National Executive Development Webinar Series

Performance Management Maturity Framework

Presented in partnership with: CMA Certified Management Accountants

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Introduction

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Performance Management Maturity Framework

Webinar 2 Agenda

- Webinar 1 Recap
- Performance Management Maturity Framework (PMMF)
  - Enablers
  - Maturity Levels
  - Improvement Techniques
  - Change Capability
- How to use the PMMF – Six Step Approach
- Hypothetical Example
- Current Research
- Questions

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Purpose and Result of this Research

- The Performance Management Interest Group of the Consortium for Advanced Management-International (CAM-I) recognized the need to develop a standardized and integrated view of performance management.

- The interest group has recently published (jointly with CMA) the *Performance Management Maturity Framework (PMMF).*

PMMF Overall View

Performance Management Maturity Framework

A set of enablers that help organizations optimize their business results

Enablers

Logical groupings of core business capabilities that allow an enterprise to advance its level of maturity and agility in achieving its business goals

Improvement Techniques

Improvement Techniques are a list of business tools or solutions designed to improve all processes and systems in the organization in order to achieve higher levels of performance.

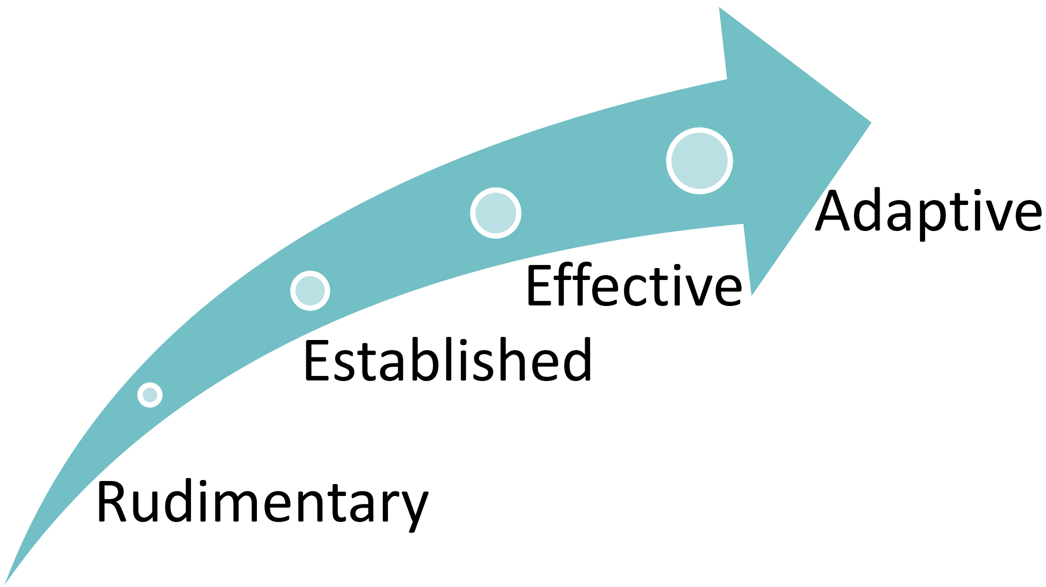
Change Capability

A structured approach to change in individuals, teams, organizations and societies than enables the transition from a current state to a desired future state.

Performance Management Enablers

1	Business /Operational Management
2	Customer Relationship Management
3	Financial Management
4	Human Capital Management
5	Information Management
6	Innovation Management
7	Knowledge Management
8	Organizational Management
9	Process Management
10	Risk Management
11	Strategic Management
12	Supply Chain Management

PMMF Enabler Maturity Levels



Performance Management Maturity			
1. Rudimentary	**2. Established**	**3. Effective**	**4. Adaptive**
non systematic, non-periodic and reactive	stable and repetitive	internally efficient and continuously improving	externally efficient and dynamic

Improvement Technique Categories	
1	Activity-Based Management
2	Balanced Scorecard
3	Benchmarking
4	Business Intelligence
5	Business Process Re-engineering
6	Capacity Management
7	Lean/Six Sigma
8	Target Costing
9	Value Chain Analysis

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Recommended Technique Categories for Improving Enabler Maturity - example

Enablers	Techniques Categories	Maturity Level			
		1	2	3	4
Business / Operational Management	Activity Based Management				
	Balanced Scorecard				
	Benchmarking				
	Business Intelligence				
	Business Process Re-Engineering				
	Capacity Management				
	Target Costing				

Enabler Maturity Level			
1. Rudimentary	**2. Established**	**3. Effective**	**4. Adaptive**

Change Capability Assessment

Change Capability
Leadership
Communication
Engagement
Commitment
Adaptability
Overall

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Change Capability Levels

Change Capability	**5**	**Fully implemented**
	4	**Considerable**
	3	**Moderate**
	2	**Minor evidence**
	1	**Absence**

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Polling Question # 1

Rate (1-5) your organization's overall Change Capability

Change Capability				
1. Absence	**2. Minor Evidence**	**3. Moderate**	**4. Considerable**	**5. Fully Implemented**
No Evidence of change capability is present	Change capability is present at some departmental levels	Change capability principles are promoted but are not a primary organizational objective	Change capability is evident with mentoring and coaching in place	Change capability is embedded in the culture of the organization

