

Executive Performance Management Essentials: Executive Buy-In

For an executive performance management system (EPMS) to be effective, it must have the backing or support of stakeholder executives. Executives should understand its purpose and how it works. They must see how the system will benefit them personally and find the process to be fair and unencumbered. Importantly, they must have the ability to influence the outcomes of the process. These are key findings of a 2010-2011 benchmarking study conducted by APQC and Golden Key Group.

The study, [Executive Performance Management](#), was sponsored by the U.S. Department of Veterans Affairs. The study team gathered data using two data collection instruments: an online benchmarking survey and a phone-based qualitative benchmarking interview guide. Ninety-two organizations completed the online survey and 14 organizations participated in one-hour interviews.

The study revealed a number of essentials for effective executive performance management. These include:

- ▶ strategic alignment,
- ▶ a results-oriented organizational culture,
- ▶ executive buy-in,
- ▶ unambiguous performance evaluations, and
- ▶ integration with other talent processes.

This article explores how organizations can establish executive buy-in for an EPMS. It suggests that organizations:

- ▶ link performance expectations directly to executives' job levels and roles,
- ▶ enlist the most senior leaders as champions of the EPMS, and
- ▶ reiterate the importance of the EPMS in executive training and development.

LINK PERFORMANCE EXPECTATIONS TO EXECUTIVE JOB LEVEL AND ROLE

Essential for securing stakeholder buy-in to an EPMS is ensuring that performance evaluations directly relate to executives' job levels and roles. This is a major finding from our online survey (Figure 1). To be motivated to pursue the recognition and rewards that come from achieving performance targets, executives must have the ability to influence the outcomes that they will be assessed against. Without a direct link between performance evaluation criteria and executive responsibilities, performance management is reduced from a powerful behavior change tool to a potentially frustrating and demotivating administrative task.

Methods of Facilitating Buy-In for Executive Performance Management

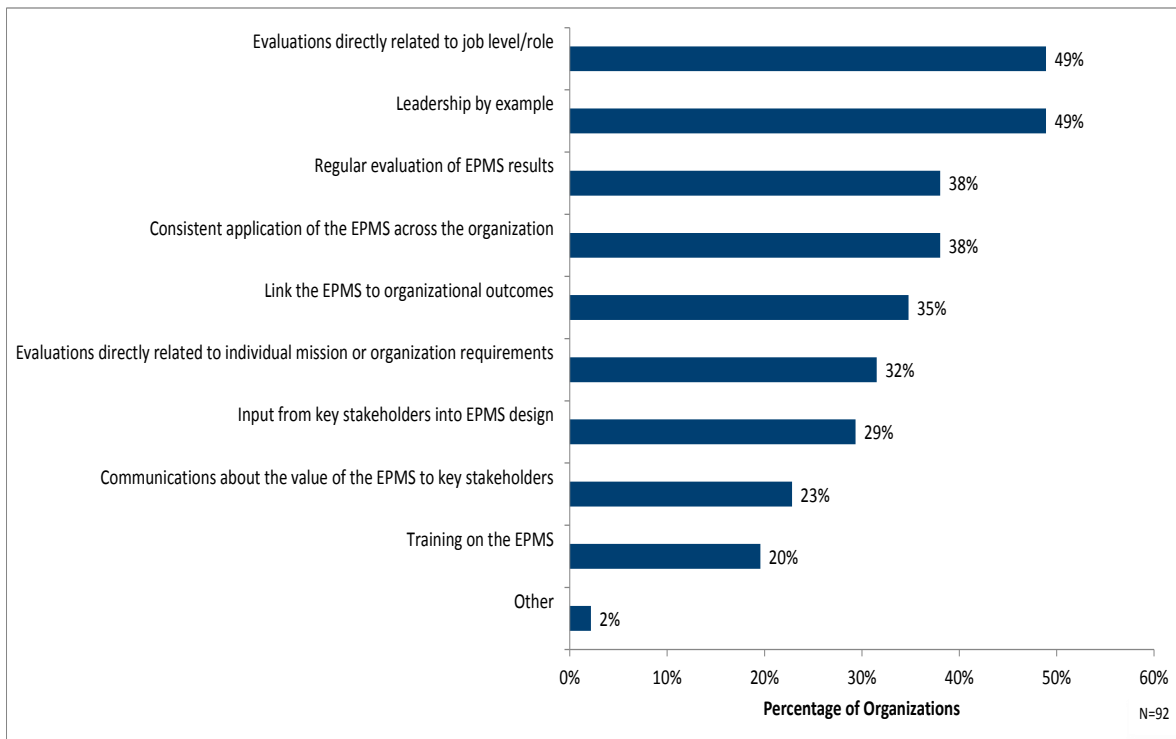


Figure 1

One way that organizations with effective EPMSs establish this link is by requiring that executive performance expectations align to the organization’s mission and strategy and that they be negotiated and agreed upon by both the executive and his or her management team. The involvement of executives’ managers in all steps of the performance management process was mentioned as a critical success factor during many of the phone interviews. As summed by one interview respondent, “The managers and employees work together to make certain that there is a shared understanding of the expectations, as well as the process.”

