

Revisiting Performance Assessment[^]

Prof Colin Coulson-Thomas*

Management services practitioners face various challenges and opportunities in relation to issues faced by their employers and clients, changing priorities, questions they may be asked and contributions they can or could make. These are reflected in the institute's body of knowledge. Thus in relation to business transformation, the transition sought might be to a different business model or zero carbon operation, rather than from one structure to another. Opportunities offered by digital technologies are accompanied by new cyber security risks. The nature of work and patterns of work are changing. Management, measurement and control need to keep pace with evolving networks of relationships and collaborative activity. In areas of higher priority from society's perspective such as waste reduction and energy management there are smart metering alternatives to previous methods.

Practitioners have traditionally been concerned with the efficient and effective use of scarce resources. This focus is still relevant. Although they have been added to and refined over the years, the origins of certain core approaches, disciplines and techniques and related occupational groups lie in the Second World War when there were shortages of various materials due to interruptions of supply and a scarcity of skilled labour. Today work is increasingly automated and the contribution of digital technologies has increased. With environmental and climate change concerns more to the fore, the focus is shifting to shortages of water, energy efficiency and reducing the use of fossil fuels.

A previous article in *Management Services* looked at some complicating factors in performance and productivity assessment (Coulson-Thomas, 2018). Approaches to measuring productivity in relation to tangible products may or may not be so relevant where services or combinations of products and services are concerned. Professional services can be a significant element of solutions to contemporary issues. Sevin (1965) suggested the use of a physical sciences analogy to assess marketing productivity, namely comparing effect produced (e.g. sales growth or net profits) with energy expended (e.g. marketing costs). What is helpful and relevant can depend upon the situation and context. The methodologies, tools and techniques used need to reflect current requirements and priorities.

Climate Change and the Environmental Challenges

Past approaches may need to be questioned, the scope of performance and productivity studies reviewed, missing elements avoided, and account taken of disruptive and/or enabling technologies, trends and external developments, and governance arrangements. This article revisits performance assessment in the light of growing public and stakeholder concern about the environment and the responses required to address climate change. This is an arena in which the United Nations Environment Programme (UNEP, 2019) has identified a pressing need for action and a requirement for both quantitative and qualitative approaches.

Young people around the world who are worried about the consequences of climate change have been walking out of school and protesting at the lack of business and Governmental

commitment to transformative change (Maynard, 2019). They are not alone. Other protestors have blocked bridges and streets. As many business leaders continue along an unsustainable “business as usual” path of growth and development, discontent with elites has grown (Stern, 2019). If more boards put a higher priority upon more focused, determined and collective action how will management services respond? What areas might they need to reconsider to address climate change as an opportunity?

Where speed and scale of impact are important, some jobs within processes are often more important than others for achieving key objectives. Within any group or team some people may be significant contributors to achieving outcomes while others may be passengers. Some managers and organizations are better than others at identifying key tasks and recognizing and supporting their key contributors. When priorities change, assessments of where the focus for improvement should be may have to be revised. Roles and responsibilities may also need to be updated. On occasion new roles might have to be created.

UN Sustainable Development Goals (SDGs)

In the international arena, the United Nations (2015) SDGs represent a possible starting point for the discussion of collaborative action involving leaders of both private and public sector organisations, as they embrace both environmental challenges and requirements for social transformation. SDGs might be the key to formulating shared objectives, rebuilding trust and aligning business, regulatory and intervention strategies. Although both social and technical innovation may be needed to address SDGs, bottom-up and local approaches are occurring and encouraged by the UN Environment Programme (UNEP, 2019).

For progress towards their achievement to be better monitored, do SDGs need to be grouped and a more concise and quantitative set of targets agreed (UNEP, 2019)? Accepting wider and collective responsibilities may require a review of corporate investment models and decision making practices. Are social and environmental as well as financial costs recognised? Are business strategies aligned with environmental and other dimensions of SDGs? There may be externalities to assess and internalise, whether the costs of natural and man-made disasters or the benefits of eco-innovation.

Are boards that set objectives and practitioners who assess performance aware of the human, social and environmental consequences of current approaches to growth and development (Raworth, 2017)? Should more of them adopt alternative approaches? Should corporate purpose, excellence, quality, performance, productivity and success be redefined, for example in terms of reducing environmental and resource footprints and addressing climate change? Should more matters be viewed through an environmental or sustainability lens? Should assets relating to damaging activities be depreciated or replaced more quickly?

