

# METRICS BASED MANAGEMENT™

By  
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So...how is *your* organization managed? Based on the whim of senior management?  
Based on the most recent complaint by a board member? Based on a gut feel or on  
outdated traditions?

What if there were a way to manage the structural, behavioral and procedural components  
of your organization that could both improve business outcomes *and* ease their  
achievement?

There IS such a way. It's called Metrics Based Management™ and it's a way of managing  
based on measures that have been customized to the documented needs of your  
organization.

Here's what you'll get from reading this chapter:

**Section One:** An understanding of how MBM overcomes the flaws  
of traditional forms of assessment

**Section Two:** Fluency with each of the three components of MBM

**Section Three:** Benefits of MBM

**Section Four:** Ability to assess organizational readiness for MBM:  
5 Truths about Scrutiny

## SECTION ONE:

### I. WHAT'S WRONG WITH TRADITIONAL METHODS OF ASSESSMENT?

Let's begin with a definition of the term "assessment". Within the context of organizational management, we assess, evaluate or appraise, so that we can judge; so that we can form an opinion. Making assessments enables us to define "**what's so**" at the moment. Traditionally, managers use two methods for making these assessments: *observation* and *communication*, both of which are frequently inadequate and misleading. Worse still, the degree to which these methods permit fictions to masquerade as facts is likely to remain perpetually invisible to management.

The result? *Managers don't know what they don't know.*

Consider the following:

**Observation:** Imagine you have two subordinates, Dick and Jane. In walking down the hall, you observe Dick leaning back in his chair with his feet up on his desk, hands behind his head, staring out the window. You shake your head in disgust, labeling Dick a "goldbricker". You'd dismiss him immediately if you could, but instead make a mental note to see HR about taking action. Continuing down the hall a bit further, you observe Jane. She's on the phone, switching back and forth between two calls, typing into her laptop, covering the phone receiver to give instructions to her assistant, taking notes, and filing, all at the same time. Your chest swells with pride. You can't help but smile. You'd clone her immediately if you could. Jane gives new meaning to the word "multi-tasking", setting an example you wish everyone would follow.

Let's be clear here. There's no debating what you saw. It's an absolute fact that Dick was relaxing and Jane was multi-tasking. No argument there.

What you *can't* know, however, based on your direct observations, is that Dick just closed the biggest deal of his career, and is taking a few moments to savor it, while Jane, having

missed 6 deadlines in a row, is trying frantically not to miss another.

So much for “observation” as a valid method of assessment.

**Communciation:** This time, imagine your two subordinates are Joe and Sally. Let’s say you’ve assigned them a task on which they must work together, and that the task will take several weeks. About 10 days have passed when you see Joe in the lobby. In an effort to make casual conversation, you inquire about the progress of the project. Joe hesitates in responding to your question just long enough to give you pause. “Ummmm...it’s going fine, boss. It’ll be just fine” he says, with a brave smile on his face. Suspicious now, you ask Joe if there’s a problem. Much too quickly, he replies that “Everything is fine - just fine. Not to worry. Everything is going to be all right”. Something in his tone is unconvincing, and shortly thereafter, you set a meeting with him. As he settles into the chair in your office, you once again ask whether there are any problems with the project.

Once again, Joe hesitates just a fraction of a moment too long. You ask the next logical question: “Is Sally pulling her fair share of the weight?” “I didn’t say she wasn’t!” he replies hotly. “Look Joe” you continue; “something is clearly awry. Let’s call Sally in and see if we can get it worked out”. As you move to the phone to call Sally in, Joe begs you not to intervene, saying that, for the sake of his future working relationship with Sally, he’d rather handle things on his own. He assures you that he’ll come to you if he isn’t successful.

Because Joe resisted your probing, and because he rallied to the defense of his co-worker, you don’t doubt him for a moment. So, you come away from that conversation thinking the world of Joe, and being apprehensive about Sally.

But take a moment and realize what actually occurred during this conversation. Joe never actually *said* that Sally wasn’t pulling her weight. You merely inferred as much from Joe’s artful intimations. Were you “played”? Could Joe have had his own agenda??

So much for communication as an adequate method of assessment.

Just as the assessments made in these stories were flawed because they were based on mere observation and/or communication, so too is decision-making flawed when it is based on these traditional methods of assessment. Compounding this already two-tiered problem is the fact that when managers make these flawed assessments, they're unaware of their error, so there's no motivation to change the method of assessment.

