UNIT 1

PERFORMANCE PLANNING

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- Employee performance planning is a key area in performance management, which deals with improving and developing employee performance to achieve overall business goals.
- Performance planning refers to the process of identifying the goals of an individual or organization and planning the best ways to achieve them. It focuses on underpinning the growth of employees and helping their career development.

- During performance planning, the company objectives and the performance goals should be communicated to the employee by his senior. And the necessary training, resources, and support should also be provided.

PERFORMANCE PLANNING PROCESS

- In consultation with the superior, the employee formulates his job objectives keeping in view the organizational/ unit objectives. An objective is a statement of intent and states what the superior expects from the employee to accomplish, how well and by when.
- Objectives are the tools for helping the employee understand the key result expected of him during a period, generally on yearly basis. To be operational, objectives should be result-oriented, specific, measurable and time-bound.
- 2. During the performance planning session, each objective and its contribution to organizational objectives is discussed and it is also determined how the accomplishment of each objective will be measured.
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- 3. In the light of the stated objectives, any development activity that will be required by the employee are worked out. Developmental activities are those that are relevant for improving the employee’s current skills or prepare him for new responsibilities.

- 4. Once performance plan is established, it is the responsibility of the employee to carry out the objectives and other responsibilities specified in the plan. The superior works with the employee throughout the plan period to help the employee succeed by coaching and counseling him on his performance.

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Need for Performance Planning:

- Performance planning is the first step of performance management. Performance planning is the process of determining what and how a job is to be done in such a manner that both the employee and his superior understand what is expected from the employee and how success is defined and measured. Performance planning for an employee flows from organizational or unit objectives and is undertaken jointly by the employee and his superior.

- Performance planning is a simple way of ensuring that the employee gives quality inputs that will ensure the output expected from him. Planning gives a sense of direction and ensures good economics for the company. In addition, it ramps up the contribution of the individual and enhances his self-worth.

Planning Individual Performance:

- **individual performance can be planned, some of which include:**
- 1. Task Analysis.
- 2. Key performance areas (KFA’s).
- 3. Key result areas.
- 4. Task and target identification.
- 5. Activity plans/ action plans.
- 6. Goal setting exercise.
- All these methods emphasize the key tasks the individual is expected to perform as part of his role during the year. Some emphasize on detailed analysis and listing of all activities (Task Analysis). A few emphasis the planning part of the work (Activity plans) and some others emphasize the performance or what the individual is expected to do (KPAs).

- **Tasks**
- Jobs can best be understood as a series of tasks. A **task** is an action designed to contribute a specified end result to the accomplishment of an objective. It has an identifiable beginning and end that is a measurable component of the duties and responsibilities of a specific job.

- A task has a definite beginning and end.
- Tasks are performed in relatively short periods of time. They are usually measured in minutes or hours.
- Tasks are observable. By observing the performance of a jobholder, a definite determination can be made that the task has been accomplished.
- Each task is independent of other actions. Tasks are not dependent on components of a procedure. A task is performed by an individual for its own sake.
- A *task statement* is a statement of a highly specific action.

- **Task Analysis**
- A task analysis defines a job in terms of KSA necessary to perform daily tasks. It is a structured framework that dissects a job and arrives at a reliable method of describing it across time and people by composing a detailed listing of all the tasks.

Key Result Areas

- “Key Result Areas” or KRAs refer to general areas of outcomes or outputs for which the department's role is responsible.
- A typical role targets three to five KRA. Value of KRAs. Identifying KRAs helps individuals:
  - • Clarify their roles
  - • Align their roles to the organisation’s business or strategic plan
  - • Focus on results rather than activities
  - • Communicate their role’s purposes to others
  - • Set goals and objectives
  - • Prioritize their activities, and therefore improve their time/work management •
  - Make value-added decisions Description of KRAs Key result areas (KRAs) capture about 80% of the department's work role.

