



## **Shall we talk?** Getting the most out of performance dialogues

**Done right, performance dialogues can be a catalyst for overall performance improvement. The most effective dialogues are fact based, lead to action, offer both constructive and challenging feedback, and target the most important issues.**

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Performance dialogues—regular, structured, face-to-face conversations between managers and their direct reports about organizational performance—are one of the most powerful management tools at a leader’s disposal. Managers can use these dialogues to review data on an organization’s performance and health, identify the root causes of gaps, surface best practices, and agree on prioritized action plans.

Most organizations recognize the value of these conversations—but when they seek to improve overall performance, they very rarely view dialogues as a starting point for change. Leaders in both the public and private sectors have told us that they hold off on

trying to improve the quality of performance dialogues until they have strengthened the other elements of their performance-management system, such as clarifying accountabilities, setting more challenging targets, or upgrading tracking tools. In our experience, however, improving performance dialogues can be an effective first step toward enhancing performance management—and in turn, toward becoming a higher-performing organization.

Using performance dialogues as a starting point has a number of benefits. Dialogues provide a forum for identifying improvement opportunities and spurring quick action, leading to immediate results and building momentum for ongoing



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change. Structured dialogues can signal a new way to work, in which creative ideas are valued and accountability is front and center. And they can generate “pull” for improvements to other performance-management elements. In a large European defense organization, for example, effective dialogues created demand at senior levels for more transparency into the organization’s logistics support for military operations, which then led to significantly improved performance against specific shared targets. Furthermore, all these benefits come at little material cost: great performance dialogues do not depend on time-intensive preparation or investments in new technology systems.

That said, performance dialogues are not simple to get right. Many government organizations struggle to obtain the data necessary for robust, meaningful conversations. Some have sufficient data but find it difficult to draw out the insights necessary to spur action. Still others let dialogues devolve into routine status reports or have unfocused discussions that ultimately have no impact on performance.

We have found that the most effective performance dialogues have four qualities that

enable them to drive ongoing improvements in organizational performance (Exhibit 1). It takes deliberate and sustained effort to incorporate these qualities into performance dialogues, but the successes of several public-sector bodies prove that it is possible—and worth it.

**Making conversations fact based**

Complex delivery chains, distributed workforces, and disconnected IT systems make data collection and analysis difficult in many public-sector organizations. In the United States, the number of government-agency data centers increased more than 150 percent between 1998 and 2009.<sup>1</sup> Performance dialogues can thus become forums for debates about data definitions and validity rather than discussions of underlying performance issues.

In our work with various public-sector organizations, we have found that most have access to valuable information but have a hard time capturing and using it. As they seek to make performance dialogues fact based, agencies should keep the following in mind:

**Be creative in capturing data.** Government agencies can—and should—leverage existing

<sup>1</sup> FY 2011 President’s Budget, Analytical Perspectives, Special Topics, Chapter 19, Information Technology, available at www.cio.gov.

Exhibit 1

**Good performance dialogues share a number of qualities.**

<b>Fact based</b>	Dialogues are informed by insights based on credible data understood by all participants
<b>Action oriented</b>	Managers establish clear expectations, develop action plans with individual accountabilities, and ensure commitment to deliver
<b>Constructive and challenging</b>	Managers use dialogues to provide coaching and support, as well as to create tension and pressure to improve performance
<b>Targeted</b>	Dialogues have an explicit purpose and agenda, focusing on the most important issues rather than trying to cover too much ground

## At their best, performance dialogues have a clear leader and a manageable number of participants, allowing each person to contribute actively to the discussion

data-collection processes, both inside and outside the organization. For example, most US government organizations already collect data for budgetary purposes, for financial audits, and for compliance with the Government Performance and Results Act. They may find that they can mine these sources for data that would be valuable in performance dialogues. A year after the launch of [www.data.gov](http://www.data.gov) in the United States, more than 160,000 data sets are already available online for public use.

Agencies should also figure out ways to obtain the data they need from disparate sources. A European defense organization required data across many different IT systems, but a customized IT approach would have taken too long and cost too much. A creative, low-tech solution involving extracting relevant data from legacy systems into a simple off-the-shelf database proved sufficient to provide new insights into logistics performance. Very quickly, these insights informed better performance dialogues with senior military leaders, leading to dramatic improvements in overall logistics performance.

When new data are required and manual collection is unavoidable, agencies can seek creative ways to lessen the organizational burden, such as by collecting samples rather than comprehensive data sets or by varying the frequency of collection. One relatively simple technique for gathering data is the “pulse survey,” a short survey instrument (with 20 questions at most) that focuses on a specific set of issues and can be

administered to a rolling sample of the target population—for example, each manager gets surveyed once a year, but only one-twelfth of the total group is surveyed in any given month. Over time, organizations can seek institutional solutions to data challenges. The US Department of Education, for example, has centralized responsibility for acquiring long-term data on program efficacy and impact, thereby reducing the data-collection duties of individual units.