If managers can't trust what they see, and can't trust what they're told, how are they to manage effectively? What tools can they use to assess fairly and accurately?

## **SECTION TWO:**

### **METRICS BASED MANAGEMENT™ DEFINED**

MBM is a form of managing processes, outcomes and performance that relies on three components, each of which must be quantitatively and qualitatively defined. These include:

- **Component One: Current State**  
Establishes “what’s so” right now regarding key organizational priorities
  
- **Component Two: Desired State**  
Establishes clear targets regarding key organizational priorities
  
- **Component Three: Evidence Based Performance Measures**  
Establishes measurable outcomes to bridge the gaps between current and desired states

#### **COMPONENT ONE: CURRENT STATE**

Current State can only be accurately determined through the use of evidence based instrumentation. Examples would include employee surveys, organizational audits, member or customer surveys, 360 degree feedback assessments, compensation studies, etc. These instruments enable a quantitative approach to management in much the same way as that enabled by SPC and ISO in the manufacturing arena.

The great utility of these instruments, assuming they are well constructed and properly administered, is that they are diagnostic; they actually define, in quantifiable terms, the “current state” of whatever it is they are designed to measure. Equipped with specific knowledge about current state, we’re better equipped to improve. Even severely negative results can provide a road map for improvement. Employee surveys teach us how to access the discretionary energy of our employees; organizational audits reveal hidden vulnerabilities; customer surveys teach us how to retain our customers and capture new ones; compensation studies tell us what it’s going to take to maintain our talent pool. Remain ignorant of such information at your peril!

Regarding the capturing of current state, we’ll cover the following learning components:

- About Customization
- Six Steps for Capturing Current State
- Overcoming “The Case Against Capturing Current State”
- Benefits of Capturing Current State

### **About Customization:**

#### **Why Customize Current State Methodology?**

In developing the instrumentation by which the current state of your organizational priorities will be assessed, it’s important not to take a cookie-cutter approach. To demonstrate the importance of this, take a moment to write down what you believe to

be the 3 most important characteristics of excellent leadership. If you asked your boss that question, your subordinates, would their answers be identical to yours? Now what if you asked the same question of another company in your industry? Of another company in an industry unrelated to your own? Would all answers be the same? Of course not. The answers would reflect each organizational culture, the health of each industry, the hierarchical position and function of the individuals responding, the influence of each board, etc.

*The instrument used to define the current state of your organization should be created exclusively FOR your organization – which means it has to be created BY your organization.* Not only will this improve the quality of the information captured, it will also increase the response rate, since people are more willing to participate in that which they have a hand in creating. Additionally, perceptions regarding the credibility of the process and the validity of the information will be favorably impacted.

## **Six Steps for Capturing Current State**

### **1. Launch Communications**

The launch message needs three parts. First, a well-constructed purpose statement is essential to a successful launch. Why ARE you deploying the assessment instrument? Is the objective merely to determine satisfaction levels or is it also important to determine what changes are perceived to be necessary in coming years? What is management observing or sensing that suggests an assessment would be useful at this time? Reflect on these questions, and then develop a clear, succinct statement of purpose for the planned assessment.

Second, identify the key components of the assessment *process* that will likely interest the respondent group. How will it be constructed; how will it be administered and scored; when will the results be shared? How will anonymity be protected? Try to anticipate questions and include all these answers in the initial announcement, which should use

multiple mediums to get the word out. In descending order of effectiveness, these include: in-person presentation or virtual meeting with the President of your organization; CD or Video; e-mail; fax; and direct mail.

Finally, honor the importance of marketing your assessment. Align the name of the instrument with your purpose in administering it. For example, if you're launching a customer survey because you want to know what customers will want 5 years from now, refer to the instrument not as a survey, but as a campaign, e.g. "Capturing the Future for our Customers". If you're launching an employee survey because new leadership wants to flatten their learning curve, maybe you refer to the assessment as the "Internal Acceleration". Be sure to enhance the perceived importance of the assessment by making it a stand-alone initiative. Don't link it to other agenda items.

## **2. Instrument Construction**

This step is crucial to the success and the utility of your assessment effort, and includes 3 critical design factors. Adhering to these ensures a higher response rate, and imbues the results with a higher degree of perceived credibility.

- Ask your respondent group to identify what they believe should be covered in the assessment; what topics are critically important to them. There are numerous ways of capturing this information depending on your respondent group. Two of the most popular ways are to invite their electronic/written/telephonic responses, or to conduct focus groups with as many groups of respondents as possible.

