



Performance Target:

Develop and negotiate a performance contract for a specified period for a specific Executive in a specific organization.

Metric:

A Performance Contract document signed by both the Executive and the Executive's superior exists.

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don't appraise the past”**

C-Level Performance Contracting: How To?

Roelf Woldring
WeCrut3.com

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Elora, Ontario, Canada N0B 1S0

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“We have a perfectly good performance appraisal system so why bother to change?”

Performance Contracting	Performance Appraisal
Before the fact → Looking Ahead	After the fact ← Looking Back
<p>Dialogue based:</p> <ul style="list-style-type: none"> - aligns CEO / Board perception of what has to be done - aligns CEO / Direct report efforts to get it done 	<p>Perception Based:</p> <p>Contrasts “I think / saw / believe” with “You think / saw / believe”</p>
<p>Leads to Self Correcting Performance:</p> <p>“seeing where I am going or not going allows me to fix what is going wrong”</p>	<p>Leads to Self Justification & Defence:</p> <p>“It was beyond my control. I was not clear that you expected this. I thought the priorities were different.”</p>
	

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Who is involved?

Phase	WeCrut3.com	Client
Engagement	Performance Contracting Facilitator	Business Sponsor (CEO or Board Member)
Collecting Superior's Expectations	Performance Contracting Facilitator	Business Sponsor Admin Assistants for Scheduling
Collecting Executive's Intentions	Performance Contracting Facilitator Word Processor	C-Level Executive for who PC is being prepared Admin Assistants for Scheduling
Clarifying the Draft through Dialogue	Performance Contracting Facilitator	C-Level Executive and "Superior" Admin Assistants for Scheduling
Finalizing	Performance Contracting Facilitator Word Processor	C-Level Executive and "Superior" Admin Assistants for Scheduling
Signing	Performance Contracting Facilitator	C-Level Executive and "Superior" Admin Assistants for Scheduling

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Understanding the Situation

(generally 1 day)

- Meet with the Assignment Sponsor
 - Review Business Terms / Sign Confidentiality Agreement
 - Agree on introduction to the “Executive”
- Review “background” documents
 - Annual Reports / Financial Statements / Press Releases / High Level Budget / Strategic Plans / Relevant Business Overviews
- Outline “most likely performance” areas
 - 1st insights into organization
 - Based on familiarization with background documents



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Collecting “Superior” Expectations

(generally ½ day)



- One on One Meeting
 - Start with Task and Measures Development Grid
 - 1 hour to 90 minutes
 - In “your” office

- Explore each “relevant” cell of grid

- What performance do you expect
- Cast yourself into the future
 - Imagine that this “performance item” has been achieved
 - What will you be
 - Hearing
 - Seeing
 - Doing

C-Level Performance Contracting

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Tasks and Measures Development Grid

Not every C-Level Executive will have performance requirements in all of these cells.

By noting which cells need deeper exploration and performance requirement clarification, we create an effective guide to the efficient development of a specific Executive Performance Contract.

EXECUTIVE ROLES	Stakeholders and Audiences								
	Board, including Chair	Direct Reports	“Whole Organization”	Customers	Suppliers	Bankers & Investors	Regulators
FIGUREHEAD: <small>Handles ceremonial and symbolic duties on behalf of the organization.</small>									
SPOKESPERSON: <small>Communicates to the outside world on organizational activities and actions.</small>									
CRISIS MANAGER: <small>Transmits facts and value based information to critical stakeholders.</small>									
LEADER: <small>Provides an effective work environment. Sets, motivates and develops direct reports.</small>									
OPERATIONAL MANAGER: <small>Manages activities to meet short term / long run needs of organization.</small>									
RESOURCE ALLOCATOR: <small>Controls and authorizes the use of organizational resources (financial and organizational property assets, etc.)</small>									
DISTURBANCE HANDLER: <small>Identifies, addresses and resolves unexpected events and organizational imbalances.</small>									
MONITOR: <small>Collects and organizes internal and external information relevant to the organization.</small>									
LIASION: <small>Develops and maintains networks of external contacts to gather information.</small>									
PLANNER: <small>Initiates and shapes the development of business plans that achieve organizational goals in short term (1 to 2 years) and long run (>2 years).</small>									
ENTREPRENEUR: <small>Identifies product and process change that increases effectiveness / efficiency of the organization.</small>									
NEGOTIATOR: <small>Identifies, leads and participates in negotiation activities with other organizations and individuals.</small>									

