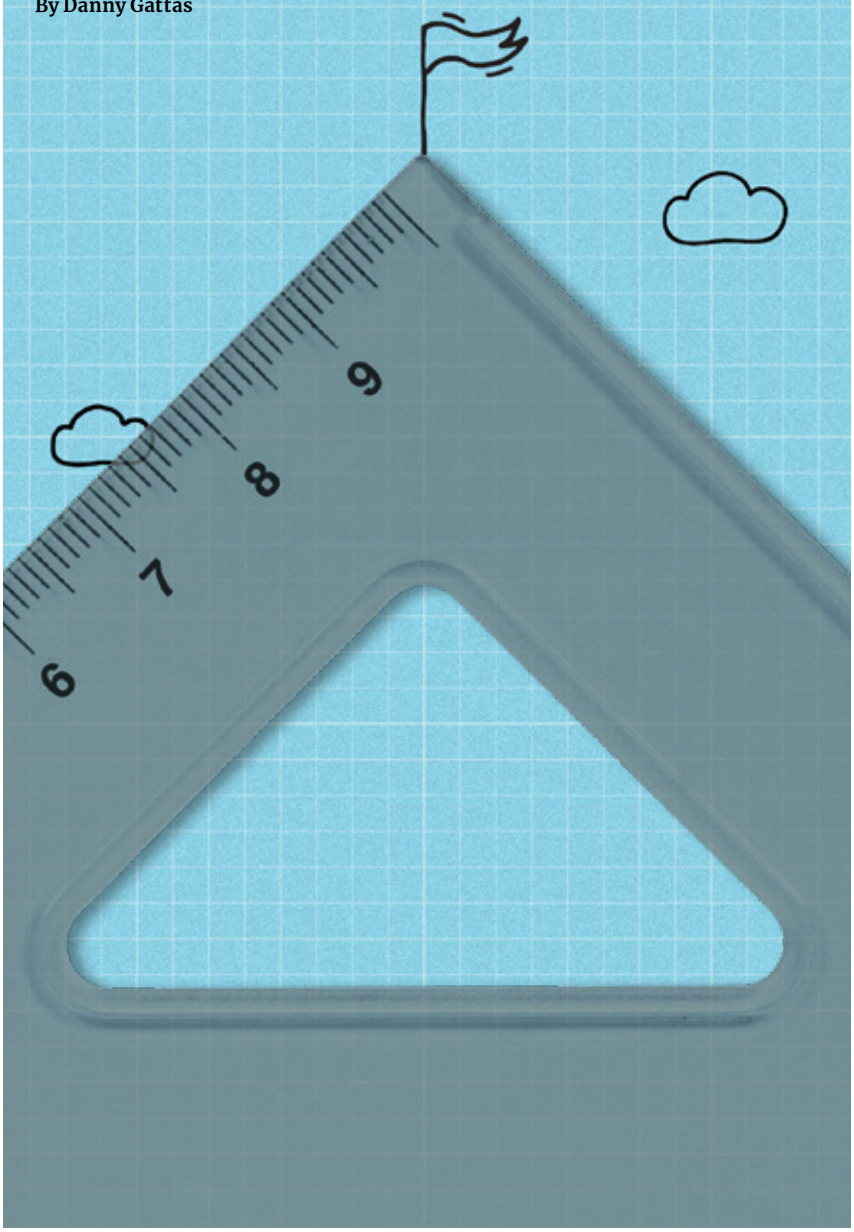
The Three Keys to Strategic Performance Management

By Danny Gattas



Organizations that set, track, and achieve their goals are more successful than those that don't. It's as simple as that. However, from defining goals to executing goals, a lot can go wrong. Leaders often set goals that do not connect with the organization's core purpose or strategic plans. Sometimes the goals are too conservative, too many in number, or not tracked at all. Further, according to a survey conducted by the London Business School, one-third of senior managers don't understand strategic priorities and their cascading goals. It is not surprising that some organizations struggle to achieve what they set out to do.

To achieve success in today's business landscape, it is essential for organizations to define clear, measurable, and achievable goals that:

a) advance the organization's strategic mission;
b) drive diverse stakeholders toward a common purpose; and
c) connect the company's day-to-day activities to that shared purpose.

Unfortunately, the problems plaguing goal and performance management are amplified in this pandemic world, where dispersed teams and remote work have become the norm. Now more than ever, effective goal setting is critical.

Define, Track, and Manage Performance.

Here is a three-step approach to consider when defining, tracking, and achieving organizational goals and managing performance. It focuses on the key considerations to manage organizational performance effectively so you can apply these best practices at your organization.

STEP 1

Defining Goals

Orient on What Matters, Establish a Process, and Set Stretch Goals

Defining the right goal requires the right process. Defining goals properly requires:

1. Orienting on a vision and mission.
2. Establishing a process.
3. Setting the right stretch goals.

Effective goal definition requires anchoring on your organization's overarching mission, vision, and guiding principles. Evidence shows that organizations that set goals clearly aligned to their mission and vision achieve more than those that don't. It is critical to begin the goal definition process by orienting around the mission and vision of the organization.

