



RESEARCH RESULTS

REALIZATION RESULTS:

Employees at TCH rated the amount of performance goals they were able to achieve as 47 percent higher after the new PM system was implemented.

Eighty-eight percent of participants agreed that their performance goals are linked to organizational needs.

On average, 21 percent more respondents felt that the new PM system had positive effects on organizational outcomes compared to the old PM system.

CUSTOMIZED PERFORMANCE MANAGEMENT

INDUSTRY

Healthcare

ORGANIZATION

Texas Children's Hospital

DDI PRODUCTS USED

Customized Performance Management (PM) System

BUSINESS NEED

Since its founding in 1943, Texas Children's Hospital (TCH) has grown to be one of the largest pediatric hospitals in the United States. TCH is committed to quality service and cost-effective care to enhance the health and well-being of children locally, nationally, and internationally. TCH is recognized nationally for its breakthroughs in treatments: *U.S. News & World Report* and *Child* magazines ranked it among the top five children's hospitals in the U.S. To ensure continued success and uphold its commitment to providing the finest pediatric patient care, education, and research possible, TCH wanted to create a productive and accountable culture aligned with its corporate strategy.

SOLUTION

In 2004 TCH sought out a partner that could help it implement a performance management (PM) system that would support its vision for the organization. That partner—Development Dimensions International (DDI)—joined with Texas Children's to design a new PM system that linked employee performance to the organization's values and goals. To achieve this, the new system gave each individual responsibility for managing his or her own performance as well as for tracking and reviewing progress in realizing individual goals.

RESEARCH DESIGN

Before implementing the new PM system, TCH surveyed employees on their views of the existing performance management system so it could identify where improvements could be made. In this 2004 survey, 203 individuals rated their system, responding to questions about goal alignment, role clarity, feedback, and performance review value. Most questions were rated on a 5-point scale where 1 equaled strongly disagree and 5 equaled strongly agree.

In early 2007, 272 individuals completed a follow-up survey that was designed to determine what impact the new PM system had at Texas Children's.

In the 2004 survey, 52 percent of respondents were leaders (e.g., manager, assistant director) and 48 percent were staff. In the 2007 survey, 74 percent of respondents were staff and 26 percent were leaders.

As to positions, the majority of respondents in both surveys indicated “other.” The next most frequent response was “staff nurse,” followed by “pediatric associates employee.” Most respondents reported that they had worked for TCH for more than three years.

RESULTS

Participants in the 2004 survey reported that they achieved 43 percent of their performance goals. In 2007, under the new PM system, respondents stated they achieved 90 percent of their performance goals (see **Figure 1**).

The results from the two surveys indicated that TCH employees believe the new PM system has had more positive effects on organizational outcomes than the previous system. Both

surveys asked respondents to what extent they agreed with statements about the PM system’s impact on certain aspects of their jobs. For example, the percentage of respondents confirming that the performance management system improved their progress toward achieving their personal development or career goals increased 35 percentage points after the new system was implemented, going from 33 percent agreeing in 2004 to 68 percent agreeing with that statement in 2007. (See **Figure 2** to compare 2004 and 2007 ratings for all survey outcomes.) On average, there was a 21 percent increase in respondents who said the new PM system had positive impacts on organizational outcomes compared to the old PM system.

