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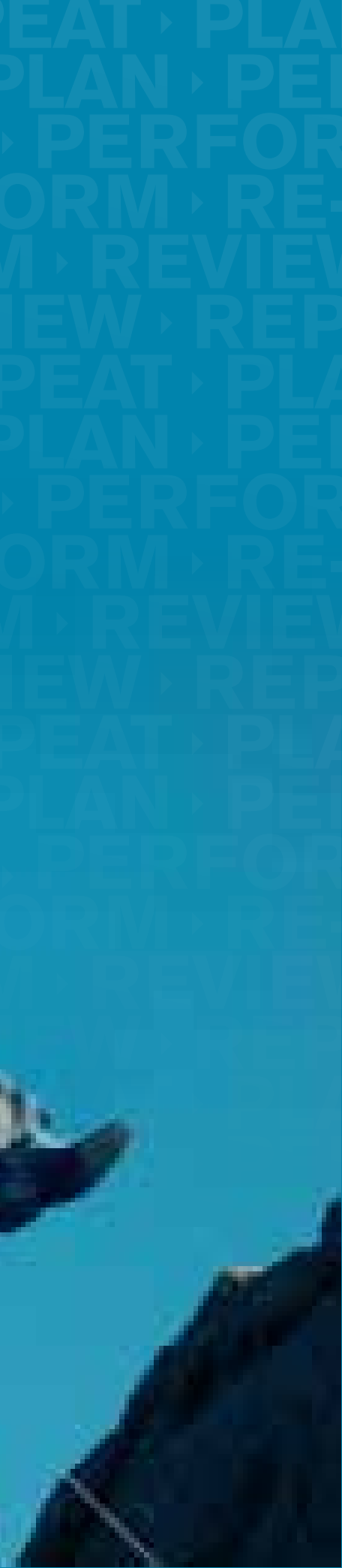
Creating a productive culture can be excruciatingly difficult but worth it

By Cynthia Johnson and Marnie Green

TAKEAWAYS

- › Performance evaluations are a tool for achieving the elected officials' goals.
- › Effective employee performance expectations must be clearly linked to these goals.
- › Pay for performance is only effective if performance expectations are clearly defined and measured.





To be accountable to communities, managers can ensure that each labor dollar is spent wisely and that residents are getting an appropriate return on the salaries they fund.

Still, because of outdated personnel systems, increasing risk of employment litigation and pressures to be fair, managers can be caught between doing what they know is right for the community and what must be done to meet obligations within the systems in which they work.

Local governments are beginning to challenge the way employee performance has historically been managed. By redefining performance expectations and crafting more meaningful performance management systems, public sector cultures can be shifted.

With increasing public scrutiny about how public employees are compensated, recognized, and rewarded, managers must drive for change. Granted, it is a slow and deliberate process, but change can be made and it can be proved.

This article chronicles the process and approach used by Richland, Washington, as it moved from a traditional step-based merit system to one that is based on performance and tied to goals defined by the city council. After a decade-long effort, this city of 48,000 located at the confluence of the Columbia and Yakima Rivers in the Tri-Cities region of southeastern Washington is seeing dramatic results.

Richland Then and Now

Richland is a full-service municipality employing approximately 500 employees. The city's non-union employees, roughly 225 people, or 45 percent of the total

workforce, have been the target group for the city's enhanced focus on performance and results.

In 2000, the council adopted a pay-for-performance philosophy and began implementing tools and systems to support a performance-based approach to management. The traditional step-based pay system was eliminated, and a new performance evaluation system was introduced to support pay for performance.

As expected, the change was met with resistance from employees. Performance evaluations continued to be delivered inconsistently, and a don't-rock-the-boat culture persisted.

By 2007, the city's management team consisting of the city manager (coauthor of this article), deputy city manager, department directors, and division managers knew a change was needed if Richland was to be equipped to tackle the big challenges ahead. After a three-year focused effort aimed at defining and rewarding exceptional employee performance, the city can now claim:

- Every non-union employee has participated in the creation of a personal annual performance plan.
- Employee performance goals are linked to the council-defined strategic plan.
- Managers and employees conduct regular feedback meetings and a formal midyear assessment.
- A new leadership team structure drives all organizational change.
- Executive commitment for improved employee performance is strong.
- Employees participate in the management of their own performance and understand the concept of accountability.

