

PRACTICE

Getting SMART with competencies at BAE Systems RO Defence

Sue Sherliker shows how RO Defence's move to a high-performance culture involved persuading its largely engineering-based workforce to give as much attention to behavioural aspects of performance as to quantitative outputs.

Organisations with a strong output-based culture can face difficult challenges in introducing behavioural competencies that focus on the way in which work is performed. Yet it is often these cultures that can benefit most from a shift towards behaviours such as cooperation, customer focus and continuous improvement.

At RO Defence, the BAE Systems subsidiary whose forerunner was known as the Royal Ordnance, the challenge has been addressed through a revised performance management process and a modified SMART formula of objective-setting.

RO Defence had already made good progress towards its objective of creating a high-performance culture with the Performance-Centred Leadership project. This began with the development of a coherent competency framework, which consists of 10 behavioural themes clustered together under five core competency headings (the framework is illustrated in box 1 on this page). In addition, each behavioural theme includes four or five preferred behavioural indicators at four standards, allowing these to be meaningful at all levels and across all functions within the organisation.

In 2000, the company incorporated these into the performance development review (PDR) process, devoting a whole section of this performance appraisal system to the review of behavioural performance over the year.

Analysis of the completed paperwork, however, provided evidence that managers and employees alike were struggling to get to grips with what they considered to be the soft, nebulous concept of "behaviour". Under the section for recording behavioural objectives, the most common response was to send the individual on an advanced course in using HTML, the programming language used on the internet! So responses to this section were sparse and vague.

Feedback from managers indicated they were used to setting task-related objectives with largely quantitative targets and could do this in a SMART way (Specific, Measurable, Achievable, Relevant, Timebound). This appealed to the engineering mindset, as it was a logical, precise process with tangible outputs. However, they felt that "behaviours" were "too subjective and unmeasurable".

1. RO Defence's competency framework

Achieving high performance

- Adaptability and standards of excellence
- Business awareness
- Application and determination

Focusing on the customer

- Managing customer expectations

Developing others

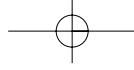
- Developing self and others
- Encouraging and supporting others

Continuously improving

- Change and innovative problem-solving
- Technology awareness

Working together

- Communication and sharing information
- Cooperating and working with others



Performance culture

PERFORMANCE REVIEW RELAUNCH

In the light of these problems, a number of improvements were made to the PDR process, including revision and simplification of the paperwork. The review is now clearly divided into five areas:

- performance against business objectives;
- performance against behavioural objectives;
- business objectives for upcoming review period;
- behavioural objectives for upcoming review period; and
- personal development plan (supporting all objectives).

It was immediately obvious to those involved in the PDR that this was an integrated process that looked not only at skills and knowledge, but also at the behaviours required for success in the role.

Head of Human Resources Dave Vineall felt that it was absolutely critical to the success of the business to involve and empower managers and employees as much as possible in the process. To this end, RO Defence enlisted the support of HR consultancy Wickland Westcott to help relaunch the PDR process.

Wickland Westcott began by running a series of events across all of RO Defence's sites for all managers, with the support of the local HR teams. These were hybrid events, being part briefings, part consultative forums, and part training workshops. The overall purpose, though, was to engage the managers, increase their understanding of the impact of behaviour on business performance, and to give them the tools to feel confident in setting behavioural objectives. The HR teams at RO Defence also ran briefing sessions including the same themes to all employees.

SMART COMPETENCY-BASED OBJECTIVES

In plenary sessions, the application of the SMART formula for objective-setting was revisited. Delegates were quite used to practising the technique, so did not spend long on it. They were then split into groups with a brief to apply this methodology to competencies, and to construct three examples of competency-based objectives that followed the SMART formula. They were asked to refer to the preferred behavioural indicators listed under each competency heading to help their understanding of the competency.

The initial reaction from managers was that this was an impossible task – they still found it difficult to believe that “soft” behaviours could translate into something real and measurable. However, they

persevered, and after a lot of thinking and coaching from the sidelines, they came up with some sound examples, one of which is shown in box 2 below.

