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PERFORMANCE LEADERSHIP IN ACTION
FINDINGS FROM A NORTH EUROPEAN STUDY

RAMBOLL

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1. INTRODUCTION

It has been widely documented that public sector organisations across the globe increasingly favour a strategy of managing for results (Curristine, 2005; Perrin, 2006), now commonly termed Performance Management.

Public executives embracing this approach to management have found that it presents not only a technical challenge, but also requires a 'complete mental reorientation' of the organisation (Behn, 2002: 9), ie that significant organisational challenges must be dealt with in order to successfully implement Performance Management (Mayne, 2007). A crucial element here, according to many observers attest, is *leadership* (Curristine, 2005; Perrin, 2002, 2006; Binnendejk, 2000). Borrowing Robert Behn's phrase (2006), we call this discipline *Performance Leadership.*

What constitutes good and effective Performance Leadership in the public sector? What is it that high-performing executives do differently here? What is the « craft » of their leadership? These questions form the basis for this study.

Despite the apparently pivotal role of leadership, literature on Performance Leadership is scarce, focusing primarily on the private sector, and typically in a North American context. This is an observation many North European public sector executives have made when reflecting on the feasibility of instituting such leadership practices in their own organisations.

To address this empirical bias, this study reports and reflects on the findings of interviewing 29 executives from Northern European public sector organisations who are successfully implementing Performance Management as a means of increasing organisational effectiveness.

The aim of this report is to inform and inspire public sector executives by showcasing the successful practices of and lessons learnt by their peers. We give priority to presenting a range of citings of statements made by the executives interviewed to illustrate in concrete their points made.

1.1 Methodology

The study began with an initial screening of a gross list of public sector organisations in Germany, Denmark, Norway, Sweden and Finland. Each organisation was assessed against a long list of selection criteria (based on 11 technical indicators for Performance Management implementation replicated from Poulsen, Bohni Nielsen & Jørgensen (2008)) to ensure it could demonstrate tangible success as a result of implementing Performance Management. Also, organisations were assessed if having addressed the necessary technical, cultural and political requirements – *and* particularly practicing strong personal leadership - *Performance Leadership*. While national differences exist, the organisations were identified as among the most advanced in Performance Management in their respective countries.

The net list consisted of 29 organisations. Some further background information concerning the type and context of the organisation was entered into a database for further analysis. Details of the interviewees is recorded towards the end of this report.

In each organisation, the most senior civil servant was contacted, with a view to discussing his/her leadership practices. All consented to participate. In some instances, the interview was carried out with a deputy to the CEO, who had been charged with the implementation of the organisation's Performance Management initiative. The interviews were designed to take the form of a dialogue, in the sense that the interviewer was able to probe further about Performance Leadership.

The hypotheses employed were derived from literature reviews and based on the experience of the authors. An interview guide was sent in advance to all interviewees. All interviews were summarised by the interviewer, and quoted comments have been approved by the interviewees. The interviews were conducted between July and September 2010. All interview data was coded in Nvivo for systematic pattern matching.

The study has at least three limitations which we would like to clarify from the outset: (i) its selection bias - the study has focused on organisations and leaders that have successfully implemented Performance Management; (ii) the study is based on individual interviews with executives, rather than fuller case studies of the organisations and the implementation processes within them; (iii) no quantitative evidence of the societal value of the organisation has been gathered or evaluated.

1.2 Report structure

The report is structured as follows:

- Section 1 summarises the findings of the report;
- Section 2 briefly introduces the concepts of Performance Management and performance Leadership;
- Section 3 explores successful Performance Leadership practices;
- Section 4 draws together key themes from all of the findings to arrive at a series of conclusions about what constitutes a successful leader.

2. EXECUTIVE SUMMARY

This study focuses on one salient dimension of Performance Management: *Performance Leadership*. We report the findings from in-depth interviews with 29 executives from public sector organisations in Germany, Denmark, Norway, Sweden and Finland.

Through the interviews conducted, the study has found that Performance Leadership is practised through the situational and contextual application of appropriate, complementary leadership roles according to various challenges and objectives. We have identified four key roles, which we have categorised as follows: The *Visionary* who executes strong motivational leadership focused around strategy. The *Architect* designs the organisation systems and capacity to deliver high performance. The *Engineer* leader focuses on the organisational ability to execute with diligence. Finally, the *Manager* drives the organisation operationally through institutionalised learning. This includes creating an inquisitive culture, focused on learning from and improving upon performance. The successful leader steps into these roles practicing situational leadership.

A number of our findings validate conclusions from similar international studies. Some have wider implications for management and leadership more generally; others apply similarly to *change* leadership. In the case of Performance Leadership in particular, the ability to define, ensure sense-making to employees, and execute on strategy are crucial to success, our study confirms.

Most importantly of all, it confirms that *leadership* is critically important to successfully implementing Performance Management. The leader's zeal and determination to drive change and get results are crucial to actually getting there. Yet our respondents tell us that a cohesive, committed and trust-worthy management team is also vital, since a single leader cannot drive change without reinforcement. Also, the executive needs backing by a dedicated middle-manager, it is stated by a number of interviewees.

Finally, a further significant finding is the importance of fostering or nurturing a performance *culture*. The execute must stretch the organisation with ambitious goals, without stressing it, according to respondents of this study. Also, accountability must be installed in the organisation to ensure clarity concerning how individuals and teams contribute to achieving strategic outcomes. Moreover, an environment in which being results-oriented, inquisitive and reflective to learn and improve on performance is a core ingredient to successful application of Performance Management. Leadership is required to ensure continous data-driven reflection on results and how these are created to become a high performance organisation.

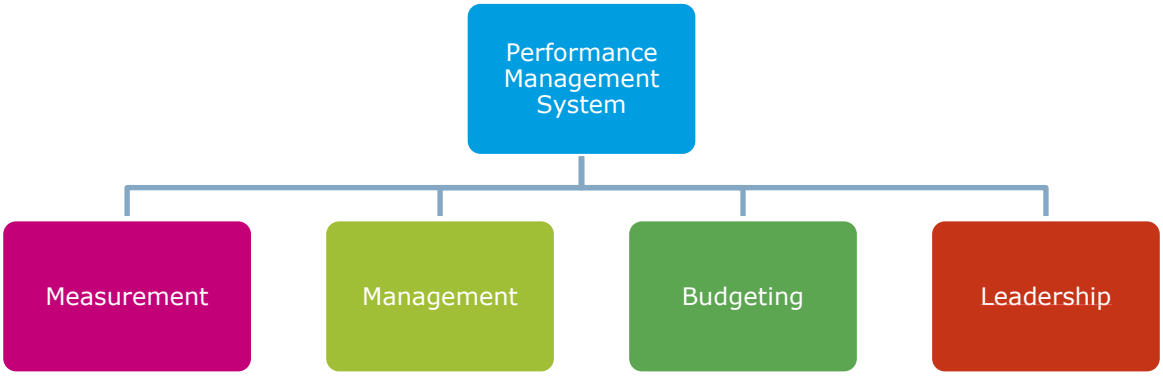
3. WHAT IS PERFORMANCE LEADERSHIP

As a part of the wider administrative philosophy of New Public Management (NPM), Performance Management has had a significant impact on public sector modernisation reforms within the last couple of decades (Hood & Jackson, 1991; Hood 1991; Busch et al, 2001; Moynihan, 2006; Mayne, 2007; Curristine, 2005).

Subscribing to one of the tenets of NPM, that of letting managers manage, and holding them accountable for results, several scholars have sought to define the constitutive elements of Performance Management, yet dissent is still ripe. At the same time, several influential works point to the existence of and need for (i) a management system that contains strategic goals, contracting, incentives etc; (ii) a measurement system that procures timely and accurate data on performance; (iii) a budgeting system that focuses on the costing of key services and outcomes; and (iv) a leadership approach focused on continually improving performance (eg Behn, 2006, Buytendijk, 2009; Liner at al, 2001; Mayne, 2007).

In the current report, we use the term Performance Management (aka results-based management, managing for results) as a management approach consisting of four elements: Performance Measurement; Performance Management; Performance Budgeting; and Performance Leadership (eg Mayne, 2007; Thomas, 2005; Wholey, 1999; Curristine, 2005; Ingraham, Joyce & Donahue, 2003; Bruijn 2002; Moynihan, 2006; Behn, 2008).

