Performance Management Course

Headlines

- Management and performance
- Managers and performance
- Employees and performance
- Strategy and performance
- Technology and performance
- Management functions
- Planning and performance

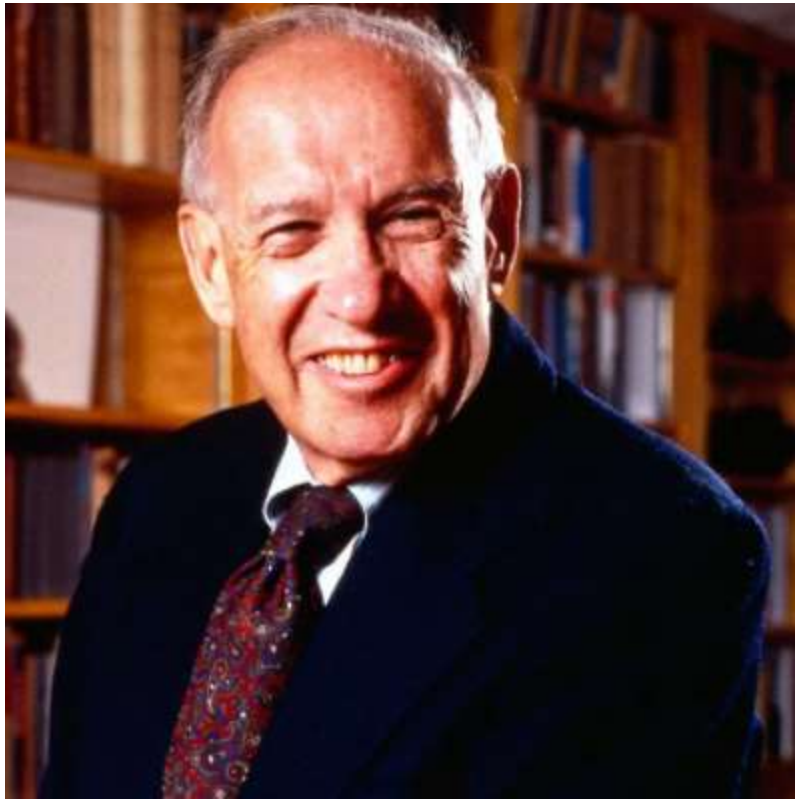
Headlines

- Coaching and performance
- Motivation and performance
- Delegation and performance
- Communication and performance
- Organizing and performance
- Controlling and performance

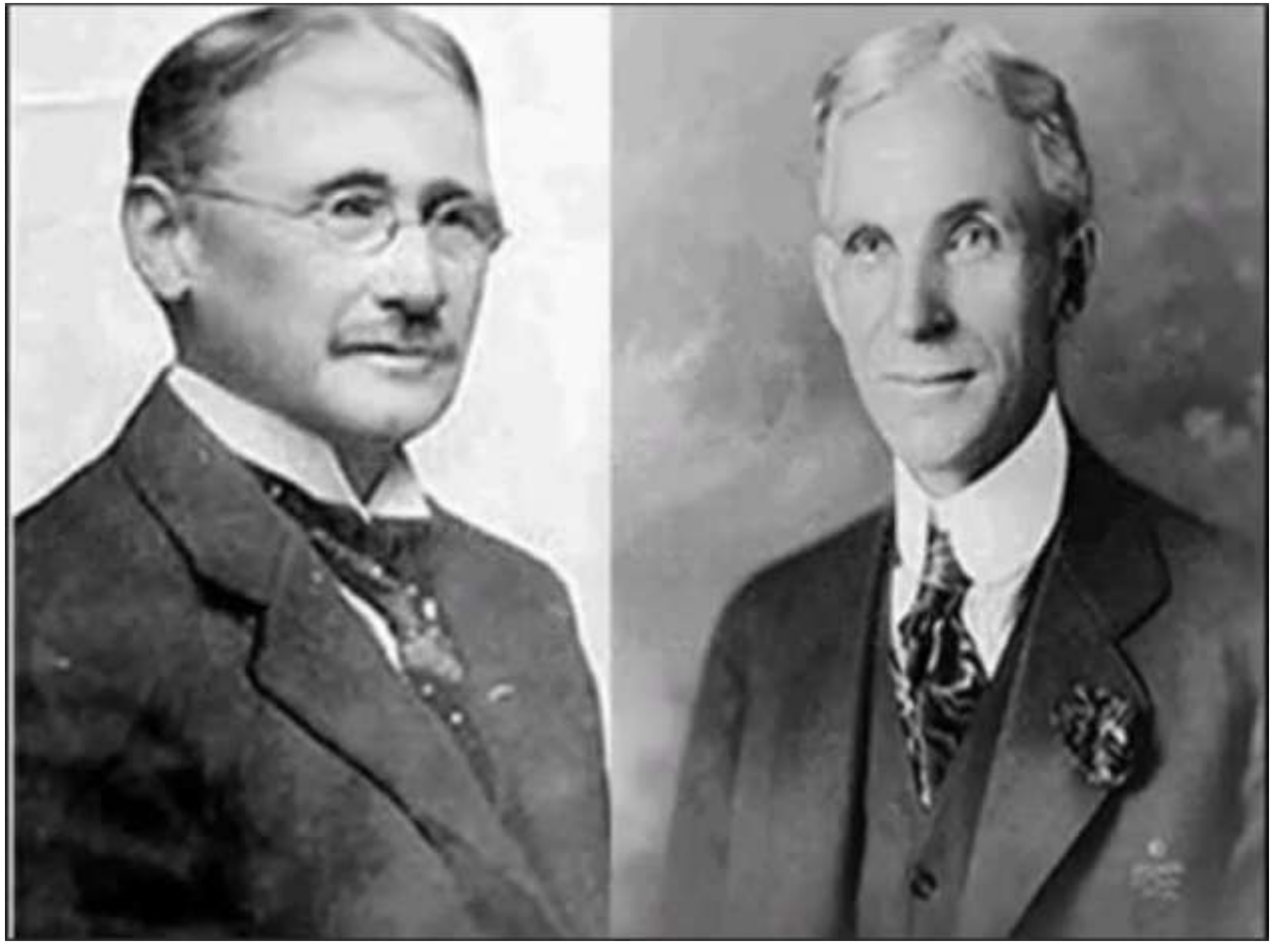
Lec 1:
Strategic HR, Talent and Performance Management

Peter Drucker ......Survival

1. Innovate
2. Grow
3. Profit
4. Satisfy your customers



Management and Performance



Leaders and Performance

"an army of sheep led by a lion defeating an army of lions led by a sheep"

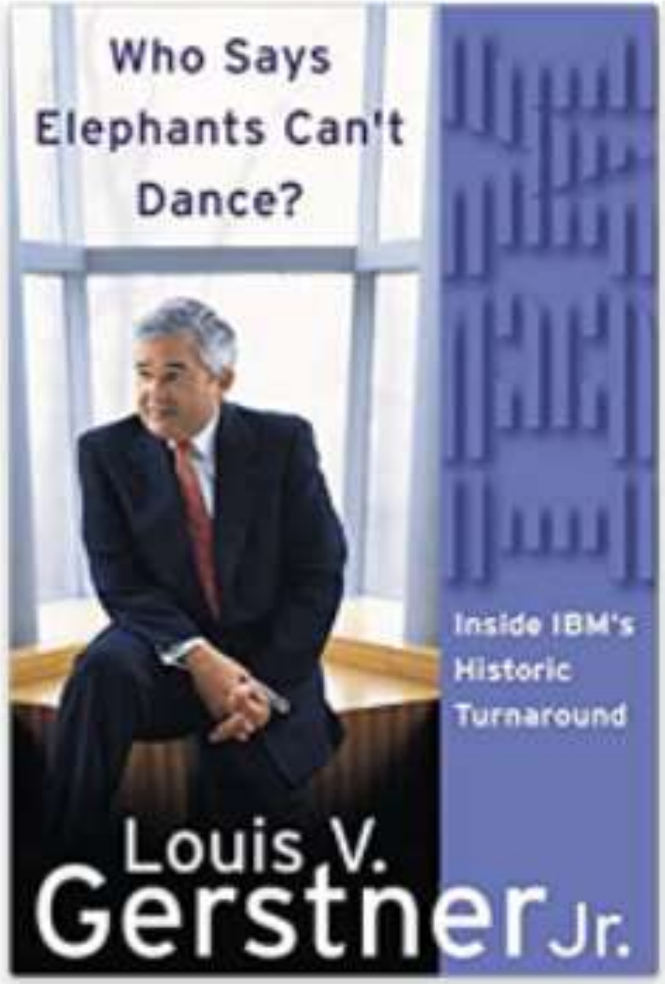
Leaders and Performance


adidas
M.SALAH
11
Management Vs. Leadership

Alan Mulally 2006 / 2014

“Who Says Elephants Can’t Dance?”


