

CHAPTER TWO

GROUP PERFORMANCE MANAGEMENT SYSTEM

Overview :

Organizations exist for some purpose and objectives to achieve. Objectives can be achieved through various strategies. Strategies though are delineated at the top management level, are implemented by the employees of the organization. Therefore responsibility of implementation of corporate strategies is promulgated among various functional units and departments of the Organizations . An appropriate system to measure performance of such units / departments / individuals is must for measuring and monitoring the outcome from these units for taking suitable corrective actions as well as rewarding outstanding performers.

Therefore objective of performance management system (PMS) ,from the organization perspective is to deploy organizational goals and to help calibrate performance at various levels within the organization to deliver organizational results. From the employees perspective PMS is required to understand and lay down clear objectives for employee performance, measure of performance and its linkages to rewards. Therefore PMS is not mere a HR tool but it is a management tool for translating expectations of top management in to tangible results.

BSNL is facing very tough competitive business environment ,in such scenario , It requires huge mindset change from top executives to all employees .BSNL need to undergo massive transformational change in its existing performance level. .Introduction of a PMS system may help BSNL to move toward performance oriented work culture. Considering the huge employee base and thus efforts involved in individual PMS ,BSNL top management has consciously decided to introduce a Group Performance Management System (GPMS) .

This chapter in brief describes the GPMS system adopted by BSNL.

Learning Objective :

- Understand concept of Group Performance System
- Foundation of GPMS and BBSC
- Groupings in GPMS of BSNL
- Sample SSA GPMS

GPMS concept:

The GPMS is an initiative under Project SHIKHAR of BSNL with the intent to have an objective and transparent system for assessing performance. It is a system for

- Identifying Key performance indicators (KPI) for individuals and various functional
- groups within the organization.
- Assigning objective KPIs to distinct groups aligned with organizational objectives

- Assessing targets and their relative weight age against such KPIs in objective & transparent manner
- Shall be used as yardstick for assessment of performance of various groups.
- Providing a basis for performance related HR policies

Foundation of GPMS

GPMS is the new performance measurement system with an implementation approach similar with that of Balanced Business Score card. BBSC concept was adopted by BSNL in 2006. In 2009, an improved performance management version in the form of GPMS has been introduced. The GPMS scorecards for all the group types have been designed to consist of Key Performance Indicators (KPIs) to measure the group's performance on ***financial, customer / market and operational*** parameters.

In addition *overall performance assessment* KPI in would evaluate the groups on parameters that are difficult to get captured quantitatively In overall performance assessment would be done by the person whom the group reports to. E.g. the evaluation for groups at the corporate office would be done by the CMD, evaluation of the Territorial Circles will be done by the Management Committee (MC), evaluation of SSAs will be done by the respective Circle Heads and evaluation of non-territorial circles would be done by the respective corporate office Directors and Executive Directors.

Further, every scorecard has a parameter to measure customer satisfaction. Customer satisfaction will be assessed through a customer survey administered by an external third-party agency and will be based on parameters such as brand and advertising, product innovation, customer responsiveness of field sales and customer service staff, quality of service etc. For circles which do not have any external customers, the internal customers / stakeholders would be doing the evaluation.

Introduction of GPMS in place of BBSC was considered because existing BBSC set up adopted by BSNL, has following shortfalls:

- Job Descriptions at an individual level were not clearly defined thus creation of individual score card was not very objective and systematic.
- The long list of activities for each division, without clear cut delineation of activities and responsibilities made it less conducive to effectively identify and communicate KRA(key responsibility area) of a specific post.
- Though Balanced Scorecards have been defined at various levels, the large number of KPIs within each Scorecard as well as absence of critical enablers such as an appropriate organization structure, well defined processes for tracking performance and IT systems support hamper their effective implementation.

GPMS is considered suitable for implementation in BSNL as:

- It is based on new organization structure of BSNL.
- KRA/KPIs are identified and defined on the basis of New BU structure of BSNL, in consultation with top executives of the respective BU.
- Number of KPIs has kept less to have focus measurement of Key performance areas.
- It is an optimum combination of quantitative and qualitative measurement.
- KPIs are defined as per functional activities of an entity .

Individual Performance Management System (IPMS):

Achievement of GPMS rests on the success of individual executives in performing their assigned tasks. Therefore IPMS has been introduced with the intent to develop an objective and transparent system for assessing performance at the individual level. IPMS will be on the lines of GPMS and to start with only DGM & above rank officers are covered.

Frequently Asked Questions (FAQ) on GPMS

Question: What should be the sequence of creating GPMS scorecard?