FIGURE 1. CYCLE OF PERFORMANCE MANAGEMENT



Performance Management Cycle

Richland's cultural transformation, focused on performance and accountability, began with a simple model. The basic concepts of performance management provide the road map to understanding how the change was made.

Richland adopted the belief that performance management is something done *with* employees, not *to* employees. Performance management practices help

the entire agency focus on organizational goals and link each individual's performance to the success of the organization.

When executed properly, performance management is an ongoing process of communication and of checks and balances that leads to publicly desired outcomes. Figure 1 describes the cycle of performance management.

By adopting these principles and developing tools and processes that support

these concepts, Richland has transformed its approach to employee evaluation.

Tools and Techniques for Transformation

The concepts sound simple but, as Richland found, they are neither quick nor easy to implement. These tools and approaches were used to thoughtfully engage each step of the performance management cycle and drive change.

City council-defined goals and strategic plans. In 2008, the council adopted "Seven Keys to Unlock Our Future," a strategic plan with a 20-year outlook and detailed five-year goals in seven key focus areas:

- Financial stability and operational effectiveness.
- Infrastructure and facilities.
- Economic vitality.
- Central Richland and Island View district revitalization.
- Natural resources management.
- Community amenities.
- Housing and neighborhoods.

The plan was developed by the council with extensive stakeholder input. It provides specific measurable outcomes that guide staff performance. Annually, the council reviews and modifies it according to shifting resources and community needs.

Redefined management structure.

In addition to the council's efforts to define the city's strategic direction, the city manager redefined the leadership team in order to enhance accountability and communication. Instead of a 40-person management team, the city's leadership cadre was broken into three teams and now consists of a total of 75 members.

Each leadership team has a clearly defined role, expected outcome, and meeting schedule as summarized in Figure 2.

Individual performance planning.

Executive leadership team (ELT) members embraced the task of developing a competency model that would define expectations for employee performance.

FIGURE 2. RICHLAND, WASHINGTON, LEADERSHIP TEAM STRUCTURE.

| | Executive leadership team (ELT) | Management leadership team (MLT) | Supervisory leadership team (SLT) |
|---------------------------------|---|---|--|
| Role | Ensure cross-functional and cross-departmental coordination. To present a united leadership front throughout the organization. | Ensure that organizationwide initiatives are communicated throughout the organization. To contribute to and visibly support organizational change efforts. | Ensure implementation of organizationwide initiatives. To share organizationwide change with frontline employees. |
| Meeting schedule | Weekly and quarterly | Quarterly | Semiannually |
| Defining characteristics | Discuss the “undiscussables.” Focus is on the whole organization, with shared responsibilities. | Participate in citywide task teams to influence change. | Learn and apply skills that accelerate organizational change. |

In a facilitated session with the ELT and the management leadership team (MLT), five core competencies were identified and applied to all nonunion employees, regardless of level:

- Use technical and functional expertise.
- Be accountable for performance.
- Provide excellent customer service.
- Communicate effectively.
- Work safely.

Additional competencies for supervisors, managers, and executives were then agreed upon by exploring the question: “What does exceptional leadership look like in Richland?” The task team spent considerable time defining each competency with specific behavioral examples. The end product is a complete model that defines expected leadership behaviors, and the model (see Figure 3) is being used to give feedback and to provide regular coaching to leaders.

After ELT and MLT members agreed to the leadership competency model, a new task team of MLT members was appointed to develop a performance evaluation tool that linked the strategic plan and the competency model to the annual feedback process. MLT established a comprehensive system that encourages collaborative goal setting each Janu-

ary, a midyear feedback process, and a year-end performance assessment that is linked to pay.

Feedback, adjustment, and documentation. Regular feedback and goal adjustment is the next phase of the performance management cycle. Richland incorporated several new elements into the performance management system to encourage supervisors and managers to provide regular feedback to employees.

