



**You've got all
the right pieces,
but do you have
the right glue?**

It's not how many Performance Management tools you've got, it's how you fit them together that drives improvement.



KPIs, SOPs, LEAN tools and Escalation Processes are vitally important says Cathy Johnson, VP at Celerant Consulting UK, but they need a solid Management Framework to really deliver.

It's a given that in today's volatile, globalised economy, every major company has Performance Management tools in place. Of course that box is ticked and it probably cost a great deal of money and managerial time. But there's a huge difference between something being 'in place' and it being 'in practice.'

The truth is that, in the majority of assignments Celerant has conducted over the years, we've found that what's actually 'in practice' are disjointed, disconnected elements of Performance Management Systems that haven't been fully implemented - and managers and supervisors who are under using the tools available to them. So what's going wrong?

No stickability means no sustainability

One of the greatest responsibilities of a Leadership Team is not just to set the strategic direction for the company, but to make certain that everyone understands the context of that direction, is aligned behind it and knows exactly where they are on the journey. Leaders must articulate their vision, share ownership, establish Key Performance Indicators and then monitor and communicate progress to encourage ongoing buy-in. The glue in all this, and one of the things that separates out really entrepreneurial companies, is a comprehensive Performance Management system that helps information flow quickly from executive level to the cutting

edge - and back again. It's a system which:

- Encourages real collaboration by making the right information available when and where it's most needed;
- Ensures timely decision making and action at each level of the organisation on a daily basis;
- Role models the optimal set of behaviours required throughout the organisation to drive a culture of performance – starting at the top;
- Relentlessly focuses on the discipline of getting things done. Only with this in place and working fluently can Leaders really maximise their Performance Management tools by giving their best people the authority and accountability to study the data and encourage well designed experiments to deliver improvements.

Supervisors are critical – if they actually supervise

Most Performance Management systems break down at the ground floor level, or where the ground floor connects with middle management. Middle managers will often resort to fair weather reporting to senior management – and in the absence of clearly cascaded KPIs it could be argued that this is better than nothing. But the people at the cutting edge can often lose their line of sight. Was today's performance good or bad? What can I change about it if it was bad? Where is the empowerment everyone talks about?

Supervisors and first line managers are critical to a company's performance, but they're often ill equipped to perform. Many are promoted before

they have the training, skills and behavioural set to manage performance, so they shy away from difficult conversations and decisions. They spend their time trying to manage, but desperately wanting to return to the cutting edge, resulting in extremely high Non-Value Added (NVA) time - as Celerant's latest major study clearly demonstrates.

Who is really having an impact on performance?

Covering the period from 2007 to 2009, one of the most critical business cycles in recent history, Celerant's 2010 Workforce Impactability Study analysed the direct activities of 208 supervisors and operators in the Energy, Healthcare & Life Sciences, Chemicals and Consumer Staples industries on a day to day basis. After assessing more than 11,000 work hours, common themes emerged by comparing time spent on activities that add no value (NVA) to a company's products or services, with those that do add value (VA).

It showed that operators generate a stunning 50 percent more value than supervisors. Much of this is because operators are in the trenches, and very little of their time is spent away from product development and delivery. Even so, that separation in NVA means that supervisors are 5.43 times less likely than operators to participate in focused, value adding tasks.

The good news though, is that study also showed that 43.5 percent of a supervisor's daily work load can be effectively impacted,



so to really drive Performance Management companies must microscope supervisor activities and determine which portions of the day can be altered to make more effective use of their time.

This means examining specific roles to ensure that the right employees are performing the right tasks. Loosely defined roles and ineffective practices create a frustrating daily work experience, with a great deal of lost time. Implementing a simple architecture with clear roles and responsibilities is the first step in breaking this cycle and improving performance.

MCRS® is Performance Management Superglue
Throughout the study, NVA issues were stronger the further employees were from customer contact. This was especially true for companies that operate in silos, with a focus on departmental performance, rather than effectiveness across the entire organisation. Supervisors and managers play a vital role in managing the risks of operating in a complex environment, acting upon errors that often go unchecked until they have set back the whole operation.

A holistic perspective and process allows management to make the right decisions, improves communication and reduces the negative effects of errors from one department to the next. In addition, a team that understands its contributions and feels connected to the entire business is more motivated to deliver results. MCRS®, Celerant's

proprietary management system, is the superglue of Performance Management and Continuous Improvement, not only because it thoroughly links people and processes, but because it's always developed with the people who will actually use it - and this creates a much greater understanding and appreciation of its true value.

The 'to be' system is assessed in the early stages to highlight what tools and techniques are currently in place and how they're working. Are the processes fit for purpose? Are there too many meetings? Inadequate follow up or a lack of information flow? What KPIs do we really need? How will meetings be run around them? What behaviours do we want or not want?

A benchmark of what constitutes good practice is useful, but it's rarely accepted at face value because the objective is to evaluate performance and then develop a faster, more effective operational rhythm.

The installation process is then rigorously measured on a weekly basis so that each management level can understand exactly what needs to improve further. This, coupled with extensive coaching and training, -develops the real behavioural and cultural change that ensures a business can maximise its Performance Management tools and achieve Continuous Improvement that is exactly that - continuous.

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For a presentation on how Celerant's MCRS® or The 2010 Workforce Impactability Study, email: cathy.johnson@celerantconsulting.com or call +44 (0)20 8338 5000

For over 20 years, Celerant Consulting has delivered successful, sustainable change for world leading companies. Our expertise covers the entire spectrum of the Operations Management ecosystem, with a core focus on Performance Improvement and Behavioural Change Management. Every project is a strategic partnership where we get down on the ground to identify and analyse a Client's most significant business challenges, then work with them to drive up results. We implement customised solutions that capitalise on existing systems, processes and people - and deliver substantial benefits. We change business for good and over 90% of our Clients say they would work with us again.

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