

WHITE PAPER

MANAGEMENT OPERATING SYSTEM

BUILDING
A PERFORMANCE
MANAGEMENT SYSTEM
THAT DRIVES RESULTS

WRITTEN BY:
CHRIS GREGORY

ABSTRACT

All businesses have meetings, and most contain metrics that aim to focus attention on company objectives. While multiple meetings exist, the purpose and linkage between recurring meetings are often not understood or well-defined. Problems arise when the right metrics are not in place - ones that are not definitively linked to strategic goals. Even if well-established, these key performance indicators are often not given their due and not leveraged to drive actions. Of course, actions don't complete themselves and accountabilities must be in place to ensure assignments are both created and completed on time. As One Consulting believes that while a meeting must meet several criteria to be great, at a minimum it must critically review relevant metrics and generate actions to address indicated shortfalls. Our methodology is designed to both build the right management system framework and provide coaching to effectively leverage this framework and improve results.

INTRODUCTION

Does it feel like Groundhog Day in your company's performance review meetings, with many of the same issues being discussed week after week? Is little to no improvement seen after these issues have

supposedly been addressed? Many people joke about the time wasted in meetings, but more often than not, little is done to improve them. While these meetings were likely originally installed with good intent and perhaps generated initial results, they have slowly lost their effectiveness and morphed into simple “status updates”. According to a 2023 survey by Microsoft, the average worker spends roughly 34%, or one-third of their time, in meetings each week. This number is even higher for Managers and Executives. With so much time dedicated to meetings, shouldn't we insist they provide the maximum value?

BUILDING THE FRAMEWORK

The first step in developing a robust management system is developing the framework. More precisely, it must be determined how often communications should take place, at what level in the organization they occur, and what are the intended purposes and outputs of such meetings. There should be a clear linkage between each meeting, supporting the reporting up of performance and the downward flow of feedback and support. Without these linkages, gaps exist that break the chains of vital communication. The right attendees must be considered and in line with existing job descriptions and duties. Often the list of attendees is large, in an effort to promote inclusiveness in the organization. Even if these “extra” people are listed as optional, an effort should be placed in right-sizing each meeting, as an overcrowded one reduces intimacy and can limit honest conversations that encourage challenging and accountability.

DEVELOPING THE RIGHT METRICS

Data is everywhere in today's work environment, but it is not always leveraged effectively to manage the business. How do we know we are on track to meet the company's larger goals before the books close each month? Are we confident that we are doing the right things each day to meet those objectives? One of the first things to do, after strategic goals are set, is to break down those goals into smaller pieces that can be managed more directly throughout the organization. This exercise is often referred to as measurements cascade or KPI tree building. After all, does it make sense for operators to know gross margin or on-time in-full (OTIF), or should they be more focused on hourly production rates and waste generation? Once these "trees" are built, we need to determine at what frequency and level in the organization these sub-metrics should be reviewed. Be sure to limit the number of metrics reviewed, as too many can lead to a loss of focus. After the right KPIs are established for the right levels, the next step is setting targets. It's crucial that targets are SMART (Specific, Measurable, Achievable, Relevant, Time-Bound) and will ultimately contribute to overall success, when achieved. When defining targets, consider historical performance rather than relying on hope.

CRITICAL REVIEW & TAKING ACTION

What do we do when a KPI target is not met? If designed with purpose, these occurrences should not be ignored. Often inaction is defended by the opinion that it is a "one-off" situation, but these should be very infrequent, if at all permitted. Dismissing action-taking leads to overall complacency and unjustified satisfaction in performance. Remember that these metrics are linked to higher-level ones, and ignoring missed

targets will ultimately lead to unmet company goals. When assigning actions, designate one and only one owner. Ensure that this owner is present during assignment-making and that an agreement is reached around an achievable due date.

ESTABLISH ACCOUNTABILITY

The aforementioned actions don't get completed without a sense of ownership and commitment. Though exceptions sometimes exist, owners should be expected to complete actions on time and held accountable when they are not. The word "accountable" is often perceived negatively. Individuals may fear that being accountable will lead to blame or criticism if expectations are not met. A sense of pressure or anxiety may occur that can lead to stress, especially if resources or support is insufficient. Meeting membership should work as a team and rather than criticize, should provide constructive feedback or support. When this attitude is adopted, fear normally subsides and an atmosphere of collaboration is embraced.

CONCLUSION

Organizations often struggle with meetings that fail to drive meaningful progress due to unclear objectives and ineffective metrics. Despite the significant amount of time workers spend in meetings, the purpose and value of these meetings can diminish over time. To improve meeting effectiveness, organizations need a well-defined management framework that ensures clear communication channels. Metrics must be carefully

selected and aligned with strategic goals, with a focus on actionable, relevant KPIs that are regularly reviewed. Addressing unmet targets requires prompt action and accountability, which should be fostered through a supportive, collaborative environment rather than one of blame. Implementing these strategies takes significant effort and requires numerous coaching cycles to change engrained behaviors. Though not simple to achieve, once an effective management system is in place, one can likely expect an overall improvement to performance that drives better business outcomes.

ABOUT THE AUTHOR

CHRIS GREGORY

Chris Gregory, SVP Food, Beverage, and Manufacturing, has more than 20 years of management consulting experience. Specializing in business performance management, process improvement material yield, and throughput, Chris has managed and executed complex, transformational programs that account for more than \$200 million of cost and revenue improvement. His areas of expertise include operational strategy and restructuring, operational excellence, asset care and reliability, and operational due diligence.