Figure 3-1 – Performance leadership is one element in a Performance Management system



In this particular study, our focus is one specific element of Performance Management: Performance Leadership. For this reason, the report stops short of addressing broader challenges relating to management, measurement and budgeting. However, the authors would like to stress the importance of these systems being functionally aligned with the leadership practice within the organisation.

For our purposes here, we suggest a working definition of Performance Leadership as: *a strategic outcome-focused approach to management and leadership using a data-driven, reflective and dialogue-based culture to achieve high performance. The approach seeks to align management structures and processes, culture and leadership within the organisation to increase its effectiveness, goal realisation and organisational performance.*

Of course, leadership cannot be considered in a vacuum. It is enacted through contextualised interactions and discourse. Indeed, several empirical studies have argued that a number of preconditions for successful Performance Management exist. These comprise the character of the organisation, ie mission and service type, as well as the capacity of the organisation with regards to technical, political and cultural factors (De Lancer Julnes & Holzer, 2001; De Lancer Julnes, 2009; Mayne, 2007; Curristine, 2005; Bohni Nielsen & Ejler, 2008).

In this study, this argument is analysed by comparing the styles of Performance Leadership with the capabilities and characteristics of the examined organisations along three dimensions:

- **Technical factors**, ie factors relating to *how* the organisation manages performance. The organisations analysed in this study have been assessed with regard to committed resources and access to knowledge about adopting and utilising Performance Management.

- **Political factors**, ie factors relating to *why* the organisation has adopted Performance Management. The target organisations have been assessed in relation to whether external or internal demand has been the driver for adopting the management approach, and to what degree top management, middle management and employees have been involved in both the promotion and implementation of the chosen approach.

- **Cultural factors**, ie factors relating to whether the organisational *culture* supports the focus on Performance Management. In this study, we have assessed whether or not the target organisations have a readiness for change, a positive attitude for measuring performance and effectiveness, and whether they encourage risk-taking and innovation.

The authors assessed participating organisations according to a number of items related to the dimensions indicated above. Subsequent analysis showed that the majority of organisations had at least a medium or high degree of occurence of all of the factors set out. This in itself is not surprising, as the interviewees were selected on the basis of successful implementation of Performance Management. However, the finding indicates that these capabilities are important organisational outcomes to achieve in securing optimum conditions for high levels of performance (Binnendijk, 2000; Hunter, 2006, Liner et al, 2001; Perrin, 2002, 2006; Poulsen, 2009).

Furthermore, it has been argued that the adoption and application of Performance Management will vary depending on the nature of the organisation's services and the complexity of its intended outcomes (Curristine, 2005; Feller, 2002; Poulsen, Bohni Nielsen & Jørgensen, 2008).

We also examined the organisational focus and strategic management in the participating organisations. Each was assessed in relation to:

- **Focus**: Is the organisation most appropriately characterised by a policy-oriented focus or a product/delivery focus, where the latter is associated with more tangible outputs and outcomes?

- **Strategic management**: Is the organisation characterised by the use of strategic governance models eg Balanced Scorecard, TQM, Excellence models, etc? (Froholdt, 2010).

Our analysis has shown that organisations can be categorised almost identically along the two dimensions. Where relevant, we have brought forward the differences in leadership practice which appear to be based on differences in organisational context.

Table 3-1 – Type of organisation

	Strategic Governance models in use	
	Low to medium degree	**High degree**
Policy-oriented focus	5 organizations	4 organizations
Product/delivery focus	8 organizations	8 organizations

It is nevertheless important to reiterate that leadership cannot be defined as a 'one size fits all' form of management. Approaches will differ, and leadership will be exercised as a particular and contextualised practice, focused on getting results and better performance. It should therefore be a priority for the executive to ensure that technical, structural, processual and cultural aspects of the organisation are aligned and conducive to embracing Performance Management.

4. EXECUTIVE PERFORMANCE LEADERSHIP

The current study notes that Performance Leadership is about capacity building enhancing an organisation's capacity through structural improvements as well as situational leadership. In this section, we explore Performance Leadership in action, using the experiences documented from our interviews with successful public sector leaders. Our goal is to determine what it is they are doing, how they behave and how they enact various roles in their leadership.

4.1 Situational Performance Leadership

To gauge how executives fulfil their leadership role, we have created a framework to analyse what leaders *do* in practice. Our assertion is that Performance Leadership assumes four different challenges:

1. *Managing change* - how executives engage in the change process when implementing Performance Management in their organisation.

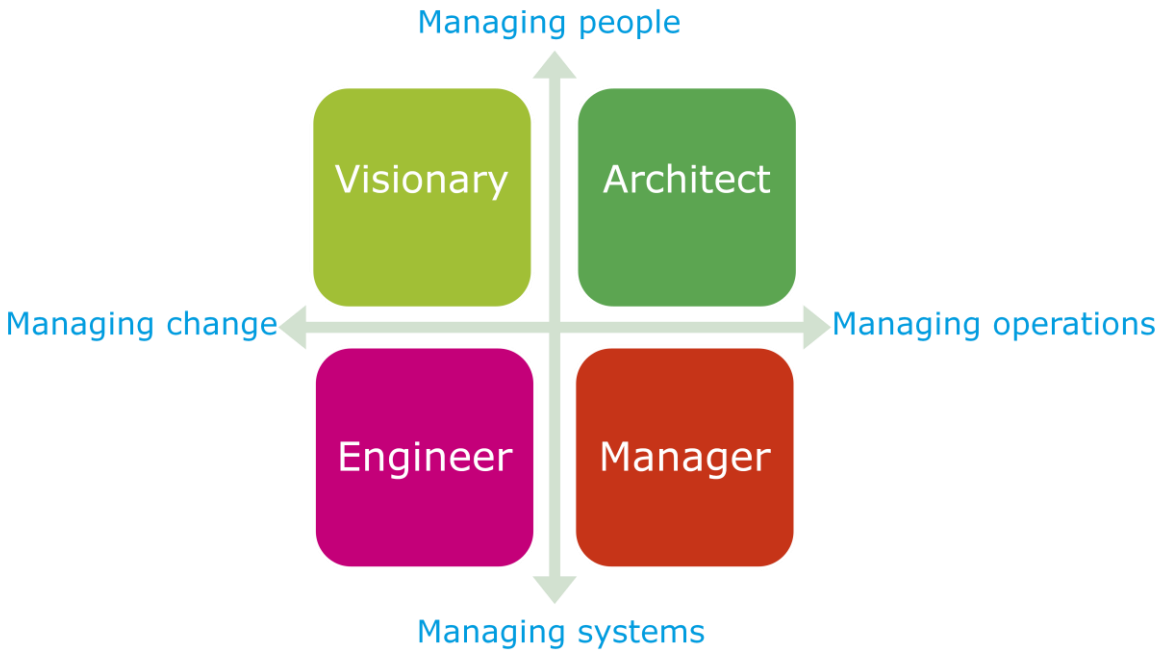
2. *Managing operations* - how executives engage the organisational culture, structures, processes, human capital and technology in delivering services to the client base and achieving the intended outcomes.

3. *Managing people* - how executives address the 'people' issue when leading change and operational processes.

4. *Managing systems* - how executives address the technical and organisational issues when managing for desired outcomes.

Figure 4.1 below illustrates four leadership roles that executives apply situationally when executing Performance Leadership according to which challenge is being addressed.

Figure 4-1 – Situational Performance Leadership



As seen in Figure 4.1, a typology of situational leadership is emerging, highlighting different roles that will need to be applied by executives when practising Performance Leadership:

- *The Visionary*. Managing people and change requires the executive to be visionary, to set the course and to inspire.
- *The Architect*. Managing people and operations demands that the executive creates a blueprint with a contingent design that transforms the vision and unites different capabilities.
- *The Engineer*. Managing change and systems calls for detailed planning and construction to bring the blueprint to fruition via implementation plans, project management, etc.
- *The Manager*. Managing operations and systems requires management skills that can make full use of the technical and organisational capabilities to enhance the organisation's performance.

