

BENCHMARKING PERFORMANCE MANAGEMENT PROCESSES AT UNIVERSITIES

An Overview of Current Processes, Key Challenges, and Recommended Action Steps

EXECUTIVE SUMMARY

As competition for faculty, students, funding, and rankings continues to increase among universities, the need for effective performance management processes has also increased. However, despite the pressure to perform at peak levels, many universities struggle to manage the performance of faculty and staff. This report outlines current performance management processes at member universities, identifies the key challenges preventing universities from achieving their performance management goals, and presents action steps taken by member universities to address those challenges.

Overview of Current Processes	Examination of Root Cause Challenges and Symptom Challenges	Presentation of Action Steps to Address Root Cause Challenges
<ul style="list-style-type: none"> ➤ The majority of surveyed universities conduct performance management for both faculty and staff and tie the results to merit pay. ➤ Despite the connection of performance management to the merit increases, nearly half of surveyed universities do not have a consistent performance management policy that applies across the university. ➤ Even among universities with a consistent performance management policy in place, the majority do not do not carry out the policy consistently in practice. ➤ Universities should focus on improving consistency of implementation for three highly impactful components of performance management. 	<ul style="list-style-type: none"> ➤ Challenges frequently experienced by member universities can be divided into root cause challenges and symptom challenges. ➤ Inconsistency, inability to address poor performance, and inability to differentiate employees are symptoms of ineffective performance management, not the root causes. ➤ There are three root cause challenges preventing universities from achieving their performance management objectives: <ul style="list-style-type: none"> • insufficient performance management skills among managers • insufficient buy-in from senior leadership for performance management • insufficient buy-in from managers for performance management. 	<ul style="list-style-type: none"> ➤ The Council has not identified best practices for university performance management, however, member universities recommend six initial steps to address root cause challenges.

Note: For the purposes of this study “faculty” refers to a university employee whose primary responsibilities include teaching and research. “Staff” refers to all non-faculty university employees. “Manager” refers to a person directly responsible for evaluating the performance of a university employee. “Policies” refer to the formal guidelines put in place for performance management by the university, and “practices” refer to what aspects of performance management are actually carried out by managers.

RESEARCH METHODOLOGY

Data collection for this report occurred in three major steps: secondary research, in-depth interviews, and a pulse survey.

Step #1: Secondary Research

To prepare for interviews with member universities, the Council conducted secondary research via the Internet to gain a broad understanding of performance management processes at universities and the challenges that are unique to university cultures.

Step #2: In-Depth Interviews

Over the course of a month, the Council conducted interviews with 10 member universities in the United States and abroad. Each interview lasted approximately one hour and focused on the current performance management practices and primary challenges faced by each member. The recommended action steps are drawn primarily from these interviews.

Step #3: Pulse Survey:

Following the interviews, a short pulse-survey was sent out to university members and the Council received nine responses. The majority of the data in this report regarding current practices and challenges is drawn from these responses.

RESEARCH PARTICIPANTS

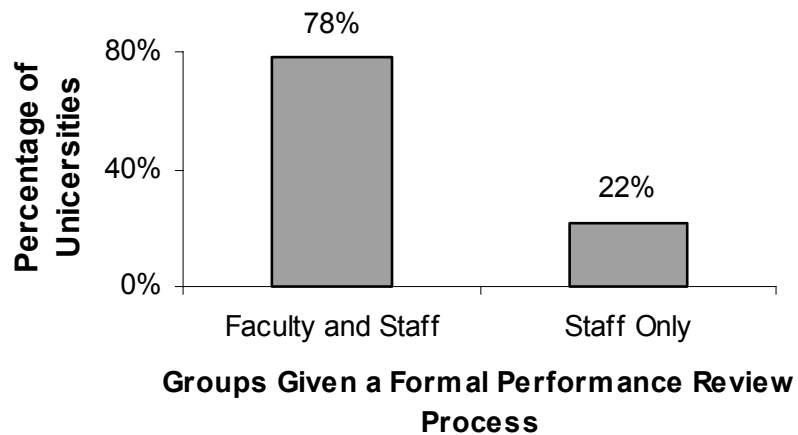
The chart below illustrates demographic information for the universities that participated in this study. If you would like to speak with a participant given its characteristics, please contact the Council to discuss the possibility of a networking conversation.

