

# PERFORM

Performance Management in Action

Special Edition - Government

## The Six Fatal Mistakes



### About the Author

Kevin Baum has over 21 years of experience working in senior government as both a practitioner and a consultant. He developed the *inCentergy, Into Action Performance Management Process*, a three-step no-nonsense process that revolutionizes government's ability to get to results without getting lost in the noise. Mr. Baum holds a Masters of Public Policy and Administration from Texas State University, and is now an adjunct faculty member of the university's Public Administration program and guest lecturer for the U.S. Certified Public Manager's Program. He is also the Founder and Principal of *inCentergy*, a performancesoft business partner that specializes in no-nonsense performance consulting.

### What to Avoid When Implementing a Performance Management Initiative

They say that people are defined by their times. I disagree. I think that people *and* organizations are not defined so much by their times as they are by how they choose to *respond* to the times where they find themselves.

I say this as a preamble because I plan to explore in this short article what I consider to be the Six Fatal Mistakes we make when implementing a Performance Management initiative. Several of my colleagues – people who I respect and who care deeply about performance in government – have

noted that this is a 'downer' subject. "Why focus on the negative?" they say. "Why not discuss what we are doing well?" Their point is well taken.

But here's my point: if we deconstruct what works in organizational life (as we should), we cannot help but to see what doesn't work – what kills the deal, so to speak. And if we are truly going to become learning organizations, which is what Performance Management is all about in my opinion, then we have to face some brutal truths. The fact that many organizations are guilty of these Mistakes is not an indictment at all – they are very natural and seductive, which is why we need to be alert to their insidious nature. How we *respond* to them, however, is what will define us as organizations, not the fact that we might be guilty of one or two. After all, as we learned from David Osborne and Ted Gaebler in their seminal text *Reinventing Government*

– if you can't see failure, you can't correct it!

I have seen these mistakes in operation as a performance practitioner, concerned citizen, *and* performance consultant. These mistakes are alive and well, and they have the power to individually or collectively derail any good-intentioned attempt to improve performance. Let's have a look at them one at a time.

### Mistake Number 1: We Over-Complicate the Process

If you've ever heard me speak, by now you've learned that my shtick is – and always will be – that *less is more* when it comes to Performance Management (and just about everything, for that matter). I am a firm believer that complexity becomes pervasive in organizational life simply because we invite complexity into our lives;



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that we over-complicate the simple with our over-reliance on the notion that complexity – because it is difficult to comprehend – *has* to be intelligent.

Not so!

In fact, there is overwhelming evidence in both the scientific and lay literatures that even the most complex of subjects are best understood through simple concepts. As Jim Collins says in his discussion of Hedgehog leaders in his book *Good to Great*, “They understand that the essence of profound insight is simplicity.” I believe the same principle applies to Performance Management – in all its facets. And even though some of the problems we face in government are incredibly complicated – such as public health, for example – it *does not* mean that our efforts to improve performance in these areas need to be equally complex.

This point is made profoundly clear in Malcolm Gladwell’s best-selling book, *The Tipping Point*. Through a wealth of empirical research, Gladwell draws the convincing conclusion that the central thread that connects all successful performance initiatives, whether it is sales, education, or crime prevention, is MODESTY. Gladwell readily concedes that modesty – or, simplicity in this discussion – runs counter to our human inclinations on how to fix problems. As he notes, “We have, of course, an instinctive disdain for this kind of solution because there is something in all of us that feels that true answers to problems have to be comprehensive.” (*Gladwell, 2000*)

But the facts disagree.

In fact, in my experience, there seems to be an inverse relationship between the complexity of an agency’s performance initiative and its ability to succeed as a sustainable tool to improve performance.

Here’s where I think we tend to over-complicate our performance initiatives:

1) *We measure too much.* If you have more than 20 Mission

Critical measures for your department or if you have created an entire division to manage your measures, chances are you have too many measures and you are collecting data that you aren’t using. As I’ve always said, if you are collecting data and not looking at it, beware! Somebody may decide to look at it for you and you may not like their interpretation!