Since the requirements for and of each role will depend on the given situation, it is crucial that executives are versatile, possessing the full spectrum of qualities that will be needed, so that they are able to act and respond appropriately to the given context. It is by adapting to different situations and honing the different skills that are needed that executives will 'craft' their leadership.

To illustrate how this might work in practice, we have used the findings of our study to explore where and how the different leadership qualities might come into play in different Performance Management scenarios. We give priority to presenting a range of citings of statements made by the executives interviewed to illustrate in concrete their points made.

4.2 The Visionary: Motivating for the mission

Visionary leadership is adopted in times where change is needed. Interviewees point to external pressures such as financial challenges or political demands as a driver here, while internal pressures might include the leadership team's ambition to get higher quality, more efficiency or effectiveness. Visionary leadership is also applied at times where the executive has just taken up their role, seizing the opportunity to set a new strategic direction (see also Behn, 2006; Liner et al, 2001).

4.2.1 Setting the strategic course

Visionary leadership is about setting out the desired course and direction, creating a compelling vision of the future and where the executive wants the organisation to go. By defining the mission and vision, the Visionary establishes a strategic platform for the organisation to operate from.

Our study indicates that there are some differences between policy- and product-oriented organisations. Generally, policy-oriented bodies appear to have a greater need for creating a common line of sight within the organisation, due to the fact that the outcomes of these organisations are more complex than those with a product-oriented focus. Furthermore, policy-oriented organisations seem to be affected differently by their external environments, due to the volatile nature of political agenda.

Nevertheless, all interviewees taking part in our study have stressed that the Visionary must assume strong ownership of the strategy, and be dedicated to promoting and executing the strategy, thereby demonstrating that Performance Management is a core and essential part of the business strategy of the organisation.

Extract 4-1

« No-one in the organisation can escape our results focus. It is important that it permeates all our business and how we talk. »

Anders Carstorp, Director of Södermalm District Administration, City of Stockholm, Sweden

Extract 4-2

« I realised we had to have a very clear picture of where the organisation had to go, why we exist, and why we do what we do. It is important that the executives of the organisation know what we want to achieve and that we communicate this clearly. In a Ministry like ours, the staff are highly educated professionals, dedicated to making a difference. For this type of employee, it is essential to communicate where we want to go and how they contribute to the strategic objectives of the organisation. As a Ministry, we work for the public good. This helps us. I think successful leadership is about charismatic leaders and an important cause. »

Bo Smith, Permanent Secretary, Ministry of Labour, Denmark

The concept of a *heliotrope* may be useful to understand the nature of strong leadership.

Heliotrope

The concept of heliotrope originates from Greek in which helios means sun or light and tropein means to turn. The concept is a key aspect in the appreciative inquiry (AI) approach and capsulates the idea that organizations and humans always will tend to develop towards the dominating imaginations of what the organization is put in the world to do and especially what the organization's future should be. The brighter the hope and expectations for the future - the stronger the desire to develop.

A heliotrope helps to bring their vision of what the future organisation should look like to life through imagery. According to the Appreciative Inquiry (AI) approach to changing organisational culture it does this by enabling the organisation and its people to see and to focus on meaningful, desired expectations for the future.

Extract 4-3

« Our strategic goal is very simple: to get people into jobs. But there are a range of other agendas here too – for example decent case-handling, legal administration, getting people into education, etc. All of these are noble goals. Our approach is to tie all of these strands together in a strategic, unified goal, breaking down the activities that contribute to the main aim of getting people into jobs. Without a clear strategic goal, we would be forced to react to individual stories, because nothing defines our direction. If we have not defined quality, we cannot defend ourselves when criticised. In that situation people would go their own way, leading to poor resource utilisation. Everybody in this organisation knows that we need to increase the supply of labour, but not everybody knew that when I started here. Performance Management is something I engage in personally, because it fits fantastically well into our objectives. With Performance Management you have a conceptual framework to set outcome goals and output goals. I didn't want to be an output person; I wanted to be an outcome person. Taxpayers have not hired me to focus on output. »

Marie Hansen, Managing Director, The National Labour Market Authority, Denmark

4.2.2 *Fervour: Committed to creating social value*

Public sector executives are documented as having a strong sense of serving the public (Beck Jørgensen, 2003). Many executives are recorded as noting that they have invested a great deal of their personal and leadership energy and integrity in setting about the course towards Performance Management (see also Behn; Buntin, 1999; Wye, 2004).

It appears that this is more than simply a case of defining and using a particular management tool. Rather, committed leaders in this area are found to exude a fundamental *belief* in the importance of their own roles as senior civil servants in shaping how things progress, backed by a sense of strong *personal* commitment to achieving the declared goals. In addition to being a

strong driving force within the executive, this purposeful spirit also serves as inspiration to staff and middle management, encouraging them to follow the leader's direction.

Extract 4-4

« First and foremost, as an executive, I have to internalise Performance Management as a concept - and the change it calls for - and make it my own. If this is not the case, the risk of not succeeding is high. »

Anders Carstorp, Director of Södermalm District Administration, City of Stockholm, Sweden

Extract 4-5

« Essentially, as an executive I would need to have a deep understanding of Performance Management so I can express myself clear and concise. I have to fully understand the concept of Performance Management in order to become trustworthy. »

Carina Uudelepp, Vice CEO, City of Stockholm, Sweden

4.2.3 'Sense-making'

The public sector executives contributing to our study generally stress the need for building a momentum for change among all staff by creating *meaning* around Performance Management (see also Behn, 2006). Above all, the strategy, vision and execution plan must 'make sense' to managers and staff. The concept of *sense-making* may be applied to understand the practice.

Sense-making

A concept introduced by the organizational theorist, Karl Weick which is understood as the proces in which people ascribe meaning to experience. Humans are according to Weick sensemaking animals who seek meaning more than they seek power, joy and love. The creation of meaning arise in the communicative processes after a specifik episode has occurred. In that respect meaning is a phenomenon that people create in retrospective, active and communicative processes.

Simply put it is through talking about episodes that we ascribe and create meaning. Meaning doesn't exsist – it needs to be invented. In that respect organizations are sensemaking entities in which its members constantly and ongoing engage in sensemaking processes (Weick 2001).

It is important to help all members of the organisation arrive at a meaningful understanding of why the organisation exists, what its core purpose is, and how each member must contribute to achieving this. If they understand the 'why' in all of this, they are much more likely to genuinely commit themselves to the cause.

In this respect, implementation of Performance Management does not differ from other change processes. According to the American organisational theorist, Karl Weick, the most crucial aspect of any change process is ensuring that employees are able to make sense of the actions and behaviour involved or required.

Weick suggests that it is important to create and support different forums and scenarios through which employees and managers can interact and explore what is happening, how and why ('sense-making communicative processes'). It is through such forums that the concepts, tools and ideas related to the change process are digested and made meaningful – ie that the static, lifeless theoretical concept is brought to life and made applicaple to the individual (Weick, 1995).

A number of our interviewees agree that it is necessary for employees not only to receive a clear and oft-repeated version of the concept from top management, but also that individuals are given space to ascribe meaning to what they have learnt, in terms of the different ways it will affect their work and everyday life.

Extract 4-6

« Our strategy is a story we need to keep alive at all times. It is unequivocably important that people in the organisation make sense of what we are are doing. We did a lot in the beginning to vehemently communicate the message: ie that we are about creating jobs. The Department was established at the same time as the Danish Job Centre Reform was implemented, so we had to build a new organisation and a new cultural identity. By sending the clear message of focus on job creation, we had a not insignificant flow of staff. We had people transferred from the Department of Social and Labour; some did not find this attractive and left. This gave us the opportunity to get the kind of employees we wanted. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

Making sure the strategy comes to life can be facilitated in a number of different ways, as the following Director General explains:

Extract 4-7

« Each year, we select one of our strategic objectives as a theme. This strategic theme guides all internal training and communication, while the divisional directors write in their blogs around the year what the given theme means in their own job and their division's work, etc. Intranet pages provide toolboxes for managers and employees with guides, videos, blogs and discussion forums around the strategic theme. Everyone is required to answer the question: 'What does this year's strategic theme require from me and how will it affect my job?' In appraisal talks, personal targets are set around the chosen theme, and divisional directors have personal performance contracts. In addition, on the basis of strategy, including indicators, multi-annual operating and financial implementation plans are made and updated yearly. On the basis of these plans, yearly budgets are drawn up - these are performance based, in that appropriations are aligned with specific goals. »

Mirjami Laitinen Director General, Tax Administration, Finland

4.2.4 Staying on course

Several executives in our study have emphasised that managing the implementation of Performance Management is a long-term process, and that an all-or-nothing approach is likely to be ill-fated. Rather, organisations must strike a balance between vested interests, acknowledge opposing views, yet maintain momentum in the change process. Staying on course is crucial.