	Undergraduate Size	Public vs. Private	Geographic Location
University A	20,000-25,000	Public	Australia
University B	15,000-20,000	Private	Southwestern United States
University C	10,000-15,000	Public	Mid-Atlantic United States
University D	10,000-15,000	Private	Midwestern United States
University E	35,000-40,000	Public	Southwestern United States
University F	25,000-30,000	Public	Southwestern United States
University G	5,000-10,000	Private	Mid-Atlantic United States
University H	20,000-25,000	Private	Northeastern United States
University I	25,000-30,000	Public	Midwestern United States
University J	10,000-15,000	Public	Australia
University K	20,000-25,000	Public	Canada
University L	5,000-10,000	Private	Northeastern United States

THE MAJORITY OF SURVEYED UNIVERSITIES CONDUCT PERFORMANCE MANAGEMENT FOR FACULTY AND STAFF AND TIE RESULTS TO MERIT PAY

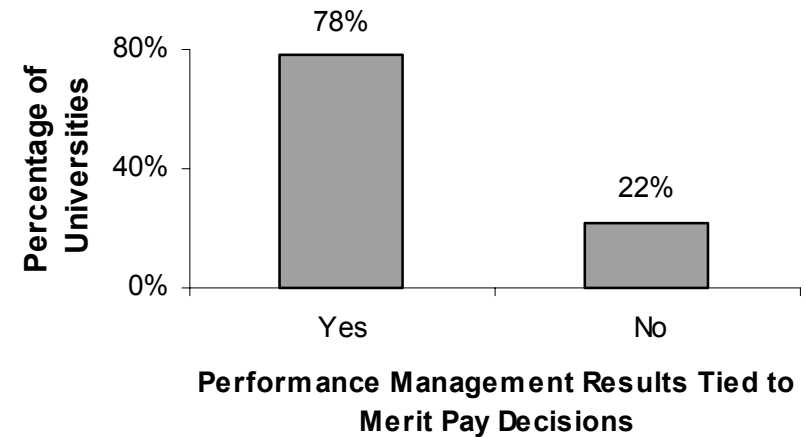
The overwhelming majority of surveyed universities conduct performance management for both faculty and staff (see Figure 1) and an equally large majority tie the results of performance management processes to merit pay decisions (see Figure 2). Given its influence on the distribution of scarce university resources through merit pay, consistent performance management practices are critical to ensuring that a university accurately identifies high and low performers and rewards and develops them effectively.

Figure 1: Percentage of Surveyed Universities Offering Performance Management for Faculty and Staff versus Staff Only (n=9)**



Although the majority of surveyed universities report having a formal performance review process for faculty and staff, Human Resources departments at member universities tend to control only the performance management conducted for staff.

Figure 2: Percentage of Surveyed Universities that Tie Performance Management Results to Merit Pay Decisions (n=9)



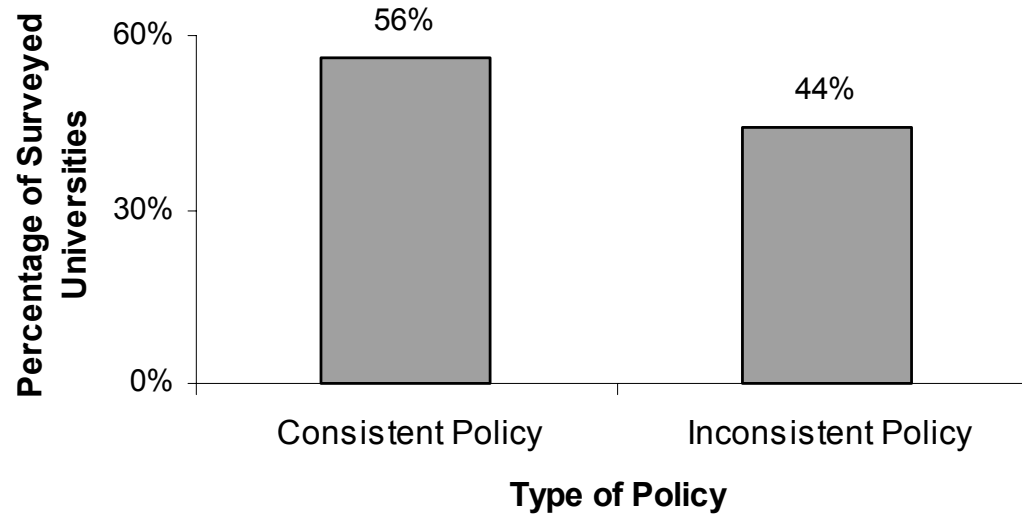
One university reports aversion to tying performance management results to merit pay among managers because the raises are so low that they can not be used to differentiate between employees effectively. Another university reports aversion because the policy is considered too corporate.

*Percentages throughout the study are rounded.

DESPITE CONNECTION TO VARIABLE PAY, PERFORMANCE MANAGEMENT POLICIES ARE INCONSISTENT AT MANY SURVEYED UNIVERSITIES

Despite the need for consistency to distribute variable pay accurately and effectively, nearly half of survey respondents indicate that their university does not have a standardized performance management policy that applies across the university. This data is illustrated below in Figure 3.