The only caveat here is that you not allow special interest groups to so diminish the probing nature of the questions as to ensure that nothing negative could possibly come from administering the instrument.

- *Only ask questions for which the answers will be useful.* Questions that don't probe for vulnerabilities or suggestions are probably superfluous

- *Make the questionnaire interesting to the respondent.*  
Ask both rating and ranking questions; include both positive and negative bias questions; allow ample room for comments to be appended to quantitative questions, and be sure to include narrative questions.

### **3. Administration of the Assessment Mechanism**

Once your assessment instrument is deployed to its intended respondent group, *ensure that multiple response options are available*. Respondents should be able to reply on-line, on diskette, in hard-copy, by phone, or in any combination of these methods.

A sense of urgency must be created around the assessment initiative. Assign an aggressive deadline, and follow-up with reminders and third-party-initiated telephone calls if necessary. Work to develop a sense of anticipation regarding the sharing of results with respondents.

### **4. Priorities and Thresholds**

While your assessment instrument is “in the field”, senior management should meet to establish priorities and thresholds. The assignment of a high priority on any given topic means that the organization is committed to taking remedial action if the rating of the topic comes in below average. Once these critical priorities are identified, it is equally important to identify the threshold for action *for each priority topic*. For example, if 30% of the respondent group assigns a below average rating on a priority topic, is that adequate to compel action – or is it only negative ratings of 50% or more that constitute action? Is the threshold the same for all priority topics, or does it vary? Priorities and thresholds must be defined *before* the results of the assessment mechanism are received.

### **5. Presentation of Results**

Although it's certainly appropriate for your vendor to provide the results to senior management first, it's critical that full disclosure is provided to the entire respondent group, even if the results aren't favorable. This increases both the credibility of your organization and the perception that your firm is serious about making needed changes. Key here is that the results be presented to the respondent group very soon after senior management receives them. Major delays cause suspicion.

## **6. Communication of Next Steps**

As you implement "next steps", ensure your respondent group is kept abreast of changes. Your responsiveness to the concerns of respondents can be one of the most powerful tools in helping to achieve the objectives for which you initially launched the assessment process.

### **Overcoming "The Case Against Capturing Current State"**

Even granting the wisdom of capturing current state, this is often not sufficient to compel decision makers to undertake the process. Those who resist typically use one or more of the following 5 arguments to justify the choice to forego capturing current state. Also provided are tips to help you persuade even the most intransigent decision maker.

**Nothing is Wrong!** "Our customers must be happy because they aren't complaining"; "Our employees must be happy because turnover is low"; "Our quality of management must be good because what needs to get done is getting done"; "We must be doing well because profits are up, dividends are being paid, etc.".

- ❖ Absence of Evidence isn't Evidence of Absence! We can't manage what we don't know, and no CEO is in a position of omnipotence. Just like preventive medicine costs less than medical treatment, it is better to be proactive than reactive. Ferret out risk; identify vulnerabilities while they can still be prevented. The alternative is post-impact damage control.

- ❖ If nothing is wrong, all the more reason capture current state! Being able to provide employees/shareholders/customers with documented evidence of just how great everything is will be a great PR move.

**Something IS Wrong** “No one is screaming at the moment, and we aren’t suffering any consequences at the moment, so let’s let sleeping dogs lie. And besides... who wants to be the one to point out that something is wrong?”

- ❖ Beware of such faulty logic. It’s like justifying never getting a physical because you’re not sick right now, or never taking your car in for service because it always seems to be running just fine!
- ❖ The prospect of knowing the truth can be frightening, but as in the medical arena, early diagnosis always increases the likelihood of recovery, and reduces the cost.

**Nothing will Change Anyway** “We’ve tried to initiate change, but we always get shot down. It’s clear that our leadership doesn’t want to change. In fact, we did a survey once several years ago, and nothing was ever done about it.”

- ❖ It’s true – nothing will change until someone decides to step up to the plate, advocate for what “should be” and become the internal champion. If that person isn’t you, who within your organization might you approach to discuss the need for this role?
- ❖ Consider a pilot. Capture current state in a smaller section of your organization, or collaborate with your colleagues to pool your resources, and conduct a pilot in one

small location. It's hard to justify doing nothing when several people who want to improve are in possession of documented evidence of the need for change.