Performance Management and Leadership is a never-ending task, too. Since there will always be a quest for improvement, organisations and their leaders need to continually reflect on the direction being taken, and whether existing goals and targets remain appropriate.

Extract 4-8

« The executive has to be in front, continously reflecting on whether the course is still sound. I consider Performance Management to be a never-ending development project. »

Bo Smith, Permanent Secretary, Ministry of Labour, Denmark

4.2.5 Summary

The Visionary leader's role is to set out the organisation's new direction in such a way that it inspires and motivates the employees, translating the strategy and goals into something meaningful for each individual in their everyday work.

4.3 The Architect: Organisational design for high performance

The Architect leader designs the blueprint that creates alignment and consistency between goals, culture, processes, structure and human capital. In short, if management, measurement and leadership are not synchronised and optimised to support the delivery of high-quality services to achieve the desired outcomes, little will be achieved (Behn, 2006; Mayne, 2007).

4.3.1 A clear accountability structure: We're in it together

Many interviewees in our study have noted that it is essential to ensure accountability at all levels, both *internally* as well as towards external partners. In particular, they note that *directly influencing* outcomes and *being accountable* are two different things (see also Liner et al, 2001).

Accountability, they argue, requires an acknowledgement that all members of the organisation have important parts to play if strategic outcomes are to be realised. There must be clarity concerning how individuals and teams contribute, which is achieved by identifying their respective accountability towards specific goals which, together, make up the strategic objectives of the organisation.

Two Finnish directors speak about salary/bonus models they have implemented as part of their organisations' accountability-based efforts:

Extract 4-9

« Finnish Customs has been a front-running organisation in the implementation of new management systems in the Finnish public sector as Custom was a pilot organisation when the Finnish state administration adopted a Performance Management system in the early 1990s. We were also one of the first organisations to implement a new salary system, in which salaries comprise a 'job demands' component and a 'personal work performance' component. This means that the core salary itself (not the bonus) depends partly on personal performance. The personal performance salary component is based on the confirmed assessment of an individual's work performance. »

Hannu Lappi, Director, Finnish Customs, Finland

Extract 4-10

« The National Land Survey has an advanced bonus system motivating teams/units to reach their targets. Group targets are derived from our strategy and from yearly targets. The bonus is in monetary value the same to each person in a group. In 2009, the NLS won the Finnish Quality Award in the category for public sector and non-profit corporations. The Award Jury drew attention in particular to competent leadership and committed personnel as strengths of the NLS. We have an open leadership culture, stressing information on operations and results, as well as development projects which are disseminated through various communication channels, including regular meetings. »

Jarmo Ratia, Director-General, National Land Survey, Finland

Clearly, the practice of accountability has two sides. In addition to recognising top performance, it also exposes and enables sanctions to be imposed for under-performance.

Extract 4-11

« We stressed accountability early on. It was important to say that we assessed results and that it would have consequences to achieve targets or not to achieve targets. Now, school leaders that are critically assessed understand why, even though they don't always find it nice. Our model is that regional directors follow up on schools deviating from targets. Important to say is that school leaders are accountable. Regional directors assess and talk with them. At the end of the year I review data and have assessment meetings with regional directors. We have contracts with leaders including areas for improvement and results targets. You have to have the guts to say what is good and what is not good. You need to go all the way and even finally say: 'Maybe you need to find another job to do'. Important is that assessment is about performance, not moral judgement or similar stuff. »

Kjell Richard Andersen, Deputy Director, Department of Education, Oslo, Norway

Equally, accountability-based measures should be applied to ensure strong and results-focused cooperation with *external partners*, particularly those that have a significant influence over the realisation of the organisation's intended outcomes. Several of our interviewees stress that their Performance Leadership is not only about *internal* excellence on activity-based goals, but also about relentlessly pursuing outcomes that are difficult to achieve without the cooperation of other organisations (see also Liner et al, 2001; Mayne, 2007).

If such external partners have a significant bearing on the organisation's outcomes, the utmost must be done to to integrate and coordinate interventions. This could be done by sharing accountability, by coordinating or using results-based contracts to specify important goals as binding agreements with important partner organisations, to ensure goal attainment.

Extract 4-12

« We must look to see which alliances we can establish and strengthen. How can we cooperate even more fruitfully with other organisations? In our case, these would be firms of accountants or bankers. »

Svein Kristensen, Director, Tax Norway, Norway

4.3.2 A united management team

While the driving force for positive change and Performance Management must begin with the ultimate leader, the impact will not be felt unless the whole management team is strong and united in its commitment to strategic outcomes. Our interviewees emphasise that middle managers must be dissuaded from compartmentalisation, and understand the interdependencies that underlie the realisation of outcomes.

Trust in and within the management team must be created. Leaders must establish credibility, so that they gain the respect and trust of other managers. This is not assured by authority alone. Rather it is earned through a strong track record, and handling of 'defining moments' as these emerge. Trust is negotiated; it is also dynamic, which means it needs to be generated continuously.

Once the broader management team is on board, it will be easier to drive buy-in and commitment through the rest of the organisation. This is crucial, as a lone executive cannot design and lead, let alone accomplish, all of the change processes in a complex organisation.

Delegation is essential. Identifying, nurturing, and backing capable middle managers to execute on behalf of the executive is crucial if results are to be achieved, as is described here by a Permanent Secretary who is unable to devote all his time to implementing Performance Management:

Extract 4-13

« I have had middle managers that are passionate about Performance Management. My dedicated middle manager loses motivation though, if I don't back him up. So, when I talk to people, I promote Performance Management and the middle manager in charge of execution. »

Christian Schønau, Permanent Secretary, Ministry of Social Affairs, Denmark *(at the time of interview)*

Other executives explain how they needed a strong middle manager and an organisational unit with dedicated staff to execute the strategic objectives. To satisfy this need, they have established a new department to roll out Performance Management:

Extract 4-14

« A clear driver for success has been that, two years ago, we established an office of results control (and a similar office of quality control, focusing on elements not included in performance data). Previously, we had difficulties getting started. Some responsibility was placed in the IT office, some in the financial office, some in the policy office. Responsibility was spread out. And for all three offices Performance Management was peripheral to their core focus. This sole focus of the new office of results control is to drive this process of performance management data analysis, and reflection on the findings. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

4.3.3 Harnessing professionals' knowledge

Professionals and front-line staff hold a strong nexus of professional knowledge about what they do, gained through their years of training and experience. A common view uncovered in this study is that a pivotal element in making Performance Management work is harnessing professionals' knowledge when identifying the means to get to the outcomes.

While the outcomes may have been politically determined, the means by which these results are achieved is ideally determined with substantial input from the professionals in the organisation. Their knowledge and insights will be valuable when identifying appropriate metrics and relevant measures for managing performance.

Comments gathered during this study point to a host of ways to elicit and harness this input:

Extract 4-15

« I believe in people's ability to perform. I do not answer questions without asking for staff's suggestions for solutions. My leadership approach is based on a belief that the real power is far out in every corner of the organisation. »

Dan Eliasson, General Director, Migration Board, Sweden

Delegation and ideas-pooling is one thing, but this must be driven and co-ordinated from the top of the organisation. None of this will work unless the executive has made clear why Performance Management has become a focus, and what the new approach aims to achieve. By explaining the intentions, illustrating the goals, demonstrating their own passion for the cause, and in this context including professional staff in the decision-making process, leaders will be creating the optimum conditions for progress.

Similarly, the executive's full and ongoing support for resulting processes and actions will make it possible for employees to create a meaningful sense of their work as the Performance Management implementation unfolds.