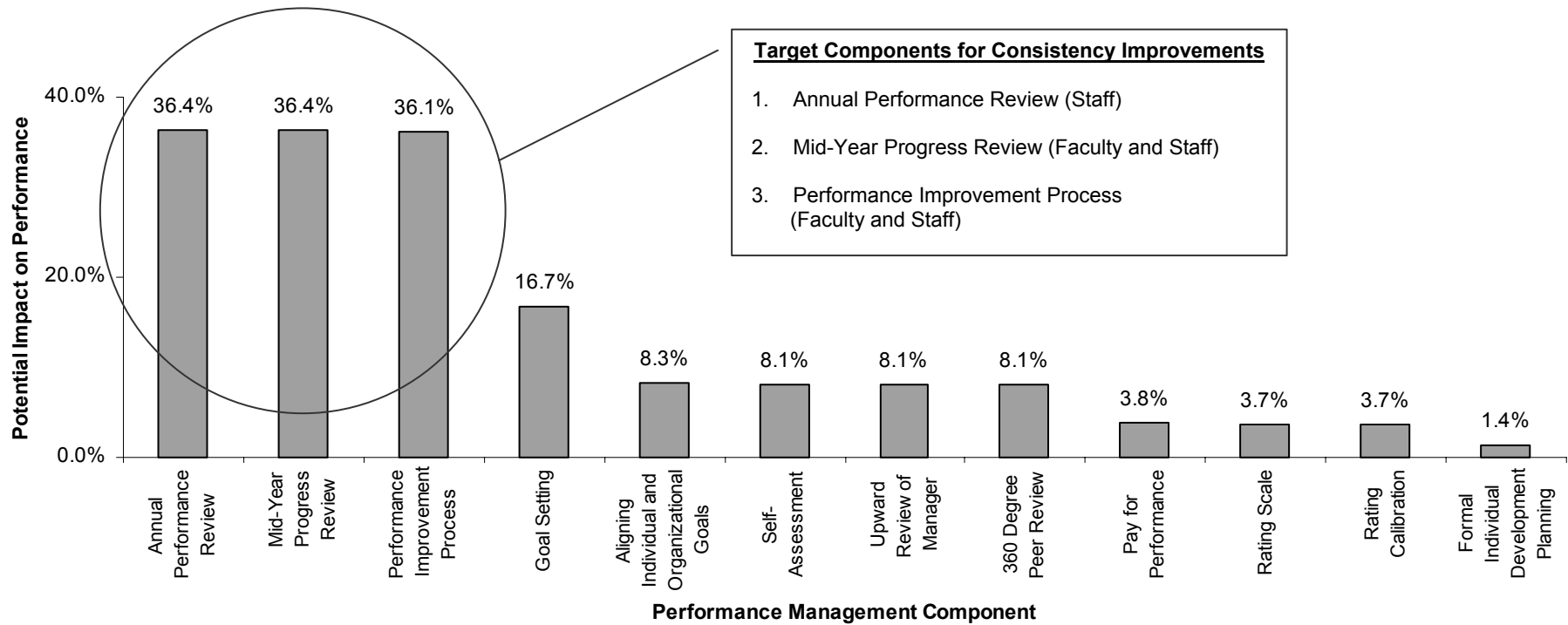
Figure 3: Percentage of Surveyed Universities with a Consistent, University-Wide Performance Management Policy (n=9)



DESPITE POTENTIAL TO DRIVE PERFORMANCE, MANY UNIVERSITIES IMPLEMENT PERFORMANCE MANAGEMENT PRACTICES INCONSISTENTLY

Regardless of whether or not a formal, consistent policy is in place, many universities do not implement components of performance management consistently in practice. Although each component has the potential to positively impact employee performance, only two components of performance management for faculty and zero components of performance management for staff are implemented consistently by more than 50% of surveyed universities. Consistency is a problem across all components of performance management at many universities, but they can target their efforts to improve consistency of implementation on three highly impactful components to begin positively effecting employee performance. This information is detailed below in Figure 4.

Figure 4: Potential Impact on Performance of Components Implemented Inconsistently by Many Universities**



**See Appendices I and II for more detail on surveyed universities' implementation of performance management components for faculty and staff

UNIVERSITIES SHOULD FOCUS ON IMPLEMENTING THREE COMPONENTS CONSISTENTLY

Annual reviews, mid-year progress reviews, and performance improvement processes each contain powerful drivers of employee performance, as detailed below. Implementing these components consistently enables universities to utilize the components' drivers to positively impact employee performance.

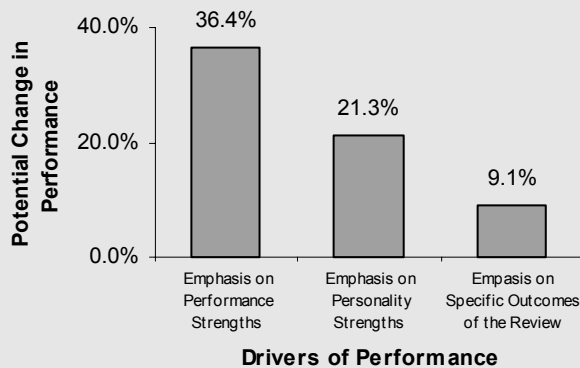
Annual Review

Providing feedback in a formal annual review presents an opportunity to significantly impact performance through the drivers listed below.