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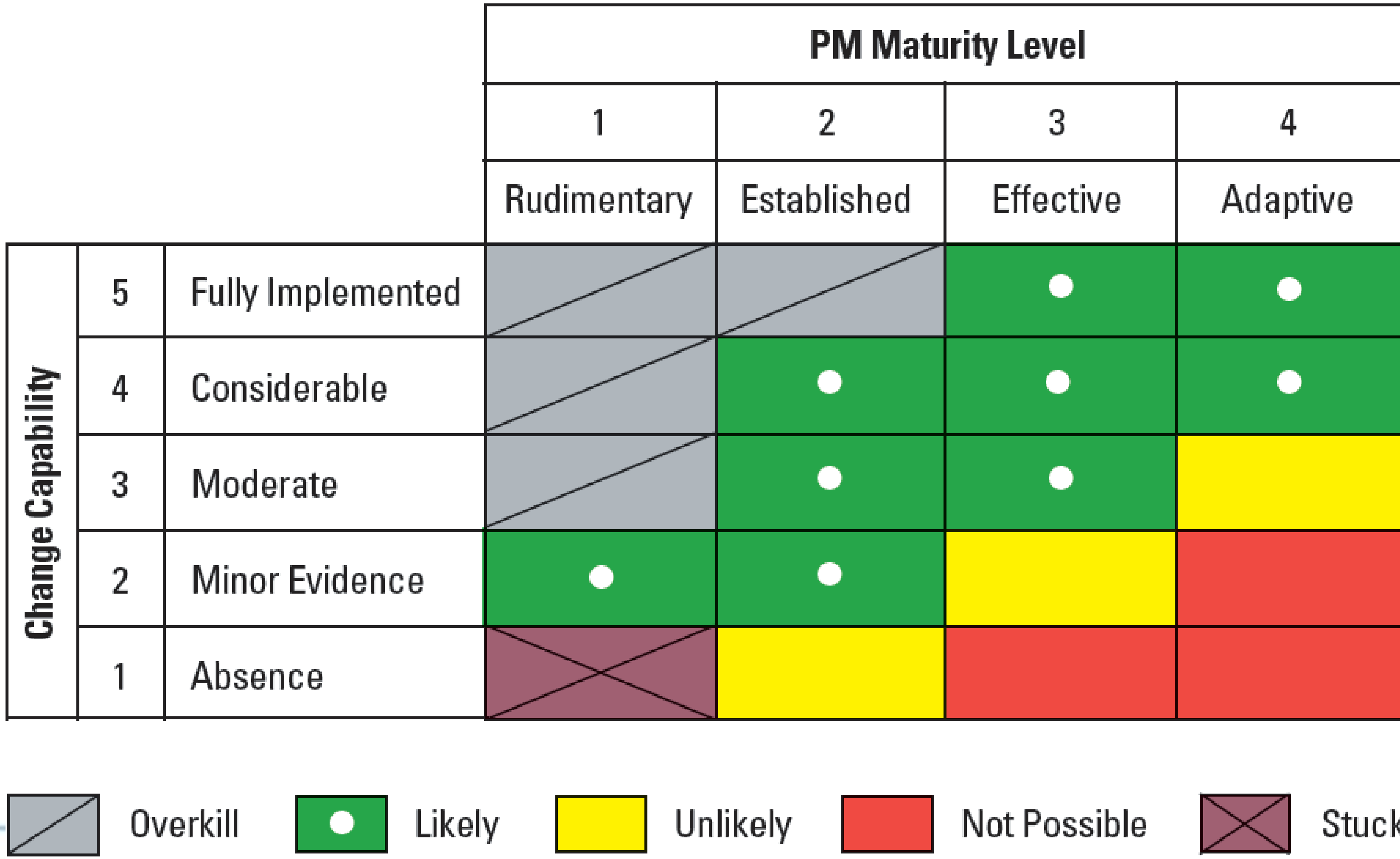
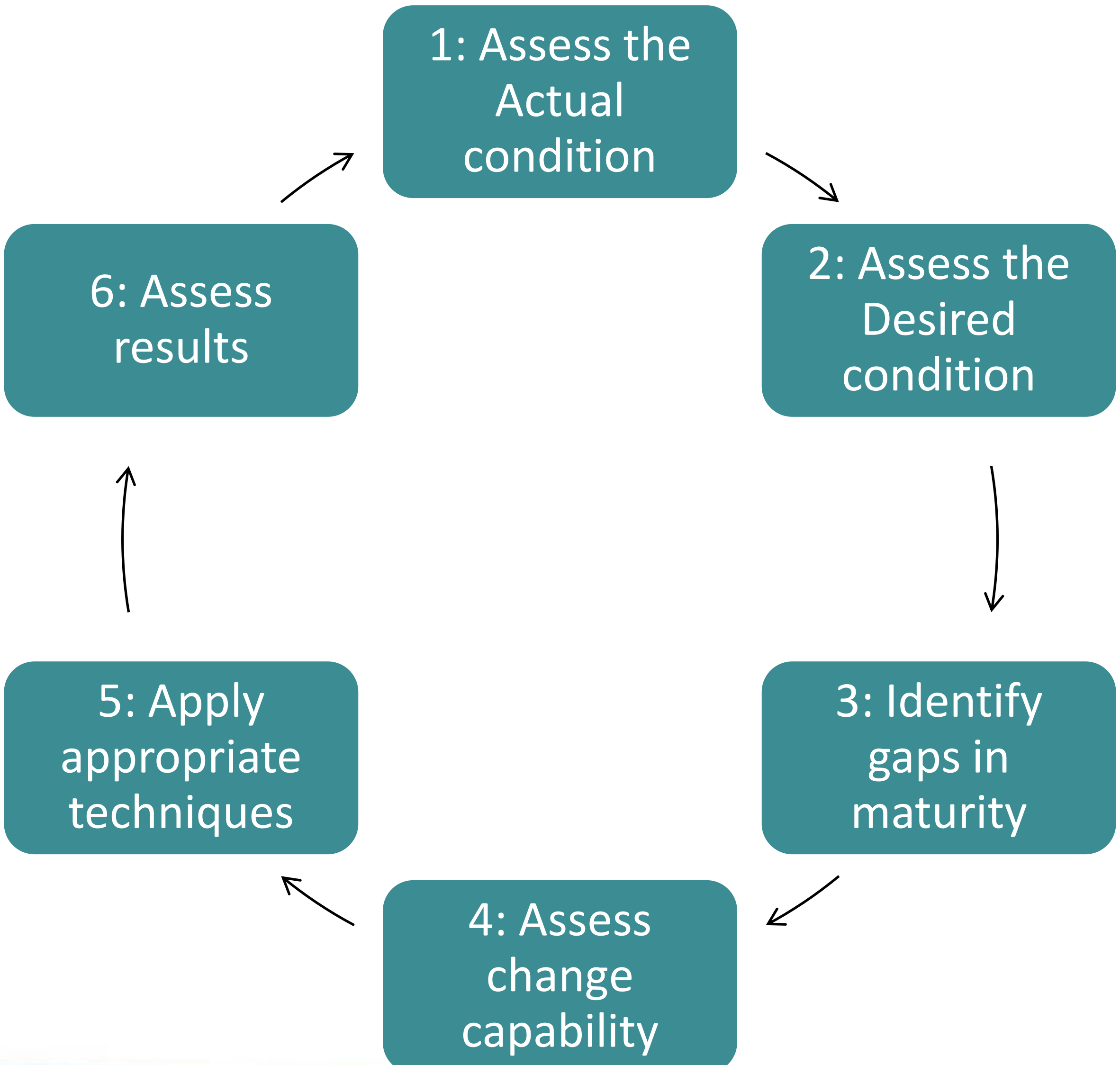
Integration of Performance Maturity and Change Capability