Extract 4-16

« Our bizz-reviews have been much more precise now having a real-time data system which provides us with information on progress. This creates more relevant steering. We have shifted the responsibility for assessment of indicators to the employees now. Previously, this was done by external parties. Having our own staff to own the process, take responsibility and use it is much more valuable to the organisation. »

Bengt-Åke Ljudén, Vice President, Invest Sweden, Sweden

Extract 4-17

« It is a story that you need to keep alive all the time. I have just been to speak at an introduction course for new employees. The directors prioritise this. One third of my presentation is spent telling the new recruits that we are a Performance Management organisation. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

The process of 'sense-making' (making sense of what is being done, and why) is enhanced by involving the members of the organisation. The sheer size and complexity of many public sector organisations implies that such involvement is multi-layered, and consultation and involvement in the strategy process is often done by engaging institutional actors such as union representatives. Some of our respondents had done this; others had not. More important, it appears, is the communication of positive aspects of the change process –ie emphasising the good that will come of it.

4.3.4 Designing HR and knowledge management strategies

In the Architect leadership role, executives must develop the organisation's ability to define and capture appropriate Performance Management information – the mechanics supporting the discipline (see also Behn, 2006; Mayne, 2007; Perrin, 2006).

Since different personnel will be required to deliver different outputs, a human resources (HR) strategy will be needed to draw all of this together, supporting the organisation's chosen business model. To help shape this, questions to ask include: What do we service which population with? Which competences are needed to achieve high performance? How is our recruitment and retention strategy defined? Do we perform in teams or as individuals? Do we have a bonus model and how is it designed? What actions qualify for career development? What actions cause punishment and what does this look like?

The interviewees in this study further emphasise the need to build a knowledge management structure, providing the organisation with the ability to make well-informed decisions based on credible monitoring and evaluation data (see also Behn, 2006, Liner et al, 2001; Kusek & Rist, 2004).

Some claim to have invested significant resources in building knowledge management strategies, supporting these with organisational units and procedures. The Danish Ministry of Social Affairs and the Danish National Labour Market Authority have both committed themselves to knowledge strategies designed to link monitoring and evaluation data with their organisations' strategic objectives by knowledge handling and the production of highly evidence-based knowledge.

4.3.5 Summary

The Architect leader's role is to design the organisational structure, and support structures, for success, including a HR and knowledge management strategy. The priority here is to establish a clear accountability structure, and dedication and commitment to Performance Management across the management team and the organisation as a whole.

4.4 The Engineer: Operational implementation

The Engineer leader's role is to lead the organisation through the realisation of the changes required to instigate Performance Management in the organisation, and the planning and construction of the processes involved in effective implementation.

4.4.1 Linking strategy with operations

The Engineer leader will need to develop achievable modes of organisational implementation which ensure the organisation's ability to continously accomodate change and proactively lead change processes. In short, engineering leadership is about how to realise objectives practically and operationally, through planning, project management and so on (see Liner et al, 2001).

Critical success factors here, which are intrinsically linked, include a clear line of sight, employees' ability to 'make sense' of what they are doing and why, and their commitment and buy-in:

Extract 4-18

« It has been important to establish a line of sight. The other day, one of our staff told me: 'This is the first time I can relate my work to the aim of the organisation.' »

Christine Lugnet, Director General, Swedish Agency for Economic and Regional Growth, Sweden

A tool often adopted to marry strategy to everyday operations is *Theory of Change*, a strategic planning tool used to link strategy with practice (Hunter, 2006). Often the theory of change is co-created between the executive management, middle management and front-line staff, thereby ensuring a clear line of sight for all parties concerned. Other organisations in our study have adopted alternative planning tools such as strategy maps, logic models and the like.

Extract 4-19

« I have discovered that, used in the right way, Performance Management is not just about the top-down steering of an organisation. At the beginning, it probably was, but pPerformance Management is really about setting strategic objectives agreed with the political level. It is not a case of me up here defining which measures of mobilising the unemployed we want to have. Rather, the Theory of Change underneath the strategic objectives defines cause-and-effect chains. »

Marie Hansen, Managing Director, The National Labour Market Authority, Denmark

Meanwhile, the following comment illustrates how line of sight and the data streams that inform goal achievement go hand in hand:

Extract 4-20

« It is essential for the motivation of employees that there is a clear mission that sets the connection between the social value created by our organisation and the activities they conduct. We now have defined goals for each team for the production of cases, and each individual has their own personal goals as minimum standards to be met. We have people appointed in each team who are responsible for collating data; every Monday morning they have performance data from the previous week pushed to them to be analysed. At team meetings, they present results and the team then sets the current week's strategy of which cases to focus on to optimise strategy realisation. Since each team has bonuses based upon performance, they are keen to achieve the goals. In this way, strategy is directly linked to each team and its productivity. »

Anne Lind Madsen, Managing Director, The National Board of Industrial Injuries, Denmark

4.4.2 *Stretching without stressing the organisation*

Stretching the organisation without stressing it is a delicate balancing act. If they have bought into the new performance-based strategy, everyone will want to do well – and be seen to do well – but the question is how to push for more without heaping on too much pressure.

Ambitious yet realistic goal-setting is crucial, and it can help to include employees here so that they agree to and buy into what's expected of them. For the executives interviewed in this study, the ability to set out clear and ambitious goals is a common denominator in successfully orchestrating performance-based change and driving up standards (see also Ben, 2006).

Extract 4-21

« I set high goals for us being good at what we do. I am annoyed by a job done badly. I demand much of myself and I think others should do the same. They may find me demanding, but most people want to do a good job. »

Ida Børresen, Managing Director, Norwegian Directorate of Immigration, Norway

Achieving this without stressing the organisation is a challenge, but one that is important for the Engineer leader to achieve, according to several of the participants in our research. While in Visionary mode, the leader amasses a wealth of ideas and pursues the take-up of these in the organisation as quickly as possible by creating energy, dedication and motivation, the Engineer leader must try to balance ideas and personal energy with the ability of the organisation to absorb, understand and apply these innovative proposals.

Visionary zeal, then, must be counter-balanced by the executive taking on the Engineering role, or by ensuring this role is assumed by others in the management team who have a good feel for what can reasonably be achieved within a given timeframe. Certainly, it is important to keep pushing staff forwards, so that they do not become complacent.

Extract 4-22

« You have to constantly set new goals. You must establish long-term goals, but employees should also be able to see relatively short-term goals for their work. Building a full-blown Performance Management system takes five, no - 10 - years. Therefore, you have to supplement long-term goals with intermediate goals. And when you reach them, you must set new goals. You must set reachable goals not to over-stress the organisation. Having said that, you really have to be ambitious to achieve them. It is a much more common mistake by leaders to over-protect the organisation than to stress it. Things stop. You must as an executive push the organisation to perform. Naturally, you have to listen to concerns. But we would not be where we are today, had we not pushed forward continously. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

4.4.3 *Summary*

The Engineer leader's role, then, is to plan, operate and implement organisational structures and processes to ensure that change can happen.

4.5 The Manager: Driving data-driven learning and action

The Manager leadership style drives the organisation in operational mode. Here, according to many of the public sector executives interviewed, Performance Leadership involves establishing an effective management information system which supports the organisation to achieve its objectives (see Kusek & Rist, 2004). Of particular importance is not the data system in itself, but the institutionalised analysis of that data (see Patufsky, 2007, O'Connell, 2001), as well as having a culture that has been established around the focus on performance (see Mayne, 2007; Moynihan, 2005; Thomas, 2005). Essential to the Manager style, then, is the ability to make organisational learning routine by instituting an inquisitive, data-driven culture.

However, policy- and product-oriented organisations appear to have somewhat different preconditions for using data in their operational day-to-day management. Production-oriented organisations often have more access to real-time data about both outputs and immediate outcomes and therefore are better placed to make use of monitoring data for operational and tactical decision-making. In policy-oriented organisations on the other hand, data availability will typically be less frequent and these organisations are therefore more likely to establish learning situations more focused on strategic management. Often, data monitoring is complemented by evaluation and research data. This will inevitably structure the nature of the review and learning, stemming from the analysis of data.