2) *We over-analyze our performance data.* Specifically, we attempt too many course corrections to improve performance. Remember that small changes in initial conditions can have sweeping consequences in outcomes. If we make too many course corrections (changes to service delivery to improve performance), how will we be able to determine what worked? Always remember the wisdom of Occam’s Razor: When faced with a complex problem, the simplest explanation is almost always the most accurate. In other words, when you hear hooves in the distance, think horses, not giraffes.

Here’s my four “Into Action Principles” on why I believe simplicity is important:

- ◆ Because we’re busy;
- ◆ Because you don’t have to measure everything in order to get a clear picture of performance;
- ◆ Because there is an inverse relationship between the amount of data you can collect and your ability to make sense of it;
- ◆ Because if you tear something into too many pieces, it loses its meaning.

## Mistake Number 2: We Measure the Wrong Things

*If the difference you’re making makes no difference, what’s the difference?*

Think about that statement for a minute.

I am convinced that government makes a powerful difference



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in the lives of its citizens, customers and stakeholders. But turn on the television or open the newspaper and you will be hard-pressed to find a story confirming this claim. In fact, it seems all too common (and popular) to discuss scintillating issues such as the “Fleecing of America,” or the latest political scandal. And while we can certainly blame the media for this – after all it is well documented that so-called “bad” stories sell better than “good” ones – I think we are still somewhat to blame.

Here’s why: when we talk about *how* we are doing in government, we generally talk about *what* we are doing. For example, if a citizen (or politician) asks how we are making the highways safer, we tell them how many speeding citations we have issued. Are we building a sustainable infrastructure? “Why yes,” we say, look at how many roads we have paved. Environment? “Of course,” look at how many trees we have planted. And so on.

In government, we tend to discuss outputs, not outcomes. And the problem with this discussion is it essentially tells us nothing about how we are impacting the lives of our citizens, stakeholders and customers. So, fundamentally, when we engage in a conversation on the value of government services, we don’t discuss value at all. We discuss volume.

Let’s go back to the above statement then – if the difference you are making makes no difference, what’s the difference? This is a founding principle for my consulting practice because it captures the essence of what I believe is the central dilemma in demonstrating government’s value. Essentially, if we can’t demonstrate through concrete metrics of performance – metrics that demonstrate the outcomes of our services, outcomes that our customers care about – then in the eyes of customers, we *didn’t make a difference*. In their eyes, nothing changed.

What’s worse, as long as we continue to discuss outputs, we

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**“When we engage in a conversation on the value of government services, we don’t discuss value at all. We discuss volume.”**

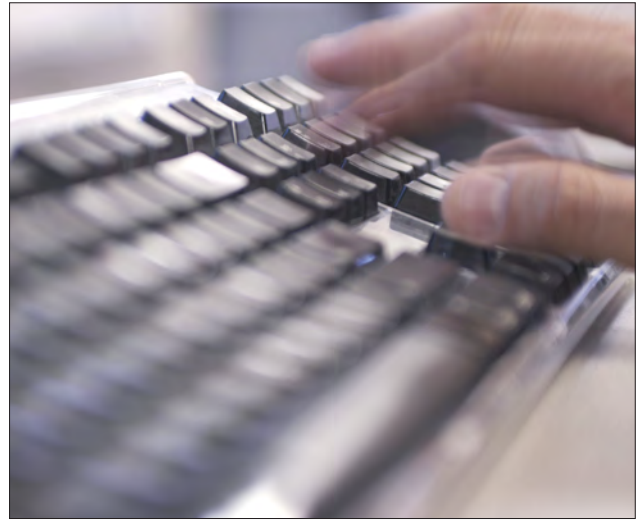
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inadvertently perpetuate the age-old stereotype of government – that we are bureaucratic machines churning out mountains of statistical data that nobody cares about. (Before we point the finger at government and accuse them of being 20 years behind and working half days to catch up, take a look at private industry – indeed, look at the business section of your local paper – they too, are talking about outputs!)

If we are going to change the conversation on the value of government, we have to engage in it. But before we can engage in it, we have to have something meaningful to say – how we are impacting the lives of our customers; the proof of our value.