Executive: _____ Title: _____ Date: _____

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Task and Measurement Development Grid

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- Outline “Superior’s Expectations”



Collecting Executive Intentions

(generally 2 x ½ day)

- 2 One on One meetings
 - Executive's Office
- First to explain / start
 - Start to collect executive perceptions
 - Use Task and Measures Development Grid to shape exchange
 - Begin Executive's Version of Draft Performance Contract
- Second to explore performance intentions in depth
 - What do you expect to be doing
 - Cast yourself into the future
 - Imagine that this "performance item" has been achieved
 - What will you be
 - Hearing
 - Seeing
 - Doing



- Outline "Executive's Intentions"
- Start to compare the Two:
 - Superior's Expectations to Executive's Intentions
 - Agree
 - Disagree
 - On One but not Both

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Aligning and Drafting the Performance Contract (generally 1 day)

- Translate into a specific performance contract for this Executive
 - 5 to 7 Performance Areas
 - Specific performance targets in each area
 - Verb + Outcome
 - Each has a **Metric / Measure**
 - Objective
 - » Output / Input (2 factor measures)
 - » Trend Over Time (rather than point measures)
 - » Source (i.e. business applications ...)
 - Subjective
 - » Gathered how / from who / by whom
- Document Alignment between Two
 - On Superior's Expectations
 - On Executive's Intentions



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Clarifying the Draft through Dialogue

(generally less than 1/2 day)



- Three way meeting
 - Executive's office
 - Executive and Superior have received copy of draft Performance Contract before hand
 - Review item by item
- Clarify any required performance items or measures / metrics
- Resolve / mediate any areas of disagreement / non-alignment
 - Honest broker role



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Finalizing the Performance Contracts

(generally 1 day)

- Prepare the final Performance Contract
 - 5 to 7 Performance Areas
 - Specific Performance Items
 - Metric for each
 - » Time Period
 - » Trends if relevant
 - » Source of Metric
- Formatted for Signature
 - Send to Superior / Executive for any final comments
 - Finalize



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Signing: The Importance of Ritual



- Moving from talk and words on paper to Personal Commitment
 - Signing ritual symbolizes personal commitment
 - “Signals” contract in force from now on
- Best
 - Three Way Meeting in Executive’s Office
- Allows both sides to look towards future with
 - Shared expectations
 - Mutual understanding
 - Aligned perceptions

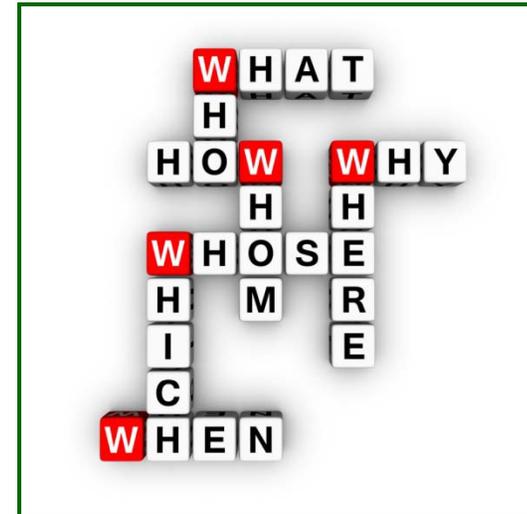


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Follow Up

- Optional
- Process
 - Performance Facilitator gets copies of metrics
 - Arranges Three Way Meeting
 - Facilitates dialogue between Superior and Executive by “asking right questions”
 - Focus on
 - Trend and Issue Identification
 - Mutual Problem Solving
 - Key is resolution of differences in perception
- Can result in updates to Performance Contract
- When
 - Any time
 - 3, 6, 9, and 12 months



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Why

- Focus on the future, not the past
- Free up Executive's energy for performance
- Eliminate “evaluate my past” anxiety
- Allow self-evaluation “in the moment”
- Create “self correcting” performance when difficulties encountered
- Setup “early warning” signals when expected circumstances change for “out of control” reasons



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Contact me at ...

Contact Roelf Woldring

Cell: 416-427-1567

Office: 519-846-0100

roelf.woldring@wecrut3.com

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