How to use the PMMF - Six Step Approach



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PMMF Hypothetical Example

Situation:

- At a recent management meeting, the members of the senior team had a general discussion about overall performance.
- The perception they had was not unanimous.
- For certain areas of the company they agreed that they were on top of things but, in other areas, they did not agree.
- Despite their own perceptions, they all decided to conduct an evaluation of their Performance Management maturity.

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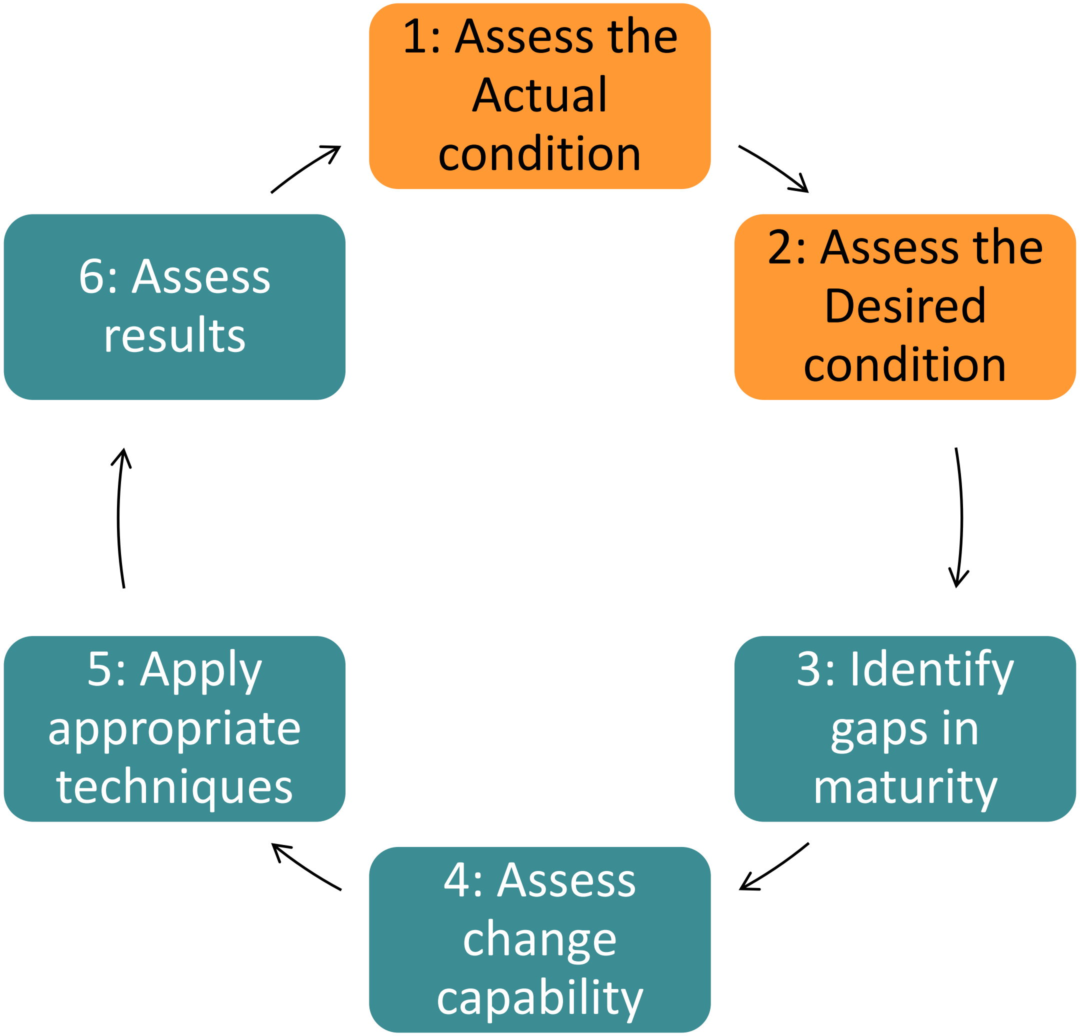
Hypothetical Example – Steps 1-2



- After attending a workshop on PMMF, the team members completed a Performance Management Maturity survey
- The survey documented their assessment of the Actual (current) and Desired (future) maturity of each enabler.