Figure 1: Percent of Performance Goals Participants Were Able to Achieve

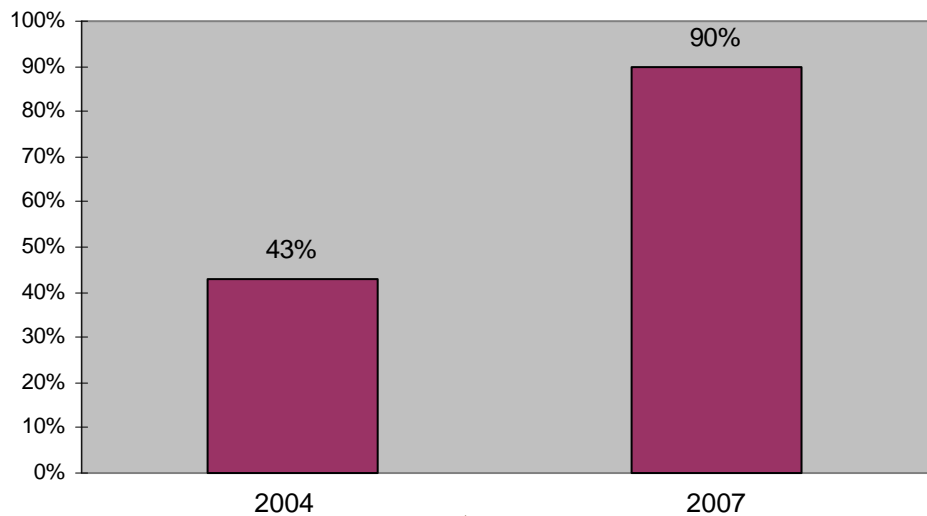
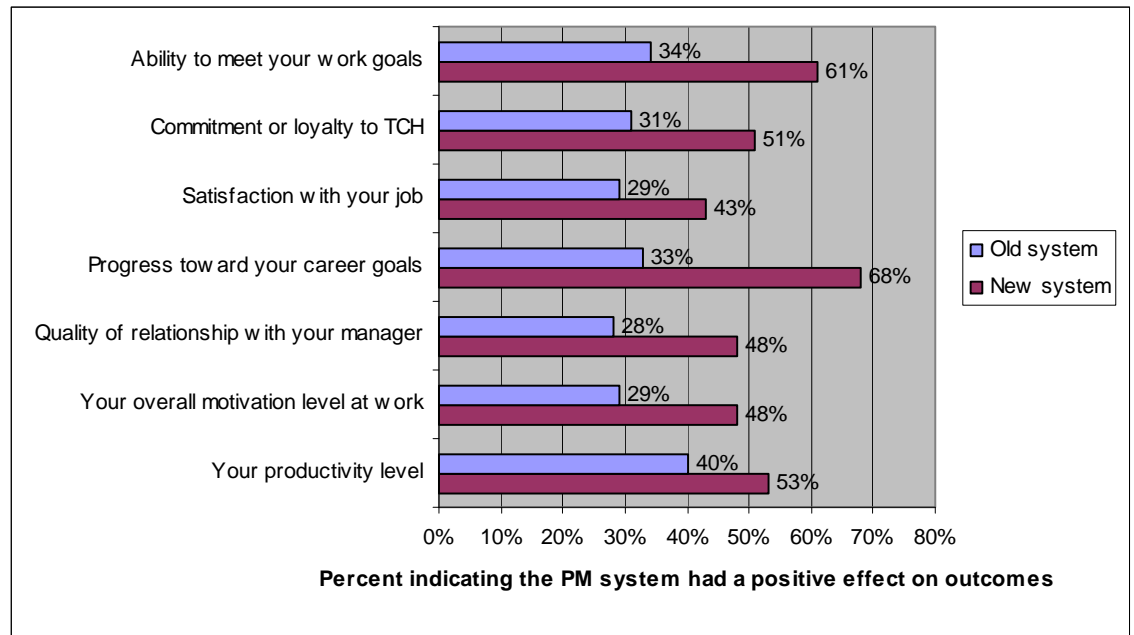


Figure 2: Comparison of the PM Systems' Impact on Organizational Outcomes

THE NEW PM SYSTEM SHOWS IMPROVEMENTS

Performance management occurs in three phases: (1) planning, (2) performing, and (3) reviewing. The following section reviews the results from the 2007 study for Texas Children's Hospital in these three phases.

Planning

Sixty-three percent of respondents agreed that goal alignment has improved over the past year (i.e., since the new performance management system was implemented). Furthermore, 88 percent agreed that their performance goals are

linked to organizational values. Employees who realize how their performance contributes to organizational success are more likely to feel engaged and motivated to perform.

Sixty-three percent of respondents agreed that participatory goal setting has improved. Almost 90 percent agreed that they are in charge of monitoring and tracking their performance and progress (12 percentage points higher than in the 2004 survey). Eighty percent agreed that they play a big role in setting their performance plans and are actively involved in deciding what they will be able to achieve on the job and how they will do it.

Role clarity also improved, according to survey respondents. The percentage of respondents who agreed that they know all the facts necessary to perform their job well and that they now have an easy time knowing exactly what they are supposed to do increased by four and nine percentage points, respectively. In fact, role clarity showed the most improvement of all the factors with the new PM system.

Performing

The new PM system has helped TCH refocus its development and workforce improvement efforts. Sixty-two percent of respondents agreed that the focus on development has increased under the new system. Three-fourths of respondents agreed that when their job required a new skill, they were given opportunities to develop that skill.

As for shared ownership and responsibility of performance management between employees and managers, 73 percent of respondents agreed that their manager helped them identify their areas of responsibilities. As for feedback, 71 percent of respondents reported that the feedback they received from their managers was specific and valuable, and 68 percent believed their manager provided a good balance of positive and developmental feedback.

