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Partners in Performance

Performance Management- Ten Steps to Bridge Strategy and Execution

By Matt Angello and Ira S Wolfe

Many organizations struggle with executing their business plans. The root cause of this struggle can be as varied as the businesses themselves. The purpose of this document is to provide leaders with the ten essential steps to move an organization from strategy to execution.

Unlocking the potential of your organization requires discipline of definition, communication and alignment. Without these disciplines, your business “plans” will become at best, broken dreams and unfilled “hopes.” The following ten steps will guide your organization on the disciplined path to a successful future.

- ✓ **Step 1- Determine the Destination.** Before an organization can move forward, every employee needs to know the destination. This destination is typically “charted” through clearly and concisely articulated **vision, mission** and **values** statements. **Vision** is an organization’s reason for existence and long-term desired state. It answers the question “who are we and what do we want to be?” It often includes a reference to the competitive set, e.g. size, profitability, market share, positioning, etc. Without a vision, an organization will lack purpose, passion and energy. **Mission** usually describes the enablers of the vision (“how” it will be achieved), often including references to customers, suppliers and employees. Finally, **values** describe the inviolable beliefs and guiding principles of the organization, which govern the behavior of everyone in the organization.

- ✓ **Step 2- Set the Course.** Charting the course to the destination ensures that everyone is moving in the right direction. This is accomplished through **strategic** and **operating plans**. Strategic plans set the course over a time horizon, typically 3-5 years. These plans include detailed strategies for achieving the vision of the organization over time (market share, profitability, sales growth, product development, entering/exiting markets, etc). To be effective, the strategic plan must lay-out in clear terms what is expected, the current

gaps to these expectations, detailed descriptions of the actions to close the gaps and the specified time to do so. Strategic plans are not broadly communicated to employees. **Operating plans** are the distillation of the strategic plan over a shorter planning horizon, usually annual. They specify the deliverables of the strategic plan, including objectives and specific/measurable outcomes which must be achieved within specified time frames and budgets. Operating plans must be broadly communicated to employees to ensure that everyone is on the proper course.

- ✓ **Step 3- Spread the News.** Ensure that the key operating plan objectives are disseminated from executive management to employees. This is an opportunity with high engagement-building potential for many organizations. Because executive management spends so much time discussing the business with one-another, they tend to assume that employees share their understanding of the key priorities. Absent disciplined communication, this transfer simply does not happen. Start the process by establishing an “owner” for each of the objectives in the operating plan, and communicating the expectation to them. These individuals may or may not have been involved in establishing the objective as part of the planning process. This step ensures that there is no ambiguity as to who is responsible to champion and deliver the initiative. Diffuseness of responsibility is a sure-fire first step to non-execution.
- ✓ **Step 4- Be Clear.** Ensure there is clarity around the delivery date and the financial value of the respective objectives. If dates and/or target values change after the creation of the operating plan, the owner of the objective needs to know.
- ✓ **Step 5- Name the Team.** The owner of the objective must take the time to identify all of the participants who need to be engaged in the achievement of the objective through a “cascade” process. Additionally, they need to ensure (either directly or through a review process) that each participant has an appropriate success measure for their component and an agreed upon time frame for its delivery. Of course, the components and dates need to build in a logical progression to achieve the objective as outlined in the operating plan. This is typically accomplished in the context of a **project plan**, which should readily identify all the individuals who have a role to play. The goal alignment process associated with any objective should not stop until the **individual contributors** to that objective are identified. It is important to remember that all of the participants in the achievement of an objective will not necessarily fall into the reporting structure of the leader.