IBM


Who Says Elephants Can't Dance?
Inside IBM's Historic Turnaround
Louis V. Gerstner Jr.

Employees and Performance

Employees Care Hawthorn Studies

Employees Fairness Monkeys Strike For Justice

nature International weekly journal of science

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comments on this story

Published online 18 September 2003 | Nature | doi:10.1038/news030915-8

News

Monkeys strike for justice

Capuchin umbrage suggests sense of fairness extends beyond humans.

John Whitfield

Monkeys strike for equal pay. They down tools if they see another monkey get a bigger reward for doing the same job, US researchers have found[1].

The experiments show that notions of justice extend beyond humans, says Sarah Brosnan of Emory University in Atlanta, Georgia. This is probably an innate ability that evolved in our primate ancestor, she believes: "You need a sense of fairness to live in large, complex groups."

Brosnan and her colleague Frans de Waal taught brown capuchin monkeys (*Cebus apella*) to swap plastic tokens

You pay peanuts, you get grumpy monkeys.

Stories by subject

- Brain and behaviour

Stories by keywords

- fairnes
- cooperation
- brown capuchin monkey
- evolution
- psychology
- reward

This article elsewhere

- Blogs linking to this article
- Add to Digg
- Add to Facebook

Related stories

- Students prove trust begets trust
  13 March 2003
- Parroting builds social bonds
  11 July 2002
- Careless whispers cost chicks
  03 May 2002
- Effects of experience and social context on prospective caching strategies by scrub jays
  22 November 2001
- Cheats prosper
  06 April 2000

Naturejobs

Deputy Director of Nanoscopy Center in SLST, ShanghaiTech
ShanghaiTech University

Vice Dean for Faculty Affairs in School of Life Science and Technology (SLST), ShanghaiTech University
ShanghaiTech University

More science jobs

Employees Fairness Monkeys Strike For Justice

Strategy and Performance

What is FedEx Philosophy?

Founder and CEO Frederick Smith

The People-Service-Profit philosophy (P-S-P) is based on the belief that by creating a positive working environment for employees, they will provide better service quality to customers, which would then lead to customers using FedEx products and services


BLOCKBUSTER
BLOCKBUSTER
BLOCKBUSTER
NO MORE
LATE FEES

Reed Hastings , CEO NETFLIX

Daniel Schwartz…
Burger King / Tim Hortons

Management by walking around

Carlos Goshen.Renault/Nissan

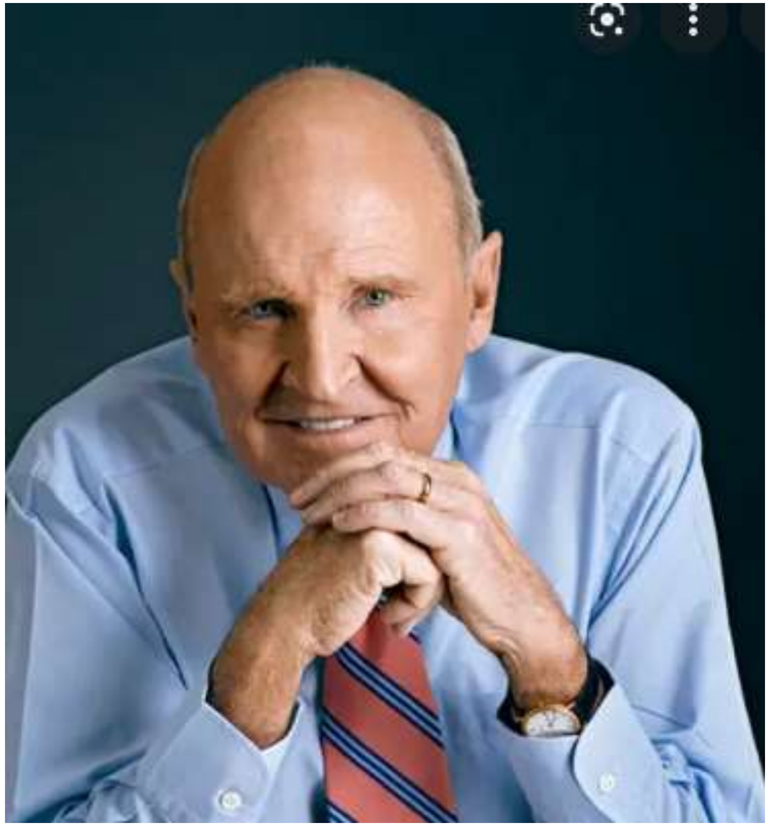
Saving the Business Without Losing the Company

Lee Iacocca.. Chrysler

People .. Products .. Profit (3Ps)