Ans. The correct approach of creating the GPMS is in a sequence that flows from top. The scorecards of Company and 18 parent units out of 19 distinct groups identified by BSNL HQ have to be created by the restructuring cell of Corporate Office in close coordination with GPMS nodal designates in 7 groups(CFA, CM, Enterprise, New Business, Corporate Affairs ,Finance and HR). A Core PMS team is designated for this purpose. Territorial Circle Office nodal designates will further design GPMS cards for SSAs in their circle.

Question: Are there any other important things that are to be kept in mind while preparing the GPMS Scorecard or finalizing the performance parameters of GPMS

Ans. While finalizing the GPMS scorecards it should be kept in mind that the performance parameters chosen are –

- Linked with strategic objectives and vision of organization
- Measurable and are not subjective
- Actionable, result-oriented and controllable
- The number of KPIs should be kept at a minimum.
- Oriented towards driving desired behavior / performance
- Capable of being benchmarked
- Unambiguous and easy to understand

- *Have the largest impact on achieving strategic objectives/ Company's Scorecard* (At any instance the officer should be able to identify the direct or indirect link between his performance parameters and one or more of the performance parameter in company's scorecard)
- It should be possible to set targets against them
- While finalizing the performance indicators it should also be kept in mind how the achievements will be reported. During the course one should ensure that such processes and methods are put in place that helps in true and timely reporting of achievements. Information Technology use in the company should aim in getting the accurate reports on achievement of key performance parameters.

Question. Can we change the targets once fixed after the quarterly review.

Ans. The course correction is an integral part of GPMS implementation. On review the targets can be changed but this should be more of exception than a practice. Professional management capabilities demand precise understanding of business and it's accurate forecast.

Question : What is meant by fair ,good and excellent marking against the target.

Ans: Targets would be set against each parameter of the scorecard. Achieving the target would result in a score of '100' for that parameter. If the achievement is less than 100, the score would be based on the performance level for which a score of 60 and 80 can be obtained. For example, if the revenue target is 100 Cr. and performance levels are set as follows

Target		Performance Levels		
Fair	Good	Excellent		
100 Cr.		50Cr.	75 Cr.	100Cr.

The achievement level of excellent, good and fair will result in score of 100,80 and 60 respectively. Therefore achievement of 50 Cr revenue , in above cited example would result in a score of 60. Similarly, 75 Cr. revenue would result in a score of 80. Any revenue achieved between 50 and 75 Cr. would result in a score between 60 and 80 after linear scaling. Similarly, any revenue achieved between 75 and 100 Cr. would result in a score between 80 and 100 after linear scaling. Revenue less than 50 Cr. would result in a **0 score** for that performance KPI.

The total score against a KPI would be calculated after multiplying the weightage of a parameter with its performance score and final score will be sum total of scores for all parameters.

Question : What is BBSC as a concept ?

Answer: BBSC a concept:

Implementation of BBSC was the first step of BSNL to introduce a balanced approach of measurement of performance of individuals and group.

The balanced scorecard is a *management system* (not only a measurement system) that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results. The traditional system of financial measures tell the story of past events, an adequate story for industrial age companies for which investments in long-term capabilities and customer relationships were not critical for success. These financial measures are inadequate, however, for guiding and evaluating the journey that information age companies must make to create future value through investment in customers, suppliers, employees, processes, technology, and innovation.

The balanced scorecard suggests that we view the organization from four perspectives, and to develop metrics, collect data and analyze it relative to each of these perspectives:

- **The Learning and Growth Perspective**
- **The Business Process Perspective**
- **The Customer Perspective**
- **The Financial Perspective**

1.The Learning and Growth Perspective

This perspective includes employee training and corporate cultural attitudes related to both individual and corporate self-improvement. In a knowledge-worker organization, *people* – the only repository of knowledge -- are the main resource. In the current climate of rapid technological change, it is becoming necessary for knowledge workers to be in a continuous learning mode. Government agencies often find themselves unable to hire new technical workers, and at the same time there is a decline in training of existing employees. This is a leading indicator of 'brain drain' that must be reversed. Metrics can be put into place to guide managers in focusing training funds where they can help the most. In any case, *learning and growth constitute the essential foundation for success of any knowledge-worker organization.*

2. The Business Process Perspective

This perspective refers to internal business processes. Metrics based on this perspective allow the managers to know how well their business is running, and whether its products and services conform to customer requirements. These metrics have to be carefully designed

by those who know these processes most intimately; these are not something that can be developed by outside consultants.