If real–time data is available to the policy-oriented organisation, the latter can engage in frequent reviews of the means, deployment of resources etc. with its providers or lower tiers of government (eg through tactical reviews). The Danish Labour Market Authority is a good example. For the production-oriented organisation, focus can be on improving production efficiency or quality (through operational review). The Danish Board of Industrial Injuries provides an example here. For organisations with less availability of data, the potential for learning situations is likely to be reduced, more often relying on strategy reviews where performance is linked to strategic outcomes. To a production-oriented organisation such a lack of management information will probably cause a lack of sufficient operational management capacity. It should be noted that no organisation in this study is assessed to be in this category.

Figure 4-5 – Types of institutionalised learning situation

4.5.1 Demanding evidence

Several executives in our study stress that data must reflect the relevant steps linking effort to strategic outcomes. If not, it is not a meaningful Performance Measurement system. Thus, measurement must be meaningful to staff at all levels and inspire an inquisitive culture whose goal is to learn how the organisation and the teams and people within it can do what they do better (see also Hunter 2006).

If staff find that data is not meaningful to their work and disconnected from strategic objectives, the process of data collection, data handling and data use becomes meaningless and may jeopardise the leadership approach altogether.

Extract 4-23

« Having a measurement system to support the strategy is essential. At Invest Sweden, everybody is used to work with selling. Everybody wants targets, so we need to create this coherence between clear, individual targets and the strategic goals of the organisation. This creates buy-in from the employees and a system that is used. If employees see that goals are relevant and in line with the strategy, you earn trust. If there is no alignment, you lose legitimacy. »

Bengt-Åke Ljudén, Vice-President, Invest Sweden, Sweden

Some executives taking part in the study point to the fact that they need data in order to be able to manage, because without data they are not able to reflect upon progress related to goal attainment. Thus, data must exist to support reflection and conclusions to act. This view is expanded upon below.

Extract 4-24

« Our group of directors does not accept myth and loose talk. We only talk about what is real, ie. documented by data. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

Extract 4-25

« Performance Leadership has two have legs - One: How to set strategic direction on why you exist as an organisation and where you want to go. Two: If you seek to lead by this strategic approach, how do you work with quantitative goals and how do you follow up and ensure you move in the right direction. We need ways to conclude if we are to make a difference – not just in what we do, but in how this might change society. Here, we need effect indicators that are closely knitted to the strategy. It is very important in these strategy processes that we have numbers on the table. Not having data makes the discussion abstract. It is nice to have a vision, but it is only interesting if it is coupled to reality - and reality is numbers. »

Bo Smith, Permanent Secretary, Ministry of Labour, Denmark

Many interviewees stress the importance of establishing a data system with credible data that everybody trusts (see also Behn, 2004, Liner et al, 2001). If the quality of the data is called into question, this could side-track the focus on performance. Data needs to be relevant, too, so the information being collected must be not only accurate and reliable but also pertinent to helping drive the desired goals for the organisation. If the data has no real value, either because its integrity and completeness is doubtful, or because it does not tell the organisation anything useful, it cannot be successfully harnessed as the basis for learning and improvement.

Several organisations, among them the National Police Commissioner in Denmark, have established national and local information/monitoring/business intelligence units tasked with collecting, collating and reporting data to all levels of the organisation (see also Rist, 2006):

Extract 4-26

« I have established national controlling units on data in various areas. They analyse performance and push data to police districts. Police directors gather discussing and reflecting, and they return to their districts, revising activities and talk to their organisations on data. »

Jens Henrik Højbjerg, National Police Commissioner, Denmark

Once streams of data can be trusted, the executive demand for performance reporting, as part of an accountability chain, is found to create a trickle-down of data demand within the organisation (see also Buntin, 1999; Patufsky, 2007).

Some interviewees in our study further warn that the executive's demand for data must be counter-balanced with the amount of resources required to produce and consolidate it so that the resulting findings can be usefully leveraged by management and employees, informing decisions in their daily work.

4.5.2 *Creating an inquisitive culture*

Almost all public sector interviewees taking part in this study underline the existence of an inquisitive, performance-oriented culture as one of the most salient parts of their Performance Leadership (see also US General Accounting Office, 1997a; Pal and Teplova, 2003). These leaders have engaged heavily in designing data systems *and* developing a culture focused on learning. The importance of creating institutionalised learning situations is also identified as a crucial success factor by a number of students of Performance Management (Moynihan, 2005; O'Connell, 2001; Thomas, 2005).

Many interviewees maintain that if they themselves had not invested huge resources in creating such a conducive environment, Performance Management would not have been fully implemented in their organisations. This is because an organisation will tend to focus on what the executive focuses on. If the focus keeps changing, a data-driven decision culture will not fully emerge.

An inquisitive culture, then, depends on continous discussions of data reports. The comments below illustrate the different ways organisations might approach this, ranging from weekly review cycles to more in-depth investigations three times a year.

Extract 4-27

« Every week, I inform about the results we performed last week. I receive results reports Friday. Monday I usually follow up with departments that performed very well, congratulating them or talk to the departments that did not perform well having my assessment confirmed and ask to their analyses. »

Dan Eliasson, General Director, Migration Board, Sweden

Extract 4-28

« We have meetings every 14 days with job centre leaders. At each meeting, we discuss the results report. We talk about what works and what does not work, in an attempt to continously learn. The aim is to achieve a consistent high-performance level, so that we don't later need to spend substantial resources doing something special about a performance deficit. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

Extract 4-29

« Directors need to see that I as the top executive value Performance Management and that achieving our goals is a significant part of what they are assessed upon. My role is to drive this through, constantly making performance monitoring visible in my Performance Leadership. Before, I only talked about performance in a systematic way with directors once a year, in accordance with results contracts being signed. Now, we have three yearly meetings where we discuss data. If this is to be taken seriously and have an impact as I want it to, we need to spend leaders' time on it. We need to meet, talk and discuss what performance data means. You cannot delegate it. I am depending on middle managers to help and to drive various components. But I cannot delegate the leadership task of discussing performance data with directors. I must sit down with each director, holding him or her accountable. »

Bo Smith, Permanent Secretary, Ministry of Labour, Denmark

Knowledge, as they say, is power:

Extract 4-30

« What is the situation in your organization? What are the results? Many leaders lead on intuition rather than knowledge. Before, in our organization, results were hidden. We did not know how things were. We had to create a picture of what happened. »

Kjell Richard Andersen, Assistant Director, City of Oslo Department of Education, Norway

Translokotionarity

Translokutionarity basically means "through speech" and point at the phenomenon some of us might recognize. That we first know what we mean when we hear ourselves say it out loud. It is first when we actively turn our thoughts into words that they become conscious and visible to us. With Weick's sense-making concept in mind it is through conversation that Performance Management becomes understandable and meaningful (Fogh Kirkeby 1994).

When data becomes a part of daily work, it actively influences and change dialogues and behaviour. An ongoing leadership task, then, is to encourage, grow and support constructive dialogues about data and the interpretation of that data.

All organisations and their top management must ask themselves which stories are emerging and circulating based on performance data, and how these interpretations are being created and sustained. The way that members of the organisation use data and talk about data will have an impact on how engaged and motivated they are, and how much they buy in to the Performance Management discipline on an ongoing basis. To create and sustain a motivating and engaging atmosphere, it is of vital importance that the executive team is conscious of how data is being interpreted, communicated and used, both by themselves and by others.

Extract 4-31

« As the executive team, we were very aware of our wording around the use of data. As a result, middle managers and employees were never afraid of what we were introducing. It was important to demonstrate that we did not intend to use data to punish anyone. Rather, we emphasised our intention to use data measurement as a dialogue tool, as the basis for discussion: How did they use the data? What made them curious? »

Pernille Andersen, Director, City of Copenhagen Department of Techniq and Environment, Denmark

Extract 4-32

« Performance Management is, used appropriately, not just as stark numbers – we have also created a culture of dialogue, for example where the labour market regions have dialogue with municipal job centres on data and activities. We have established greasy data, amongst others in www.jobindsats.dk It facilitates organisational development and innovation. Now we push it out via a dialogue culture between labour market regions and job centers. To look at data: Who is not getting into jobs, what characterises them, what are the causes? How can we develop measures for a given target group? Data is also good at keeping things in proportion. Stories will always emerge, so it's important to be able to establish whether we should be pursuing new policy-making or blaming a single person at a particular place. »

Marie Hansen, Managing Director, The National Labour Market Authority, Denmark

One way to help build a strong sense of *agency* (a true sense that each individual has the capacity and potential to act upon and influence the surroundings) with each employee and each department is to invite all members of the organisation to become involved in interpretating data, to explore and enrich the understanding of performance and the possibilities for improvement of practices to support high performance levels.

