

TRANSFORMING TO PERFORMANCE MANAGEMENT CULTURE

The focus of this book is on accountability for results (results-based management), aligning strategies with IT operations using output, outcomes, performance measures and metrics. The strategic directives for each of the IT function areas of the IT service delivery life cycle are linked to an integrated IT performance measurement dashboard, which generates reports and performance analytics for evidence-based decision making and improvement actions. This book also provides real-world insights on the social, behavioral, cultural and organizational aspects of performance management—so crucial to transforming performance measures in your organization. There are many books on performance management processes, which can be applied to the IT industry. As you may have realized, this book emphasizes transformational change, compliance, accountability for results, transparency, integration and sustainability. These areas are critically important in good times to compete in a global economy and essential to survival of business in tough economic times. The focus is towards measuring and monitoring outcomes NOT inputs or activities; % customer satisfaction; % policies and procedures established, % IT projects successfully completed, etc. Yes, I understand, there are cases, where we will need to monitor performances of inputs and activities, such as # of resources utilized and # processes streamlined, etc.

The integration between organizations financials (budget, investments and expenses), customer (external stakeholders), operations (process, technology) and employee (internal stakeholders) performance results is NOT sufficiently addressed neither in theory nor practice. Also, the integration between strategic, operational and performance management is not sufficiently addressed, neither in theory nor practice. The lack of standards and integrated body of knowledge for performance management leaves room for interpretations, flawed assumptions and confusion. The concept of performance management is perceived quite differently in practice and academic research. It is still in the formation stages with no unified body of knowledge outlining its structure, results, processes and boundaries.

This book provides that body of knowledge from the perspectives of integrating strategic, IT operational and performance management results—outputs, outcomes and processes. It uses a logic model to enhance performance through outcomes accountability, relationships among strategic directives, accountability for results, outcomes, process flows and performance measures that are guided by the interrogatives, input—what is invested?; output—what is done?, outcome (impact)—what is the result?, what difference are we making?

The IT industry has struggled to balance innovations with stability and applicability. To exploit innovation we need to better understand the outputs, outcomes, and processes used towards the development of a consistent framework. To drive consistency and effectiveness of performance across an organization, the best efforts must come together in an integrated performance management framework. This innovative IT performance management framework provides that balance with stability, applicability and consistency. I am sure you all will be amazed with the insightful, innovative concepts and applicability.

Here are some practical suggestions that you should consider to start transforming performance management in your organization—applicable to your IT department. These tips are categorized based on the elements of transformational change, as defined in this book—people (organizational culture), process, politics and performance.

Suggestions on Understanding/Improving Organizational Culture-People

Organizational culture is defined as management styles; decision-making strategy and processes; ability to change, mindset, shared values/beliefs, attitudes and behaviors of your organization leaders and employees.

- Promote a performance culture to ensure employees and service providers are more productive, creative, committed and engaged. IT must not only measure success based on results of financial measures, but by increasing efficiency and eliminating inefficiencies of resource utilization through process and process-enabling technology.
- Encourage an organizational culture that promotes and endorses the importance and necessity for accountability for results, integrity and ethics-culture of feedback and follow-up.
- Build an organizational culture that influences IT Governance performance with regards to process and structure by measuring the impact and success of decision-making. Understand the organizational cultural factors adopted by the organization that contributed to the success or failures of IT Governance model.
- Transform from a command and control hierarchical structure to a collaborative structure of decision making; build win-win alliances between employees and customers-service providers, vendors, etc. through shared purpose and goals of performance measurements.
- Build a performance culture, mindset and value system of improvements to operational organizational excellence that will satisfy both good and tough economic times by understanding the trends, predictive analytics and next generation performance management.
- Traditional Performance Management is viewed as the reward for few, punishment for maturity and search for the guilty. Measurement should be used for the purpose of improvement rather than to make judgments or place blame. Technological advancements has enabled innovative cultural solution for the next generation performance management—*Enterprise Data Grids—Culture of Performance Analytics*⁹. The next generation of performance management will assess the performance culture-static, reactive, proactive and predictive of an organization; integrate performance culture with trust and transparency-Leadership and Transparency=Trust; Trust and Transparency is always linked.

Suggestions on Understanding/Improving Organizational Politics

Politics from this perspective is defined as self-interest, conflicting goals, loss of power, and hidden agenda.