## The Proof is in the Pudding ... Getting to the Pudding

Output measures are extremely common in both government and industry. The reason for this should be obvious – output measures are easy to capture, they are easy to understand, and



they are intuitively linked to our concept of work; therefore, they make seductive performance indicators. Outcome measures, on the other hand, are extremely difficult to capture, especially for most government services. For example, if you are responsible for preventing the spread of AIDS through an aggressive public education and awareness campaign, how do you measure your impact? Indeed, if you prevent an event or a series of events from occurring, ipso facto, your impact is un-measurable. Right? Wrong.

Outcome measures are difficult, but *not* impossible. Here is my four-point proven process to developing effective outcome measures:

1) *Start simply by simply getting started.* No measure is ever going to be perfect. Ever. The value in a performance measure is not in the measure itself but in the questions it forces you to ask about your services.

2) *Write a Desired Result/Outcome statement for your Mission Critical Services.* A good measure naturally flows out of our assumptions on desired outcomes. Drafting a Desired Result Statement focuses your thinking (and actions) on what you are doing, for whom, in order to accomplish what result. I call this the Who-For Whom-So What Process, and it is an essential step to developing good result measures.

3) *Ask yourself what element(s) of outcome you wish to track for a Mission Critical Service, and create your measure for this focus.* Common elements of outcomes measures are:

- ◆ Product or Service Effectiveness (Impact)
- ◆ Product or Service Quality
- ◆ Customer Satisfaction
- ◆ Efficiency

4) *Engage the workforce in the conversation on how to measure your services.* After all, who knows better how to measure the impact of what you are doing than the people who are doing what you are doing.

Remember, an outcome measure is usually an aggregate of

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several output measures. In other words – an output is an input to an outcome. Good result measures take lots of work. Keep it simple.

## Mistake Number 3: We Don't Engage the Workforce

Here's what I see all too frequently when organizations decide to adopt a performance-based management initiative. First, we hire an expensive consultant to take us through a time-consuming, off-site executive strategic planning retreat – only executives are allowed. Second, we draft a comprehensive, complex (read: confusing), four-color strategic plan replete with our SWOT assessment, environmental indicators, strategic initiatives, goals, and metrics of performance. Next, we bind the plan (very cool), send a memo to the workforce notifying them of the performance initiative, declare victory, and put the plan on a shelf. Which is where it usually stays for a long, long, time.

Now, before I move on, let me hasten to say that I am not criticizing strategic planning per se. Strategic planning has value and many good books have been written about it. I encourage you to read them. What I am suggesting, however, is that traditional approaches to strategic planning suffer two fundamental flaws, in my opinion:

- 1) We assume executives know best, and;
- 2) We lock ourselves into a set, long-term course of action.

Let's briefly look at each and their implications to Performance Management:

1) *We assume executives know best.* James Surowiecki disagrees. In his compelling text, *The Wisdom of Crowds*, Surowiecki makes an urgent argument for organizational leaders



to recognize the power of *cognitive diversity, decentralization, and independence* when it comes to decision making. His point is that groups over time develop a tendency to think alike, act alike, challenge each other less and, in time, become less effective at making decisions. This principle applies, of course, to executive teams.

Whoa, you're thinking – is Kevin about to suggest that executives should invite the entire workforce into the strategic planning process? No, I'm not; executive prerogative does play an important role in organizational life. What I *am* suggesting though, is that we should *never* develop metrics of performance for services in the absence of a diverse, independent and decentralized group of employees and stakeholders. Not only do we gain early buy-in from the workforce by engaging them in the performance conversation, but most importantly we benefit from the wealth of content expertise they bring to the table. I've already said it, but it merits repeating here: who knows better how to measure the effectiveness of what we are doing than the people who are doing what we are doing? Think about it.

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**"Performance Management is a dynamic, iterative, sometimes painful process of organizational learning and growth."**

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2) *We lock ourselves into a set course of action.* If anything, Performance Management is a dynamic, iterative, sometimes painful process of organizational learning and growth. If there is one constant in Performance Management, in my experience, it is change. If we are truly going to use our measures as tools to learn and grow as an agency, then imbedded within that very construct is the notion of change.