In such conversations, the organisation should execute the Performance Management approach in context, laying down stepping stones to get to a point of high performance. Some interviewees note that including members at all levels of the action gives a strong signal of willingness to involve and listen to employees, as is voiced by this director:

Extract 4-33

« I seldom air direct assessments without departments making use of analyses themselves. I find it important that I make space for the organisation to present its own analysis and reflection, thereby creating motivation. »

Bitte Davidson, Director of Bromma District Administration, City of Stockholm, Sweden

Usually, the executive engages in establishing the system and setting up effective, results-focused organisational models for their interactions with managers in the organisation, the ambition being for managers to embark on the same journey of data reflection with their staff – and in some cases with partners and suppliers of services.

Ultimately, the goal is to arrive at an open, learning organisation that is continuously and actively striving to be better at what it does, through a process of reflection on organisational performance as documented in real data. Armed with real feedback on their actual achievements on a regular basis, these organisations are empowered to revise programmes, adjust organisational settings, and implement new, innovative activities and procedures as they identify more effective ways to achieve strategic objectives.

4.5.3 *Best practice, recognition and celebration*

A 'strength'-based approach calls for teams and individuals to look for opportunities. 'To do what we do best every day' is a strong practice. If an Appreciative Inquiry approach is focused by the question: "Where do you succeed?", then the executive's job here is to probe further: "Which strength do you use in these situations?", in organisational dialogues.

Interviewed executives in this study emphasise the importance of applying best practices as a tool for learning and development, as can be seen through the comments below:

Extract 4-34

« Best practices are shown in the organisation. When the occasion calls for it, best practice examples of good performance are awarded and shown (at the intranet, knowledge management systems, events). »

Dr. Beier, Managing Director, German Development Agency, Germany

Extract 4-35

« The high-performing teams share knowledge and identify good practices, making them better. Process consultants have a responsibility to disseminate this practice to lower-performing teams. We have large productivity gains here. »

Anne Lind Madsen, Managing Director, The National Board of Industrial Injuries, Denmark

Extract 4-36

« We are keen on showing good examples. We have had success stories by moving school leaders from one school to another. This can cause big change, for example on drop-out rates. New good leaders can establish the school as a good place to be in and cause a cultural change among teachers making them proud of themselves. Such stories are important. »

Kjell Richard Andersen, Deputy Director, Department of Education, Oslo, Norway

It is also important to celebrate and share achievements and successes internally, our research confirms (see also Behn, 2006, Liner et al, 2001). This stimulates the sense of succeeding and being part of a forward-moving process. The effect is often a growing sense of pride, fulfilment and enthusiasm among the members of the organisation, increasing the will and energy to push the organisation on even further. The value of such recognition and celebration, both internally and externally, has been shown to extend far beyond the impact of any monetary reward, as is illustrated by the comments below:

Extract 4-37

« I have visited all departments working at reducing casework time. It is important to acknowledge and applaud successful results. We have even had the media writing about achievements, which was very important to the employees. »

Dan Eliasson, General Director, Migration Board, Sweden

Extract 4-38

« There are big variations between departments. What we have done is to demonstrate the good examples at UDI, rather than what does not work well, though I am not afraid of showing both joy and disappointment. Recognition is important, but it must be real. I don't like recognition in the form of general speeches at the Christmas Party. We must see what people actually do and recognise it. I am rather good at celebrating, eating cake. »

Ida Børresen, Managing Director, Norwegian Directorate of Immigration, Norway

Extract 4-39

« We have built structures. For example, we have a newsletter four times a year from me, called Results in Focus, where I point to good results in the organisation, highlighting they this is important, and what has been done well. Last year, we received funding for reducing the number of sick cases by a third, and we achieved it. It was a huge success, and it required a huge effort by the employees. So, right after New Year, we ordered a bunch of cakes and had champagne to celebrate, documenting it all with pictures in the employee newsletter. »

Thomas Thellersen Børner, Director, City of Copenhagen Department of Labour and Integration, Denmark

4.5.4 Political interplay

Performance Management has proven not only to be a managerial, bureaucratic task, many interviewees note. Politicians also need to be involved (see also Mayne, 2007). This is because Performance Management will point to some actions and programmes that are not demonstrating a positive impact, which may need to be shut down, while findings in other areas may indicate a need for greater prioritisation. In this way, politicians' tools of politically supporting some interventions is challenged, while at the same time implementation power is strengthened because of demonstrated effects by certain interventions.

Extract 4-40

« Politicians are driven by the need to change what they feel is wrong and sometimes they get very close to the organisation in order to make sure things get done. Thus they influence our operations, how we formulate targets and indicators. Therefore we will, from time to time, end up with targets that are not fully results oriented and indicators that do not tell us enough about our strategic objectives. But this is part of being part of an organisation that work close to the politicians, and it is a part of democracy. »

Carina Uudelepp, Vice-CEO, City of Stockholm, Sweden

To ensure optimum alignment, politicians need to be included at some stages of the journey towards Performance Management, our study has found:

Extract 4-41

« The transition to performance management ought to be supported by political actors. Especially the members of the budget committee play an important role in this regard. They have the capability to influence various ministries and organisations towards a more results-based oriented use of funds as well as towards implementing a results-oriented accountability. »

Hartmut Koschyk, Permanent Secretary, Ministry of Finance, Germany

But there is also a balancing act to be achieved:

Extract 4-42

« It is important to have politicians to buy-in on the vision of a strong management information system and a results-based steering model. Today, we have too many goals, especially activity and output goals for the Police to pursue. This makes it difficult to focus on effects. We need a steering model giving the police more liberty to perform the most effective activities, making the Police accountable for results, not activities and outputs. »

Jens Henrik Højbjerg, National Police Commissioner, Denmark

Extract 4-43

« Social policy is the right area to be run by Performance Management. We are all about spending money, funding measures to create social value. Performance Management helps us calculate whether we got enough for our money. This is what it is all about for us. It is not enough to conclude that we did or did not. We need to find out what we can do next. However, we have not yet achieved performance budgeting, ie. systematically not funding that which proves not to have high effects. This is caused by several conditions: Politicians are not yet there; they want to put their mark on any measures. They are driven by the press to come up with quick ideas. Effect reports are not always conclusive, either. But, as civil servants, we also have to become better at telling politicians that this is not the way to go. Courage is also required on the part of the politicians, so that they don't only go for projects they can showcase in the short term, but also projects they can promote in the long term, ie. as having had a substantial impact. »

Christian Schønau, Permanent Secretary, Ministry of Social Affairs, Denmark *(at time of interview)*

4.5.5 Summary

A common characteristic of the executives of leading Performance Management organisations in Northern Europe interviewed for this study is a strong belief in the importance of being able to lead by data-driven decisions, supported by a data reflection culture in the organisation.

The Manager role needs to be applied by the leader, preferably in a standardised setting of continous data performance meetings at various levels of the organisation.

5. WHAT DO PERFORMANCE LEADERS DO?

5.1 Concluding remarks

This study has validated findings derived from other research initiatives concerning the importance of strategic action and execution in achieving positive results from Performance Management (Kaplan and Norton 2008). In particular, it confirms the central importance of the executive's ability to articulate the mission, set targets, and make sense of staff's contribution to the strategy, through committed Performance Leadership. In some respects, Performance Leadership does not appear to be especially different from leadership more generally. The discipline also has much in common with change leadership (see Kotter, 1996).

The four leadership roles

For maximum impact, Performance Leadership must be practised through the situational and contextual application of differing yet complementary leadership roles, and by engaging in specific actions to achieve ends. A particular challenge in Performance Leadership is to master and apply the four main leadership styles effectively and in a timely manner.

Strong motivational leadership focused on strategy is practised by the *Visionary* leader. Designing the organisation to foster its capacity to deliver high performance is practised by the *Architect* leader. Organisational ability to execute with diligence is built by the *Engineer* leader. And, as the *Manager*, the leader must drive the organisation operationally, by institutionalising learning and nurturing an inquisitive culture focused on learning from and improving on performance.

