



Seven Performance Drivers

by Linda Ross, PhD

Performance improvement specialists examine aspects of an organization that affect performance. Most commonly, goal setting, training, process development, and motivational factors are analyzed, and performance improvement initiatives pertaining to these areas are implemented. In recent performance analysis work with automotive e-commerce clients, a more comprehensive approach allows determination of the origin of the performance challenges in dealerships. This approach can be used to analyze and develop performance solutions for any organization. It is not specific to the automotive e-commerce industry, or even the automotive retail industry in general.

This methodology is called the Seven Performance Drivers and can determine how field service consultants will work with each dealership. These seven drivers, when adequately implemented, lead to exemplary performance. When absent or underdeveloped, they cause poor performance.

The seven performance drivers are:

- Conditions
- Standards
- Incentives
- Capacity
- Knowledge and Skill
- Measurement
- Feedback

This article explains each driver in detail.

Conditions

Conditions refer to the employee's work environment and how that environment positively and negatively affects job performance. That environment includes tools and equipment, materials and supplies, length of time per shift, and the assignment of an appropriate number of people to complete projects and meet performance goals.

In addition to access to appropriate tools and equipment, employees need resources that function correctly. If materials are unavailable or equipment is broken, employees will be unable to perform their jobs. Similarly, if employees do not have adequate time to complete all tasks even though time is well managed, then the problem is one of conditions.

This definition of conditions includes empowerment to make decisions. If employees repeatedly have to jump through multiple hoops to get approval on a critical decision, then workplace conditions do not support their ability to perform their jobs effectively.

Of all the performance drivers, problems with conditions have been the most frequent with our client base. Fortunately, they are also usually the least expensive to rectify. When analyzing poor performance, conditions are the first place to look.

Questions to ask about conditions include the following:

- Do you have the authority (for example, discount pricing, inventory access) to respond to leads completely?
- Are tools and equipment made available to you in the Internet department or business development center?
- Do you have enough time to complete your daily tasks?
- Do you feel that the monthly lead volume can be handled effectively by the number of Internet sales people in your department, including you?

Standards

Standards refer to clear and repeatable methods to execute key business processes and tasks (standardized processes), as well as performance expectations associated with a specific role, duty, or responsibility (performance standards or goals).

A process is standardized when there is evidence that the process is performed the same way at all times, regardless of the persons involved or the time the process is completed. The minimum qualification for a process to be standardized is the existence of documentation that describes the process. More robust evidence that a process is standardized is consensus among those who manage and perform the process. The strongest demonstration of a standardized process is observational data collected across time and across individuals, demonstrating that the process is executed the same way at all times.

Performance standards are the expected performance levels or outcomes associated with completion of a specific process, duty, or responsibility. These standards should be used in establishing measurement systems and generating feedback. As such, they also should be used to reward people for exemplary performance, as well as to provide constructive, specific feedback about performance deficits.

When implemented correctly, performance standards are benchmarks against which actual performance is measured. They should be tracked over time and changed based on actual performance. This may seem obvious, but often standards are not diligently monitored and can become outdated very quickly. Finally, any changes to a standard should also lead to a corresponding change to a performance incentive associated with that standard.

Questions to ask about standards include the following:

- Do you have a standardized process for responding to Internet leads?
- Is there a written version of your standardized process?
- Are you aware of the criteria your manager uses to evaluate how effective you are as an Internet sales representative?
- Does your dealership have reasonable and achievable Internet-based performance standards?

Incentives

Incentives motivate employees to perform to the best of their ability. For incentives to be effective, they should be performance based. When employees exceed performance standards, they should be rewarded. When employees do not meet performance standards, they should be made aware of the performance gap and not be inadvertently rewarded for poor performance.

While most employees cite increased compensation as a primary motivator, nonmonetary incentives also are effective in improving performance. Such nonmonetary incentives may include public recognition, paid time off, and flexible hours.

Incentives that motivate one person may not motivate others. When the flexibility allows, incentives should be tailored to motivate each employee on an individual basis. Additionally, incentives should be delivered soon after they are earned. When delayed, the positive impact is diminished substantially.

Sample questions to ask about incentives include the following:

- Does your dealership offer meaningful nonmonetary incentives that inspire you to do your job well?
- Does your dealership offer rewards and recognition for good e-commerce performance?
- Are negative consequences associated with not responding to Internet leads within a determined period (for example, within 1 hour)?
- Are you compensated based on your performance?

Capacity

Capacity refers to employees' natural abilities and attributes, both physical and cognitive, which enable them to perform job-related duties. Capacity is something that is typically genetic or environmentally ingrained and as such should be addressed prior to hiring the employee. Capacity *does not* refer to those skills and abilities that can be taught.

In many occupations, specific physical or cognitive attributes are required. For example, in jobs requiring heavy lifting, minimum physical strength requirements are necessary as part of performing such jobs. If potential employees cannot meet those minimum strength requirements, they should not be considered for the position.

If an organization has minimum physical or cognitive requirements expected of employees, those should be listed in the job description and assessed during the interview process.

Questions to ask about capacity include the following:

- Do you have written job descriptions for each position in the department, specifying the competencies you expect the person holding the position to have?

- Do you provide job descriptions to potential candidates during the screening and hiring process?
- Do you use measurement tools that assess whether candidates possess the competencies prior to hiring them for positions?
- Does every person you hire in this department possess the competencies listed in his or her respective job description?

Knowledge and Skill

In contrast to capacity, knowledge and skill refer to those things that can be taught that enable employees to perform their jobs effectively. This knowledge and skill can be acquired through a combination of formal and on-the-job training.

When assessing knowledge and skill, specific skill sets should be identified and then analyzed into duties, tasks, and responsibilities. Four skill sets might need to be in place with Internet sales representatives: automotive sales skills, technology skills, communication skills, and self-management skills. A skills-gap analysis determines what specific topics should be addressed in a training intervention.