PM Enabler Maturity Assessment - Results

Enablers \ Maturity Levels	Level One Rudimentary non-systematic, non-periodic and reactive	Level Two Established stable and repetitive	Level Three Effective internally efficient and continuously improving	Level Four Adaptive externally efficient and dynamic
Business/Operational Management			A & D	
Customer Relationship Management			A & D	
Financial Management				A & D
Human Capital Management			A →	D
Information Management				A & D
Innovation Management	A →	D		
Knowledge Management	A →	D		
Organizational Management		A →	D	
Process Management		A →	→	D
Risk Management	A →	→	D	
Strategic Management		A →	D	
Supply Chain Management			A & D	

A	Actual Maturity Level
D	Desired Maturity Level

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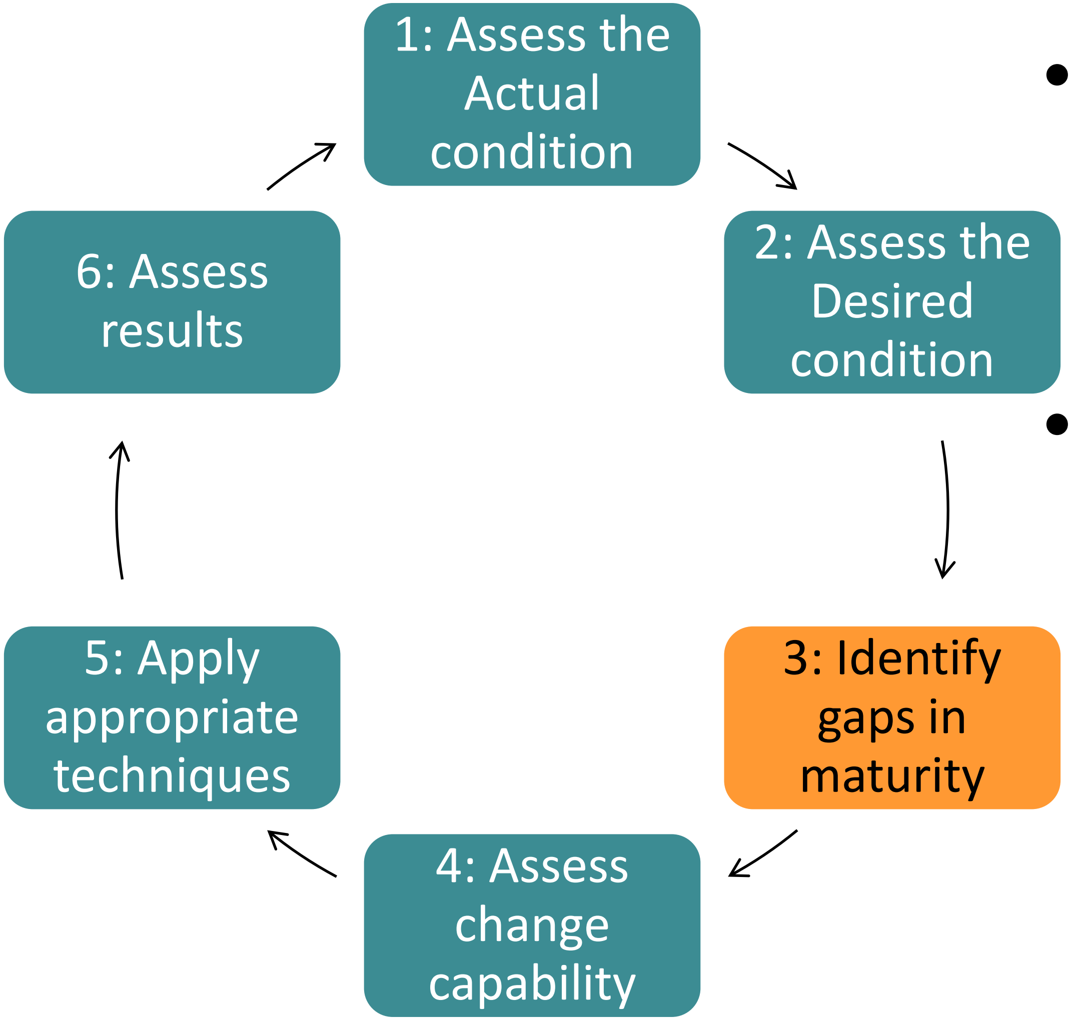
Hypothetical Example – Step 3