Jack Welch ...GE

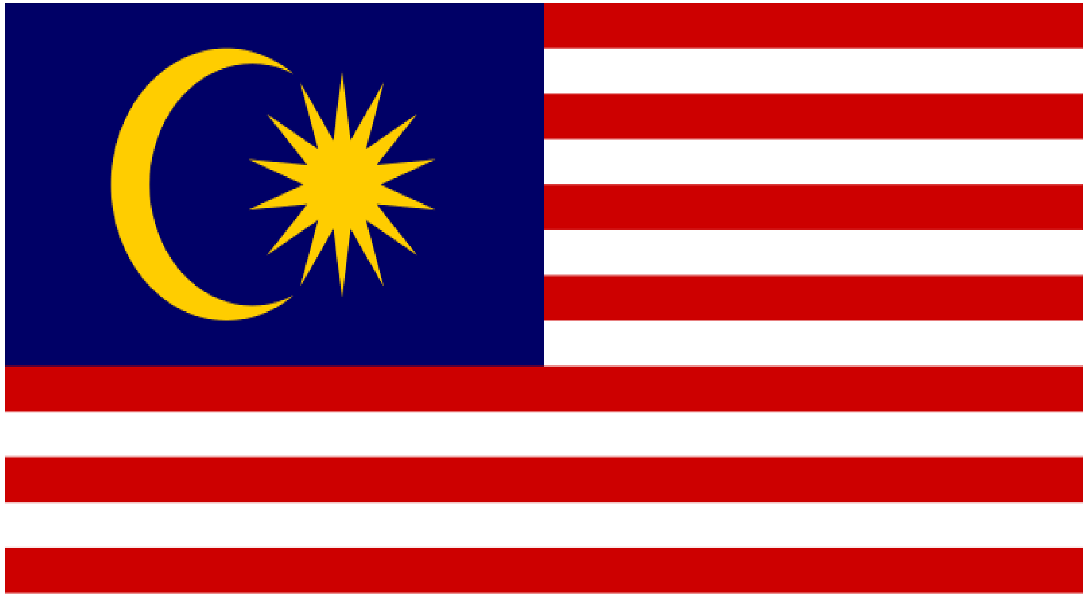
People and quality



Lee Kuan Yew… Singapore

Succession planning

Mahathir Mohamad.....Malaysia



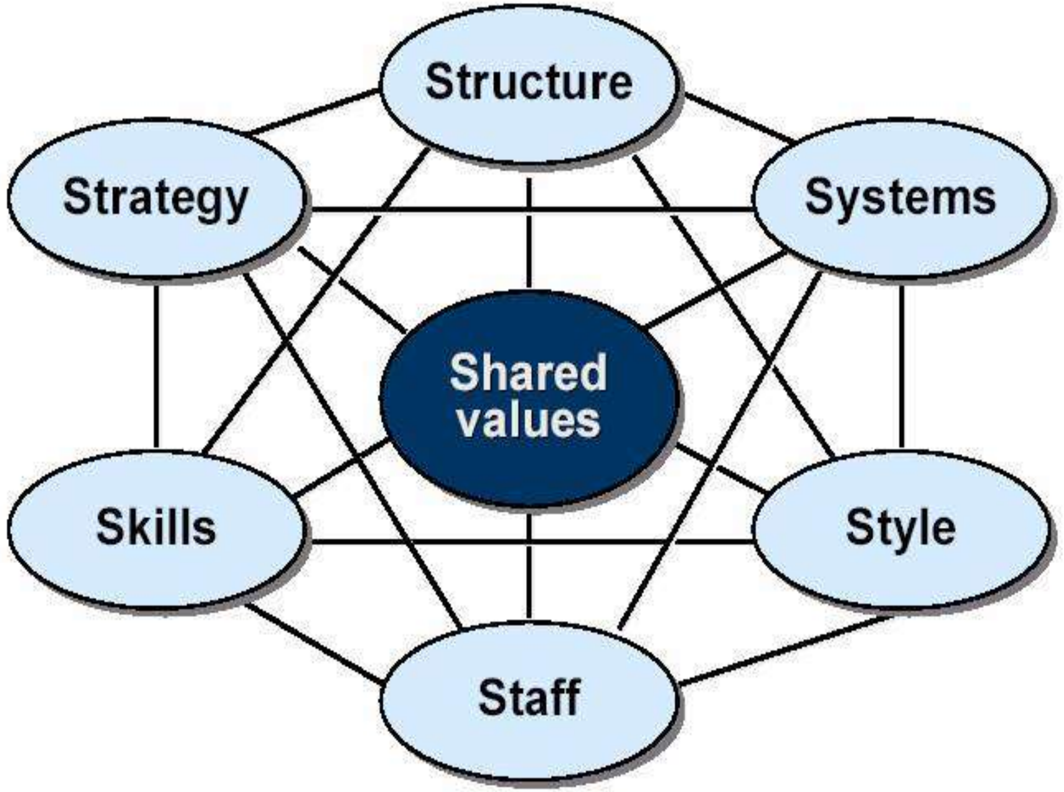
Lec 2 :
Performance Indicators

Types of Performance

- Corporate performance
- Employee performance

Corporate Performance

Company performance (Mackinsey 7S model)



Corporate Performance Indicators

- Financial indicators
- Customer indicators
- Supply chain indicators
- Learning and growth indicators

Financial indicators

Financial documents

- Income statements
- Balance sheet
- Cash flow statement
- ....
- ....

Income Statement
P&L

Sales -COGS
Gross Profit -Expenses
EBIT -Interest
EBT -Taxes
Net Profit -Preferred share
Net Distributable Profit صافى الربح القابل للتوزيع -Dividends
Retained Earning

Income Statement
P&L

Income Statement for Company XYZ, Inc.		
for the year ended December 31, 2008		
Total Revenue	$100,000	100.00%
Cost of Goods Sold	($58,473)	-58.47%
Gross Profit	**$41,527**	41.53%
Operating Expenses:		
Salaries	$11,256	11.26%
Rent	$10,009	10.01%
Utilities	$2,250	2.25%
Depreciation	$5,000	5.00%
Total Operating Expenses	$28,515	28.52%
Operating Profit (EBIT)	**$13,012**	13.01%
Interest Expense	($10,000)	-10.00%
Earnings before Tax (EBT)	$3,012	3.01%
Taxes	$1,084	1.08%
Net Income	**$4,096**	4.10%

Balance Sheet Example

Balance sheet example

TEDDY FAB INC.
BALANCE SHEET
December 31, 2100

ASSETS	
Current assets	
Cash and cash equivalents	$ 100,000
Accounts receivable	20,000
Inventory	15,000
Prepaid expense	4,000
Investments	10,000
Total current assets	149,000
Property and equipment	
Land	24,300
Buildings and improvements	250,000
Equipment	50,000
Less accumulated depreciation	(5,000)
Other assets	
Intangible assets	4,000
Less accumulated amortization	(200)
Total assets	$ 472,100

LIABILITIES AND SHAREHOLDERS' EQUITY	
Current liabilities	
Accounts payable	$ 30,000
Notes payable	10,000
Accrued expenses	5,000
Deferred revenue	2,000
Total current liabilities	47,000
Long-term debt	200,000
Total liabilities	247,000
Shareholders' Equity	
Common stock	10,000
Additional paid-in capital	20,000
Retained earnings	197,100
Treasury stock	(2,000)
Total liabilities and shareholders' equity	$ 472,100

Cash Flow Statement

Cash Flow Statement
For the Year Ended December 31, 2016

Cash Flow from Operations	
Net income	79,000
Adjustments for depreciation	2,000
Adjustments for increase in inventories	(22,000)
Adjustments for decrease in accounts receivable	12,000
Net Cash Flow from Operations	**71,000**
Cash Flow from Investing	
Cash receipts from sale of property and equipment	10,000
Cash paid for purchase of equipment	(12,000)
Net Cash Flow from Investing	**(2,000)**
Cash Flow from Financing	
Cash paid for loan repayment	(5,500)
Net Cash Flow from Financing	**(5,500)**
Net Increase in Cash	**63,500**

Basic Financial Ratios

Liquidity Ratios

Firm's ability to meet its short-term obligations

Ratios

- Current ratio
- Quick (or acid test) ratio
- Cash ratio

Basic Financial Ratios

Leverage Ratios

Extent of debt financing

Ratios

- Debt-to-total assets
- Debt-to-equity
- Long-term debt-to-equity
- Times-interest-earned

Basic Financial Ratios

Activity Ratios

Effective use of firm's resources

Ratios

Inventory turnover
Fixed assets turnover
Total assets turnover
Accounts receivable turnover
Average collection period

Basic Financial Ratios

Profitability Ratios

Effectiveness shown by returns on sales and investment

Ratios

Gross profit margin
Operating profit margin
Net profit margin
Return on total assets (ROA)

Basic Financial Ratios

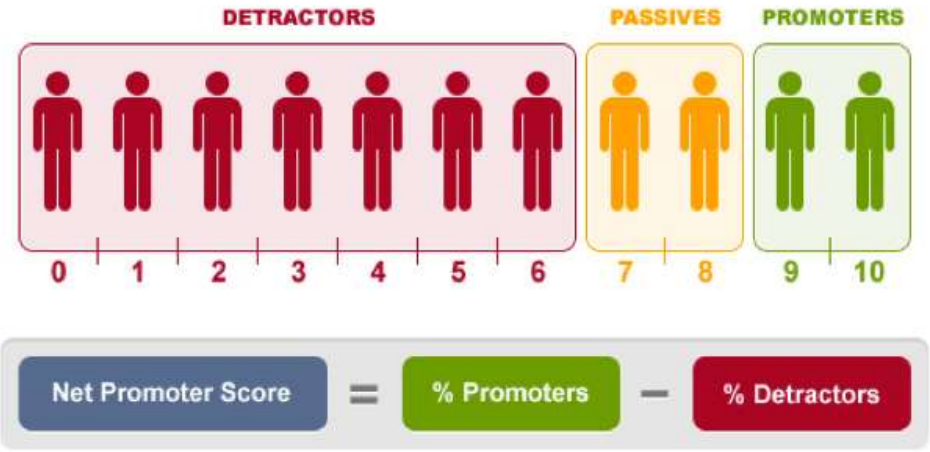
Profitability Ratios
(cont'd)

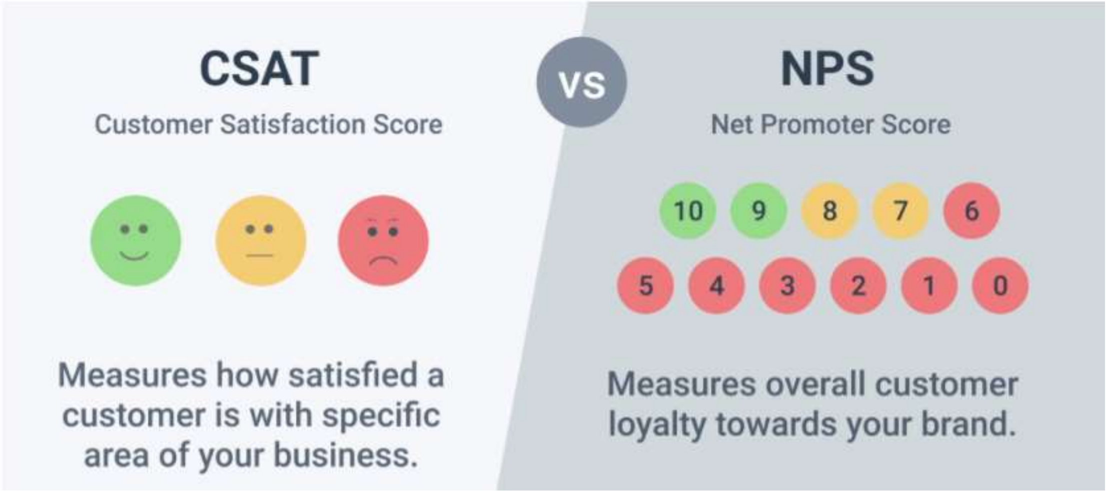
Effectiveness shown by returns on sales & investment