Top Three Drivers of Performance:

1. Emphasis on Employee Performance Strengths
2. Emphasis on Employee Personality Strengths
3. Emphasis on Specific Outcomes of the Review

Potential Positive Impacts on Performance[†]



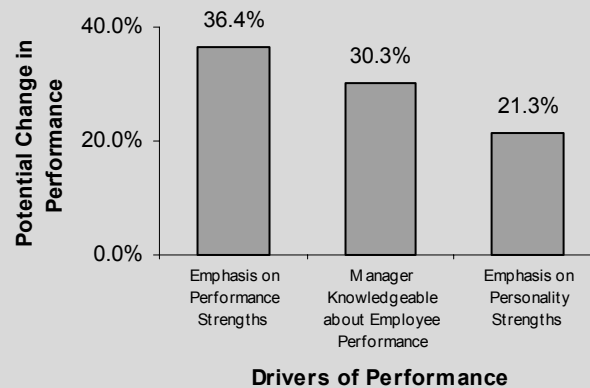
Mid-Year Progress Review

Providing additional formal or informal feedback through a mid-year review also provides opportunities for organizations to drive employee performance.

Top Three Drivers of Performance:

1. Emphasis on Employee Performance Strengths
2. Manager Knowledgeable about Employee Performance
3. Emphasis on Employee Personality Strengths

Potential Positive Impacts on Performance



Performance Improvement Process

Emphasizing development through a performance improvement process also presents opportunities to impact performance.

Top Three Drivers of Performance:

1. Employee Understanding of Performance Standards
2. Feedback that Helps Employees do Their Jobs Better
3. Emphasis on Skills and Behaviors Needed in the Future

Potential Positive Impacts on Performance

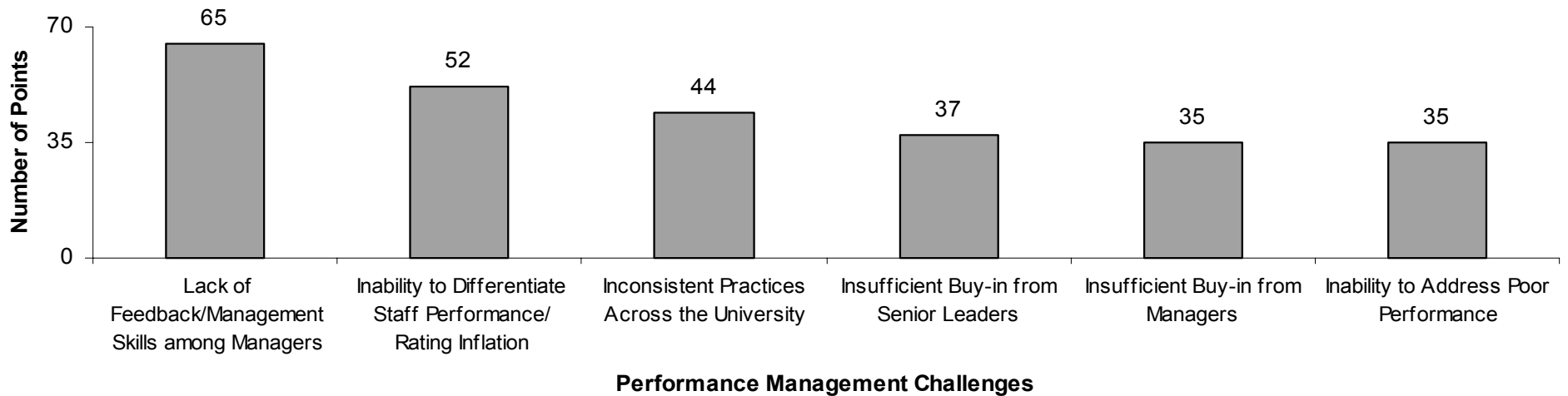


[†]Source: Corporate Leadership Council, *Building the High Performance Workforce*, Washington: Corporate Executive Board (2002)

INCONSISTENCY IS ONLY ONE OF SEVERAL PERFORMANCE MANAGEMENT CHALLENGES

Inconsistency is not the only problem impairing performance management programs at universities. We asked survey participants to rank their performance management challenges from 1-9 and assigned each challenge points based on the rankings it received. The results are shown below in Figure 5.