Let me illustrate this point. Think back 20 years ago – how many of you are where you thought you would be professionally or personally, right now? I bet not many. In fact, if you study successful people and organizations, one constant reveals itself – they have a powerful capacity to capitalize on opportunities presented by timing, chance and consequence. Sometimes, the intersection of these three elements takes us in totally unforeseen directions. So, if we are using our performance metrics as tools to learn and grow, we have to be prepared to "see" unique and exciting opportunities for change, growth, partnership and profit. Generally speaking, a traditional strategic plan doesn't allow room for this kind of flexibility.

What does all this have to do with engaging the workforce? Simply, the best way to position your agency to learn and grow and capitalize on opportunities to improve performance is to engage the workforce in the performance diagnostic process. A successful performance initiative is a 50/50 exchange: 50-percent executive "push" and 50-percent workforce "pull." The life of the performance journey should be a series of push-pull exchanges where we engage the workforce in an ongoing dialogue about performance and improvement. But when you engage the workforce in this kind of dialogue, you have to be prepared to change course and pursue unique opportunities as they present themselves.

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The successful performance-informed organization in this fast-paced, post-modern age, if anything, has to be nimble and prepared for change.

## Mistake Number 4: We Perpetuate “Siloed” Thinking

In both simple and complex organizations, groups are formed around structural and functional responsibilities. This is both natural and logical. In fact, the process of dividing organizations into functional groups is referred to as “categorization,” and is considered to be responsible for establishing the social boundaries that determine group interaction.

Unfortunately though, categorization can have both positive and negative effects on an organization. Indeed, the literature is overwhelmingly convinced that while categorization is a necessary function to create specialization in organizations, it also produces far-reaching and unpredictable consequences for group interaction. As one scholar notes, “One of the significant consequences of the functional categorization of organizational members, then, is that it activates social categorization processes whose consequences may be quite dysfunctional.” (Kramer, 1991)

There is a name for this phenomenon of dysfunction: “Siloed Thinking.” While there are many drivers behind siloed thinking, the most pervasive among them is competition between functional and/or structural groups over scarce resources – money, prestige, credit, employees, etc. In fact, we have to look no further than September 11, 2001 to see the destructive capability of siloed thinking. Because federal agencies with a role in homeland security didn’t talk to each other prior to that fateful day – in fact they were in *fierce competition* with each other – they were unable, or unwilling, to aggregate their collective intelligence to see the broader picture. Had they simply shared information across rigid structural boundaries (silos) not only would they have been able to aggregate the data for collective significance – and very likely see that a terrorist attack was imminent – but also *may* have been able to take preventative action.

Today I am convinced that ‘siloed’ thinking is the single greatest impediment to organizational growth and improvement, and probably the most destructive manifestation of organizational culture run amok.

So, what does this have to do with Performance Management? Everything! Here’s what I see all too frequently: When organizations adopt a well-intentioned Performance Management initiative, they (quite naturally) organize their measures around existing structural/functional siloes. In fact, we usually grab a copy of the Org. chart and start organizing our measures accordingly!

In my experience, there are two serious problems with this practice:

1) *We reinforce siloed mentality.* Organizational silos are destructive enough without us empowering them with their own measures! By declaring that existing silos “own” a menu of measures, we are tacitly stating that they and they alone affect the outcome of that service. If you take anything away from this short article, let it be this: *there is no such thing as independence when it comes to Performance Measurement! Performance in all your services both affect and influence (and are influenced by) performance in other services.*

2) *We prevent ourselves from ‘seeing’ performance synergies across organizational boundaries.* All organizations have a natural sequence or chronology of services. The trick is to organize your measures in such a way that you can begin to see synergies as they emerge, and to use your performance initiative as a tool to *break down* barriers between existing functional groups, not reinforce them.

The challenge is to create a performance construct that reveals and promotes service chronology and performance interdependencies. Even if you have already created a menu of metrics that align to existing silos, you can sort those measures for reporting and diagnostics purposes along a sequential/chronological construct. By doing so, you begin to foster

Figure 1.1: Breaking Down Silos in Human Resources



This graphic illustrates how one Department of Human Resources organized their measures outside of existing structural/functional silos. By creating a chronological/sequential construct, the department created shared ownership of its measures, and can now “see” performance synergies across organizational boundaries. The software pbviews can be used to drill into each Service Area for a comprehensive picture of performance throughout the agency.