Reviewing

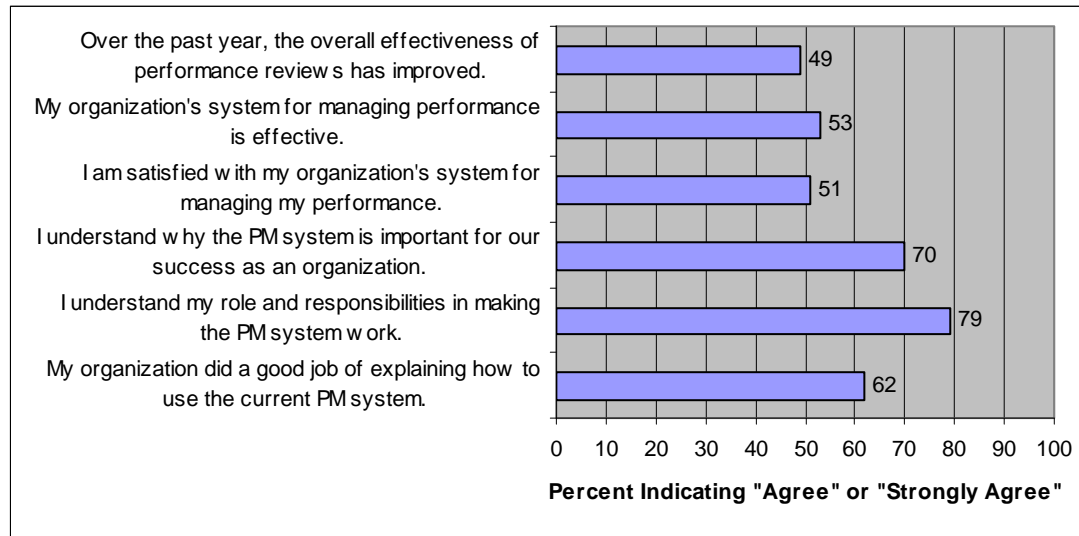
On the issue of fairness, 72 percent agreed that their performance review was fair and accurate, while fully 80 percent of respondents said they rarely experienced surprises. Eighty percent also agreed that their performance review covered the entire cycle and not just the most recent events.

All these results indicate that a majority of leaders and staff who responded to the survey agreed that the new PM system has had positive effects on their performance at TCH in all three stages—planning, performance, and review. These results indicate that the new PM system has realized excellent results.

REACTIONS TO THE NEW PM SYSTEM

Respondents' reactions to the impact of the new system ranged widely. Roughly half of TCH respondents indicated that they were satisfied with the new PM system, believed it was effective, and thought that the effectiveness of their performance reviews has improved since the new PM system was implemented. Almost 80 percent of respondents know their role in making the new PM system work, and 70 percent understand why the PM system is important. (See **Figure 3** for details.)

Figure 3: Reactions to the New PM System



The majority of respondents felt TCH did a good job of explaining how to use the current PM system. However, as in any system, there is room for improvement. From open-ended comments received in the survey, it is apparent that some respondents desire additional training and more details about how to implement the new PM system. Other respondents desire more details about the value of the new system. Some employees—especially nurses, who spend most of their workday attending to patients’ needs—indicated that the paperwork involved in the new system took them away from doing their jobs.

Managers might be feeling the biggest burden as they adjust to learning the new system, incorporating increased administrative duties into their workload, and identifying opportunities to put the new system into action. These concerns can be addressed if TCH employees are made aware that documenting

their accountabilities and progress does not waste time but has real value in showing them what they have achieved and what they need to do to accomplish higher goals. Although it might take time for everyone to recognize the long-term value of the new PM system, communications around the purpose of this new system would help to show the employees at TCH that their efforts are worthwhile and important.

Managers also are responsible for modeling the importance of the performance management system and acknowledging their direct reports’ achievements. Although 70 percent of respondents felt that they received reinforcement from their manager when they did well, that percentage is lower than in 2004 under the former PM system. Rewarding those who are using the new system effectively goes a long way to ensuring the system’s success.

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Respondents also indicated that the system needs to be more flexible so it can take into account updated goals, shifting priorities, and unexpected projects that occur during the performance cycle. In an industry that is constantly changing, stakeholders value a flexible performance management system.

CONCLUSIONS

The findings presented here clearly show that the new performance management system has had a real impact on TCH. For example, survey participants responded that the new PM system helps them align their individual performance objectives with organizational goals. An engaged workforce that understands how they fit into organizationwide objectives is important for sustaining productivity.

It is also important to note that performance management is not a self-contained effort.

Factors such as culture, supervisor support, and training can facilitate or inhibit the integration of solid performance management practices in an organization. For Texas Children's Hospital to continue to reap the benefits of an effective performance management system, it should ensure that employees feel equipped and motivated to manage their own performance.

With these initial results, TCH is well on its way toward continued excellence with a more engaged, aligned, and accountable workforce. In the short time employees have used the new PM system, many positive results are already evident. A 47 percent increase in the achievement of performance goals—coupled with 21 percent more employees indicating that the PM system has had positive effects on organizational outcomes—proves that TCH has a performance management system that is capable of taking it to the next level.