

# Performance Management

**ACEVO**

**Mike Hudson**

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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?**

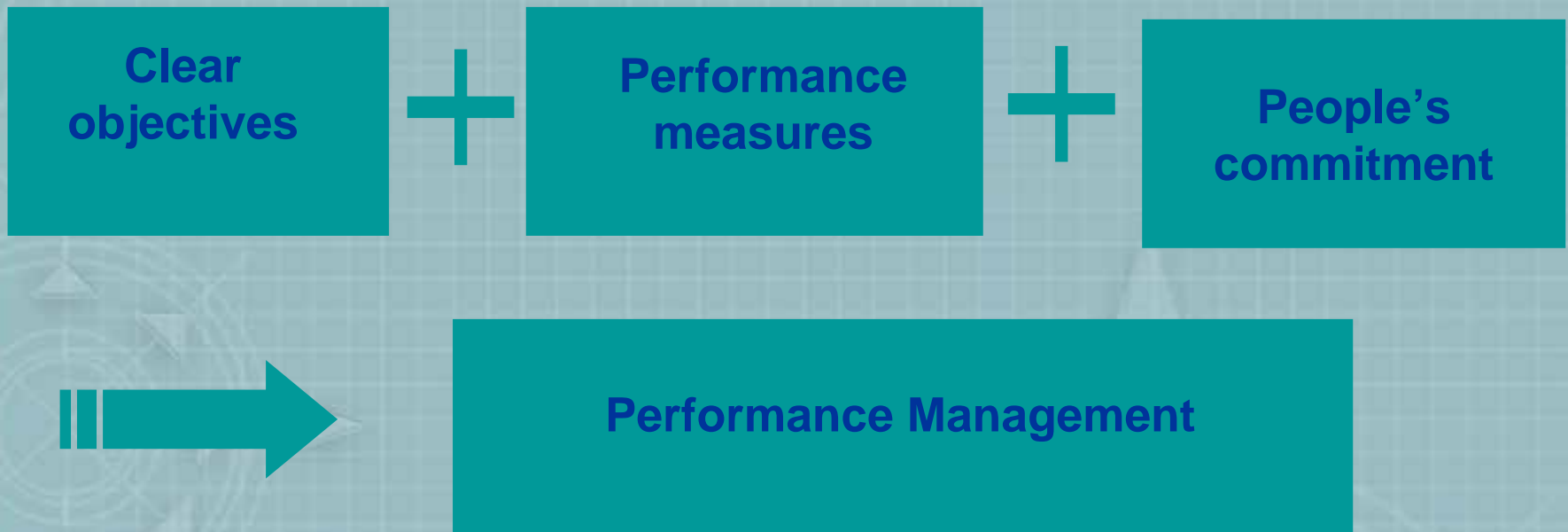


# Why strengthen performance management?

- **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

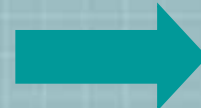
## Monitors

**Strategic**



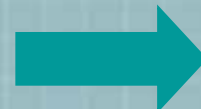
**Organisation wide achievements**

**Operational**



**Services and support  
function achievements**