3. The Customer Perspective

These are leading indicators: if customers are not satisfied, they will eventually find other suppliers that will meet their needs. Poor performance from this perspective is thus a leading indicator of future decline, even though the current financial picture may look good. In developing metrics for satisfaction, customers should be analyzed in terms of kinds of customers and the kinds of processes for which we are providing a product or service to those customer groups.

4. The Financial Perspective

Since ultimate objective of any organization is to make profits, Timely and accurate financial data is always a priority, and managers will do whatever necessary to provide it. There is a need to include additional financial-related data, such as risk assessment and cost benefit data, in this category.

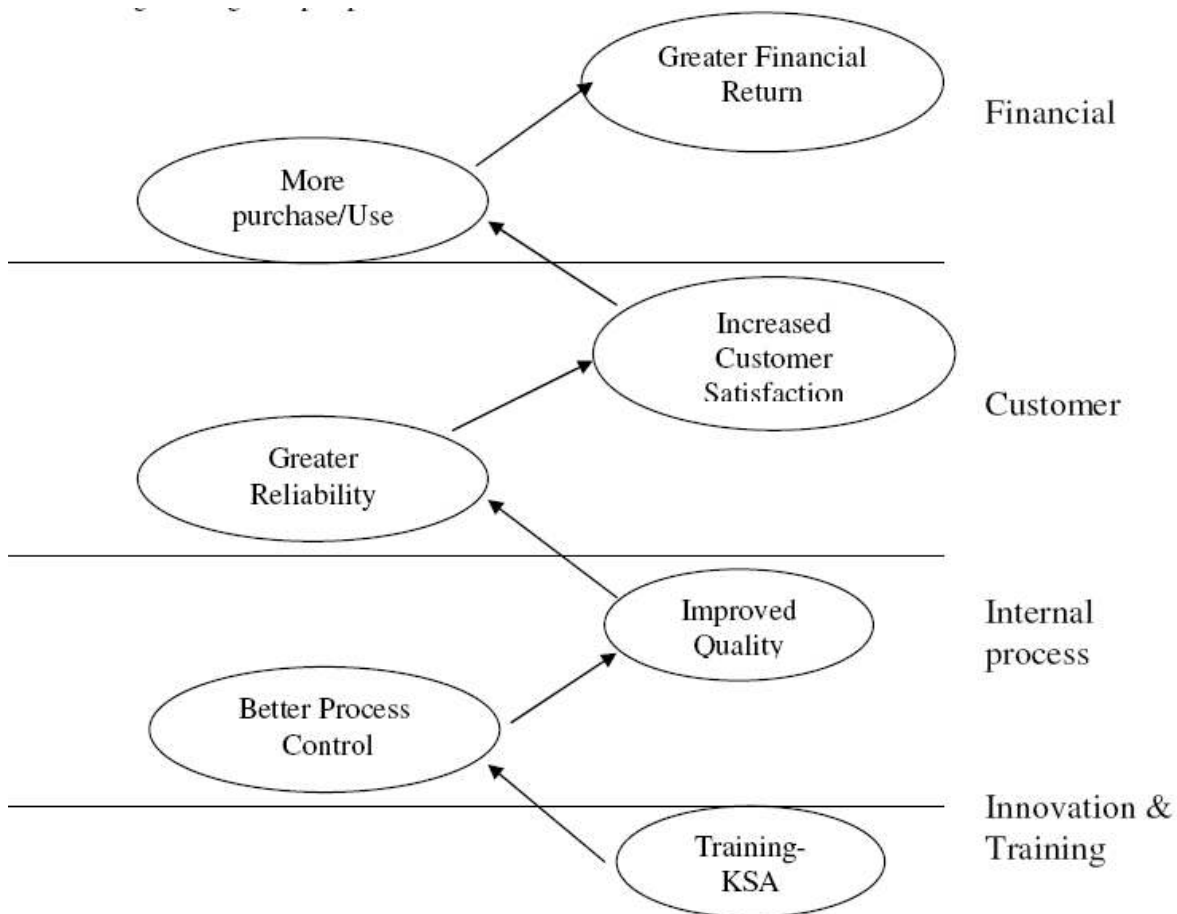


Fig: Linkage among four Perspective

Question: Is PMS powerful enough to make expected change in the organization?

Answer: A PMS introduced with an intention of imposing performance-oriented culture with emphasis on new behaviors and Core competencies, customer focus and personal accountability is powerful to bring change in organization. It can be long journey of transformation but surely significant change may happen in organization, by adoption of integrated people strategy aligned with business goals.