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cooperation across organizational boundaries by demonstrating the interdependency of *all* your services.

## Mistake Number 5: We Declare Victory at the Wrong Time

Here's an interesting scenario: You're in a board room waiting for the executive staff meeting to begin when in walks the Director. Under his arm you see 20 stethoscopes, and you think, *what's up with that?* The stethoscopes aren't all the same though – they are different sizes, shapes, colors and brands – but they are all still stethoscopes. The Director, with a broad grin and a tad of flair, tosses all the scopes on the boardroom table and declares in a proud and booming voice – “Look how well we are managed. We are truly a performance-informed organization and I'd like to thank all of you for your efforts!”

Confused?

Here's my point – a performance measure, like a stethoscope, is only as useful as the questions we ask of *what it is telling us*. A performance measure is simply a diagnostic tool. Nothing more. Nothing less. Like a stethoscope, a performance measure is essentially meaningless until we pick it up, evaluate what it is telling us, apply what we are hearing/seeing to our past experiences, education and training, and then make an informed decision on next steps.

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**“Until we begin to work the measures, they will never begin to work for us as tools to improve performance.”**

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But what I see all the time – and to the point of this Mistake – is that many organizations declare victory once the measures have been developed! We write our strategic plan, insert metrics of performance, start reporting out on our measures and declare performance victory – “Look, we're performance informed!” Unfortunately, this is just where the real work begins. Performance learning *begins* where strategic planning *ends*!

All a menu of measures creates is an *orientation* toward performance improvement. Until we begin to work the measures they will never begin to work for us as tools to improve performance. At best we become performance reporting organizations churning out mountains of confusing data. At worse, we alienate the entire workforce by burdening them with yet another ‘management initiative’ that suffers no apparent follow-through.

To become performance-*informed* organizations churning out stories of performance improvement and progress, try applying these two proven Into Action steps:

1) *Train your managers and workforce on performance diagnostics*. Before you can begin to extract meaning from your measures, you have to structure the conversation on how to question the data. Indeed, we can't expect our managers to use their measures as tools for learning if we have not given them the

tools to ask questions of the data.

2) *Create rituals for performance diagnostics and structure the conversation for consistency in content and scale across the enterprise*. Level the conversation for performance manufacturing, extraction and promotion – weekly, monthly, quarterly, annually. This is where pbviews plays such a critical role in your performance journey as it structures the conversation for you, creates a common language and template for reporting and assessment, and standardizes the view across the enterprise.

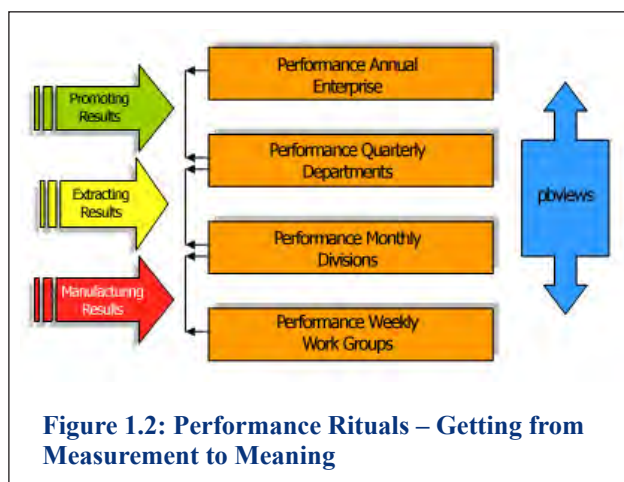
Remember: The value of a performance measure is not so much in the measure itself, as it is in the questions it forces you to ask – this is how we learn and grow as organizations.