- The management team then collated the Assessment Results
- This allowed them to identify the enablers that had the greatest maturity gaps

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PM Maturity Assessment – Gap Analysis

	Level One Rudimentary	Level Two Established	Level Three Effective	Level Four Adaptive
Enablers \ Maturity Levels	non-systematic, non-periodic and reactive	stable and repetitive	internally efficient and continuously improving	externally efficient and dynamic
Business/Operational Management			A & D	
Customer Relationship Management			A & D	
Financial Management				A & D
Human Capital Management			A	D
Information Management				A & D
Innovation Management	A	D		
Knowledge Management	A	D		
Organizational Management		A	D	
Process Management		A		D
Risk Management	A		D	
Strategic Management		A	D	
Supply Chain Management			A & D	

Green	Meeting or Above Desired Maturity
Yellow	Less than Desired Maturity
Red	Seriously Below Desired Maturity

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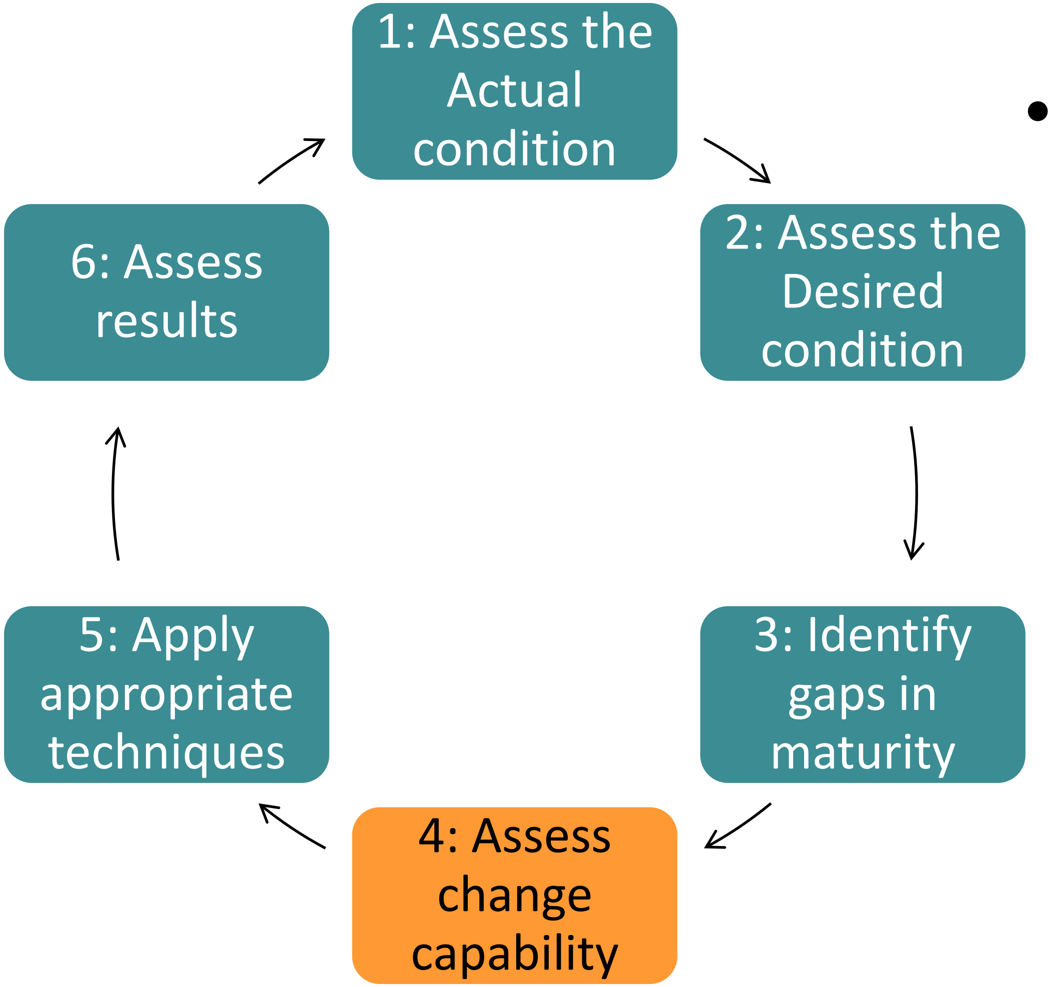
Maturity Assessment – Gap Analysis