- Always remember-People tend to behave in their own self-interest, especially when their self-interest is being generously rewarded by rewards and recognition systems that maintain the status quo, self-promotion and self-protection (loss of power). The major challenges of maintaining talent, trust, knowledge and collaboration, amidst tensions between IT and business leadership, has forced innovative approaches to delivering processes and technologies, including performance measurement dashboards, IT Governance and operational frameworks such as ITIL and PMBOK. Understanding organizational political climate to produce win-win decisions, trust, consensus agreements with shared values/beliefs is a challenge of soft measures, which generally result in stable and sustained decision making processes. Accountability + Transparency = Trust
- The behavioral side of measurement-social aspect of measurement-sounding impressive rather than being effective - many measurement systems are designed to build the ego of top executives- I am sure you know of people who use measurement system to move ahead-appearance of success, highlighting good news and hiding bad news. I know leaders who use measurement systems to promote their self-serving hidden agenda, normally with secrecy style of leadership-hiding and covering-up mistakes.

- I am sure that many of you know of executives, including IT leaders who have hired management consulting firms to produce performance measurement metrics that will justify their self-serving hidden agenda. Some of these management consulting firms, with heavy political connections to executives and IT leaders, market their services as futurist's transformation change agents, emphasizing the use of the greatest hyped performance management solutions on the market.

Suggestions on Understanding/Improving Organizational Process

Organizational process from performance management context is defined as the internal processes and controls used to measure and streamline how services are performed to achieve the results-what (outputs) and why (outcomes).

- Build the framework of performance management process using the concepts of performance measures-input measures-data sources (customer, employee, operations, financials); output/outcomes measure the results (what); outcomes (why)—results what and why; process measures how the services are performed.
- Optimize the effectiveness and efficiencies of internal processes by benchmarking-comparison with similar industries/organizations, client satisfaction surveys feedback from internal and external stakeholders, and comparison with industry best practices.
- To drive consistency and effectiveness of performance across an organization, the best efforts must come together in an integrated performance management framework. This innovative IT performance management framework, defined in this book, provides that balance with stability, applicability and consistency, using suggested processes and industry best practices. Does management ensure that internal controls are effective and efficient?

Suggestions on Understanding/Improving Organizational Performance

Organizational Performance is what you do with the information you've developed from measuring performance. Performance management means using performance measurement information to manage your IT resources-people, process, technology and financials. Performance means to perform and account for results. Accountability means effectiveness /efficiencies of services using quality/quantity of management to change/improve services.

- Performance management is the use of performance measures information to establish performance goals, success factors, allocate and prioritize resources, inform managers to either confirm or change current processes, assess your organization asset capacity, assign and assess accountability, improve work quality, track progress and report success. Reporting—continuous communications for improvement to service delivery.
 - Focus on Soft Performance Measures-Organizational culture, power distribution, political climate, social accountabilities and responsibilities, leadership, trust, transparency and other cultural factors;
 - Establish Hard performance management indicators-financial, productivity, internal processes effectiveness/efficiencies, quality/quantity of production and management
 - Research and understand performance management trends, automation of performance management-transparency reporting and collaboration tools and technologies.
 - Focus on managing, monitoring and measuring IT performance based on Strategic Alignment with IT Operational execution, using *accountability for results-RBM and RBB¹⁰*, with predictive performance analytics-tools and technologies.
 - Do not develop metrics in a vacuum-metrics that do not show how IT is performing against a goal-many useless and meaningless metrics that sounds impressive.

- Build foundation measurement process and structure on how to interpret the metrics; NOT many metrics, many meetings; poorly designed metrics that lack baseline; misleading and useless measures. .
- Align strategic directives measures with operational execution measures, using an integrated measurement dashboard, with metrics to show where IT is trending-pro-active and predictive, not only where IT has been-reactive and static.
- Integration of performance management with the IT service delivery life cycle performance model and industry best practices.
- *Performance Management Body of Knowledge*¹¹ and Performance Measurement Office (PMO) as the framework for managing the delivery of IT services, using integration and applicability of intellectual/cognitive intelligence-logic model; emotional intelligence-culture/people; economic intelligence-IT resource utilizations.

Suggestions on Understanding/Improving IT Leaders

We live in a globalized economy with technological advancements –dynamically changing organizations that still use antiquated organizational change management practices. Resistance to change continues to prevail because many IT leaders promote a culture that maintains the status quo, self-promotion and self-protection (loss of power). We should realize that change is inevitable, and an entire cultural change (mindset, shared values/beliefs, attitudes/behaviors), is needed, not a transformational change initiative, delegated to an internal or external (consulting firm) team, sponsored by an executive to satisfy his/her self-serving hidden agenda.

This dynamically changing IT industry needs a set of next generation leaders who understand why change is important to the business and who is accountability to implementing it, using accountability for results. These next generation leaders must understand the culture of their employees relative to mobile computing, ability to transform to productivity tools such as cloud computing, predictive analytics and ability to transform from measuring activities to measuring outputs (what) outcomes/impact (why).