All examples were discussed and reviewed in plenary sessions, which enabled learning points to come to the surface. In summary, the key points were:

- to think first of the individual's role and the activities they carry out. It is then easier to think of realistic and relevant circumstances (such as team meetings) in which they can develop the competency in question;
- that competencies are, indeed, measurable, simply by applying the SMART formula;
- that if the behavioural objectives are achieved, it follows logically that the individual will have more chance of achieving the business objectives; and
- that the setting of objectives to improve competency standards is essential in any performance review process. It ensures that the process is clear, provides a challenge and, above all, encourages a more objective assessment of performance.

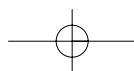
It was this last point, about objectivity, that had the most significant impact on the engineers. The exercise they had gone through proved to them that, by applying a formula, they had taken most of the subjectivity out of competency assessment. In the example in box 2, the fact that the individual had listened and encouraged ideas would be measurable by the evidence of the three different ideas from each team session. In the event that the three ideas had not been forthcoming, then the employee would need to provide other, equally demonstrable evidence that they had listened effectively.

2. Communication and sharing information

This behaviour is concerned with how we relate to each other, and the manner and effectiveness of how information is communicated and shared.

For the purpose of the exercise, it was assumed that this objective was designed for an individual who tended not to listen to others in team meetings and to do all the talking themselves. As a result, their team did not contribute much at these sessions.

Example objective: “To conduct three team meetings and, at each one, to encourage, to listen to, and record three usable ideas generated by named individuals within the group. Reviewable after three months.”



Performance culture

GATHERING EVIDENCE

Several managers expressed concerns about the potential workload they were making for themselves in the process of setting behavioural objectives. First, they were concerned about the volume of data required to measure the 10 different behaviours of the competency framework. And, second, as the data would be largely qualitative, they were worried that this would entail a lot of time-consuming, on-the-job observation.

Wickland Westcott sought to dispel these fears, by suggesting they would not need to address all 10 behaviours, but just the three or four key areas that needed developing in the individual. The consultancy also suggested that they devolve responsibility for data-gathering to the individual employee after they had reached agreement with the manager as to what was required. By so doing, the employee would be encouraged to take ownership of the process.

Working in groups, the managers generated several methods of efficient data gathering, including feedback from trustworthy sources among the peer group, internal contacts and customers. The more conscientious of them suggested keeping a logbook to record ongoing observations on a weekly/monthly basis, which, although involving the managers, would nevertheless make it much easier to prepare for the review meeting at the end of the six-month period.

TRAINING AUDIT'S FINDINGS

In the best traditions of measuring effectiveness, an audit of the relaunched PDR process was undertaken. This yielded a wealth of useful data that we were able to use in feedback to senior management at RO Defence. However, for the purposes of this article, the findings and conclusion here relate to the specific area of objective-setting. Box 3 on this page reveals the improvements made. These statistics were put together following an analysis of a sample of PDR forms completed after the training.

This shows an increase of 119% in the number of behavioural objectives set in 2001 compared with the number in 2000. But subsequent focus-group sessions with managers revealed that they still needed more practice to become entirely comfortable with the process.

3. Findings from the relaunched performance development review

Forms analysed: the sample size, drawn from eight sites, was 75 performance development review (PDR) forms in 2000 and a further 75 forms in 2001.

Key figures from a quantitative analysis

Based on changes between 2000 and 2001:

Number of business objectives	109% increase
Number of behavioural objectives	119% increase
Number of completed PDRs	36% increase

Several managers clamoured for good examples of objectives for each competency to be posted on the company's intranet so they could apply a "pick 'n' mix" approach, downloading the ones they felt to be most applicable in each circumstance.

While this appetite for tangible objectives was an encouraging sign, the intranet idea was discouraged on the grounds that it would devalue the process and detract from the real meaning of the review meeting, where the manager and employee agree together what is most suitable. Instead it was recommended that the site HR managers conduct some follow-up workshops for managers to share their experiences and learn from each other, and that a manager who has become adept at behavioural objective-setting should always be present.

What the evaluation does show, however, is that the managers now recognise that the section of the PDR process relating to behaviours is as important as the one relating to business objectives. Managers are beginning to appreciate that behaviour, and *how* an individual performs, has a significant impact on the business, and on *what* is achieved. Above all, they learned that the "SMARTer" the competency, the more likely it is that the business will achieve the highest performance standards.

● SUE SHERLIKER IS A CONSULTANT AT WICKLAND WESTCOTT, AN HR CONSULTANCY; SHE CAN BE CONTACTED ON 01625 532446, EMAIL: sue@wickland-westcott.co.uk.