

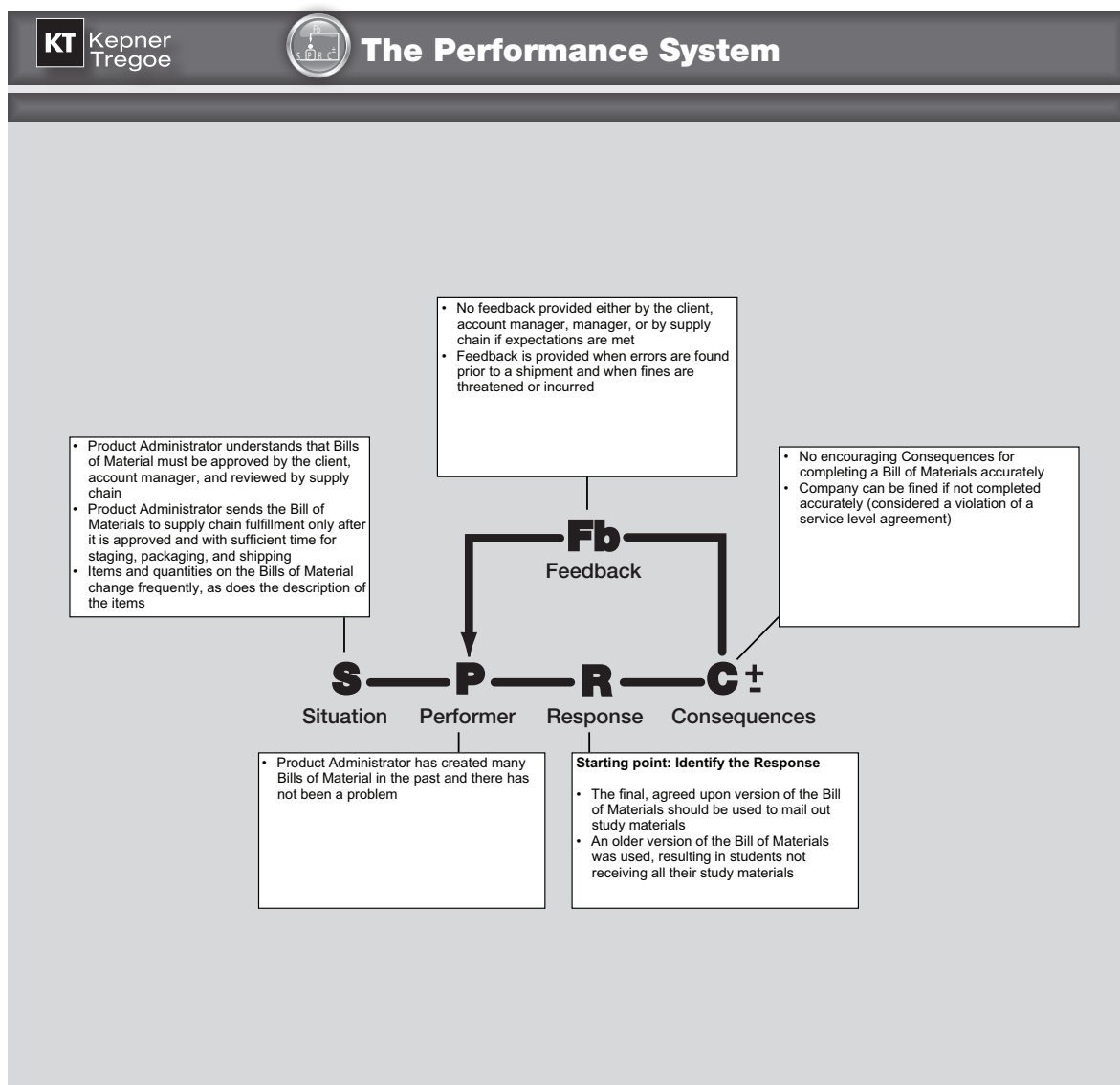
## The Performance System Example

### Background

A large fine has just been imposed on us by a major client because we have not met one of our service level agreements. We print, package, and mail out study materials to students around the globe for this client. The materials are also available online, but some students are not able to use this option. Recently, a shipment of materials to Africa did not include all the materials the students were expecting to receive. We asked our supply chain to review the contents shipped against the Bill of Materials and they have confirmed that they match.

Product Administrators in Product Development create the Bill of Materials which they then provide to the supply chain to fulfill. Once the Bill of Materials is created, the client and the Account Manager agree verbally that it is complete. It is also reviewed by various individuals within the supply chain. A Bill of Materials is not difficult to create unless the client changes items, quantities, or both. It does require paying attention to details.