HAVE SENIOR LEADERSHIP CHAMPION THE EPMS

Another key facilitator of buy-in for an EPMS, according to survey respondents, is leadership by example (Figure 1). The most senior leaders in an organization must champion the EPMS in both their words and their actions. They must communicate that achieving organizational objectives is important. They need to demonstrate how these objectives can be cascaded into individual performance goals and recognize and reward executives who follow the process and hit their performance targets.

Having the most senior leaders champion the EPMS was also cited by phone interview respondents as a critical success factor. According to one respondent, having champions and

opinion leaders deliver structured communications regarding the benefits of high-level performance was essential for securing executive acceptance. Per another respondent: “The agency administrator sets the tone. He meets with all of his top executives—all 40—and stresses the importance of an effective performance management strategy. Also, he reads and signs all reviews.”

Another way that senior leaders at organizations with successful EPMSs lead by example and champion the EPMS is by being transparent regarding their own performance planning and evaluation processes. Several of the phone interview respondents reported that the senior leaders at their organizations share their performance goals with employees. Many organizations also disclose the actual performance ratings given to senior leaders. For example, per one phone interview respondent, “A summary report is posted, which highlights the number and percentage of a particular rating. For instance, last year’s results were: 61 percent ‘outstanding,’ 35 percent ‘highly successful,’ 3.5 percent ‘fully successful,’ and 2 percent ‘minimally successful.’ Individual awards are not made public.”

EMPHASIZE PERFORMANCE MANAGEMENT IN EXECUTIVE TRAINING AND DEVELOPMENT

Organizations with effective EPMSs reiterate the importance of the EPMS in executive training and development. More than 70 percent of online survey respondents report that HR provides some kind of training on their EPMS (Figure 2). They offer guidance on how to participate in the process, teach executives how to write performance plans, and demonstrate how the performance rating system works. Organizations with effective EPMSs ensure that EPMS training is provided as part of the onboarding process, when new executives are hired, as well as when executives are promoted.

In addition, many of the surveyed organizations have mentors provide frequent feedback and advice for new or recently promoted executives. Furthermore, organizations with successful EPMSs provide online tools and templates—supported by a communicated calendar of deadlines, targets, and milestones—for their EPMSs (e.g., online guidebooks for evaluation and rating). Many also offer annual training programs on their EPMSs.

Executive Performance Management-Related Training Provided by HR

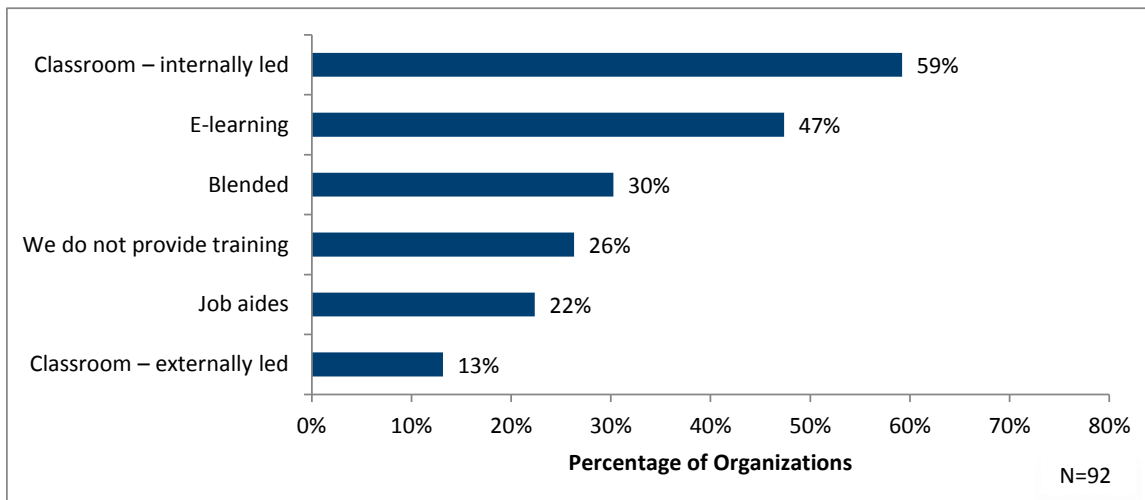


Figure 2

CONCLUSION

This study reveals a common characteristic of effective EPMSs; they are successful in securing executive buy-in for the process. Organizations with EPMSs secure executive buy-in by matching performance expectations with criteria that executives can actually influence, having the most senior leaders in the organization support and model the system, and teaching about the system and its importance during executive training and development programs. With these actions, organizations make sure that executives understand the importance of the EPMS, know how to follow the processes dictated by the EPMS, and believe that they will be rewarded for following the EPMS process and achieving their individual, yet aligned objectives.

For more information, see: [Executive Performance Management: Benchmarking Report](#), APQC Knowledge Base, 2011.

ABOUT APQC

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