

- INSTRUCTIONS FOR PERFORMANCE MANAGEMENT -

STRUCTURAL ENGINEERING

Management Engineering is technical support for the working manager. *Its purpose is* codifying and presenting performance management so that the working manager does not have to spend unnecessary time and effort seeing to technical matters; but can concentrate on the **Practical Art of Management**.

Organizational Performance metrics

1. Value the organization produces for customers.
2. Costs to run the organization while it produces value.

Organizational Profit = value-out less cost

Organizational Efficiency = value-out / cost

C-P Analysis: Follow incoming resources back to decision makers to discover **functional customers**. What these customers both value, and recognize as coming from you, are your **functional products**.

Organizational performance is delivering functional products to functional customers. Products and customers are always paired.

Elements and Metrics

Internal performance metrics

1. Contribution to organizational value produced.
2. Cost of contributing to that value.

Contribution to profit = value-delivered less cost

Contribution to efficiency = organizational-effect / cost

RULE: *An effort that neither increases income from sale of product, nor decreases operating costs, cannot improve organizational efficiency.*

Sources for Values:

Business product – customer’s purchase decisions.

Internal products – contribution to business product.

Internal support – receiver’s support-needs being met.

RULE: *You cannot increase the value of internal support by improving internal support products or services.*

There are **only two types of effective structural elements** –

Performance units that convert inputs into products

Support units that support those conversion efforts.

Elements that do neither can be eliminated without impact on performance. Reorganization will usually be required.

Modules

Performance modules are defined by product, and contain an internal manager, subordinate performance units, and may include internal support units. Modules are managed by the value of outputs and the whole cost of performance; and module products go to other modules or to functional customers.

Natural Modules include the whole organization, remote work sites, and a foreman with workers. An employee, as a performance unit, usually functions as a module containing one person.

Module Functions: receiving assignments, self-directing internal operation, delivering products.

Success for Modules: Planned inputs are converted into planned internal products. No external management is required to assure the internal module’s performance processes

Module performance metrics are:

- 1) the value of products delivered outside the module.
- 2) the cost of operating the module.

Modules are nested. Any self-managing subordinate-performance unit within a module is a subordinate module.

Internal Support

Internal Support efforts do not produce valuable products; they have value only as support meets the needs of those who receive the support. Management is a special support effort, and has value only as it accomplishes performances through those who are managed.

Support is successful when supported performances are not threatened by lack of support. The metric is **effectiveness at meeting needs**, which is managed through negative feedback from receivers. **Efficient internal support** meets receiver needs using minimal operating cost.

Management Teams and Systems

A management system performs management, and assures internal support; both are performance functions for a manager. Management systems are how a manager gains performance through subordinate performance units/modules. It includes everything except performance units.

Internal support is managed as if the manager is giving the support. Support management answers only to the manager who has something to accomplish through those supported.

Management teams, as with a manager and a secretary, are several individuals performing the functions of a manager.

Team members are managed as agents of the manager. They exercise the manager’s authority in limited areas.

A manager invests in systems and teams as a way to expand personal effectiveness, at the expense added supervision.

PROCESS ENGINEERING

Management Engineering approaches management as “*The practical art for gaining performance through others.*” Management is work that is to be performed by a manager.

Efficiency Rule: Managers manage. Performers perform productive work. Support efforts provide support so that other groups don't have to do support-work.

Management is a work effort based on generating a product. **Supervision** is a work effort to assure resources and processes. These work efforts are to be separately managed.

Management is effective where managed subordinate efforts are effective.

Supervision is effective when subordinate performance is not threatened by any lack of needed resources or defect in performance processes.

Management is an essential; you cannot improve management by replacing it with something else. The manager must self-assign management work if it is to be effectively and efficiently performed. **Supervision can be delegated.**

The 5-step Engineered Assignment Process:

1. Define product as a deliverable group-output and/or management-feedback, so that delivery of product defines a performance success. ***If you don't know the final product, assign based on the product that you do know.***
2. Identify the Assignee as the appropriate person to do the performance. Assigning to someone else will more than double the work (and cost) of management.
3. Negotiate to establish an agreement on product definition, processes to be used, and resources to be provided.
4. Implement by promising resources and demanding product (establish an internal contract).
5. Manage what you assign; receive feedback products and handle exceptions.

Assignment process is a manager responsibility, and any work assuring the assignment process is manager work.

Assignment Rule: If it isn't important enough for you to manage performance, it isn't important enough for you to assign. Other options include delegating or dropping the product requirement.

Delegation of work has no regular feedback. It is managed by negative feedback from receivers; any threat to meeting delegated responsibilities becomes an exception situation.

RULE: Committing people and processes generates no product; this cannot be assignment. Responsibility is delegated to authority centers in support of performances.

Internal Investment

Intelligent management begins with internal investments; accepting an expectation of costs in order to gain expected benefits.

The intelligence of any management decision depends on the quality of expectations. Performance-based module-management decisions add value by supporting subordinate performances or minimizing performance costs.

A manager's time and effort are the scarcest and most valuable resource that any manager has to direct. The module manager's first supervisory concern should be self-maintenance.

Managers use the **self-direction by subordinates** to assure subordinate performance. With Assignee self-direction a manager can assign and monitor performance by productive output.

Management of Management Performance

Managerial Cost Accounting (MCA) is the tracking of assigned work and dedicated assets, including the time and effort put into management, supervision and internal support. The assignment process is the key to negotiating quality expectations against which performance can be tracked.

One primary tool for MCA is the assignment list, showing product description, Assignee, and delivery requirements. It is a tool for assuring that all assigned products are delivered on time and to meet requirements set during the engineered assignment process.

Managerial Situs

Situs is the planned area where manager decisions and personal directions directly determine actions of subordinates.

Expectations-for-manager-work-performance provides a basis for MCA to track self-assigned management efforts. A situs is designed as part of a module, a manager's tool for assuring module performance.

Creating a subordinate module limits the superior situs. Giving decision authority to subordinate managers limits superior situs. Retaining decision over some conditions increases situs.

General management workload is regular situs operation. **Exception management workload** is largely environmental, and managed by providing flexibility and responsiveness resources to subordinate managers.