Next, follow a goal-setting process. Leverage a goal-setting framework (e.g., KPIs) to facilitate goal definition. There is no shortage of frameworks from which to choose — from objectives and key results (OKRs), to S.M.A.R.T. goals and key performance indicators (KPIs) — and it is likely your organization already uses one. They all work in theory, but only work in practice if you do the work.

Remember, a defined goal-setting process is more than just following a framework. A common pitfall is believing the goal-setting framework is the same as executing a goal-setting process. Establishing a process requires embedding goals and performance management into the daily machinations of the organization. The process should be collaborative and inclusive of impacted stakeholders across teams, location, and functions. The more goal definition includes additional stakeholders, the better the outcomes.

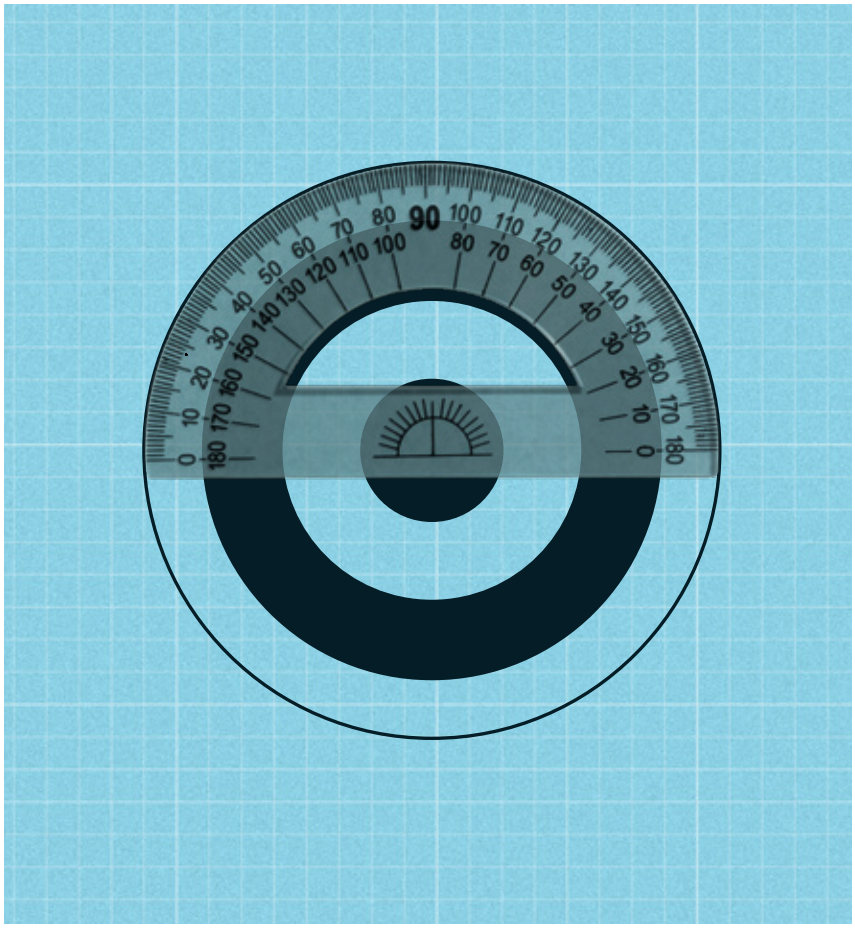
The last step is picking the right metric. Goals must be based on observable metrics that connect to an organization's strategy. Remember how important it is to pick metrics that connect to the mission and vision of the organization. Select specific and observable metrics that determine success, but remember that less is more. Stick to three to five goals that determine success and direct focus on what matters most (e.g., customer satisfaction, risk, and employee safety). Also, choose metrics that are easy to identify and track, and that are either qualitative, such as customer satisfaction survey results, or quantitative, such a sales target. Regardless of the metric you choose, the most important criteria is that the goal clearly outlines success.

What often sets organizations apart regarding performance management is their ability to be comfortable setting stretch goals, or goals that are tied to outcomes that require increased effort to achieve. Research shows setting stretch goals brings out the best in teams because they push us to work harder to achieve more, by driving collaboration and innovation.

Recently, a team of Jabian consultants worked with an executive leadership team to define their strategic priorities for the upcoming year — a routine part of their annual strategic planning process. At the time, the organization was struggling to identify and achieve goals across functions and teams.

The team started by conducting a goal-setting workshop that focused on aligning goals to the mission and vision of the organization. Both collectively and individually, leaders defined select outcomes that represented success. From there, each leader identified three to five specific and metric-bound goals that delivered those outcomes. Each leader then outlined potential roadblocks and challenges before articulating

specifically what they would need from each of the other leaders to deliver on those outcomes. In the end, each leader signed off on their responsibilities and committed to attaining the outlined goals. It was a highly successful exercise and drove alignment on collective purpose and a shared commitment to help each other get there.