**It'll cost too much Money** “Our budget is tight and we just don't have the financial resources.”

- ❖ Perhaps the various steps involved in capturing current state could straddle two different fiscal years. Additionally, some of the steps could be completed by internal personnel
- ❖ Suggest a bartering arrangement with the vendor. Negotiate a reduced fee for in-kind services.
- ❖ Without dishonoring the very real need to disperse scarce resources among competing needs, there may be utility in pausing a moment to consider the old axiom: “Pay now, or pay more later”.

**Transition at the Top is Imminent** “Our President is about to leave, and won't be interested in capturing current state at this time.”

- ❖ Capturing current state before leaving demonstrates a fiduciary commitment to the organization
- ❖ The one who'll be taking over will appreciate having information that will flatten the learning curve and help in prioritizing

**Benefits of Capturing Current State**

The most important benefit of capturing current state is that doing so will reveal, in quantifiable terms, “what’s so” right now regarding organizational priorities. If there were no other benefits at all, just knowing the perceptions of key interest groups is a huge benefit. But there IS more.

Current state information serves as a baseline, enabling the quantified articulation of desired state. You have your starting point and your targets well defined.

Equipped with your baseline and your target, all that remains is bridging the gap – and typically, the diagnostics provided by capturing current state are pretty revealing about what next steps are needed, whether remedial or celebratory.

Another benefit of capturing current state is that it will reveal that which is below management’s radar screen. What we don’t know CAN hurt us. A well constructed instrument for capturing current state minimizes surprises, and provides the luxury of prevention strategies rather than necessitating remedial interventions.

Perhaps most importantly, capturing current state reveals the degree of alignment between what key decision makers in your organization believe to be so, and what is actually so in the opinion of those they serve/represent. Equipped with this information, you’ll be positioned to establish and maintain alignment regarding:

- prioritization of initiatives
- deployment of personnel
- allocation of financial resources

## **COMPONENT TWO: DESIRED STATE**

The Current State assessment mechanism provides baseline data; reveals through its scoring apparatus “what’s so” at the moment regarding key organizational priorities. The next step is to determine Desired State.

To begin, select a disappointing outcome from your Current State analysis. Now assume this “state of being” persists in your organization. Now ask: “So what?” Ask that question for each of the data points of your Current State. Doing so will crystallize the potentially negative consequences of failing to take remedial action, and will help prioritize the steps to your remedial plan.

As you begin to work on the construction of your Desired State, four important points must be remembered.

### **1. If you’re “There”, Celebrate “Being There”!**

Desired State may already be achieved on many priority line items. Don’t overlook the opportunity to stress the good news, give recognition appropriately and celebrate accordingly.

### **2. Three Components of Desired State**

In articulating Desired State, three targets must be established: which scores should be improved, by how much, and by when. How to implement the plan is covered in the next section.

### **3. Not everything can be improved at once**

Prioritize the line items on which less than desirable scores were assigned, and be realistic about the time and resources needed to achieve desired state.

### **4. Involve Relevant Others**

In determining the specifics about Desired State, be sure to collaborate with those who’ll be involved in helping to achieve the targeted improvements.

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So let's summarize. We know our Current State. From that diagnostic baseline, we've articulated in quantitative terms our Desired State.

Now. *How do we get there???*

### **COMPONENT THREE: EVIDENCE BASED PERFORMANCE MEASURES**

*Proof of Performance or the Absence Thereof: that's what you get with well-defined performance measures.* Properly constructed, performance measures describe targeted outcomes in both quantitative and qualitative terms, permitting a fair and objective assessment of performance as an organization moves from its Current State to Desired State. As a result, rather than speaking of what "seems to be so" or how one "feels about" the performance of a department, colleague or vendor, performance measures provide objective, evidence-based measures of performance.

Establishing valid performance measures isn't easy. But the investment pays tremendous dividends. Individuals can prove their value to organizations; managers can justify rewarding/trimming staff; performance reviews can be more factual and less emotional; and organizations can clarify the value they deliver to employees, customers and shareholders.

Regarding the use of evidence based performance measures, we'll cover the following learning components:

- Elements of Performance Measures
- 5 Most Common Mistakes with Solutions
- Before and After Examples

- Overcoming “The Case Against Using Evidence Based Performance Measures”
- Benefits of Evidence Based Performance Measures

### **Elements of Performance Measures**

There are 3 elements to effective performance measures: goals, objectives and action plans, none of which should be more than one sentence.

**Goals** are the results to be achieved. Usually set one to three years out, goals define “what” is to be achieved – the outcome or result - and do not include references to “how” achievement will occur.