Enablers \ Maturity Levels	Level One Rudimentary non-systematic, non-periodic and reactive	Level Two Established stable and repetitive	Level Three Effective internally efficient and continuously improving	Level Four Adaptive externally efficient and dynamic
Business/Operational Management			A & D	
Customer Relationship Management			A & D	
Financial Management				A & D
Human Capital Management			A	D
Information Management				A & D
Innovation Management	A	D		
Knowledge Management	A	D		
Organizational Management		A	D	
Process Management		A		D
Risk Management	A		D	
Strategic Management		A	D	
Supply Chain Management			A & D	

- The Enablers that showed the greatest need of improvement were identified as:
  - **Process Management** (Actual – Level 2; Desired – Level 4)
  - **Risk Management** (Actual – Level 1; Desired – Level 3)

Hypothetical Example – Step 4



- Before starting to look for Techniques that would help to close the maturity gaps, the management team then conducted a survey to assess their overall level of Change Capability

Survey Results - Change Capability

Capability	Result
Leadership	L3 = Moderate
Communication	L4 = Considerable
Engagement	L2 = Minor Evidence
Commitment	L3 = Moderate
Adaptability	L3 = Moderate
Overall	L3 = Moderate

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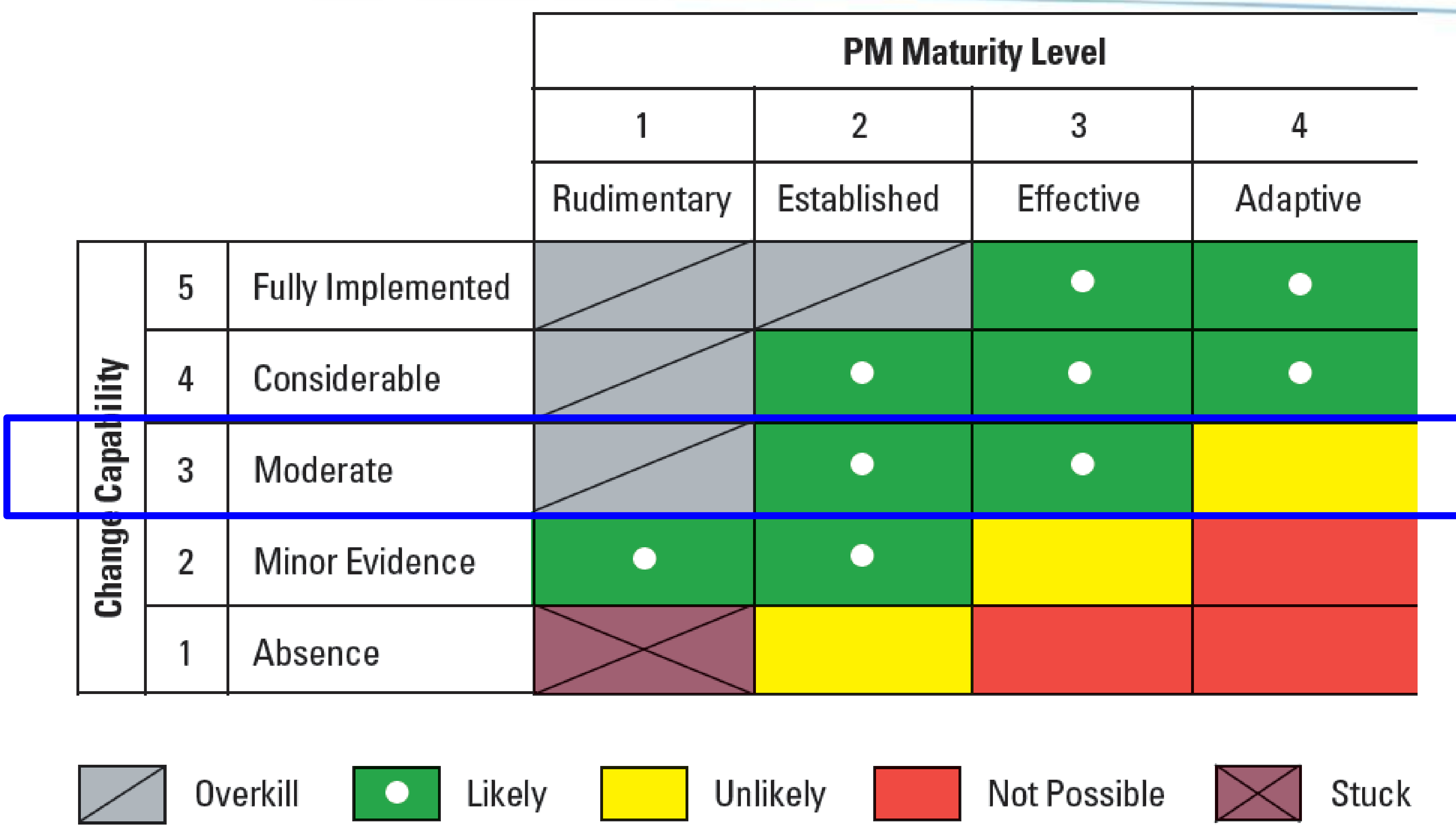
Performance Maturity and Change Capability