Each of the skill sets described above can be addressed by training. However, training should only be considered if the performance deficit is due to lack of knowledge and skill, not to other factors that may be negatively impacting performance. Knowledge and skill deficits account for roughly 20% of all performance challenges. The remaining 80% can be attributed to deficits in the other six performance drivers.

Sample questions to ask about knowledge and skill include the following:

- Does your dealership provide access to ongoing training?
- Do you have the right job aids (for example, references, worksheets, visual aids)?
- Do you have the automotive e-commerce knowledge (for example, Internet customer shopping habits) you need to do your job well?
- Do you know how to use the tools (for example, PC, software) you need to use to perform your job correctly?

Measurement

Measurement refers to the collection and analysis of data to accurately gauge the effectiveness of the employee, the department, or the dealership. Effective measurement systems expose both positive and negative trends and allow management to make changes as necessary. However, in many cases, even when measurement systems are in place, management is still challenged to use the data to either reinforce good performance or take action to correct poor performance. As a result, measurement is an area that is frequently a challenge for management.

A sound measurement system should enable management to see a summary of performance, as well as the ability to drill down to the performance challenge. For example, a dealer group with several stores, and each store operating with two teams of Internet sales representatives, may consider a measurement system that provides the following information:

- Dealership-to-dealership comparisons
- In-dealership performance: team-to-team or department-to-department comparisons
- Individual performance: performance relative to each step of the sale (lead-to-appointment ratio, appointment-to-demo ratio, demo-to-close ratio, average close rate, average gross profit, etc.)

In addition, each performance metric should be compared to an established goal or standard. Figure 1 shows an example of a report summarizing an individual representative's performance as described above.

Where performance is equal to or better than the standard, the numbers are presented in bold, making it easy to spot areas of performance deficiency. In the example below, the sales rep appears to be good at setting appointments but may struggle once the customers arrive on the lot. Management could use this information to provide assistance and coaching in the areas of demo drives and write-ups.

In addition, a sound measurement system provides data on performance in the current period, as well as month-to-month comparisons (see Figure 1) and year-to-date compar-

ISR: Thomas R		Week of:					
Category	Goal	8.15.02	8.8.02	8.1.02	MTD ave.	Last mo. ave.	Comparison
Lead to appt.	30-35%	33%	31%	34%	33%	34%	-1%
Appt. to show	65-70%	71%	72%	73%	72%	73%	-1%
Show to sold	35-40%	29%	27%	36%	31%	33%	-2%
Lead to sold	10-15%	9%	8%	11%	9%	11%	-2%

Figure 1. Individual Sales Representative Performance: Monthly Report.

isons with the previous year. Graphic or visual representations of performance can be particularly effective. Also, any notes that explain unique market conditions for month-to-month or year-to-year comparisons can be helpful. For example, information about extreme weather conditions or significant changes in advertising or manufacturer programs is valuable when making such comparisons.

Examples of questions to ask about measurement include the following:

- Does your dealership have objective, not open to interpretation, performance measurements for your department (for example, average response time)?
- Do your job performance measurements accurately reflect whether you are doing your job well?
- Does your dealership take performance measurements that are based exclusively on your duties as a sales representative?
- Are performance measurements taken in regularly scheduled intervals?

Feedback

Feedback is the process of systematically providing employees with information about their performance. For feedback to be effective, employees must first understand the criteria that will be used to evaluate their performance. Once these performance standards are established and understood, the feedback provided to the employee should compare performance against these standards. Useful feedback is timely, specific, objective, and constructive.

Although feedback is critical to employee performance, frequently managers and supervisors do not perform it well. It can be very difficult to provide and receive objective feedback without interjecting personal feelings. Extra care must be taken to keep such communications calm, positive, and professional.

Examples of questions to ask about feedback may include the following:

- Does your manager provide constructive feedback related to your performance as a sales rep?
- Do you receive feedback that is specific to your sales performance?
- Is the feedback you receive correlated with the performance standards established for your job?
- Do you receive feedback from your manager in enough time to change how you're doing things?

Analysis data about the seven drivers can be collected through surveys, onsite interviews and observation, and through blind shopping. Blind shopping involves assessing performance by posing as a customer. The person or organization being "blind shopped" is unaware that this "customer" is assessing performance and not soliciting actual service. Following analysis of

the data, specific interventions can be recommended, based on the performance drivers of greatest deficit, as well as design performance improvement measurement systems to determine that positive change in performance has occurred. Typical measurement systems include tracking both business metrics and return on investment and include both incremental and summative evaluation.

All the data collected to date suggest that this methodology is highly effective in introducing and implementing performance improvement in the automotive e-commerce industry. We see no reason why others shouldn't experience similar success in their respective industries. 🌟

Related Readings

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Trained as a behavioral psychologist, Dr. **Linda Ross** specializes in web-based instructional design and performance improvement. Currently she performs dual roles of senior instructional designer and performance improvement specialist in the Dealer Advisory Services department of the Cobalt Group, a leading provider of e-commerce solutions for the automotive industry. In these capacities, she designs, oversees development, and implements instructor-led training, web-based training, performance improvement research and initiatives, and all associated web-based tools designed by Cobalt for training and performance improvement efforts. Her combined expertise in Internet technology and behavior-based performance improvement solutions have afforded her the opportunity to develop several cutting-edge innovations.

In addition to her work at Cobalt, Linda teaches courses in distance learning design and development for the University of Washington. As time allows, Linda also consults on computer-based training projects. She recently received the Canadian Association for Distance Education's prestigious Excellence in Instructional Design award for a project she completed for Northern Alberta Institute of Technology.

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