Ratios

Return on stockholders' equity (ROE)
Earnings per share

Customer Indicators





Supply Chain Indicators

Learning and Growth Indicators

Succession planning

- The choice of top executives—especially CEOs—is a critical decision with important implications for the firm’s performance.
- Many companies use leadership screening systems to identify individuals with managerial and strategic leadership potential.
- The most effective of these systems assess people within the firm and gain valuable information about the capabilities of other companies’ managers, particularly their strategic leaders.

Learning and Growth Indicators

Succession planning

- Based on the results of these assessments, training and development programs are provided for current managers in an attempt to pre-select and shape the skills of people who may become tomorrow’s leaders.
- The “ten-step talent” management development program at General Electric, for example, is considered one of the most effective in the world.

Jack Welch Successor

- Given the phenomenal success of GE and its highly effective management development program, an insider, Jeffrey Immelt, was chosen to succeed Jack Welch.
- Firms generally have succession management programs to develop managers so that one will eventually be prepared to ascend to the top.
- Immelt was well prepared to take over the CEO job at GE.

Jack Welch Successor

Robert Iger, formerly Disney's chief strategy officer, is Michael Eisner's replacement as CEO.

Disney CEO Michael Eisner Successor

Even in the case where performance is below par, some boards still select an insider.

This is exemplified by the choice of Robert Iger to replace longtime Disney CEO Michael Eisner. There was some initial criticism of the choice, with a few analysts expressing doubts about Iger's capabilities or ability to be independent from Eisner.

Yet, he began to establish his own course for the firm shortly after his appointment. His independence received a boost when Eisner's chief strategy officer was demoted

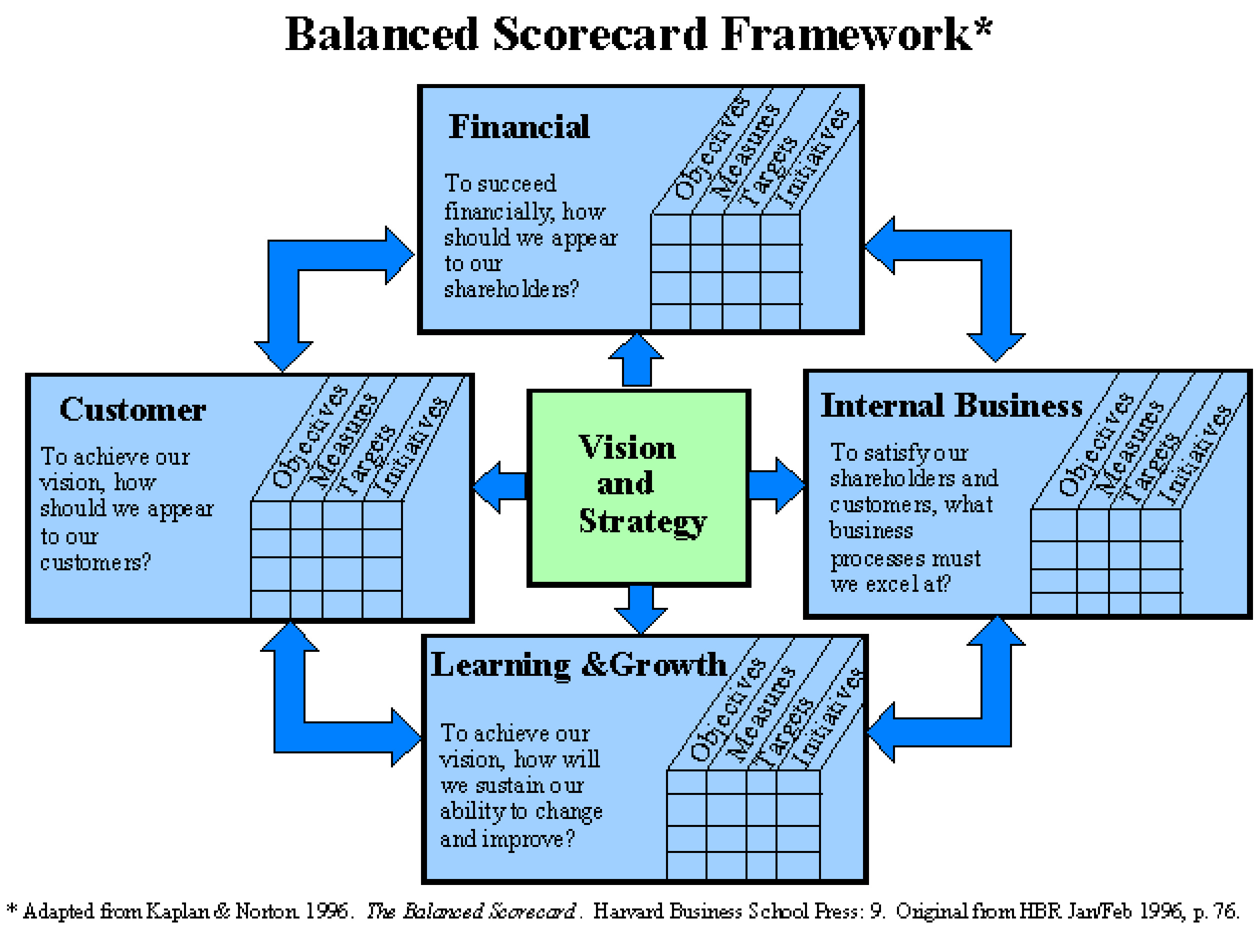
CEO of Sony Howard Stringer Selection

- The recent selection of Sir Howard Stringer as C EO of Sony suggests changes in that firm's future.
- He is not only an outsider but also a foreigner. His selection as Sony's new CEO may be a result of increasing globalization and may be a harbinger of future appointments like this one

Balanced Scorecard

- DuPont’s Engineering Polymers Division uses the balanced scorecard to align employees, business units, and shared services around a common strategy involving productivity improvements and revenue growth

Balanced Scorecard



Balanced Scorecard

Perspectives	Criteria
Financial	• Cash flow • Return on equity • Return on assets
Customer	• Assessment of ability to anticipate customers' needs • Effectiveness of customer service practices • Percentage of repeat business • Quality of communications with customers
Internal Business Processes	• Asset utilization improvements • Improvements in employee morale • Changes in turnover rates
Learning and Growth	• Improvements in innovation ability • Number of new products compared to competitors' • Increases in employees' skills

Balanced Scorecard

Exhibit 12.8 The balanced scorecard: an example

Financial perspective

CSF*	Measures
Survival	Cash flow

Customer perspective

CSF*	Measures
Customer service (standard products)	• Delivery time • Maintenance response time

Internal perspective

CSF*	Measures
IT systems development • Features • Cost	Performance per £ invested (vs. competitors)

Innovation and learning perspective

CSF*	Measures
Service leadership	• Speed to market (new standards) • Speed of imitation (robustness)

* CSF = critical success factor

Components of Balanced Scorecard

- Objectives—high-level organizational goals that state what your organization is trying to accomplish strategically, broken down according to the four perspectives
- Measures —key performance indicators (KPIs) that help you understand if you’re accomplishing your objectives strategically.
- Initiatives—key action programs developed to achieve your objectives, sometimes referred to as projects.