## Mistake Number 6: We Fail to Institutionalize the Performance Initiative Throughout the Enterprise

This Mistake is really threaded throughout all the rest, because what we are really talking about here is a fundamental change in organizational culture. If we are truly going to become performance-informed organizations, our performance perspective has to become hard-wired into the very DNA of the organization's culture. By addressing the first five Mistakes, we begin the process of socializing the initiative throughout the entire enterprise. In time, your performance initiative will no longer be considered an “initiative,” it will simply be the way you do business. This is a good thing.

However, even if we skillfully address the first five Mistakes and take action to avoid them, in my experience there are three deal-killers that will shut your performance effort down FAST. I put them in this Mistake because they are usually driven at the enterprise level:

1) *We let the budget office drive the effort!* If you spend much time at all in the performance world, you learn very quickly that aligning measures to the budget is a big deal. In fact, whole conferences have been dedicated to this discussion; I know, because I've presented at them. This, of course, should not surprise us; after all, it's mandated in the President's Management Agenda.



**Figure 1.2: Performance Rituals – Getting from Measurement to Meaning**

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Allocating resources to performance is indeed important, and something that we should strive to accomplish. However, in my experience, as soon as the organization perceives that the performance initiative is *being driven by the budget office*, it kills the deal. Why? *Because it creates a negative incentive to “meet the target” in order to avoid the specter of financial penalty.* For your performance initiative to become an institutionalized change woven into the very fabric of your management and decision-making culture, it has to be perceived as non-punitive, which takes us to the next point.

2) *We fear failure!* Nobody wants to fail – it’s human nature. But the reality is we fail all the time. Ever made a mistake? Of course you have – I make them daily. In fact, I’m quite good at it! Failure is an essential ingredient in the *learning process*. Where we get in trouble is when we confuse performance failure with losing – which is just flat wrong.

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**“Failure is fundamental to performance improvement, and we have to allow the workforce to fail.”**

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So pick up your highlighter and mark this next statement: *We only lose when we fail to take action on performance failure!* Failure in the pursuit of a performance target is still success if we learn and grow from the event. Failure is fundamental to performance improvement, and we have to allow the workforce to fail. If we don’t, the performance effort will very likely fail.

3) *We don’t under-gird our performance initiative with a coherent, enterprise-wide performance solution.* This, of course, is why I am a performancesoft partner. It is very common for performance efforts to take hold in a piecemeal fashion, one division or department at a time. While this is quite common, it can quickly get us into trouble. Why? Because eventually we end up with a dozen legacy systems to track performance – and none of them are the same. To ‘see’ performance synergies and



interdependencies between structural silos and to really begin to learn at the enterprise level, we have to use a common language, approach and view. The strength in pbviews is that it bookends your performance initiative at the enterprise level and takes you from performance reporting to performance learning. And that’s what it’s all about.

## Conclusion

A couple of years ago I happened to be walking by a TV during an episode of *King of the Hill*. Four of the main characters were standing in front of a stalled vehicle; the hood was up and it was clear that the car was experiencing mechanical problems. The four characters just stood there, sipping beers, staring into the engine compartment – apparently waiting for the vehicle to miraculously fix itself. After a couple of minutes of sipping and staring, one of the characters slowly raised a finger and pointed into the engine compartment and declared, “What this engine needs ... is leadership!” They all nodded sagely and went back to sipping their beers. Nobody took any action to repair the car – it was still sitting there hood up at the end of the program, surrounded by empty beer cans.

I’ve gotten a lot of mileage out of that short clip over the years during workshops and speeches. Here’s why: leadership always involves action. Action almost always involves a certain amount of conflict and risk – feather ruffling and scary new experiences. Leadership and action always take courage. Because of this, many of us tend to avoid taking a leadership role. It’s just too darned uncomfortable.

In fact, if I had to define leadership with one word, it would be “discomfort.” Think about it: to stand forward and take action on an important and potentially controversial issue is to put yourself in an uncomfortable place. Or, in the context of this short article, to make a declaration that your organization may be off course in its performance journey is a frightening prospect indeed, especially if certain people or groups of people are heavily invested in the status quo. So here’s my final thought for you...

Challenge them anyway. Take a stand. Stir the pot a bit. And see where it takes you.

You may be surprised by the outcome.

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