**Objectives** establish the major ways in which goals will be achieved. Usually requiring 6 to 9 months to achieve, objectives articulate the strategic “how’s” through which a goal will be accomplished.

**Action Plans** outline the tactical steps necessary to achieve each objective. Usually requiring one to three months to complete, action plan items are NOT daily tasks; they are larger undertakings enabling the accomplishment of objectives.

In crafting the above elements, several criteria must be met.

**The Big Three:** Each element must be stated in terms that are measurable, achievable and time specific. *Measurability* refers to quantitative measures (absolute values, per cents, ratios, ratings) and/or qualitative measures (per specifications, board approved, consensus, specific names). *Achievability* is not intended to suggest that the above elements should be limited to what we already know for certain can be achieved. Instead, the composite of all elements should include maintenance responsibilities, slightly more challenging responsibilities, and real stretch initiatives. *Time specific* often means a certain dated

deadline, but some activities are done on an on-going basis, which is a perfectly acceptable timeframe.

**Succinctness:** No single element should be more than a sentence. If you find yourself writing paragraphs, you're most likely engaging in a planning process rather than assigning performance measures. Additionally, you might be combining goals and objectives; combining strategic "how's" with tactical "how's"; or describing daily tasks rather than the higher level elements.

**Discrete Goals:** Each goal statement should refer to a single outcome. More often than not, the use of the conjunction "and" reveals that at least two goals are being expressed. Two goals should only appear in a single goal statement when the method by which each is to be achieved is identical.

**Super-ordinate goals:** These reflect, but do not re-state, the mission of an organization. Typically there are no more than 5 super-ordinate goals, which are then adopted in whole or in part by the leaders of the organization. Multiple senior executives may have different departmental goals driven by the same super-ordinate goal. Objectives are not appended to super-ordinate goals, since facets of each super-ordinate goal are distributed among various leaders.

**Hierarchical Permeability:** Simply stated, this means that the objectives of your boss, at least in part, are likely to become your goals; your objectives, at least in part, are likely to become the goals of your subordinate, and so on.

**No "Right Number":** The "right number" of objectives is that number which, by definition, achieves the referent goal. Similarly, the "right number" of action plans is that number which, by definition, achieves the referent objective.

**Not a Job Description:** The purpose of a job description is to provide an overview of a job function, complete with a description of reporting relationships and other job context

factors. The purpose of crafting performance measures is to articulate in measurable terms what constitutes the successful execution of one's job.

**About Shared Goals:** Most of us have operated as part of a team at some point during our working life. Because there are numerous reasons why a team might become dysfunctional (not all members doing their fair share; someone trying to take all the credit; personality clashes, role conflicts, etc.) , I am often asked how to express team goals such that accountability is measurably distributed. The following tips should prove useful.

1. The team itself should have an over-arching goal reflecting the outcome it was formed to achieve. Several objectives in support of this goal could deal with parliamentary processes.
2. Once roles and responsibilities have been identified and assigned, these should be expressed as individual goals/objectives, using the prefacing words: "In collaboration with the XYZ team..."

### **5 Most Common Mistakes with Solutions**

**Misuse of Adjectives:** "Top Quality", "Cost Effective", "Excellent" and "Appropriate" are all good examples of this common error in crafting performance measures. "Conduct an excellent annual conference" can only be subjectively assessed. The technique for correcting this kind of error is the use of a "FIB" question: a "fill-in-the-blank" question that will stimulate greater clarity. Here's how it works. Ask: "Our annual meeting will have been excellently conducted when it \_\_\_\_\_?" Another example: "Ensure our product is top quality". Ask: "Our product will be 'top quality' when it \_\_\_\_\_" or "We will know that our product is 'top quality' when \_\_\_\_\_". Implementing this solution will likely produce numerous responses, each of which is likely to be a new element.

**Misuse of Verbs:** "Promote", "Support", "Coordinate", "Educate", "Attend", "Improve" are great examples of this error. "Attend the XYZ meeting on 1/31/04" is not an outcome. Warming a seat is not an accomplishment. The technique for correcting this kind of error

is to ask “why” regarding the verb; and be sure to ask “why” in a couple of different ways: “Why am I attending the XYZ meeting?”; “Why am I attending the **XYZ** meeting?” Implementing this solution will likely produce numerous responses, each of which is likely to be a new element

**Misused Prepositions:** This classic error usually occurs within a goal statement, and usually involves the use of the words “To”, “Through” or “By”. Remember, goal statements are “what” statements; they specify the result or outcome to be achieved – not how it will be achieved. Including words like “to”, “through” or “by” often results in the combining of a goal statement with an objective statement. “Survey all members of X group by 12/31/05 to determine their priorities” exemplifies this error. The goal here is to determine the priorities of X group members; the survey is the method (the how) by which the data will be acquired. Implementing this solution will help differentiate between goals and objectives.