The leadership factor

Despite their executive position and therefore also their need to manage through systems the strong emphasis on the importance of leadership is notable among respondents. In other words, they are testaments to Robert Behn's point that:

"... too many people (both academics and executives) use the phrases 'performance measurement' and 'performance management' interchangeably. It's as if they believe, either explicitly or subconsciously, that if they measure performance they are also managing it — that if they measure something all kinds of miracles will happen. Thus, to emphasize the obvious — that a public executive will never be able to mobilize a public agency to improve performance without active, engaged leadership – I have chosen the term performance leadership."

Bob Behn's Performance Leadership report, 2009-09-22

In other words, the leader's fervour, passion and aspirations to drive change and get results is key to actually getting there, as it is stressed by many respondents in this study.

The management team

A notable finding in the current study is the importance that executives place on the management team as a cohesive unit, and the trust and confidence they must instill in this team if the culture of Performance Management is to permeate and have an impact right through the organisation. Establishing the right team is crucial. Also, the executive needs backing by a dedicated middle-manager, it is stated by a number of interviewees.

The reflective performance culture

Another important finding is the importance of fostering, or nurturing, a reflective performance culture. A culture in which being results-oriented and inquisitive to learn and improve on performance is the key contributor. Demanding interpretation of results, celebrating and rewarding (not necessarily in monetary terms) high performance are all crucial to sustaining buy-in, and accelerating progress. Moreover, the executive must stretch the organisation with ambitious goals, without stressing it, according to respondents of this study.

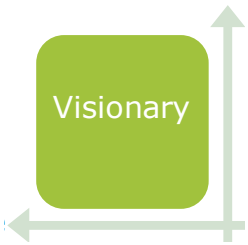
Conversations for sense-making
The study also highlights the importance of engaging in conversations at all levels of the organisation about intentions and meaning of the organisation's purpose and direction. Central to this kind of leadership is the language and dialogue processes used. This, too, is a form of leadership, a part of the cultural fabric of the organisation that must permeate, not just the communication from the executive management team, but also the day-to-day leadership practised by middle managers.

5.2 Practices applied by successful leaders

The current study reveals that successful leaders in a Performance Management context tend to apply a common set of practices in a Performance Management context. Here, we sum up these practices according to the Figure 4.1 depicting the four leadership roles enacted in successful situational Performance Leadership. We do not intend this list to be a checklist or a prescriptive system, rather that these actions are carefully and situationally applied.

Message 4-1

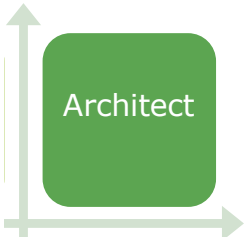
The Visionary leader:



- *Creates a compelling vision of the future*. Formulates a clear, reasoned vision of what the organisation and its constituent parts should look like in the future.
- *Motivates for the mission*. Engages senior and middle management, and staff, in taking on the challenges of the future.
- *Takes personal ownership of the strategy*. Communicates the importance of the changes and the strong personal desire to see it happen. Everyone must be left in no doubt about what the executive wants.
- *Sense-makes bringing strategic concepts to life.* Ensures that everyone in the organisation understands how they contribute to delivering the desired outcomes.
- *Stays on course by executing strategy*. While acknowledging that plans need to be adjusted, the end destination remains the same.

Mesage 4-2

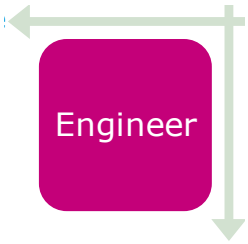
The Architect leader:



- *Designs high-performance organisational set-ups.* Ensures that all systems, structures and processes are aligned and optimised to realise the strategic outcomes.
- *Designs a HR strategy that builds organisational capacity*. Accepts that a great number of management and staff will need to adapt and learn new skills. Is prepared to invest in the future.
- *Designs a knowledge management strategy that supports organisational capacity to learn and make data-driven decisions*. Must design a monitoring and evaluation systems that feeds timely and relevant performance reports to staff at all levels, while ensuring that staff have the capacity to interpret data and act on it.
- *Establishes clear accountability structures, assigning responsibility and upholding consequences*. Nobody should be left in any doubt about who is accountable, what good performance is, or that this will be rewarded.
- *Creates a management team built on mutual trust, dedicated to executing as a group.* Realises the executive cannot do it alone. Gets the right management team and trusts them to deliver as a group, and in their own designated tasks.

Message 4-3

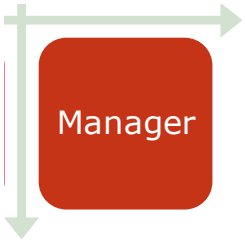
The Engineer leader:



- Sets operational targets for the organisation to achieve high performance. Communicates what is expected as a reasonable goal.
- Links strategy to operations. Uses a Theory of Change approach, or similar, to create a line of sight in the organisation. Assigns responsibility for the essential tasks to be carried out.
- Stretches the organisation by continously setting high ambitions. Pushes performance while carefully treading the balance between stretching and stressing the organisation.

Message 4-4

The Manager leader:



- *Demands data and analyses performance*. Demands performance reports and use these to review performance.
- *Establishes data validity in management information systems.* Data *quality* is king. Establishes regular procedures to ensure that data can be trusted.
- *Engages in reflections with staff on performance, bringing data to life*. Data only helps to improve performance if it is analysed and translated into actions. Creates learning opportunities at a point where data is reviewed.
- *Creates an inquisitive performance-oriented culture*. The strategic outcomes and data about how the organisation and its teams and individuals are doing, and how they can do even better, must permeate the organisational culture.
- *Promotes best practices, recognition and celebration*. Shows that everyone is in this together, that everybody will win from adopting best practice. Recognises and publicly rewards high performance.

6. INTERVIEW LOG

Ramboll Management Consulting would like to express sincere gratitude to the senior public sector executives who took time out of their busy schedules to reflect on the nature of their leadership for the purposes of this study.

Organisation name	Respondent	Position	Country
Ministry of Labour	Bo Smith	Permanent Secretary	Denmark
City of Aarhus Major's Department	Niels Højberg	Managing Director	Denmark
The National Board of Industrial Injuries	Anne Lind Madsen	Managing Director	Denmark
City of Copenhagen Department of Labour and Integration	Thomas Thellersen Børner	Director	Denmark
Ministry of Social Affairs	Christian Schønau	Permanent Secretary (at time of interview)	Denmark
City of Copenhagen Department of Techniq and Environment	Pernille Andersen	Director	Denmark
The National Police	Jens Henrik Højbjerg	National Police Commissioner	Denmark
The National Labour Market Authority	Marie Hansen	Managing Director	Denmark
Ministry of Finance	Hartmut Koschyk	Permanent Secretary	Germany
GTZ - German Development Agency	Dr. Beier	Managing Director	Germany
Catholic Medical Center Duisburg	Clemens Maurer	Managing Director	Germany
Municipality of Verden	Peter Bohlmann	District Administrator	Germany
Federal Ministry of Family / City of Salzgitter	Frank Klingebiel	Mayor	Germany
City of Oslo Dept. of Education	Kjell Richard Andersen	Assistant Director	Norway
Oslo Police	Torbjørn Aas	Finance Director	Norway
Norwegian Directorate of Immigration	Ida Børresen	Managing Director	Norway
TaxNorway	Svein Kristensen	Director	Norway
Norwegian State Educational Loan Fund	Bertil Tiusanen	Executive Director	Norway
City of Stockholm – Kungsholmen	Karin Norman	Executive Director	Sweden
City of Stockholm (Social Services)	Carina Uudelepp	Vice CEO	Sweden
Invest Sweden	Bengt-Åke Ljudén	Vice President	Sweden
City of Stockholm - Södermalm District Administration	Anders Carstorp	Director	Sweden
City of Stockholm - Bromma District Administration	Bitte Davidsson	Director	Sweden
Migration board	Dan Eliasson	General Director	Sweden
Finnish Customs	Hannu Lappi	Director	Finland
VTT Technical Research Centre	Petri Kalliokoski	Senior Vice President	Finland
National Land Survey of Finland	Jarmo Ratia	Director General	Finland
Tax Administration	Mirjami Laitinen	Director General	Finland

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