**Don't be afraid to start with representative data.** If “perfect” metrics are currently infeasible, agency leaders should nonetheless keep them in mind; they may become feasible in the future as systems and reporting tools are upgraded. In the meantime, qualitative proxies can be helpful—particularly if current efforts will not have concrete results for years. The Centers for Disease Control and Prevention (CDC), an agency of the US Department of Health and Human Services, tracks near-term output measures that indicate progress toward achieving its target long-term outcomes. To illustrate: one of the CDC's long-term aims is to reduce lung-cancer death rates, so in the near term, it focuses on increasing the number of states and territories with evidence-based tobacco-control programs. This metric allows CDC leaders to chart progress and take action midcourse, even when the impact on public health may be years or even decades away.

### **Ensuring that dialogues lead to action**

Many public-sector organizations share responsibility with other institutions in complex

delivery systems—resulting in multiple cross-organizational accountabilities and, often, a lack of clear expectations for individual units or employees. One middle manager in the UK public sector went so far as to tell us that in his 30 years in civil service, no one had ever held him truly accountable for his job. It is therefore critical that agency leaders use performance dialogues to clarify and reinforce expectations and assign individual accountability for specific actions.

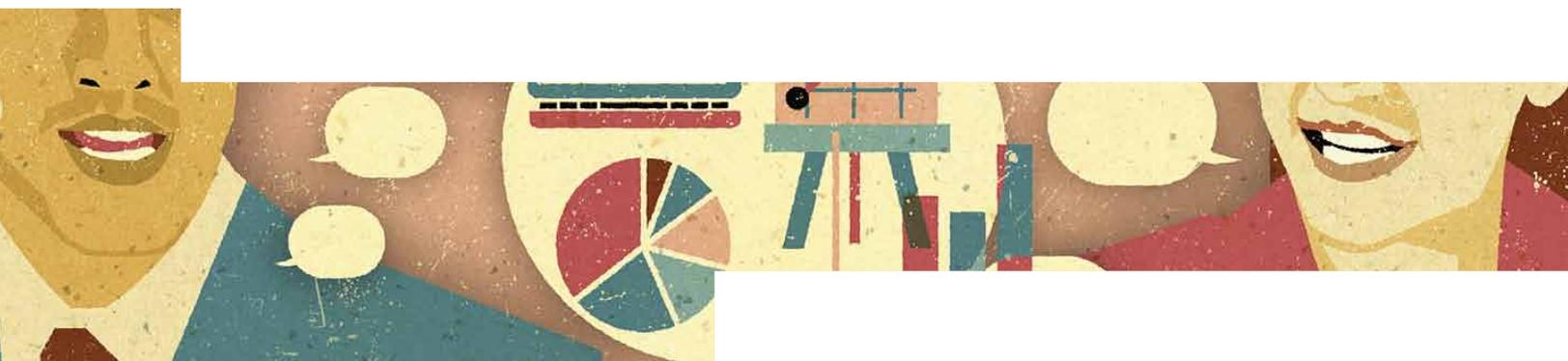
At their best, performance dialogues have a clear leader and a manageable number of participants, allowing each person to contribute actively to the discussion. The meetings take place frequently enough to catch issues before they become big problems, but not so frequently that participants have no new information to share. At senior levels, the right format for performance dialogues might be formal quarterly sessions running 60 to 90 minutes; at the front line—in operational or customer-focused areas, for example—dialogues may take place every day for just a few minutes.

**Use dialogues to set expectations, clarify accountabilities, and gain commitment.** In practical terms, this means thinking of performance dialogues as a series of related discussions rather than one-off events and setting and following a regular rhythm and structure. The agenda should include follow-up on promised

action items, deliverables, and target outcomes from previous sessions. At the end of each session, participants should summarize (and clarify if necessary) the commitments they have made. Unambiguous meeting notes—explicitly stating the owners, action items, and time frames associated with each commitment—should be circulated within 24 hours of each performance dialogue.

Consequences of actions taken, whether positive or negative, should then be clearly and explicitly linked to the prior commitments and made visible to all involved in the dialogue. Performance dialogues provide an excellent opportunity for public praise and sharing of best practices when things go well. And when results are not entirely positive, the dialogue should serve as a blame-free forum for conducting a constructive postmortem.

**For complex initiatives, include cross-cutting teams in the dialogues.** For a complex initiative within a single public-sector entity, leaders should identify an executive or senior manager as the primary owner and formally designate the other parties accountable for supporting the initiative. This approach can help surface critical dependencies and increase the likelihood that all relevant parties will be able to hear about and address any problems that arise.





A similar approach can be helpful across multiple organizations. In 2002, for instance, when the UK government focused on battling street crime, the prime minister established and chaired a board that brought together all relevant parties, including the police, the Crown Prosecution Service, the courts, and government departments for education and skills, transport, and culture, media, and sport. Performance dialogues combined wide-ranging involvement with clear expectations for each participant. The impact of the initiative was dramatic and almost instant: street crime fell within two weeks, and by 2005, robberies had dropped by 32 percent. On other cross-government topics—such as obesity and child poverty—the United Kingdom has used “softer” forms of collaboration, including cross-government targets and multidepartment teams.