**Misused Comparison Words:** Words such as “increase”, “decrease”, “expand”, “reduce”, “more”, “improve”, should not appear in performance measures unless the implied baseline is also stated. For example: “Achieve a 10% increase in attendance at the 2005 annual conference” doesn’t meet the required standard. Instead, include the baseline year against which attendance is being compared: “At the 2005 annual conference, achieve a 10% increase over the 2003 level”. Improve the statement even more by being specific about what kind of attendee is preferred. After all, one could raid the nearest assisted living facility and bump up attendance. How about: “At the 2005 annual conference, achieve a 10% increase of the 2003 level of client company presidents”. Now, what if you don’t have access to baseline information? For example, what if the 2003 attendance levels are unknown? Answer: Don’t use a comparison word! You can always restate a performance measure without using a comparison word. “Ensure at least 300 client company presidents attend the 2005 annual conference”. Implementation of this solution will likely require research, either to determine historical baselines, or to quantify reasonable future expectations.

**Responsibility without Authority:** “Ensure that Congress passes the ABC bill by 12/31/05” is a great example of this error. Unless and until someone actually OWNS Congress, it’s not appropriate to hold someone accountable for a Congressional act. It is neither reasonable nor fair to hold someone accountable for outcomes beyond their control. What IS reasonable and fair, however, is to impose accountability for the flawless execution of a comprehensive strategy which maximizes the likelihood that Congress will do “X”. If the strategy is approved by the supervisor as being comprehensive, and is flawlessly executed, whether the bill passes or not is not a valid measure of performance. The solution here is to preface the desired outcome with the words “Work toward”. The goal statement would then read: “Work toward ensuring that Congress passes the ABC bill by 12/31/04”. Implementation of this solution is likely to generate quite a debate. It must be acknowledged, however, that some professions do not allow absolute control over results: achieving specified reductions in crime rates; achieving certain political outcomes, ensuring zero acts of terrorism, etc. In such cases, accountability should only be imposed for that which can actually be controlled. This in NO WAY let’s anyone off the hook for the *flawless execution of a strategy approved as being comprehensive which maximizes the likelihood of the desired outcome!*

## **BEFORE AND AFTER EXAMPLES of GOAL STATEMENTS**

**Before** Secure new clients

**After** By (date), secure at least 5 new clients from the XYZ industry with combined initial orders of at least X\$

**Before** Ensure the company makes a profit

**After** By (date), achieve at least X% in net profit

**Possible Supporting Objective:** By (date), ensure X% reduction in operating expenses

**Before** Provide desktop publishing services to all staff

**After** On an on-going basis, supply “to-spec” desktop publishing services to identified internal colleagues by agreed to deadlines for both print and web products

**Possible Supporting Objective** On an on-going basis, an in collaboration with all relevant internal colleagues, maintain current production schedule for all Desktop Publishing projects

**Before** Hire additional staff as requested

**After** On an on-going basis, work toward ensuring that all approved positions are filled to specifications and by agreed-to deadlines

**Possible Supporting Objective** On an on-going basis, and within budget, initiate all applicant searches within one week of position approval

**Before** Honor all exhibitor agreements

**After** On an on-going basis, and in collaboration with relevant internal colleagues, ensure all contractual obligations with exhibitors are met as agreed

**Possible Supporting Objective** On an on-going basis, ensure that all relevant staff are aware of all contractual obligations pertaining to their departments within two weeks after contract execution

**Before** Create a new recognition program

**After** By (date) and in collaboration with identified internal colleagues, implement an approved, new recognition program

**Possible Supporting Objective** By (date), and in collaboration with President, identify all parameters for the new recognition program

## Overcoming “The Case Against Establishing Performance Measures”

The reluctance you'll encounter to establishing Evidence Based Performance Measures is likely to be considerably more severe than what you may have encountered in persuading your organization to capture current state. There are three primary reasons for this.