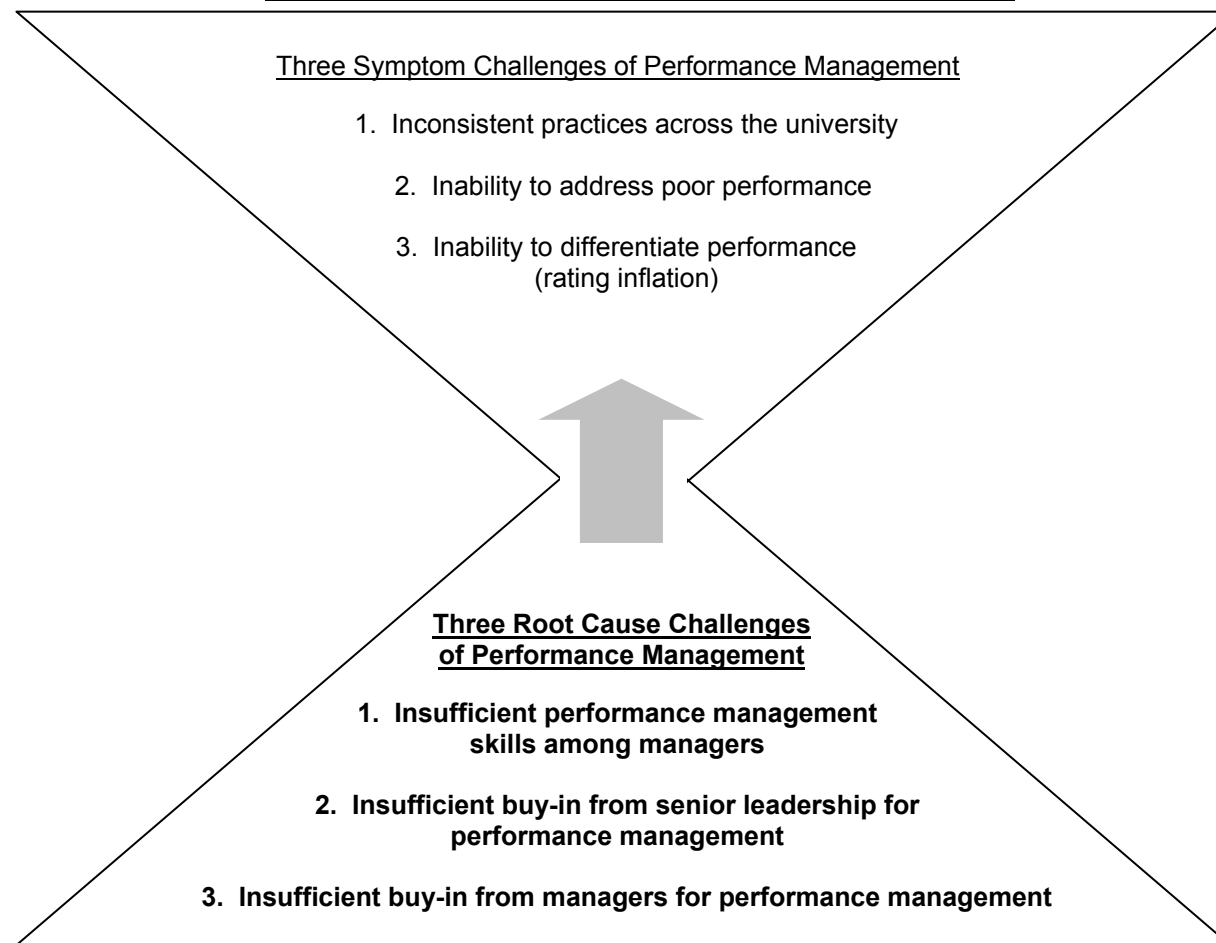
Figure 5: Top Performance Management Challenges at Surveyed Universities



THREE ROOT CAUSE CHALLENGES PREVENT EFFECTIVE PERFORMANCE MANAGEMENT

Through an analysis of survey results, in-depth interviews, and secondary research, the Council divided the six challenges identified by university members into three root cause challenges and three resulting symptom challenges. The root cause challenges are insufficient performance management skills among managers, insufficient buy-in from senior leadership, and insufficient buy-in from managers. These insufficient inputs result in symptom challenges, or problems arising within performance management programs. These challenges are illustrated below in Figure 6. Universities should focus on addressing the root cause challenges as they work to improve their performance management processes.

Figure 6: Root Cause Challenges and Resulting Symptom Challenges



ACTION STEPS TO ADDRESS ROOT CAUSE CHALLENGES

Outlined in the following sections are six action steps identified by member universities that can serve as starting points for addressing each root cause challenge.

Root Cause Challenge #1

Insufficient Performance Management Skills Among Managers (p. 11)

Recommended Action Steps:

Action Step 1:
Introduce “Back-door” Training Programs

Action Step 2:
Focus on User-Friendliness of Performance Management

Root Cause Challenge #2

Insufficient Buy-In from Senior Leadership for Performance Management Programs (p. 12)

Recommended Action Steps:

Action Step 1:
Use Language that Resonates with Senior Leaders

Action Step 2:
Connect Performance Management to a Culture of Excellence and the Larger Goals of the University

Root Cause Challenge #3

Insufficient Buy-In from Managers for Performance Management Programs (p. 13)

Recommended Action Steps:

Action Step 1:
Tie Performance Management to Managers’ Goals and Objectives

Action Step 2:
Reach Out to Key Influencers

ACTION STEPS FOR ROOT CAUSE CHALLENGE #1

Insufficient Performance Management Skills Among Managers

Action Step 1: Introduce “Back-door” Training Programs

Situation

In an environment where words such “mandatory” and “required” are not part of the language, it is difficult to implement training to begin closing the performance management skill-gap among managers.