Assessing Creativity and Innovation

Reviews of corporate purpose and business models in the light of wider considerations and the interests of a broader range of stakeholders over a longer time horizon could involve a shift of emphasis from materialistic growth and its quantitative indicators to sustainable and more inclusive growth and experiential and quality of life factors. If more than incremental

change is required, there may be an increased requirement for creativity, innovation and entrepreneurship. As expectations rise, progress may be required in each of these areas, and different assessment criteria may need to be employed at each stage of the path from creative idea through an innovation to the entrepreneurial initiative that brings it to the marketplace. Measuring the impacts of innovation is an issue for Governments and policy makers as well as for entrepreneurs and others running businesses (Al-Mubaraki et al, 2015).

Quantification can highlight problems. For example, the per-capita availability of fresh water is decreasing with population growth which mobilizes and amplifies risks to human health and the environment caused by human activity (UNEP, 2019). In relation to innovative solutions, both quantitative analysis and qualitative judgements may be required. For example, one could count ideas, patent applications or registered patents, or the number of new offerings brought to the marketplace, but their quality and relevance to desired outcomes might vary greatly. A thinking investigation that goes beyond what can be quantified may enable areas of relative weakness to be uncovered. Where ideas originate can be revealing. It is often outside of a regular place of work when someone departs from the normal routine.

Indicators from different steps in a process may be needed. Just counting adopted ideas can result in barriers to the adoption of many others being overlooked. Only a small proportion of ideas may lead to innovations and few new product launches may succeed, but blockages might occur at a number of points in an end-to-end process. Those looking for trend lines are sometimes frustrated when discontinuities occur in time series data as unexpected events happen. This is particularly so in dynamic situations. A move to a new business model may require a rebasing of some indicators, while others may no longer be relevant.

In relation to the built environment, are the approaches adopted by planners and developers too incremental and overly focused upon adaptation and mitigation of the impacts of climate change, rather than the design and creation of more imaginative approaches to urban living and new models of cities (Dobraszczyk, 2019)? In regard to patterns of living and sustainable land management in rural areas, are there alternatives to the current use of this finite resource and the urban-rural divide (UNEP, 2019)? During transition, rather than working through various processes it may be more important to revisit certain key ones more frequently.

Widening the Scope of Performance Assessments

In relation to new priorities relating to environment and climate change, practitioners may find themselves working with people from unfamiliar specialisms. Where collective responses are underway, they may encounter multidisciplinary and multi-organizational projects. They will need to know enough about project and programme management to be able to assess an organisation's capabilities in these areas and in changing situations.

Whereas once practitioners needed to be methodical and pay attention to detail, today it may be more important for them to see the bigger picture, be aware of what is happening around the area they are examining, and be agile and flexible. For example, there are availability, perception, cost and infrastructure issues that those seeking to produce and market electric vehicles need to address (Bennett et al, 2016). A wider perspective can also involve ensuring

that those who are impacted by developments have a voice and exercises to assess engagement, involvement and participation. Again qualitative assessments as well as quantitative factors may be needed, for example to ensure that particular vested interests or highly motivated and vocal minorities do not have a disproportionate influence.

One needs to ensure that significant benefits are not overlooked. Reducing the flow of oil, chemical, plastic and other pollutants into rivers and the oceans can both improve the quality of life and open up new leisure opportunities for urban and coastal communities. It can also represent a cause that engages stakeholders. Early mover advantages also need to be included in analyses. Early adoption of environmentally friendly activities and offerings by some can exert a social influence upon others to follow their lead (Axsen et al, 2013).

Cost Considerations

Could more be done to encourage energy efficiency and diversification? When trying to increase impact, some activities and their related costs and benefits are easier to control than others. Certain activities may be prescribed by law or required to ensure compliance with applicable regulations. Areas to concentrate upon could be those that are important in terms of their potential impacts and where there is sufficient freedom of maneuver to make a difference.

Are more eco-sensitive and cost-effective sustainable energy and infrastructure options and solutions available? More attention should be given to life-time costs when some decisions are taken. Clean energy transition strategies should embrace the disposal and/or recycling of solar panels. The decommissioning of nuclear power stations and the cost of treating and storing nuclear waste illustrate the consequences of turning a blind eye to future costs that are difficult to estimate. Ignoring them can impose an unwelcome burden on future generations, as is the case with the disposal of thousands of offshore oil and gas platforms (Rowe, 2019).