- A Moderate Change Capability suggested that they could only likely achieve a Maturity Level of 3 (Effective)

Polling Question # 2

Rate (1-3) your organization's recent experience at implementing any Improvement Technique

Technique Implementation Satisfaction		
1. Failed	2. Mixed	3. Successful

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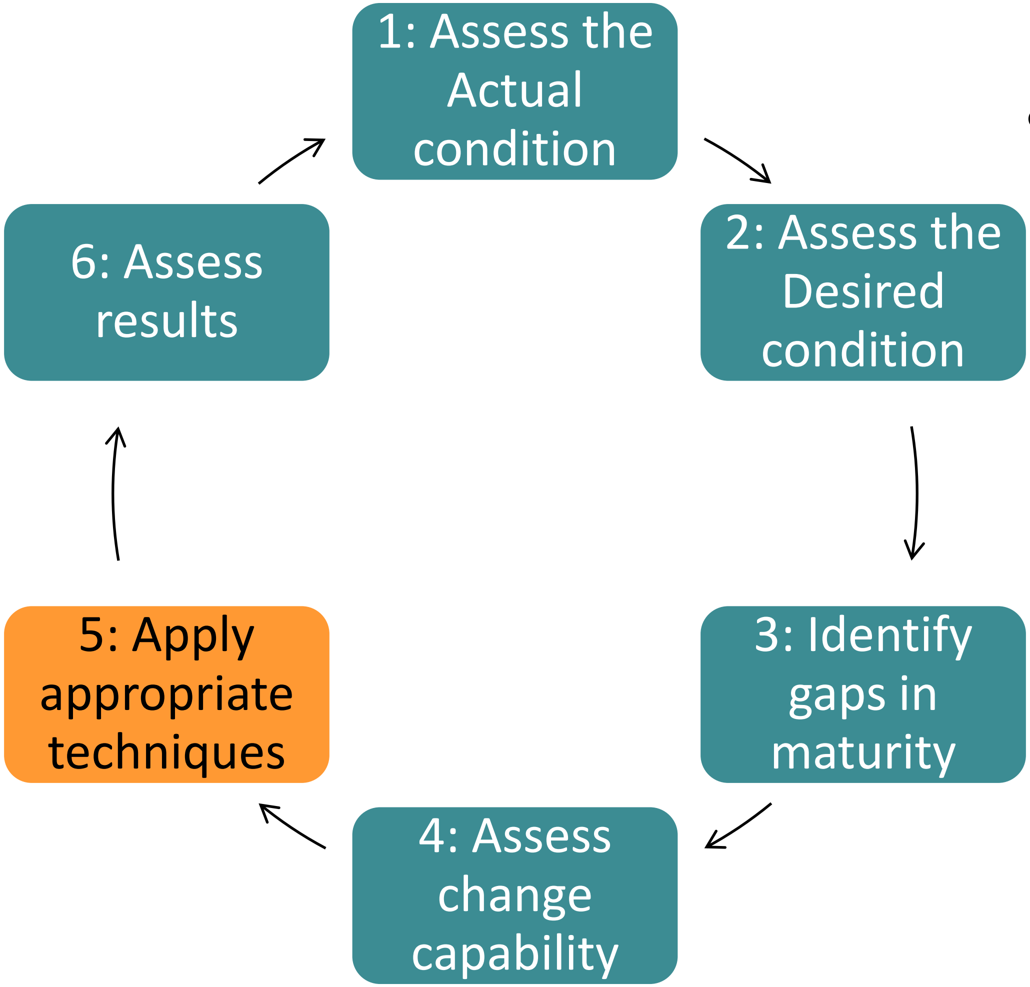
Hypothetical Example – Step 5



- Using the Improvement Techniques cross-reference, the management team identified appropriate techniques for the two selected Enablers that could help them improve to a maturity level of 3

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Recommended Techniques for Improving Enabler Maturity

Enablers \ Technique Categories	Activity-Based Management	Balanced Scorecard	Benchmarking	Business Intelligence	Business Process Re-Engineering	Capacity Management	Lean/Six Sigma	Target Costing	Value Chain Analysis
Business/Operational Management	L2	L3	L3	L3	L3	L2		L4	
Customer Relationship Management			L3	L2	L3			L3	L3
Financial Management	L2		L3			L2		L4	
Human Capital Management			L3		L3	L2			
Information Management	L2	L3		L2		L2			
Innovation Management			L2	L2	L3			L3	L2
Knowledge Management				L2					
Organization Management			L3		L2	L3			
Process Management	L3		L2		L2	L2	L3		L3
Risk Management		L2				L3			
Strategic Management		L2	L3					L3	
Supply Chain Management	L3		L3			L3	L3	L4	L2