Action

University H took a back-door approach to training with a small organizational development team that offers consulting services for any HR problem that a school/department/unit might have. Often underlying the initial request for help with a problem is a performance management issue that the team can address. Rather than market their services heavily, the team has let success breed success.

Result

This approach avoids forcing training onto managers by operating below the radar and allowing managers to reach out to the team on their own. It also directly connects performance management with top-of-mind challenges for the manager (e.g., customer service, engagement, project management, etc.).

Action Step 2: Focus on User-Friendliness of Performance Management

Situation

Complicated, difficult policies are likely to be carried out ineffectively by managers who are not necessarily skilled in performance management.

Action

Several member universities suggest simplifying the process by reducing the number of steps or the amount of paperwork involved to only the most relevant and critical elements. Investments in technology can also make performance management easier for managers. University C developed a compensation tool that walks managers through factors to consider and pre-populates a rating sheet to indicate whether the employee needs an adjustment.

Result

This strategy can significantly improve managers' ability to deliver effective performance feedback. Simplifying the process helps managers focus on its most critical components and detailed guidance enables them to effectively complete tasks in areas where they may not have a great deal of competency or confidence.

“I think our biggest barrier is a skill gap...people are not completely confident with having [hard] conversations...with thinking clearly about expectations ...with providing feedback throughout the year...with appropriately acknowledging areas for correction...”

-Director of Learning and Organizational Development, University H

ACTION STEPS FOR ROOT CAUSE CHALLENGE #2

Insufficient Buy-In from Senior Leadership for Performance Management Programs

Action Step 1: Use Language that Resonates with Senior Leaders

Situation

University leadership is often a combination of people with corporate backgrounds and people with academic backgrounds. Choosing appropriate language to speak to the values and priorities of each group is critical. Often, choosing language that resonates with academic leadership is particularly difficult.

Action

Members recommend using language to emphasize development, accountability, and success, rather than management and discipline. Several members suggest removing the word “management” entirely because its corporate connotations do not fit well in an academic culture. Suggested alternatives include the following: performance communication, performance dialogue, performance measurement, performance feedback, or performance review.

Result

This approach helps senior leaders view performance management as a program that already fits in their environment, rather than as an outside system being forced upon them.

Action Step 2: Connect Performance Management to a Culture of Excellence and the Larger Goals of the University

Situation

Universities strive for cultures of excellence and take pride in achievement, however, performance management is not always perceived as an impactful way to support these values.

Action

University D directly aligned the areas of individual performance that its program would measure with the strategic initiatives and values recently established and publicized by the leadership as central university priorities. In addition, performance management training involves a goal alignment exercise, where goals at all levels of the university are aligned with overarching university goals.

Result

This strategy demonstrates the supporting role of performance management within an academic culture of excellence. Senior leadership is more likely to support and promote performance management if there is a direct line of sight between the process and their top-of-mind goals and initiatives.

*See Appendix III for details on University D’s goal alignment exercise.

“[The challenge is] how to get buy-in from the top...it’s not a common value at universities”

- Director of Employee and Management Services, University E

ACTION STEPS FOR ROOT CAUSE CHALLENGE #3

Insufficient Buy-In from Managers for Performance Management Programs

Action Step 1: Tie Performance Management to Managers' Goals and Objectives

Situation

Many university managers do not see value in investing time and effort into conducting performance management. For faculty managers in particular, performance management can seem entirely outside the realm of their duties and priorities. Changing this mindset can be a slow and difficult process.

Action

Several member universities emphasize the need to connect the efforts of performance management with benefits relevant to managers in all communications regarding performance management (i.e., demonstrating to a faculty manager in a lab that performance management can lead to better lab assistants and higher quality research).

Result

Continually connecting performance management with managers' priorities can help managers begin to see the process as a potential solution to their problems rather than an inconvenience.

Action Step 2: Reach Out to Key Influencers

Situation

Communicating the benefits of performance management to all managers directly is difficult, and the impersonal delivery that may be required can cause the message to lose its impact.

Action

Rather than reaching out to managers directly, University G focused on selling performance management to key people within the community of managers.* First, it identified key people whose support would help the program succeed. Next, it made them members of a committee to evaluate the old performance management program and make improvements. Finally, it concentrated on selling the new system to people with positions of influence and/or frequent contact with managers.