Playing a Part in Collaborative Action

The previous article in Management Services highlighted the need for multi-disciplinary, complex and inter-related problem solving competences, the use of more multi-disciplinary, multi-location and multi-organisational projects and teams, and the systems thinking and competences required to analyse and understand complex and interdependent issues (Coulson-Thomas, 2018). In relation to pressure for action to address environmental issues and climate change, how should boards ensure access to the creative, scientific and entrepreneurial skills needed to participate in networks of relationships and collective action?

Where significant changes are required, one needs to identify and address obstacles to progress, such as the psychological barriers that limit climate change mitigation and adaptation (Gifford, 2011). Practitioners may need to complement analyses that advocate change with analyses of factors that hinder their adoption and implementation and how they might be overcome. Lord Stern (2019) believes the policies required to unlock a new, sustainable and inclusive model of growth can be identified and the finance and technology required to make a rapid start is available. We need to ensure that issues relating to assessing the performance of any resulting action are not used to justify further delay. The Institute of

Management Services and its journal would be interested in sharing the experiences of those who have successfully used new methods of performance assessment.

References

Al-Mubarak, Hanadi M., Muhammad, Ali H., & Busler, Michael (2015), Measuring innovation: The use of indicators in developed countries, *World Journal of Entrepreneurship, Management and Sustainable Development*, Vol. 11 Issue 3, pp 220-230

Axsen, John, Orlebar, Caroline and Skippon, Stephen (2013), Social influence and consumer preference formation for pro-environmental technology: The case of a U.K. workplace electric-vehicle study, *Ecological Economics*, Volume 95, November, pp. 96-107.

Bennett, Roger, Kottasz, Rita and Shaw, Stephen (2016), Factors potentially affecting the successful promotion of electric vehicles, *Journal of Social Marketing*, Vol. 6 issue 1, pp. 62-82

Coulson-Thomas, Colin (2018), Complicating Factors in Performance and Productivity Assessment, *Management Services*, Vol. 62 No. 4, Winter, pp 41-44

Dobraszczyk, Paul (2019), *Future Cities, Architecture and Imagination*, London, Reaktion Books

Gifford Robert (2011), The dragons of inaction: Psychological barriers that limit climate change mitigation and adaptation, *American Psychologist*, Vol. 66 Issue 4, May-June, pp 290–302

Maynard, Matt (2019), Generation Change, *Geographical*, Vol. 90 Issue 4, April, pp 18-25

Raworth, Kate (2017), *Doughnut Economics: Seven Ways to Think Like a 21st-Century Economist*, London, Penguin

Rowe, Mark (2019), When the wells run dry, *Geographical*, Vol. 91 Issue 3, March, pp 18-27

Sevin, Charles H. (1965), *Marketing Productivity Analysis*, New York, NY, McGraw-Hill

Stern, Nicholas (Lord) (2019), *Sustainability and internationalism: driving development in the 21st century*, Policy Insight, London: Grantham Research Institute and Centre for Climate Change Economics and Policy, London School of Economics and Political Science

UNEP (United Nations Environment Programme) (2019), *Global Environment Outlook 6*, Cambridge, Cambridge University Press

United Nations (2015), *Transforming our world: the 2030 Agenda for Sustainable Development* [Resolution adopted by the General Assembly on 25 September 2015], 70/1, New York, NY, UN General Assembly

Author

*Prof (Dr) Colin Coulson-Thomas, President of the Institute of Management Services, has helped directors in over 40 countries to improve director, board and corporate performance. An experienced director and process vision holder of complex transformation programmes, he holds a portfolio of national and international roles. He is also the author of over 60 books and reports and well over 1,000 articles, and contributes theme papers for international conferences for business leaders held in Dubai, India, Singapore and the UK. Colin has held public appointments at national, regional and local level, and has had professorial roles in Europe, North and South America, Africa, the Middle East, India and China and been a Dean of Faculty and head of a university campus and chairman and/or president of both professional bodies and think tanks. He was educated at the LSE, the London Business School, UNISA and the Universities of Aston, Chicago and Southern California, Colin holds honorary fellowships of professional associations in both the UK and India. He is a fellow of seven chartered bodies and obtained first place prizes in the final exams of three professions. Colin received the CSR Lifetime Achievement Award at the 2018 CSR Leadership Summit. His recent publications can be obtained from <https://www.policypublications.com>.

^ Published as:

Coulson-Thomas, Colin (2019), Revisiting Performance Assessment, *Management Services*, Vol. 63 No. 2, Summer, pp 13-17