Balanced Scorecard Example: Strategic Map For a Craft Brewery

	Objectives	Goals	Indicators	Initiatives
Financial Perspective	Increase Revenue	Increase net Revenue by 10%	Financial statements	Develop new credit policies for distributors
Customer Perspective	Have a high average customer rating	Increase the value of each purchase by 15% on average	Value of invoices for each individual sale	Improve the product mix and create combo deals
Internal process perspective	Offer a choice of sales channels	Transfer at least 30% of sales to new sales channels	% of sales per channel	Implement telemarketing and an online store
Learning and Growth perspective	Have a Skilled Sales Force	Train 100% of the sales team	Number of certificates acquired by the team	Develop a partnership with a business selling online courses

Balanced Scorecard Example:
Strategic Map For a Jewelry Store

	Objectives	Goals	Indicators	Initiatives
Financial Perspective	To Increase profitability	Increase the profitability of the company by 15%	Financial statements	Negotiate installments partnerships with credit card companies
Customer Perspective	To Have a more attractive store for customers	Increase the average number of daily visits of customers by 20%	Count of customers	Improve window jewelry display and invest in social media

Balanced Scorecard Example:
Strategic Map For a Jewelry Store

	Objectives	Goals	Indicators	Initiatives
Internal process perspective	To be a benchmark in customer service	Increase the number of compliments in customer services by 15% and reduce complaints by 80%	Statistical analysis of customer service reports	Redesign the customer service process
Learning and Growth perspective	To have a sales force of experienced professionals	Replace 30% of the salespeople	Number of new contracts Vs staff terminations	Develop a partnership with a business selling online courses

Activity: Create a Balanced Scorecard Strategy Map

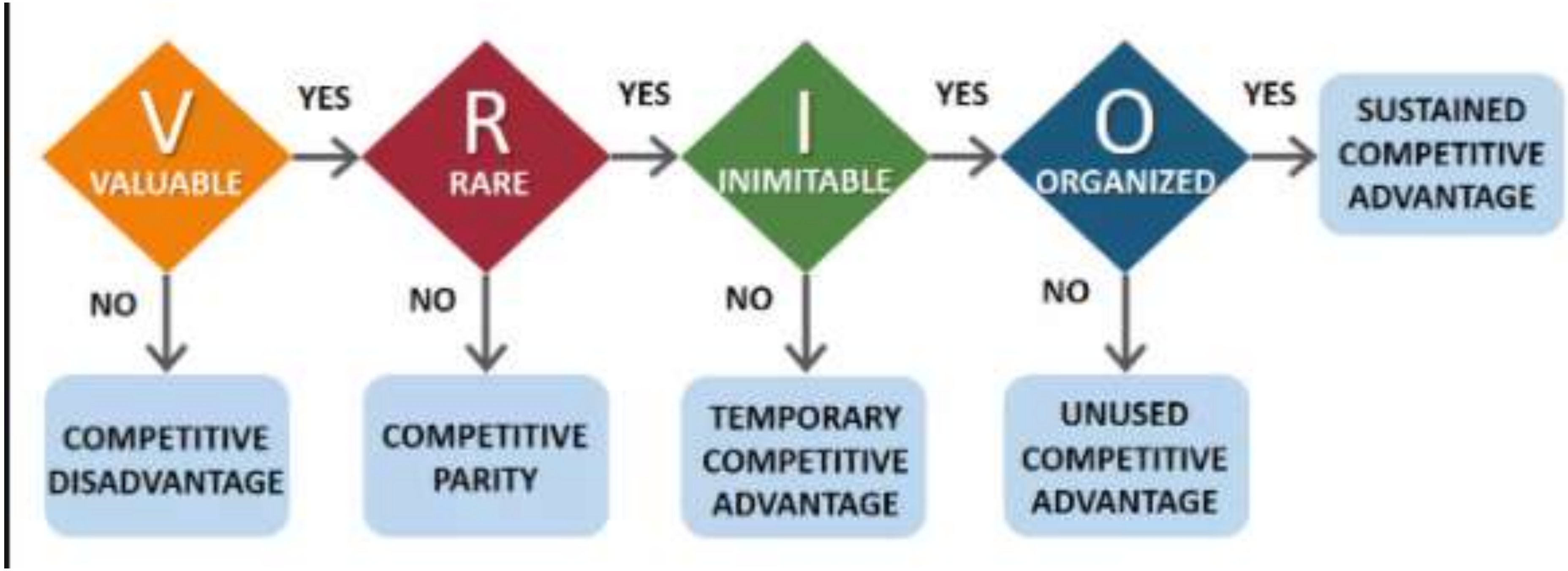
	Objectives	Goals	Indicators	Initiatives
Financial Perspective				
Customer Perspective				
Internal process perspective				
Learning and Growth perspective				

Lec 3 :
Training and Coaching

Employee Performance

- It depends on strengths
- Strengths can be evaluated using VRIO model

VRIO Model


V
VALUABLE
YES
R
RARE
YES
I
INIMITABLE
YES
O
ORGANIZED
YES
SUSTAINED COMPETITIVE ADVANTAGE
NO
COMPETITIVE DISADVANTAGE
NO
COMPETITIVE PARITY
NO
TEMPORARY COMPETITIVE ADVANTAGE
NO
UNUSED COMPETITIVE ADVANTAGE

Management Functions PLOCS and Performance

- Planning
- Leading
- Organizing
- Control
- Staffing

Planning Model

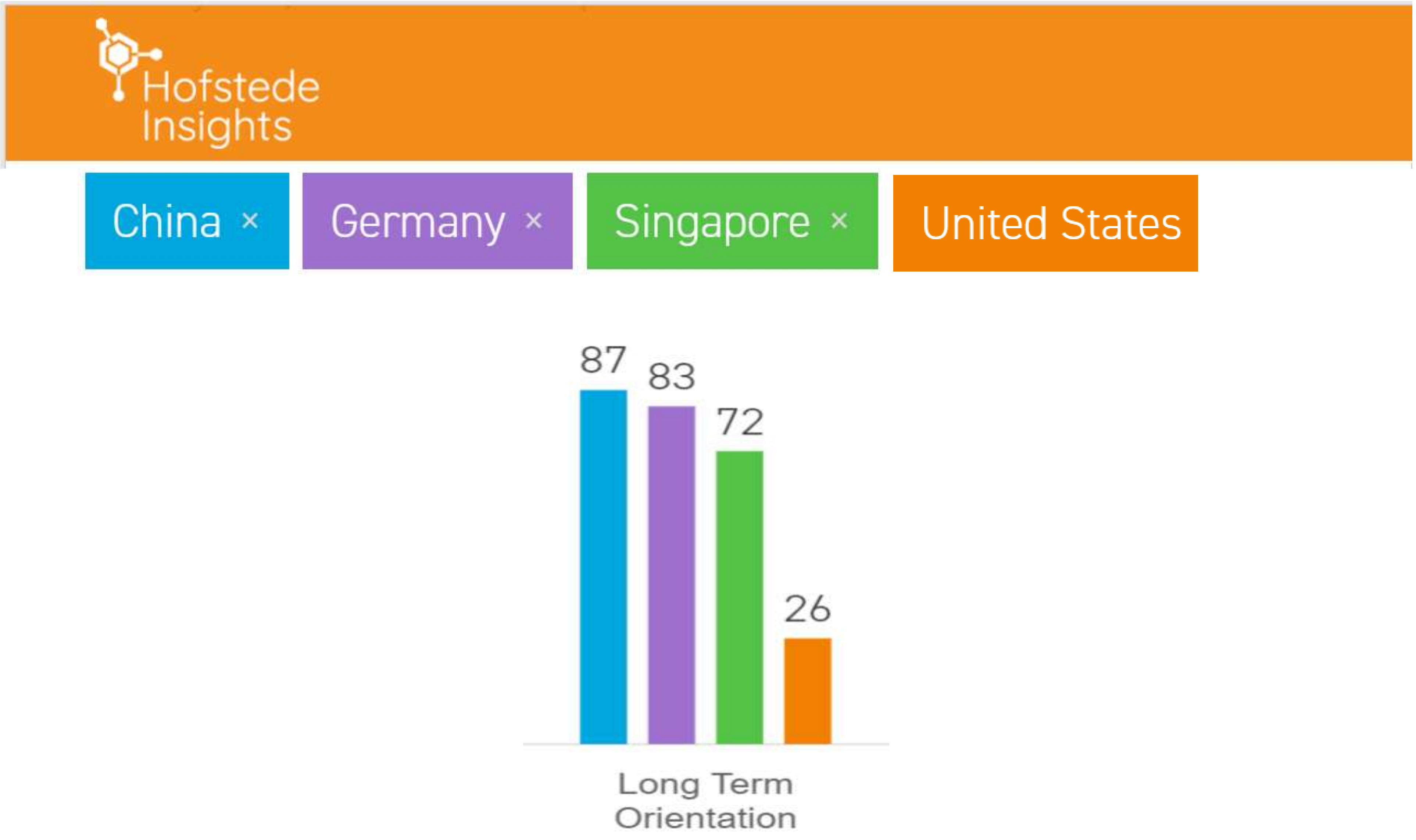
1. Situational analysis either internal or external
2. Objectives SMART
3. Strategies growth competitive BOS entry
4. Tactics / actions / action plan
5. Resources: FR / HR/ Equipment / materials
6. Implementation
7. Evaluation KPIs