Result

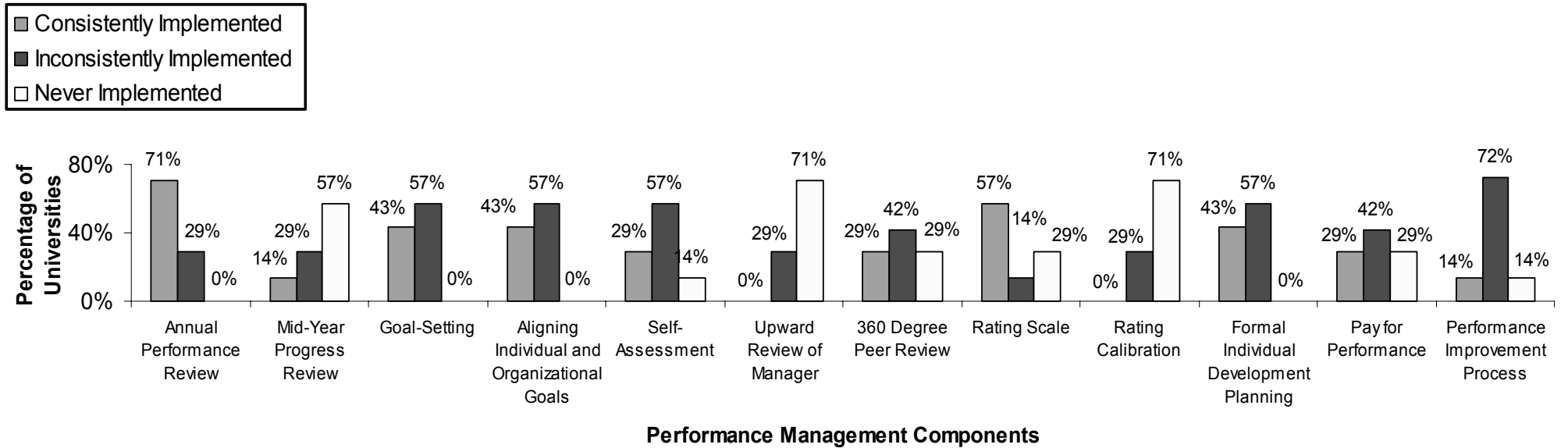
Involving key people early on in developing, evaluating, or improving a performance management program makes them invested in the process and more likely to support it. Also, selling the program to key influencers of managers increases chances of manager buy-in because they will hear about it from people whose opinions they trust, rather than receiving a mass communication from the HR department.

*See Appendix IV for details on identifying key roles within informal networks.

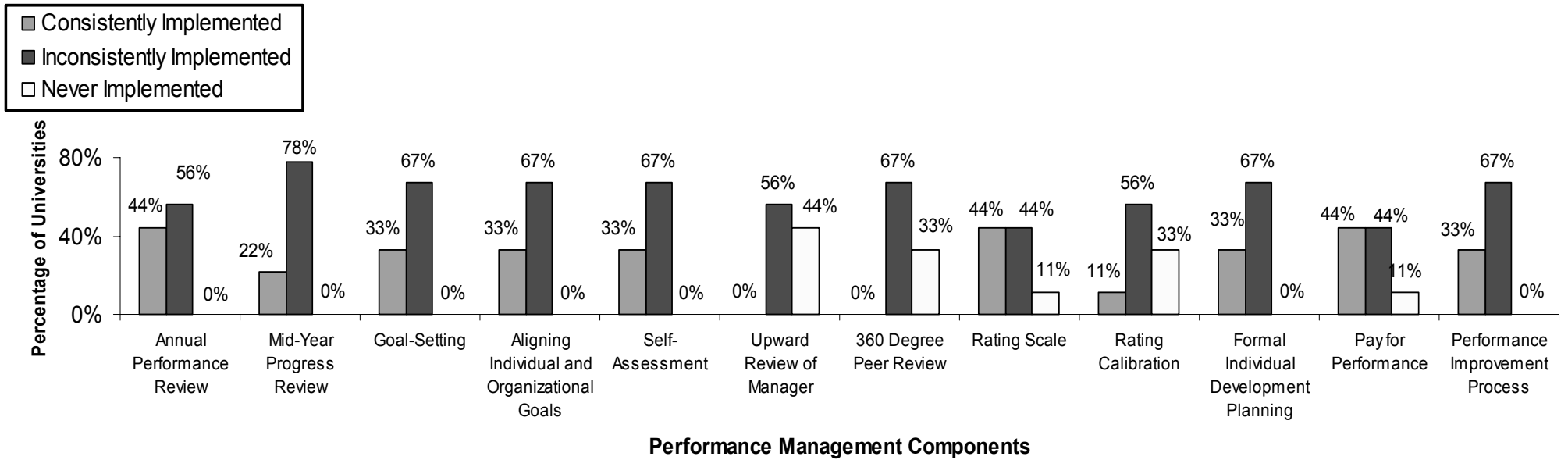
“You have managers who don't want to be managers – that's not why they were hired. There is really no accountability for doing [performance management].”

