

Workflow: Strategy, Organisational Capacity, Measuring and Leading

Toolkit 1.3

Measuring and Managing Performance (KPIs)

target audience

Packhouse managers, supervisors, and team leaders.

what it is

Performance management refers to the assessment and feedback required to ensure that the packhouse achieves its short-term and long-term goals and objectives. Performance management is generally addressed at the following levels:

- Packhouse – refers to all rituals, routines, and activities required to ensure that the business executes its strategy and achieves the results that the business requires.
- Department/Function – refers to all rituals, routines, and activities to ensure that each farm department/function (e.g., Operations, Maintenance, HR, Safety, Quality, etc.) is contributing appropriately to the strategy.
- Team – refers to all rituals, routines, and activities required to ensure that the teams in operations and other functions are executing the day-to-day activities required to support the larger packhouse strategy.
- Individual – refers to the systems and processes (e.g., performance reviews, individual development plans, coaching, training, objective setting, etc.) required to get the best possible performance out of each individual employee.

The primary focus for this toolkit will be on packhouse, department, and team performance management. Specifically, there are two critical aspects to performance management in the context of the packhouse, departments, and teams:

1. Align objectives, key performance indicators (KPIs), and targets at all levels.
2. Put the managing process in place to track and achieve the objectives, KPIs and targets established at each level.

Referring to aligned objectives, many packhouses take the time to define a set of strategic objectives, KPIs, and targets at the packhouse level, and a good percentage may also do the same at the department level as well. However, just as important is establishing the right objectives, KPIs, and targets at the team level, because it is at the team level where the work actually gets

done. If the employees who are improving results and the product are not aligned with the objectives of the packhouse, then the likelihood of underperforming is high.

The process for setting the right objectives, KPIs, and targets at all levels of the packhouse is sometimes referred to as the "KPI Cascade" or the "KPI Flow Down" process. These terms stem from the idea that the process should cascade, like a waterfall, from the packhouse, to the departments, and finally to the teams. When done properly, there should be complete alignment of objectives, KPIs, and targets at all levels of the organisation.

Once the packhouse has aligned objectives, KPIs, and targets at all levels of the organisation, the focus shifts toward putting the right managing processes in place to review performance and intervene where performance is sub-optimal. The nature of these processes will vary by level.

- Packhouse leadership will typically do a detailed monthly review of performance against all strategic objectives, for the purpose of identifying action items to address sub-optimal performance or adjusting the strategic objectives based on changing business conditions. Refer to [Toolkit 1.1 – Setting Key Strategic Objectives](#) for more information.
- Department/functional leaders will typically meet daily on a cross-functional basis to review the previous 24 hours performance and take action against significant threats to production; and will meet within their department/function on a weekly basis. Refer to the [Toolkit 3.4 – Daily Performance Review](#) for more information.
- Teams should get together formally at the start of their shift or workday, for the "shift starter," to review performance over the past 12-24 hours and discuss operational threats and priorities that need to be addressed during their workday.

why it is important

Performance management is required to get all levels of the organisation on the same page in terms of what is important to the business, and to take the right actions to excel in what is important. Consider the analogy of a multi-person rowboat. If the team of rowers can't agree on which direction to row the boat and find a rhythm together so that their oars are entering and leaving the water at the same time, then the boat isn't likely to get very far very fast. The same is true of the packhouse. If all employees are not in "lock step" on the objectives, KPIs, and targets of the packhouse, then the packhouse is significantly less likely to achieve its objectives.

success factors

- **Be a Performance-Focused Business** – There are generally two types of businesses; those that are performance-focused and those that are activity-focused. In a performance-focused business, all employees understand how they contribute to the goals and objectives of the business, and they regularly talk about how they can improve their performance on a daily basis. In an activity-focused farm, many employees do not always understand how they contribute to the business, and their focus is typically completing a set of tasks and getting through the day. Changing mindsets from activity-focused to performance-focused is critical and can only take place once the business has cascaded KPIs to the team level and put routines in place to regularly review performance.

- **Performance Management as Standard Work** – As referenced earlier, performance management needs to be built into the standard rituals and routines of the business. This requires embedding performance reviews into standard meeting agendas, such as the daily operational review meeting and shift starter, using visual management to make performance transparent and create accountability, and building performance conversations into standard activities such as Gemba walks. Refer to [Toolkit 3.3 – Visual Management](#) and [Toolkit 3.8 – Gemba Walks](#) for more information.
- **Communicating about Performance** – No matter what performance management system or process you use; the most important factor is the ability of the managers and supervisors to communicate about performance. It is a skill that requires honesty and directness on one hand, and the ability to ensure that employees **always** leave the performance conversation feeling stronger and more empowered on the other. Even when the feedback is tough, the employee still needs to feel motivated, and certainly not humiliated or diminished. Basic training on how to prepare for and hold effective performance reviews and conversations will help to set a good standard and establish a good performance culture in the business.

execution steps

1. If not done already, develop a set of strategic objectives, KPIs, and targets for the business. These will serve as the basis for all performance management activities at the farm. Refer to the [Toolkit 1.1 – Setting Key Strategic Objectives](#) for more information.
2. Cascade each packhouse-level strategic objective, along with its associated KPIs and targets, to the relevant departments/functions such that each department/function has a core set of objectives, KPIs, and targets that align to the packhouse objectives.
3. Repeat the process where appropriate at the shift-based team level.
4. For each level, establish a process to ensure that performance is reviewed regularly, and action items are identified and completed to address sub-optimal performance.
5. Evaluate all performance review meetings for effectiveness, using the criteria below, and take action to improve them where appropriate:
 - The right employees are attending.
 - The meeting is appropriately focused on KPIs vs. targets, paying particular attention to instances of non-achievement.
 - The meeting does not digress into ad hoc problem-solving but stays focused on action planning.
 - All action steps are documented and assigned to an owner.
 - Past action steps are reviewed to ensure they were completed.

assessment questions

Please Note: There is no minimum / maximum number of questions you can add.

1.	Has the packhouse established objectives, KPIs, and targets at all levels of the organisation, including the workplace team level?
2.	Does each level of the organisation formally review their performance at the appropriate frequency?
3.	Are employees at all levels held accountable for performance and for completing all action items assigned to them to improve performance?
4.	Do you have an individual performance planning (agreeing priorities and targets) and review process for supervisors and above?
5.	Are your supervisors and managers trained to prepare for and communicate about performance effectively?
6.	Do you have practical performance management documentation, and do you keep careful records?

resources

1.	Standard Set of KPIs for a Packhouse
2.	Operational KPIs / Objectives Example