How to be a Good Planner

Planning model

SOST+6 Ms

Situation	Men
Objectives	Money
Strategy	Machines
Tactics	Materials
	Minutes
	Measurements


Hofstede Insights
China ×
Germany ×
Singapore ×
United States
87
83
72
26
Long Term Orientation

Planning ....Focus

What Focus Really Means: Learning From Bill Gates, Warren Buffett And Steve Jobs

Rainer Zitelmann Contributor ⓘ
Leadership Strategy
The psychology of success and wealth, the power of capitalism.

Mike flint

Warren Buffett’s

Warren Buffett's 5/25 Strategy

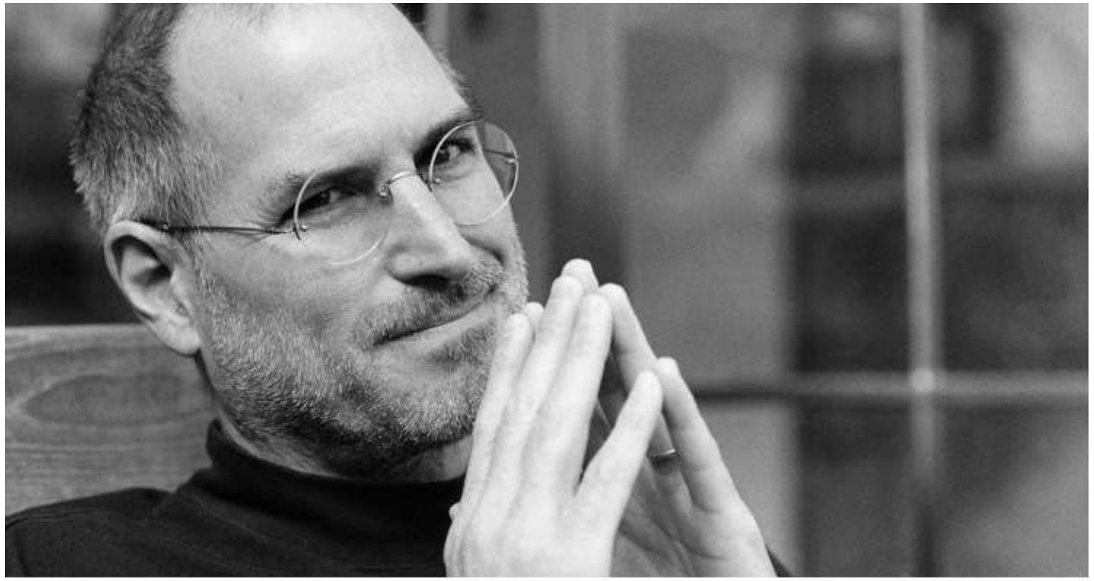
Pareto ratio

80/20

- 20% customers 80% revenue
- 20% ………………. 80% revenue
- 20% …………………… 80% revenue
- 20% ……………… 80% revenue
- 20% ………………………………80% revenue

80/20

- 20% customers 80% revenue
- 20% products 80% revenue
- 20% salespeople 80% revenue
- 20% regions 80% revenue
- 20% marketing expenses 80% revenue



How Steve Jobs’ 80/20 thinking saved Apple from bankruptcy?

Published on December 30, 2017

Did you know what Steve Jobs did after his comeback to Apple?

Goal Setting

Goal Setting

- Goal setting can be used in every single area of your life, including financial, physical, personal development, relationships, or even spiritual.

Setting SMART Goals

- SMART is an acronym that represents important characteristics, which goals have to comply to in order to be effective and achieve their objectives.
- It stands for:
  - Specific
  - Measurable
  - Ambitious
  - Relevant
  - Time bound

Types Of Objectives

- Marketing objectives
- Financial objectives
- Operational objectives

Cascading Goals with Purpose

What is Cascading Goals?

- Cascading goals are an organizational structure that aligns a company's goals across multiple levels.
- All these goals contribute to the overall strategic direction of the organization.
- Typically, the main strategic goals are set at the executive level, and those touchpoints funnel down into different levels of management and individual objectives.

Levels of Goals/Plans

Implement Cascading Goals

- When implementing cascading Goals, make the goals

Transparent	Achievable	Connected across levels

Leading /Coaching

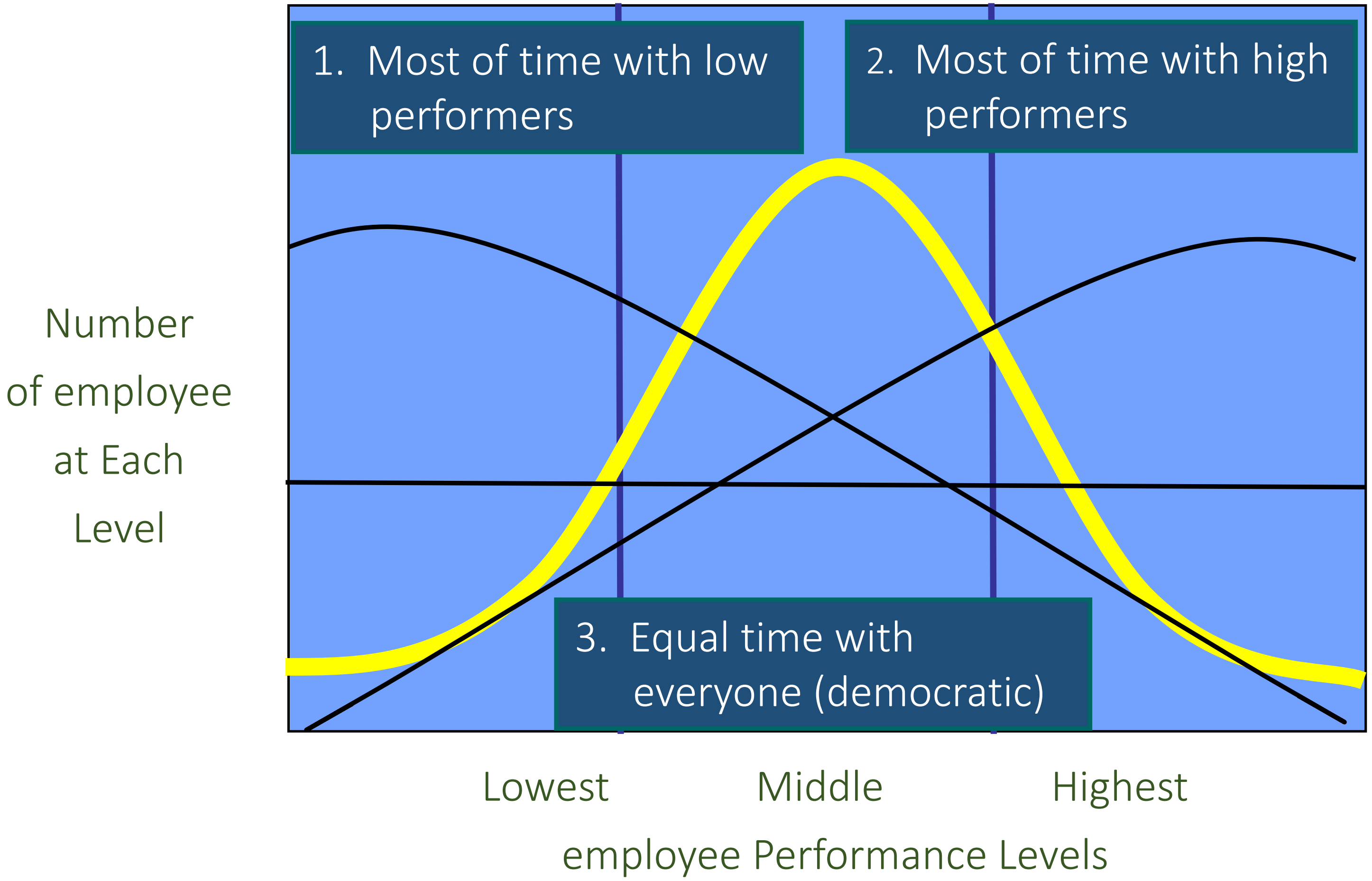
Steps

- Observation
- Analysis
- Feedback (communication)