STEP 2

Tracking Goals

Establish Consistency, Review Regularly, and Adjust

A "set it and forget it" modus operandi does not work with goal setting. Achieving targets requires active tracking and execution. Tracking goals includes:

1. Establishing a process and tools to ensure visibility.
2. Reviewing goals on a consistent basis.
3. Adjusting and pivoting as necessary.

To effectively track goals, organizations must first focus on visibility. This begins with establishing processes that reinforce active management and transparency. Mature organizations embed tracking progress into existing meeting cadences and touch points, depending on the team, group, and interaction model. In addition, you should establish and leverage visual dashboards, which pull data and update in real time to simplify the tracking process. Regular activities, like status reports and regular check-ins, provide additional channels to track your goals. Understanding where you stand enables you to adjust and alter course to achieve results.

Visibility into goals is as important as having a defined, explicit, and frequent cadence for reviewing them. You must regularly review progress throughout execution, and leadership should expect to help suggest and influence the adjustments. Leaders help determine a path forward in cases where teams are ahead of schedule, off track, or somewhere in between. In our experience, the ability to have visibility into goals, frequently review them with key stakeholders, and adjust or pivot in a timely manner helps ensure goals stay top of mind and are achieved.

For an example of effective goal tracking, look no further than Sir Dave Brailsford, British Cycling's performance director. Throughout the late 1990s and early 2000s, the British cycling team was bad — so bad that European bike manufacturers didn't want their bikes to be ridden by, or even seen with, professional British cyclists. Things began to turn around, however, when Brailsford, a former cyclist and MBA graduate, arrived on the cycling scene in 2003 and began to apply process improvement techniques from the business world to sports. By focusing on constant improvement techniques, he could improve incrementally.

Brailsford made small improvements across the team's procedures and processes (e.g., mitigating dust where bikes were stored to improve bike maintenance, identifying gaps in athletes' performance in order to devise specific training plans). Tracking these goals at both the process and at the individual performance level required visibility, constant review, and adjustment. But by doing so, the team was able to realize serial, incremental gains that built into astounding success — winning gold in the 2008 Beijing Olympics and seeing multiple British cyclists don the famous Yellow Jacket awarded at the Tour de France.

STEP 3

Achieving Goals

Collaborate, Adjust, and Acknowledge to Achieve Goals

Setting goals is easy; achieving them is hard. It is a balancing act to accomplish goals, it requires:

1. Persevering and collaborating in times of adversity.
2. Adjusting goals and pivoting goals, as necessary.
3. Acknowledging outcomes, celebrating success, and reviewing failures.

Given the challenges with effective performance management, everyone in the organization — individuals, groups, and teams alike — must be united in their commitment to achieving goals. Collaboration is key to success because, as the adage says, if you want to go fast, go alone; if you want to go far, go together. It is also important to reinforce behaviors as they tie to goal achievement. Recognizing and expressing gratitude for daily activities promotes a culture of collaboration and a positive culture.

While conviction and perseverance are an integral part of performance management, so is knowing when to adjust and pivot. Often, organizations will either exceed their goal targets too early, or conversely, realize that goals were not realistically set during execution. Leverage existing review cadences and tracking processes to assess your goals. In cases where the goal is no longer a determinant of success or achievable, don't hesitate to reassess and reset to refocus. Avoid the trap of keeping the wrong goal because it is easier.

Don't forget to take a moment to publicly celebrate when you finally cross the finish line and accomplish your goals. This helps acknowledge all the effort, allows employees to receive much-needed recognition, and reinforces effective goal-setting behaviors for the future. In cases where goals were not accomplished, take time to review why and plan to account for learnings.

St. Jude's Children's Hospital in Memphis, Tennessee, offers a good example of this type of highly effective performance management culture in action. Actor turned philanthropist Danny Thomas founded St. Jude in 1962 with the following vision: No child should die in the dawn of life. St. Jude began with a focused and ambitious goal — build a research hospital that saves children' lives. And that's exactly what they have done, treating thousands of children at no cost year after year.

In the 1960s, the survival rate for the most common childhood cancer, acute lymphoblastic leukemia, was 4 percent while the overall childhood cancer survival rate rested at 20 percent. Thanks in part to the research and medical support at St. Jude's, the survival rate for childhood leukemia today is at 92 percent, with the overall childhood cancer survival rate skyrocketing to 80 percent.

While the journey is not over, St. Jude has been able to define a visionary goal and, over decades, make incremental progress to realize their mission. Through collaboration, conviction, and adjustment, St. Jude has saved the lives of thousands of children.

CONCLUSION

In the end, setting, tracking, and achieving goals improves organizations' bottom line as well as culture. The more individuals and groups can accomplish their goals, the more they feel empowered and capable. It is critical to consider how your organization's culture enables or inhibits performance management. From here, leaders must evaluate the process by which goals are defined, tracked, and achieved. Goals should be an ongoing assessment of progress rather than an annual retrospective exercise.

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