Business Definitions:-

Key Result Areas refer to general areas of outputs or outcomes for which the department's role is responsible.

Key Performance Areas are the areas within the business unit, for which an individual or group is logically responsible.

Example :-

Role – **Product Manager**
Goal – Ensuring delivery of quality product within schedule.

Key Result Area
1. Customer Satisfaction.
2. Product Management.
3. Operational Cost Control.
4. Quality Check.
5. Record keeping.

Key Performance Areas

1. Maintaining good working condition in plant.
2. Optimum Resource Utilization.
3. Process Improvement.
4. Safety and Prevention planning and control.
5. Working within the company's SLA(Service Level Agreement), GRC(Governance, Risk Management and Compliance) policies.

- **KPAs and Performance Planning:**
- Identify KPAs and setting quantifiable targets wherever possible is the only way of planning one's performance.
- Some organizations stress on increasing objectivity in ratings through KPAs.
- KPAs help in reducing subjectivity but sometimes not in very visible ways.
- Objectivity in appraisals is difficult to achieve and ratings will always have limitations . So for the organizations the only way out is to inculcate a planning orientation and role clarity through KPAs than improving objectivity.
- There is no well-tested technology to identify the key performance areas.

Importance of role clarity in performance planning

- **Role clarity** is the degree to which employees have a clear understanding of their tasks, responsibilities and processes at work.
- This clarity is not limited to their own role; it also includes their colleagues roles. Clarity is an essential precursor of productivity, and a lack thereof can cause stress and confusion.
- To reduce these feelings and improve both personal effectiveness and the organization’s overall performance, role clarity is crucial.
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- Employees who experience role clarity are 53% more efficient and 27% more effective at work than employees who have role ambiguity.
- It also improves trust among colleagues and increases the chance of an employee committing to your organization for a longer period of time.

KEY PERFORMANCE INDICATOR

- A **Key Performance Indicator** is a measurable value that demonstrates how effectively a company is achieving **key** business objectives. Organizations use **KPIs** at multiple levels to evaluate their success at reaching targets.