Qualities of a Good Coach

Qualities of a Good Coach

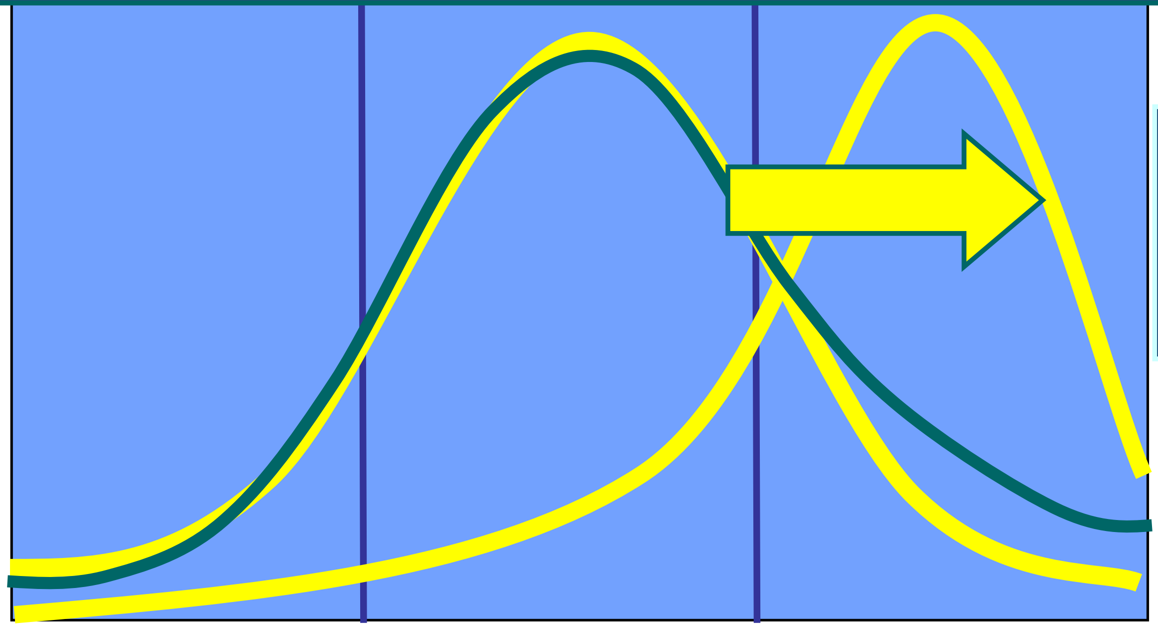
Qualities of a Good Coach



Qualities of a Good Coach

4. You get more value from your coaching time by developing and motivating your middle performers and retaining/leveraging your top performers

Number of employee at Each Level



Try to shift the performance curve!!

Lowest Middle Highest

employee Performance Levels

Qualities of a Good Coach

	Performance Trend	
	Declining	Improving
High Performer	A	B
Middle Performer	C	D
Low Performer	E	F

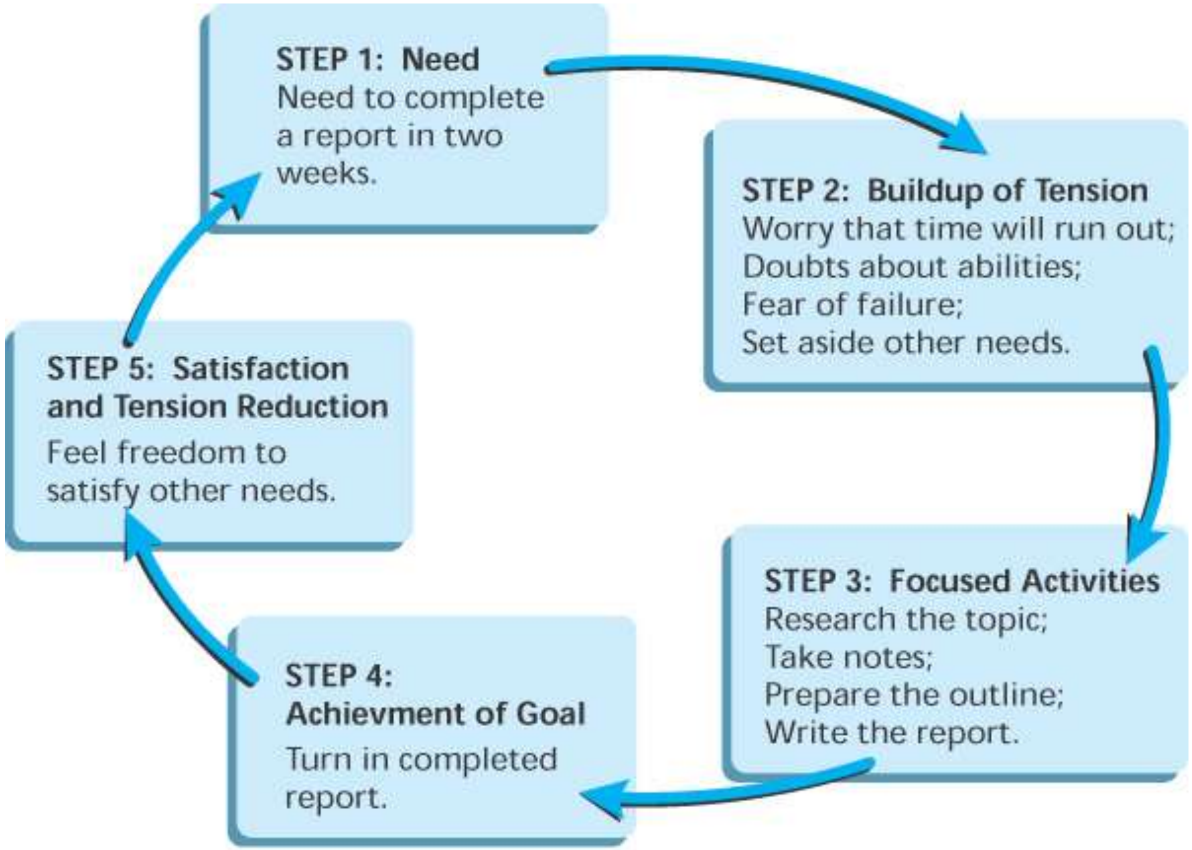
Feedback

1. Preparation
2. Start with positives 4:1
3. Ask the employee ….. Feedback
4. State the negative behavior
5. Example by example
6. Negative consequences
7. Ask employee recommendations
8. Manager recommendations
9. Contract