The client and Account Manager have reviewed the Bill of Materials in question and have found that a previously agreed upon Bill of Materials was inadvertently sent to the supply chain. We do not want to pay the fine and are conducting a Performance System Analysis to find out where things went wrong. We also want to avoid something like this happening again.





## ANALYSIS Checklist

### Identification Questions

Who is the Performer (individual or group)?	Product Administrator
What is the desired Response?	The final, agreed upon version of the Bill of Materials should be used to mail out study materials
What is the observed Response?	An older version of the Bill of Materials was used resulting in students not receiving all their study materials

### Analysis Questions

#### Y / N / ?

#### Performance System Comments

#### Situation

1. Have performance expectations, including measures and standards, been established for the desired Response?	<b>Y</b>	The Product Administrator understands that items, codes, descriptions, quantities, etc. need to be accurate
2. Have performance expectations been clarified with the Performer?	<b>Y</b>	When the Product Administrator was trained to do the job
3. Does the Performer agree that these expectations are attainable?	<b>Y</b>	The Product Administrator has attained the expectations in the past
4. Can the Performer easily recognize the signal to perform?	<b>Y</b>	The Product Administrator understands that on verbal signoff by the client and account manager the Bill of Materials can be sent to the supply chain for fulfillment
5. Is the input the Performer receives appropriate, correct, and timely?	<b>N</b>	The Product Administrator is not always included in discussions between the client and the account manager when Bills of Material are discussed
6. Are job procedures and work flow effective?	<b>N</b>	There is no clear understanding of how changes made by the client and agreed to by the account manager are communicated to the Product Administrator. Sometimes the client makes changes and emails the decisions directly to the Product Administrator with a copy to the account manager; sometimes the account manager passes on the information to the Product Administrator
7. Have multiple or competing priorities been clarified?	<b>Y</b>	Creating Bills of Material is a major requirement of the job
8. Are adequate resources available: time, people, money, information, tools, space, or equipment?	<b>N</b>	The Product Administrator does not always receive the most up-to-date information
9. Do the physical surroundings support effective performance?	<b>Y</b>	Physical surroundings have never been a problem before

#### Performer

1. Does the Performer have the necessary knowledge and skill to perform?	<b>Y</b>	The Product Administrator has created many Bills of Material before without any errors
2. Does the Performer know why the performance is expected?	<b>Y</b>	The Product Administrator understands that incorrect Bills of Material result in incorrect shipments, which result in the company being fined by the client for not meeting a service level agreement
3. Is the Performer well suited to the job?	<b>Y</b>	The Product Administrator has performed admirably in the past

#### Consequences

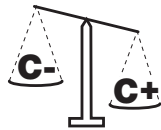
1. Are the Consequences immediate enough to encourage the desired Response?	<b>N</b>	Fines are imposed several weeks or months after the performance
2. Are appropriate Consequences provided consistently?	<b>?</b>	Have no data on this
3. Are the Consequences significant to the Performer?	<b>Y</b>	A fine would negatively impact the possibility of a raise or a bonus
4. On balance, do the Consequences encourage the desired performance? [Complete a Balance of Consequences worksheet as needed.]	<b>Y</b>	No Product Administrator wants to be responsible for the company being fined

