

# Advantage Note 22d

## Performance Management Capability Series

### Adapting Performance Management for Digital Organisations (Part 4 of 4)

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Performance Management is a critical capability in every organisation yet it is often not very well defined or integrated. In the Digitally mature organisation it becomes more sophisticated and more powerful. How do we get it right so that the performance of Individuals, Teams, Processes, Machines, Information and Materials all contribute to the organisations strategic goals and KPI's This series of short papers provides a guide for enhancing an organisations performance management capabilities and the system overall.

**@Note 22a “Critical Success Factors” for Performance Management**

**@Note 22b “Best Practice Goals, Objectives, KPI's & Measurements” for Performance Management**

**@Note 22c “The main pitfalls and how to avoid them?”**

**@Note 22d “Adapting Performance Management for the Digital Organisations”**

***So how does performance management differ in a digitally mature organisation?***

Firstly we must understand what we mean by a digitally mature organisation. The impact of new technologies such as Social, Mobile, Analytics and Cloud has had a fundamental impact on Organisation Development. The way work gets done, the way people interact, the skills required and the many roles change, though not necessarily for everyone, but everyone gets touched by it.

New business models have emerged where stakeholders of an organisation can engage in different ways. I define this as the collaborative organisation just to have some form of simplified view.

Organisations adopt new technologies for a reason, there is always a driver and usually business/organisation goals that underpin the adoption of Digital Agenda's. These drivers can be innovation, productivity, competitiveness, service levels, cost, profit, and profitability as examples.

New organisations and business models have emerged, think of Facebook, LinkedIn, Amazon, or Mobile Apps as examples of core fundamental changes from the industry that is the source of new technologies.

Now consider some users of these technologies that have changed their business to leverage these technologies. Recruitment, Networking, Dating, Advertising, Sales, Retail (Music, Books, electronic goods), Funding and Fund raising as some examples.

Behavioural change at an individual and group level has resulted from the new technologies, hence the statement "how we live and work has changed". The scope to touch and engage with people and entities, including data from devices is now vast.

Thus markets, communities of interest and sources of resources have expanded for everyone who has access to these new technologies. Not only can you reach greater numbers you can rapidly learn about them and personalise your relationship with them.

All this can be done at much lower costs in a digitally mature organisation compared to a more traditional organisation.

However many organisations do not identify the potential that is available, nor do they realize fully the ROI from adopting new technologies because they do not recognise the fundamental Organisation Development changes that are enabled or evolve.

Effective performance management is central to becoming digitally mature, as is evolving the performance management system to reflect the fundamental OD changes that are happening, incentivise the new ways of working and living and maximise the ROI.

The Digitally Mature Organisation is more organic, innovative, productive and effective through collaboration, in effect leveraging new technologies to change the way people interact. We are releasing talent in the organisation.

### ***What changes in the digitally mature organisation as regards performance management?***

Let's make sure "not to throw out the baby with the bathwater", the fundamentals of performance management do not change, however;

- the measurements change, to enable the transformation. New measurements will be put in place to incentivise new behaviours, and also to measure new activities and outcomes that result from Man, Material, Method and Machine changes.
  - For example many roles will require new skills such as digital marketing for promotion. Front line staff may be released from some financial controls to enable agility in investing in on-line products and services associated with their roles.
  - Staff will also need to understand the strengths and constraints relating to the adoption of new technologies for their roles, so as not to get left behind as other stakeholders adopt and leverage new technologies.
  - Knowledge of security and data protection becomes more important.
- New technologies enable the sharing of data and information that facilitates common interest groups to form , produce and disband , so we now may have a less structured (formalised team structure), but a more dynamic, agile and organic aspect to the organisation which we wish to encourage. Yet we still need to ensure it is aligned with the vision, strategy and goals. So we need to change how performance management processes tools and systems adapt to this scenario, some considerations are:
  - Create a performance registration form, if the group/team/forum owner believes that the activity of the group contributes specifically to a stated KPI, Goal or Objective and as such need to be recognised and/or is likely to consume resources above and beyond day to day, they can register so there is the right visibility, support and records.
  - Integrate these scenarios (such as new group/forum) into the performance management governance process, in order that there is visibility to relevant stakeholders, a sponsor can be assigned, and resource allocation decisions can be considered.
  - Carefully look at new activity measurements and their impact on target performance as many of these new technologies release talent and innovation:-
    - New and Improved Products, Processes, Systems, Procedures, Methods, Models.
    - Level of information sharing
    - Level of re-use of artefacts
    - Span of groups and networks
    - Sign-up, joining and profile completion rates
    - Etc.
  - Features such as "Likes" can be integrated into real time recognitions
  - Making the profile element dynamic and live and the central point for public personal data, it's the internal CV, it help find resources and experts quickly and connect.
- (Also review paper "Pitfalls & Critical Success Factors for Social Collaboration in Business"  
<http://bit.ly/1y1x90h> )