1. Unlike the establishment of current state, which is a discrete event, the establishment of evidence based performance measures changes the established internal management processes of an organization. For individual managers, this means that who and how they hire, fire, promote, and reward may change; how they compete for resources may change, their collaboration with internal colleagues on decision-making may change; and their span of control may change. Initially at least, the establishment of evidence based performance measures is likely to be imputed with ill-intent, viewed as a process that supplants, rather than augments, management decision making.

2. The establishment of Evidence Based Performance Measures is a fairly tedious process for each person involved. It is reasonable to expect that each manager will require 3 to 6 hours of coaching to achieve fluency with the process.

Bear in mind that it is the *initial* process – the first time evidence based performance measures are established – that is time consuming. Subsequent iterations are much easier to produce since the templates already exist. Often, only the “drop in” phrases change. These include absolute values, percentages, deadlines, names of programs, etc. Even as new goals are added, the template language for measurable expression will already have been established. And, as with anything, competence and speed of execution increase with experience.

3. The process of establishing evidence based performance measures imposes increased scrutiny on individual managers. Emotional, rather than logical resistance should be expected. Those most on the defensive will likely prove to be the most inflammatory, suggesting that the inescapable innuendo implicit in the decision to establish evidence based performance measures is that managers aren't trusted.

Particularly worthy of note here is that the neutralization of emotional resistance is always expedited when external rather than internal facilitators are used to implement change.

### **Benefits of Establishing Evidence Based Performance Measures**

High achievers leave organizations that tolerate mediocrity. Mediocre performers stay with such organizations because they're safe. Evidence Based Performance Measures give managers the ammunition needed for both pruning and for rewarding. This is perhaps the most persuasive argument for establishing evidence based performance measures: that it increases objectivity by using evidence based measures to assess performance.

In reviewing the performance of others, it's easy to fall prey to what you *want* to be so; it is equally easy to be swayed by the opinions of others. Evidence Based Performance Measures subordinate emotion to evidence, helping you assess the performance of others based on fact – not based on gut feel or best guess.

### **SECTION THREE:**

#### **BENEFITS OF METRICS BASED MANAGEMENT™**

Many managers have trouble confronting poor performance. They just can't find the words to articulate what needs to be said about the substandard performance of their subordinates. MBM eases this process by expressing most performance expectations in a quantitative way. Rather than having a conversation about feelings, rater and ratee are talking about quantified goals and objectives.

One of the reasons performance reviews are stressful is because there is disagreement between the rater and the ratee regarding expectations. MBM eliminates this problem, by ensuring that expectations are quantified and agreed to at the beginning of the year.

Fairness in the review process is also often at issue. Different managers have different criteria for assigning ratings. MBM establishes consistency in the review process among all raters, and levels the playing field for the ratees.

One of the most heartening findings about the use of MBM is the degree to which it positively affects morale. There are three reasons for this.

- MBM permits employees, usually for the first time, to understand their contribution to the organization, and to articulate it. They *know* when they're succeeding; they realize that they *can* influence and impact the success of their organizations
- Individual contributions and accomplishments are more visible to managers. Achievements are less likely to be overlooked.
- Having quantified targets to strive toward is motivating per se, and is even more so when one works with others who are also striving for quantified targets.

MBM puts people and organizations on a continuous roll of “next steps”. As soon as the evidence shows that a goal has been achieved, you're immediately on to the next one, continually crafting new goals and achieving additional improvements. This creates a *jazzed* organization – a team of motivated employees who *want* to be held accountable and who are proud of their ability to generate measurable results.

#### **SECTION FOUR: ASSESSING ORGANIZATIONAL READINESS FOR MBM**

So, you now know how to capture current state, and how to articulate desired state. You also know how to bridge the gap between current and desired states through the use of

evidence based performance measures. But “how to” knowledge isn’t enough. You need to carefully assess the commitment level of your organization regarding the process of implementing Metrics Based Management™. To make that assessment, you’ll need to consider the costs involved in implementing Metrics Based Management™. I don’t refer here to monetary costs, but to the emotional costs – and they are significant.

As you have likely already discerned, the implementation of Metrics Based Management™ involves intense scrutiny...and implicit in the imposition of scrutiny is the expectation of change. Neither of these necessary precursors to the implementation of Metrics Based Management™ will be popular. So let’s examine specifically what you’re signing up for if you move forward with implementation.

Regarding scrutiny, there are 5 fundamental “Truths” worthy of reflection in determining your organizational readiness for a Metrics Based Management program. Assess yourself as you read through these; assess your organization. How ready are you to permit the scrutiny that is attendant to MBM?