#### Feedback

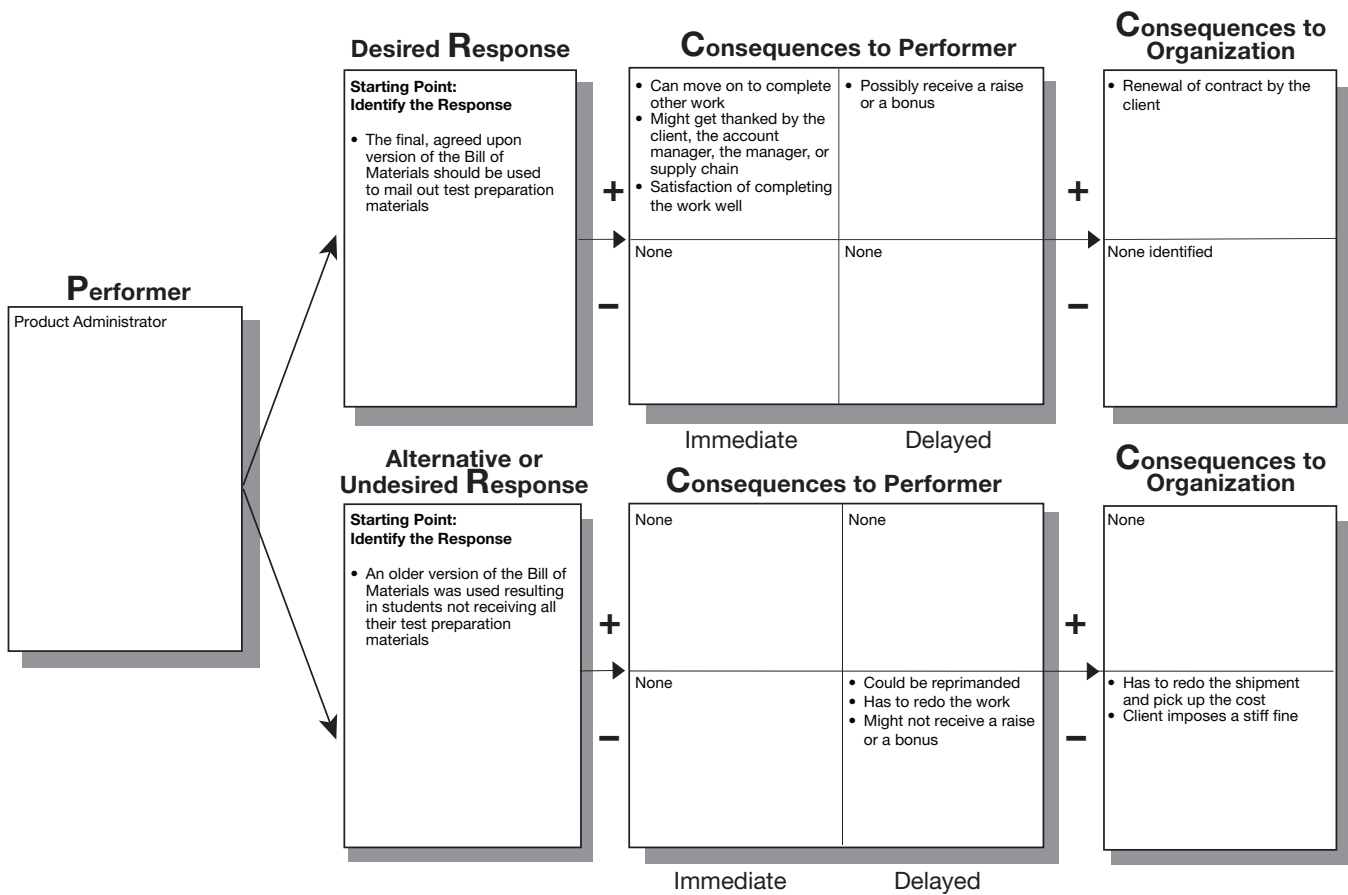
1. Does the Performer receive any information about performance?	<b>Y</b>	BUT only when there are errors in the Bill of Materials. No other feedback is provided on performance
2. Is the Feedback used to encourage the desired performance?	<b>?</b>	Have no data on this
3. Are relevant measures of performance being fed back?	<b>Y</b>	Errors are pointed out and possible corrections provided or sources to go to for information provided
4. Does the Feedback include information about progress over time?	<b>?</b>	Have no data on this
5. Does the Performer receive timely Feedback?	<b>Y</b>	When errors in the Bill of Materials are detected, the Product Administrator is informed immediately
6. Does the Performer receive Feedback frequently enough to maintain or enhance performance?	<b>N</b>	Feedback generally provided only when there is a problem
7. Is the Feedback specific enough to influence performance?	<b>Y</b>	For example, when errors are spotted during the creation of the Bill of Materials and that Feedback has been provided to the Performer, it has been specific enough to correct the errors and ensure that the Bill of Materials is error-free
8. Does the Feedback include information about the value of the performance to the organization?	<b>?</b>	Have no data on this
9. Is the Feedback communicated in a positive, non-threatening manner?	<b>?</b>	Have no data on this



## Balance of Consequences



## Balance of Consequences



## **Conclusion**

On investigation we found that last-minute changes were made to the Bill of Materials but were not communicated to the Product Administrator. When the Product Administrator inquired whether he could submit the Bill of Materials to the supply chain for fulfillment, no one informed him of the changes. Both the client and the account manager thought he already had the information. Hence the previously agreed upon Bill of Materials was submitted. An analysis of the performance system found that workflow procedures around communicating vital information to the Product Administrator need to be improved. In addition, the analysis showed another area for improvement in that feedback on performance was only provided when errors occurred.