



Why Performance Contracting?

Performance Item:

Develop and negotiate a performance contract for a specified period for a specific C-Level Leader in a specific organization.

Metric:

A Performance Contract document signed by both the C-Level Leader and the Leader's superior (CEO or Board Members) exists.

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Why Bother?

"We have a perfectly good performance appraisal system, so why bother to change?"

Chokes performance rather than liberates it

- Is about relative power and position in the hierarchy more than it is about personal performance
- Satisfies the needs of "record keepers" rather than meeting the needs of bosses and reports to talk about what needs to be done
- Creates anxietyrather thanenergizes performance





Why Performance Contracting Works?

What you "should do" as the "Boss"	Performance Contracting	Performance Appraisal
Clarify what the individual is expected to do	You talk about this before the fact, using a structured process.	The organization has a general planning process. Based on this, the superior and the individual may talk in general terms about general goals and objectives. The superior hopes that the subordinate can translate appropriate parts of such general goals into effective personal actions.
Provide feedback that lets the person know how she or he is doing	The metrics that provide feedback have been clarified ahead of time. You both have access to them.	Any feedback dialogue that does happen occurs almost by chance. The individual must overcome personal anxiety to raise issues with the superior when things are not going well. The superior must be able to "raise" issues in a way that leads to open problem solving, not defensiveness.
Coach the individual to do better when things go "off track"	When things go "off track", you become a joint problem solving team to get them back on-track.	1) The "after the fact dialogue", 2) the fear of the consequences of personal performance failure, and 3) the need to justify away past performance problems all interact to undermine joint problem solving.



At the C-Level Performance Contracting is Crucial.

Performance Contracting





Performance Appraisal

Before the fact → Looking Ahead

Small investment compared to the assets (physical, IP, talent & \$) leveraged by a C-Level Executive's personal performance.

Dialogue based:

Aligns CEO / C-Level Exec's / Board member perceptions of what will be done.

Facilitated by an independent performance expert who structures the dialogue and does the writing C-Level Executives / Board Members don't have the time to do.

After the fact Looking Back

When required, an organization incurs expensive additional costs to deal "after the fact" with a C-level Executive's personal failure to appropriately leverage these organizational assets.

Perception Based:

Can consists of defensive dialogue contrasting "I think / I saw / I believe"

"You think / You saw / You believe".

Leads to Self Correcting Performance:

"Getting regular feedback on how I am doing or not doing allows me to fix what is going wrong."

"Knowing that others are seeing these metrics too motivates me to get on with fixing things."

Leads to Self Justification & Defence:

"It was beyond my control."

"You did not make clear what you expected from me."

"My priorities were different."



C-Level Performance Contracting Liberates Leaders to Perform.



C-Level Leaders with clear, future looking performance contracts put all of their personal energy into shaping the future and getting things done.

They know exactly what they have to do.

They know precisely how they will be measured on their performance.

They can focus all of their personal creativity and ability on how to get things done.



Contact me at ...

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