- ✓ **Step 6- First things First.** Significant power results when every employee is linked either directly or indirectly to one of the operating objectives. Many linkages will be identified through the cascade process described above, but others will not. If they cannot, then identify other SMART objectives, tied closely to operating performance using the process outlined in the following steps.
- ✓ **Step 7- Define Success.** Each employee should have no more than *five SMART objectives*, i.e. Specific, Measurable, Attainable, Realistic and Time-bound. If the objective outgrows a project plan, the measures in the project plan should be used for the individual employee. If not, then focus on objectives that are directly or indirectly tied to the attainment of operating plan drivers, and/or to the most important department deliverables. Avoid low impact, work tasks becoming listed as objectives.
- ✓ **Step 8- Break Ties.** It is possible that employees will have conflicting objectives. There needs to be a process to break ties. It cannot be as simple as the immediate manager review, because they may not share accountability with their employee for a particular objective. An example of this could surface in the project planning teams previously discussed, where a department employee, but not necessarily the manager, could play a critical role. In this case, the project manager needs to be involved in the decision as to which objectives take precedence. To ensure an adequate review of objectives, *a two-level approval process* is preferred. This process requires that all objectives are reviewed and approved by the second level manager. To the extent that there is a conflict with a project team leader and a department manager, the conflict will be resolved with the second level manager.
- ✓ **Step 9- Stay Fluid and Think Linked.** Objectives are not evergreen. Priorities have a way of changing with the ebbs and flows of market conditions. Be aware that every time a critical business initiative changes in part or in whole, the objectives of all those employees who are tied to that initiative must be revisited. To ensure that you do not miss the opportunity to stay linked to changing requirements, managers and employees should revisit their objectives on a regular basis informally, and formally once per quarter. Post the objectives in an obvious location and keep them top of mind. Managers and project leaders should ask to review the objectives when meeting with employees. There are a number of software solutions that are available in the marketplace to assist with this process.
- ✓ **Step 10- Dance with Your Stars.** Linking pay and incentives in part or in whole to performance against objectives has been demonstrated time and again to have a positive

impact on their achievement and company results. High performers embrace such plans, particularly those that provide direct “line of sight,” meaning there is a direct relationship between the employee’s performance and their pay. Weaker performers do not like such programs for obvious reasons. A strongly aligned objective process, as described above provides the best basis for making development, pay and promotion decisions that motivate your star performers and establishes a foundation of performance excellence organization-wide.

About the Authors

Matthew Angello, Principal Consultant and Executive Coach

Matt Angello brings over 25 years of business experience to his practice as a consultant and executive coach, including several years as a Board-Level Executive Officer in Fortune 500 companies. He is an accomplished strategist with expertise in executive and team coaching, organization development, change management, performance and process improvement, and communications. He has experience as both an independent consultant/business owner and global business executive across multiple industries and for companies in various stages of their business cycle.

Matt is the Founder and Principal of Bright Tree Consulting Group, a boutique firm that offers an array of highly personalized and effective coaching and consulting services for executives and companies seeking to unleash their potential, move their performance to the next level and prepare for future challenges. He has partnered with many CEO's, Boards of Directors and other "C-Level" executives to improve their effectiveness. His clients include start-ups, privately held companies and Fortune 500 global firms. He is an accomplished coach, strategist, team builder and people developer with a global track record. Matt is a recognized human capital expert, and has been quoted in The Wall Street Journal, Human Resources Executive and other publications. He has been the featured speaker at many seminars and has served on the Board of Directors of national organizations. He received his BA from the University of Pittsburgh and an MS from Rutgers University.

Ira Wolfe, Assessment Consultant and Executive Coach

Ira Wolfe brings nationally recognized expertise in personality and skill assessment to his role at Bright Tree Consulting Group. As founder and president of his own consulting company, Success Performance Solutions, Ira has helped organizations across the United States find and hire the right employees, align people with business operating objectives, and identify high-potential leaders.

In 1999 Ira delivered a provocative and compelling forecast of the 10 and 20 year labor market. It wasn't long before Ira found himself speaking to audiences all over North America about The Perfect Labor Storm, resulting in the 2005 publication of a book by the same name. His newest book, The Perfect Labor Storm 2.0: Workforce Trends That Will Change The Way You Do Business has been described by readers as "fantastic," "outstanding," and "required reading for every Human Resource Professional, business owner, and elected official." Ira is also the author of Understanding Business Values and Motivators. Ira has

trademarked a highly successful system, called CriteriaOne®, to assist organizations in job benchmarking, employee selection, and managing performance.

Ira is a highly sought-after expert for interviews in dozens of publications, including The Wall Street Journal and BusinessWeekOnline, as well as being the frequent guest on several business cable news shows discussing workforce trends, employee hiring and retention strategies. Ira has been the featured keynote at a wide variety of conferences, conventions, association meetings and Chamber of Commerce audiences, reaching thousands of business leaders and human resource professionals every year.

Ira started his career as a highly successful dentist who grew a large practice in central Pennsylvania. The need to hire the right staff piqued his interest in assessment and he pursued this field with intensity, ultimately achieving his current prominence as a national expert. He received his B.S. degree from Muhlenberg College and his DMD degree from University of Pennsylvania. He is nearing completion of his Master's Degree in Leadership and Ethics at Duquesne University.

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