*Value in each shaded box represents the maturity level where the associated technique category begins to apply to the corresponding Enabler (e.g. L2 = Maturity Level 2)

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Hypothetical Example – Step 5

Choose the technique(s) that have the greatest impact

Enablers \ Technique Categories	Activity-Based Management	Balanced Scorecard	Benchmarking	Business Intelligence	Business Process Re-Engineering	Capacity Management	Lean/Six Sigma	Target Costing	Value Chain Analysis
Process Management	L3		L2		L2	L2	L3		L3
Risk Management		L2				L3			

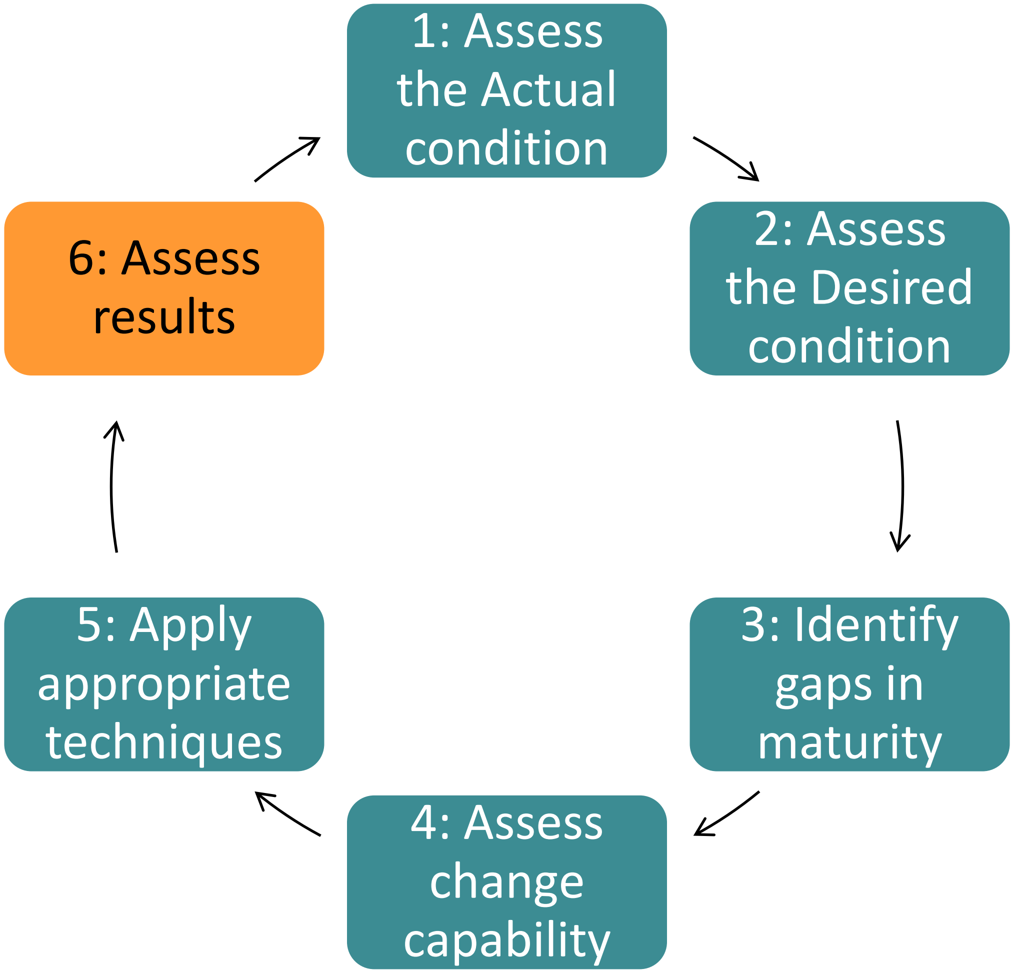
- Since **Capacity Management** was identified as a Technique Category that could improve both Process Management and Risk Management, the management team decided to investigate this Improvement Technique first.

Polling Question # 3

- From the list below, select (1-5) the Improvement Technique that has had the greatest success in <u>your organization</u>

Improvement Technique Categories	
1	Activity-Based Management
2	Balanced Scorecard
3	Benchmarking
4	Business Intelligence
5	Business Process Re-engineering

Hypothetical Example – Step 6



- After completion of the improvement initiative, the management team then reevaluated the maturity levels of both Process Management and Risk Management to determine the next steps.

Phase II Research

- Assessment Tool
- Identify Performance Measures for Enablers to help with the Maturity Assessment
- Industry Specific Frameworks
  - Healthcare
  - Environmental Sustainability
- Workshops and Surveys to validate Phase I research

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Conclusion

The Performance Management Maturity Framework provides the ability for organizations to holistically assess their performance maturity and understand the most effective means to improve performance, using one consistent approach.

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Questions ?

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