**Truth #1: The more you need scrutiny, the less you want it**

Being put under a microscope is tough enough; if you know your performance is less than optimal, scrutiny becomes excruciating, and can bring out the worst in our behavior. The admonishment here is that if you wait to submit to scrutiny until you really need it, it’ll be exponentially more painful.

**Truth #2: The more successful you become, the less you feel you need scrutiny**

In sharing this truth there is no intention to diminish the reader’s success to date. Instead, the intention is to invite your focus away from how good you are at the moment, and focus in stead on how good you could be if..

The admonishment here is that you never allow yourself to feel cocky.

**Truth #3: The more our colleagues need scrutiny, the less willing we are to provide it**

Underneath this unwillingness to provide scrutiny for others is that you're too hard or too soft. If you're too hard, you're apathetic about the success of others, and are unwilling to take the time to provide learning to your colleagues. If you're too soft, you have a discomfort with confronting, and fear that the recipient will not welcome your counsel. In either case, the admonishment here is that organizational success is a shared result, requiring of both the weak and the strong the fiduciary responsibility of providing constructive feedback to one another.

**Truth #4: The more you resist scrutiny, the more at risk you become.** Scrutiny imposes boundaries; clarifies expectations; provides the parameters within which we need to function to be successful in a given organization; identifies the boundaries beyond which we are at greater risk. In application, scrutiny functions like a fence does for a beloved pet. The admonishment here is that even though you can probably dig under or jump over your "scrutiny fences", you'll do so with significantly greater awareness of the risk of becoming road kill!

**Truth #5: The more you resist scrutiny, the more comfortable you will be.** Implicit in the imposition of scrutiny is the expectation of change. Scrutiny reveals what isn't that should be, and what is that shouldn't be. Scrutiny illuminates that which is out of alignment, and demands action to re-establish alignment. The admonishment here is that you cannot subordinate scrutiny to the maintenance of comfort; instead, subordinate comfort to the maintenance of scrutiny.

Remember, not only is considerable discomfort attendant to each of the above 5 "truths", but each of the above 5 truths also implies the need for change, in response to which you should expect to encounter both resistance and resentment. Neutralizing the emotionalism attendant to these dual concepts will require commitment, courage, and a willingness to subordinate "comfort" to the pain of meaningful, substantive growth. A few thoughts that may help you manage the growing pains are offered below.

## **SECTION FIVE**

### **THE DUAL DUEL**

Comfort *cannot* be the yardstick by which we measure success – whether personally, or organizationally. “Comfort” simply isn’t how we as professionals get to the top of our game; and it’s not how we lead our organizations to peak performance. *Indeed, the more we mature the more we realize that it is the very antithesis of comfort that produces success.*

An openness to scrutiny, better yet a welcoming of it, along with a willingness to change, despite the attendant discomforts, affords a state of being that few professionals, few organizations, enjoy with any degree of longevity: the state of alignment. **Consistent scrutiny produces consistent alignment.** The act of consistent scrutiny forces into your “line of sight” that which is out of alignment – a state of awareness that is a necessary precursor to re-alignment efforts.

Although the tedium required to attain alignment is indeed extreme, that tedium is temporary, and the benefits of being in a “state of alignment” more than offset the requisite organizational endurance.

In conclusion, my petition is that you be a willing, alert participant in an on-going duel with the dual concepts of scrutiny and change. Yes, it’s consistent with human nature to resist scrutiny and change, but resist your resistance! Because in your submission to constant scrutiny, in your submission to change, is your best you – your best organization – your best results.



**Francie Dalton works with organizations that want to bridge the gaps between where they are now and where they want to be in order to increase profits and productivity.**

**Her signature service, Metrics-Based Management™ enables organizations to meet critical objectives in leadership development, customer/member retention, and employee productivity. Francie's programs revitalize and build committed workforces, resulting in expanded markets and increased revenues. Her performance systems ensure measurable results.**

**A veteran of the Vietnam Era, Francie was trained as a German linguist, spending four and one-half years with the U.S. Army Military Intelligence Service. She then took her Masters in Business from Johns Hopkins University and in 1991, became founder and president of Dalton Alliances, Inc., a premier business consulting firm providing a full range of consulting services in the communication, management and behavioral sciences.**

**Published in a variety of technical and industry magazines and journals both domestically and abroad, Francie has 17 published works to her credit. She is a frequent speaker for corporations and associations throughout the U.S., and is**

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