- **Goal:**
- The objective you are trying to achieve, e.g. improve health
- **KPI:**
- The measure(s) that help you understand whether you are achieving your results, e.g. blood pressure, cholesterol levels, body mass index, etc.
- **Target:**
- The level or benchmark you are aiming to achieve for your KPIs, e.g. blood pressure of 120, cholesterol levels under 200 (mg/dL), or a body mass index between 18.5 and 25.
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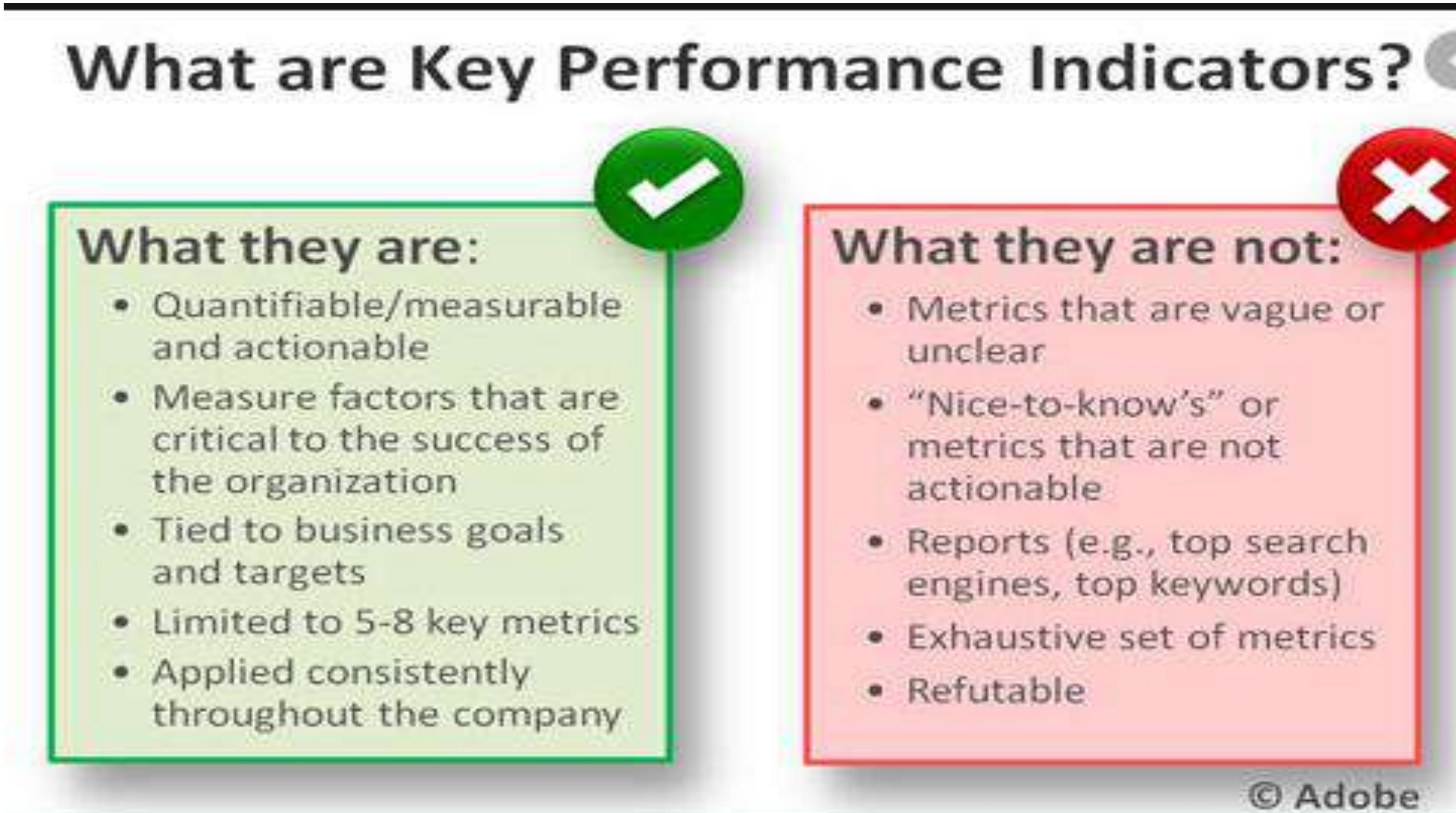
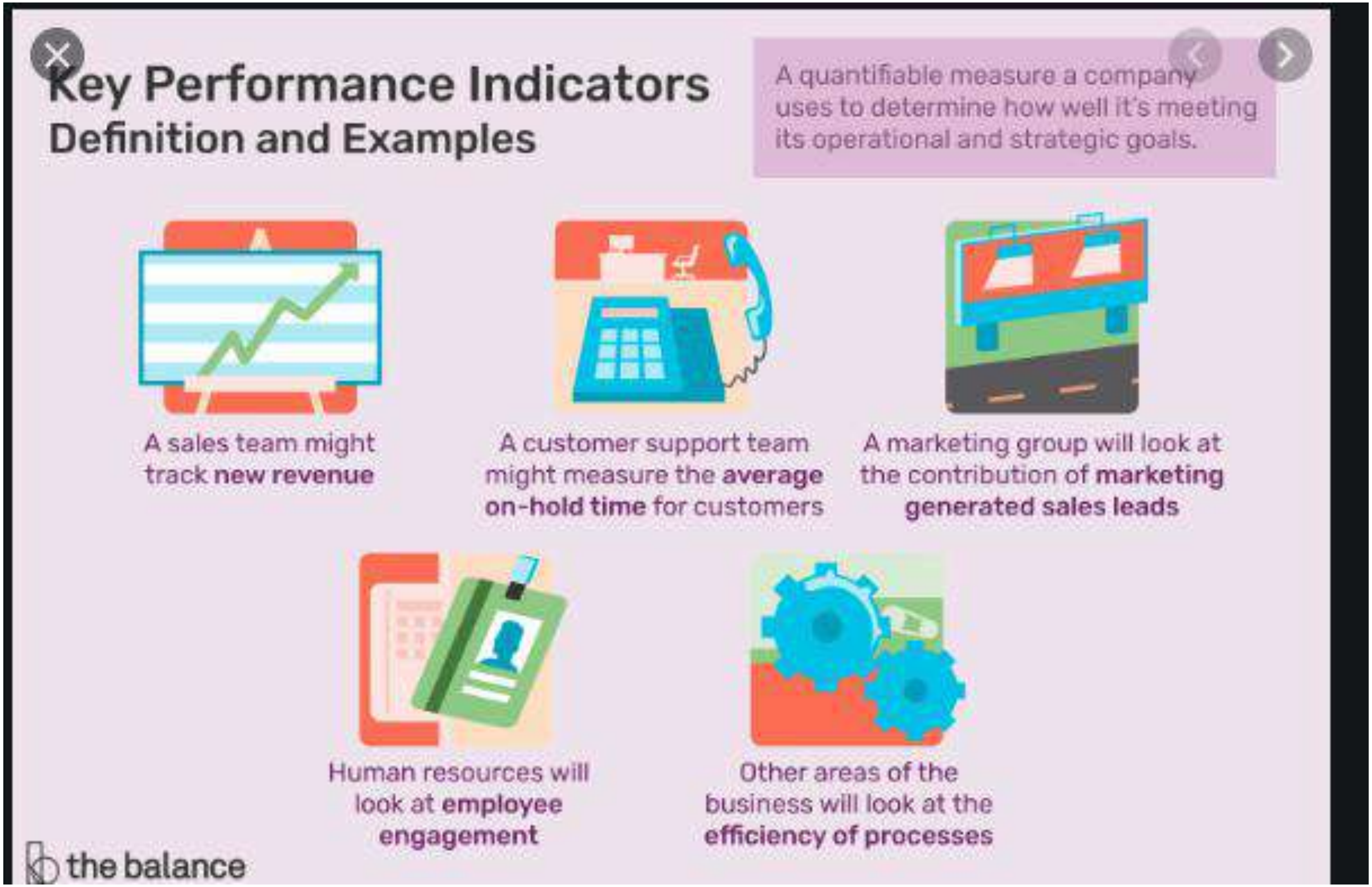
KEY PERFORMANCE INDICATORS



Key performance Indicators



TYPES OF KPI'S

Types of KPIs:

1. Process KPIs - measure the efficiency or productivity of a business process. Examples - Days to deliver an order.

2. Input KPIs - measure assets and resources invested in or used to generate business results. Examples - Dollars spent on research and development, Funding for employee training, Quality of raw materials.

3. Output KPIs - measure the financial and nonfinancial results of business activities. Examples - Revenues, Number of new customers acquired.

4. Leading KPI - measure activities that have a significant effect on future performance. Drive the performance of the outcome measure, being predictor of success or failure.

Types of KPIs (continue…):

5. Lagging KPI - is a type of indicator that reflect the success or failure after an event has been consumed. Such as most financial KPIs, measure the output of past activity.

6. Outcome KPI - Reflects overall results or impact of the business activity in terms of generated benefits, as a quantification of performance. Examples are customer retention, brand awareness.

7. Qualitative KPI - A descriptive characteristic, an opinion, a property or a trait. Examples are employee satisfaction through surveys which gives a qualitative report.

8. Quantitative KPI - A measurable characteristic, resulted by counting, adding, or averaging numbers. Quantitative data is most common in measurement and therefore forms the backbone of most KPIs.

METRICS, KPI, KRI, ANALYTICS