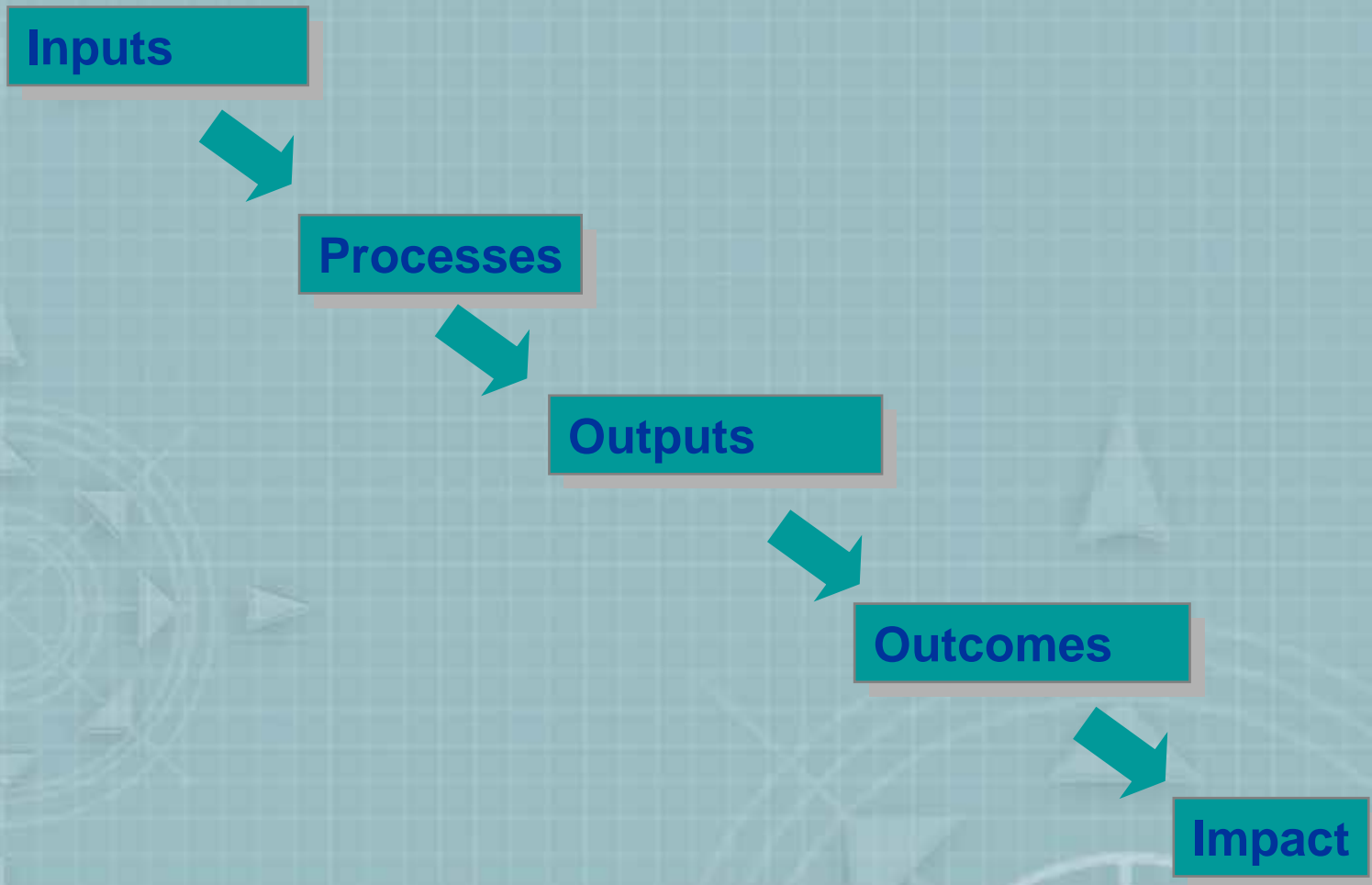
**Individual**



**Achievement of personal targets**



# Performance measures



# Efficiency and effectiveness measures

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

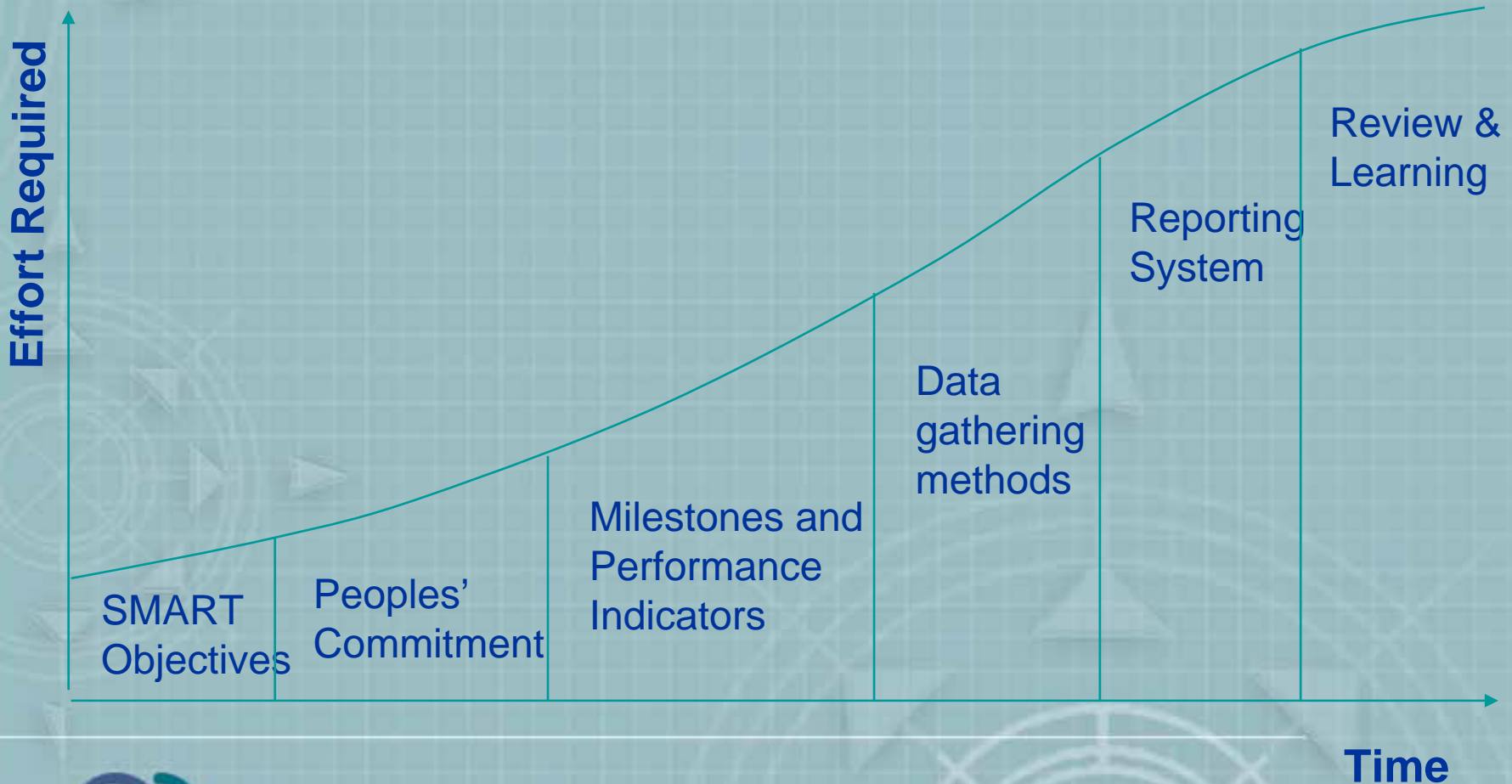
$$\text{Effectiveness} = \frac{\text{Input}}{\text{Outcomes}}$$



# 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, 2000) 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](http://www.dsc.org.uk)

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