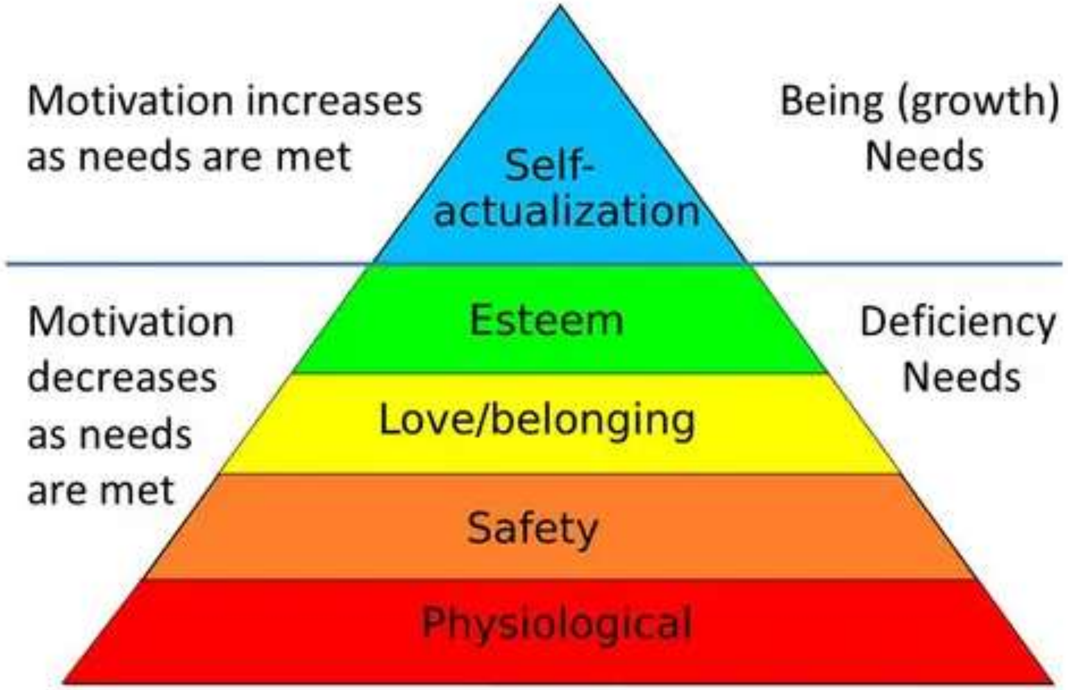
Leading / Motivation

Leading / Motivation

Steps in the Motivational Cycle



Maslow ……. Jordan

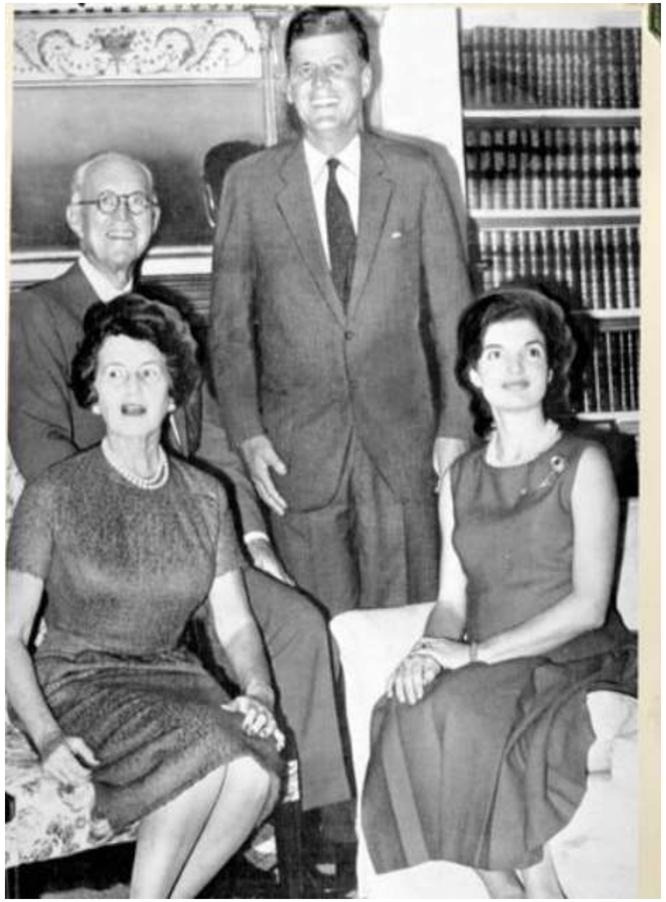


Effective Punishment

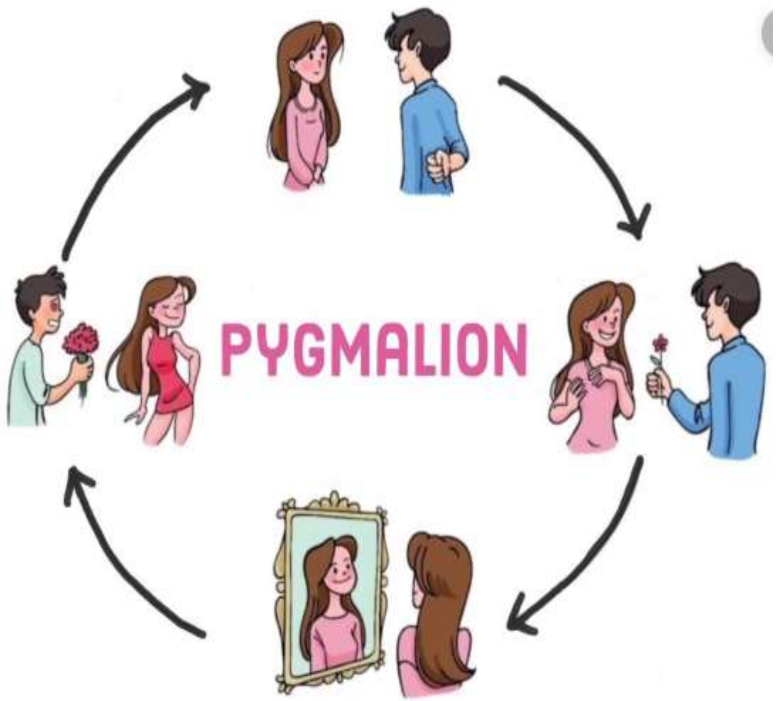
1. Private
2. Fair
3. Informative
4. Focused
5. Immediate
6. Intense
7. Should not be followed by a reward

Effective Punishment

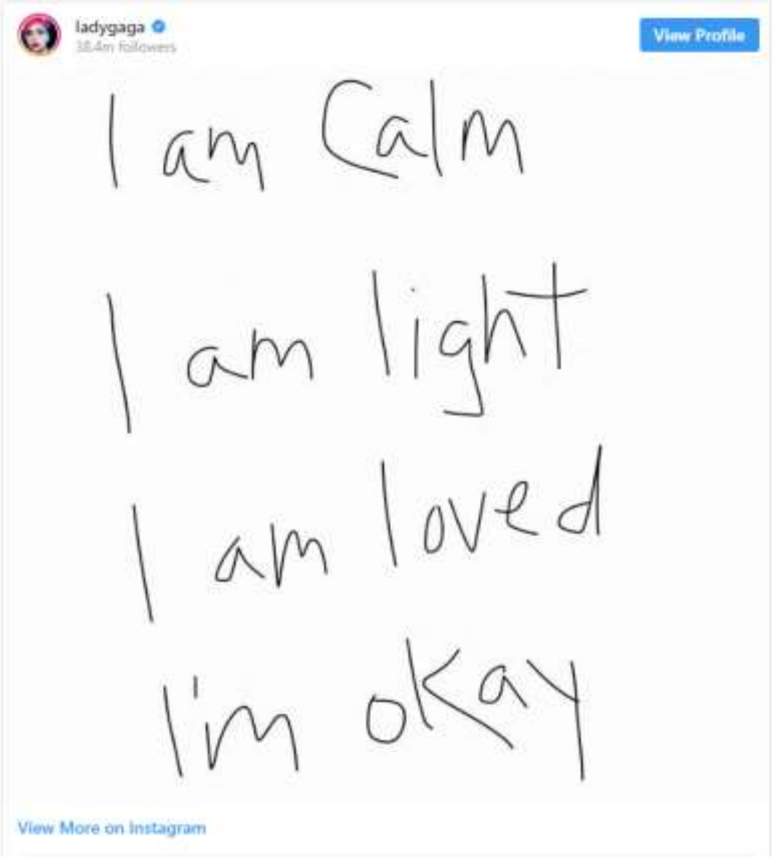
Effective Punishment



Pygmalion



Pygmalion


ladygaga
View Profile
I am Calm
I am light
I am loved
I'm okay
View More on Instagram

Organizing

- Allocating tasks to people
- Main objective is to avoid duplication

Span of Control

How to widen the span of control ?

Control

- Benchmarks / KPIs
- Quantitative versus qualitative KPIs
- Lead versus lag KPIs

Staffing

KSA or ASK

- Knowledge
- Skills
- Attitude

Staffing Mistakes

- Halo effect
- Horn effect
- Stereotyping
- Contrast error
- Survival bias

Thank You