- Organization Development Consultant, University L

Appendix I: Percentage of Surveyed Universities that Implement Various Components of Performance Management for Faculty Consistently, Inconsistently, or Never (n=7)



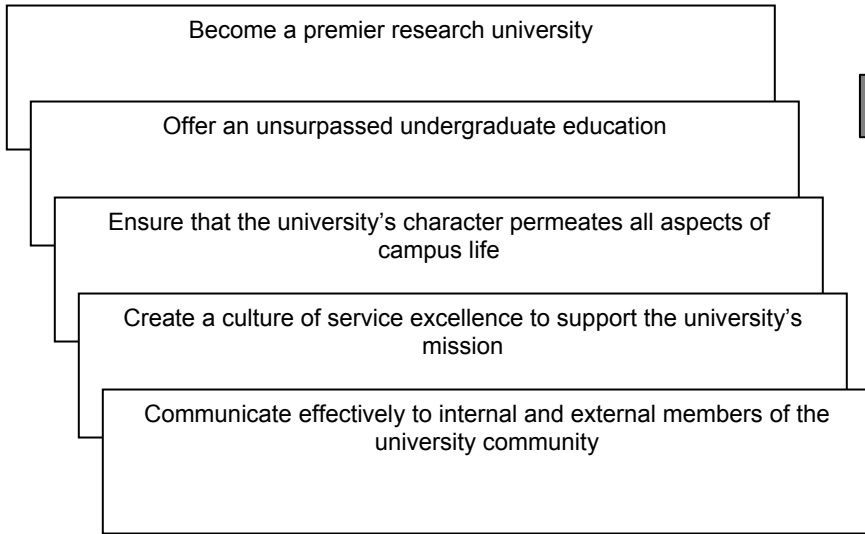
Appendix II: Percentage of Surveyed Universities that Implement Various Components of Performance Management for Staff Consistently, Inconsistently, or Never (n=9)



Appendix III: University D's Goal Alignment Exercise

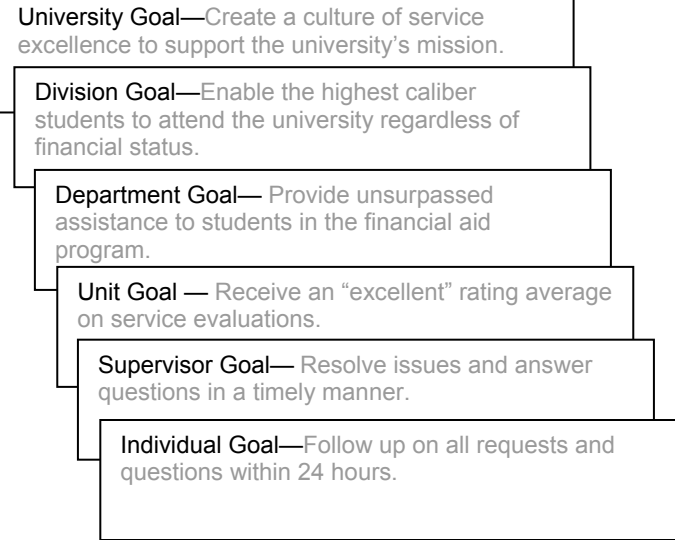
During performance management training, University D uses a goal alignment exercise to demonstrate how efforts at all levels of the university are tied to the achievement of university goals. The goal alignment exercise below has been filled in as an illustrative example of how an employee might complete the exercise.

University Goals



Goal Alignment Exercise

Working from your individual/employee goal or from a university goal, complete the alignment to the best of your knowledge for one of your current goals. This is an individual activity.



Appendix IV: Identifying Key Roles within Informal Networks^{††}

Reaching out to key influencers to gain support for a program involves identifying and targeting people who play critical roles within informal employee networks. Employees with critical informal influence are often not the people who hold official positions of authority. Listed below are three important role-players within an informal network whose influence could help facilitate the success of a new performance management program. While it may not be possible to identify employees in these roles exactly, they are meant to serve as guidelines for identifying “non-obvious” key influencers within an organization or department.

Central Connectors

Who They Are:

These employees link most people in a particular informal network together. They are not usually formal leaders within a department, but they know everyone in the network and others draw on them to get their work done. Central connectors are those to whom everyone goes for help, though in most cases they are not the officially designated go-to people in the department.

Why They Can Help:

Central connectors can influence many people very quickly. Since they are regarded as people “in the know,” their opinions are likely to be valued more than communications directly from the HR department.

Boundary Spanners

Who They Are:

These employees connect their informal network or department with other networks throughout the university and even at other universities. They take the time to consult with individuals across departments regardless of their own affiliation.

Why They Can Help:

As an employee within HR, you may not have knowledge of, or access to, key influencers such as central connectors within a particular school or department. Boundary spanners may be easier to identify and connect with, and they, in turn, can influence their connections in other networks/departments.

Information Brokers

Who They Are:

These employees connect various subgroups within a network or department. They have the same power to influence others as central connectors without necessarily having as many direct contacts.

Why They Can Help:

The large number of indirect associations that information brokers have enables them to influence large groups while only reaching out to a few people directly.

^{††}Source: Cross, Rob and Laurence Prusak, “The People Who Make Organizations Go - Or Stop,” *Harvard Business Review* (June 2002). (Obtained through EBSCO).

NOTE TO MEMBERS: This project was researched and written to fulfill the research request of several members of the Corporate Executive Board and as a result may not satisfy the information needs of all member companies. The Corporate Executive Board encourages members who have additional questions about this topic to contact their research manager for further discussion. The views expressed herein by third-party sources do not necessarily reflect the policies of the organizations they represent.

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