Groupings in GPMS of BSNL

Category of groups	Group Type	Number of group types	Number of groups
Corporate Office	1. Consumer Fixed Access	1	1
	2. Consumer Mobility	1	1
	3. Enterprise	1	1
	4. New businesses	1	1
	5. Corporate Affairs	1	1
	6. HR (Incl. Legal and Vigilance)	1	1
	7. Finance	1	1
Territorial Circle	Territorial Circle	1	26
Non Territorial Circle	1. Project Circle	1	5
	2. Maintenance Region	1	4
	3. Inspections (earlier T&D)	1	1
	4. QA	1	1
	5. Telecom Stores	1	1
	6. Telecom Factory	1	3
	7. ITPC	1	1
	8. NCES	1	1
	9. Data N/W	1	1
	10. Training Circle	1	3
SSA	SSAs	1	330
	Total	19	384

Group Performance Management System
SSA Scorecard

Group	Group level weightage	Dimension	KPI	Weightage %	Target	Performance Levels			Target Achieved	Marks Achieved	Weighted Score
						Fai	Good	Excel			
CFA	25 %	Fin	CFA revenue (Rs. Cr.)	40							
		C/M	Net adds - (by number of subscribers) Basic (in 000's)	5							
		C/M	Net adds - (by number of subscribers) Broadband (in 000's)	10							
		Opn	CCR rate for Landline – 50% weightage each for local and STD	10							
		Opn	Fault rate (LL, BB)	5							
		Opn	% of faults cleared by next working day (LL, BB)	10							
		Opn	% of new services (LL, BB) provisioned within the norm (7 days for LL, 15 days for BB)	10							
		Opn	Overall performance (on scale of 1 to 5 - to be assessed by Circle Head)	10							
CM	30 %	Fin	CM revenue (Rs. Cr.)	40							
		C/M	CM Net adds (by number of subs in 000's)	20							
		Opn	BTS availability (%)	10							
		Opn	Call drop rate (%)	10							
		Opn	Blocked call rate - TCH congestion (%)	10							
		Opn	Overall performance (on scale of 1 to 5 - to be assessed by Circle Head)	10							
E & WS	15 %	Fin	Enterprise BU revenue (Rs. Cr.)	40							
		C/M	Number of new Enterprise Gold + Silver accounts penetrated	20							
		Opn	MLLN circuit uptime (%)	15							
		Opn	Average provisioning time (no. of days)	15							
		Opn	Overall performance (on scale of 1 to 5 - to be assessed by Circle Head)	10							
Others	20 %	Fin	New Businesses revenue (Rs. Cr.)	20							
		Fin	Budget adherence on opex (% actual spend vs. budgeted) (on items excluding those in schedule P)	20							
		Fin	Overall assessment on Finance related issues, including budget adherence, financial planning, accounting, revenue assurance etc. (on scale of 1 to 5 - to be assessed by Circle Head)	20							
		C/M	Customer satisfaction level (including QoS) (Scale of 1 to 5)	20							
		Empl devel	Overall assessment on HR related issues, including training, recruiting, promotion, transfers etc. (on scale of 1 to 5 - to be assessed by Circle Head)	20							
Overall	10 %		Overall performance (on scale of 1 to 5 - to be assessed by Circle Head)	10							

Note: Marks for Fair rating = 60, Good = 80, Excellent = 100. Marks achieved for rating below Fair = 0.

Achievement between Fair and Good and between Good and Excellent would be linearly scaled

Legend: Fin-Finance, C/M Customer/Marketing, Opn-Operations, CFA-Consumer Fixed Access, CM-Consumer Mobility, E&WS-Enterprise & Wholesale, KPI-Key performance indicator

SHORT OBJECTIVE TYPE QUESTIONS

- (1) KPI stands for _____.
- (2) KRA stands for _____.
- (3) GPMS stands for _____.
- (4) IPMS stands for _____.
- (5) GPMS was introduced in the year of _____.
- (6) Total number of Group Types are _____.
- (7) Total number of Groups are _____.
- (8) Evaluation for the groups at the corporate office would be done by _____.
- (9) GPMS have _____ types of per parameters.
- (10) “Number of BTS to be installed” is a parameter to be included in _____ parameters.

ANSWERS

- (1) Key Performance Indicator.
- (2) Key Responsibility Area.
- (3) Group Performance Management System.
- (4) Individual Performance Management System.
- (5) 2009.
- (6) 19.
- (7) 384.
- (8) CMD.
- (9) FOUR.
- (10) OPERATIONS.