First, employees are encouraged to complete a self-assessment form and submit it to their manager twice per year. The self-assessment asks employees to share their accomplishments, their challenges, and their progress on performance goals.

Managers are required to complete a qualitative midyear assessment for each employee by the end of June. The mid-year assessment consists of performance comments and updates on the employee’s progress toward achieving performance goals.

As a result of the midyear assessment, Richland has seen an increased use of performance improvement plans for employees who are not meeting performance expectations. The midyear assessment allows managers to redirect employees who are not being successful and to set out a clear plan for improvement.

Performance evaluation preparation and discussion. The final two steps in the performance management cycle—performance evaluation preparation and year-end discussion—provided an opportunity to support managers in even new ways.

With the assistance of a consultant, MLT created a comprehensive guidebook for the new evaluation system. The guidebook defines the process, forms, and tools to be used by managers and employees and has become the “policy manual” that defines how the new system is to be implemented.

Extensive training was also provided to supervisors and managers at three times during the first year:

- In January, training focused on setting goals and expectations and on how to use the competency model to establish clear performance expectations.
- In May, training explored the best approach to leading a midyear feedback conversation.
- Year-end training consisted of applying the rating scale, writing comments, and delivering the evaluation productively.

Richland took a deliberate approach to ensuring that everyone involved in the new performance management system was equipped to use it successfully.

FIGURE 3. COMPETENCY-BASED PERFORMANCE MANAGEMENT MODEL

| | | |
|---|--|--|
| | | EXECUTIVE COMPETENCIES |
| | MANAGERIAL COMPETENCIES | <ul style="list-style-type: none"> • Manage to the Future • Have a Global Perspective • Display Political and Business Acumen |
| SUPERVISORY COMPETENCIES | <ul style="list-style-type: none"> • Develop Effective Intra- and InterDepartmental Relationships • Manage Resources Effectively • Think and Plan Strategically | MANAGERIAL COMPETENCIES |
| <ul style="list-style-type: none"> • Foster Teamwork • Prioritize Work and Commitments • Drive for Team Results • Manage Employee Performance | SUPERVISORY COMPETENCIES | SUPERVISORY COMPETENCIES |
| FOUNDATIONAL COMPETENCIES | <ul style="list-style-type: none"> • Use Technical/Functional Expertise • Be Accountable for Performance • Provide Excellent Customer Service | <ul style="list-style-type: none"> • Communicate Effectively • Work Safely |
| TEAMWORK, INTEGRITY, AND EXCELLENCE | | |

Success Factors

A number of factors ensured that the city was successful in transforming its culture to one that rewards performance.

Ongoing city council support for pay for performance. Annually, the council approves a percentage adjustment to the wage pool for nonunion employees. Once that figure is determined, a pay matrix is established that provides for pay adjustments that are based on position in range as well as overall performance. Although the total cost of the pay-for-performance system is predetermined, the application of the pay matrix to individual employees does not take place until after the performance evaluations are completed and submitted.

The council has been dedicated to a pay-for-performance approach for more than a decade. This consistency has allowed management to remain focused on finding a successful approach to performance management.

Executive presence and communication. Although the leadership

competency model and performance management system were developed by ELT and MLT, the city manager closely monitored the progress and outcomes, wanting to be clear about expectations and holding the task teams accountable for workable solutions.

Enhanced levels of accountability and an increased focus on performance have been consistent themes throughout the change process.

City manager and human resources department coordination. In addition to being a vocal proponent of increased accountability and improved performance, the city manager worked closely with the human resources professionals to chart a plan that was practical and implementable.

The strength of the partnership between the manager and the HR function ensured that the change effort stayed on course and achieved its ultimate objective: improved employee performance that supports the council’s strategic plan.

Extensive skills-based training.

Richland managers and employees were expected to fully participate in extensive skills-based training. Through practical application, group discussion, and role-play with detailed coaching, the managers and employees of the city learned the skills necessary to change a culture.

Richland continues to focus on employee performance and will continue to search for new ways to foster high levels of performance in support of the council’s strategic plan. Managing employee performance is not the end. The process as well as the collection of tools will enable the city to achieve its short- and long-term goals. **PM**



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