### **Stimulating constructive and challenging dialogues**

Performance dialogues should provide coaching and support while also creating tension and pressure to drive improved performance. The elusive balance of these elements is set largely by

the style of the senior leader in the dialogue. Most leaders are more comfortable in either one element or the other. At one European agency, for example, the senior leader was viewed as a “softie”—teams knew they would not be challenged during dialogues, and consequently the conversations had little impact. At the other extreme, another agency leader demanded so much detail that managers spent more time and energy preparing for dialogues than actually managing the organization’s performance. By reflecting explicitly on the balance between being constructive and challenging, and fine-tuning that balance for different people and different situations, leaders can boost the quality of performance dialogues.

**Become more constructive.** Leaders who want to be more constructive in their performance dialogues should celebrate victories and be generous with praise, emphasizing opportunities and expressing confidence in others. They should explicitly offer support, either as an individual or as a senior-management team. We know one agency head, for example, who ends each dialogue with the question, “What do you need from me to achieve these goals?” Leaders should dedicate time to solving problems together, drawing out the ideas of all in the group and ensuring all viewpoints are heard, thus positioning the challenges as jointly owned. Tone matters a lot—note the difference between “How are *you* going to address the underperformance?” and “How are *we* going to resolve this problem?” Leaders should also elicit regular feedback from dialogue participants to reinforce a trusting, collaborative approach. One senior military leader, whose management style had been aggressive and confrontational, worked hard to learn and practice a new set of constructive coaching abilities, which he later described as critical factors in transforming performance dialogues.

**Become more challenging.** To make performance dialogues more challenging, leaders should proactively shape the agenda rather than waiting for issues to arise. This active stance signals ownership and involvement, and it ensures focus on the highest-priority issues. Leaders should engage in rigorous questioning and drive problem solving, requesting follow-up analysis or briefing sessions to get more details on critical issues. They should also set stretch goals. One agency head driving a transformation agenda trained himself to always ask, “What would it take to do more?” Leaders should emphasize risks and potential roadblocks while expressing confidence that improvements are feasible. They should set explicit personal expectations of teams and individuals involved in the dialogue and consistently reinforce these expectations.

#### **Keeping dialogues targeted**

Many organizations fall into the trap of boilerplate status reporting of performance in one direction (for example, from each division leader to the executive in charge). This can take a significant amount of time and still be unproductive. We have too often witnessed performance dialogues that are really serial monologues, in which managers present results in excruciating detail—often with the subtext, “This is why it’s not my fault that we missed our numbers.”

Another common hindrance to targeted performance dialogues is that the materials prepared for the dialogue contain whatever

information happens to be available—rather than just the information needed to drive effective discussion. Few agencies have a culture of consistently reducing data collection. Indeed, many reduce reporting only when it becomes too burdensome and grows into a serious staffing issue.

In the best performance dialogues, the discussion’s purpose and agenda are explicit and agreed upon beforehand. Status reports are part of the pre-reading materials—the dialogues themselves focus on the most important issues, rather than trying to cover too much ground in insufficient (or, often worse, excessive) detail. The dialogues do not stray from the agenda items, but leaders ensure that tangential topics that come up are addressed in other forums.

Using a standing structure for dialogues can save time and help participants learn the level of detail expected. We suggest two key actions:

**Collect only the data that drive insightful conversations.** Government leaders should note which types of data are most helpful in driving high-quality performance dialogues. The US Department of Education, for instance, has set a maximum of 10 metrics for each program office, 6 of which are standardized metrics (for example, one metric is focused on the timeliness of the completion of required plans, another on employee training) that enable straightforward comparisons across offices.

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A Chinese municipal government sharpened its focus on core objectives by dramatically reducing the metrics it reviewed during performance dialogues. Targets were reduced from an average of about 20 metrics to only a handful in three categories: core functions (maximum of 3 metrics), social impact (1 or 2 metrics), and economic impact (1 metric). Departments could choose to monitor other metrics, but were not evaluated on them.

Leaders should balance insight with pragmatism, always aiming for the minimum amount and precision of data required. It is helpful to take an overarching view of data required for specific purposes—such as performance dialogues, day-to-day management, or publication to stakeholders—and identify areas of overlap. Agencies should have the confidence to stop

collecting data that do not contribute to performance insights.

**Use simple templates to encourage focused reporting.** Templates, ideally with easy-to-understand visual graphics, force dialogue participants to concentrate on the highest-impact data. A large UK government department reduced reporting for quarterly performance dialogues from 100-page documents to a 1-page scorecard supplemented by 3- to 5-page briefs on agreed-upon agenda items (Exhibit 2). The concise reports dramatically improved the quality of dialogues. Similarly, the US Patent and Trademark Office uses a template with a 1-page executive dashboard that includes no more than 13 high-level metrics, followed by a few pages of more detailed program information for constructive problem solving.

Exhibit 2

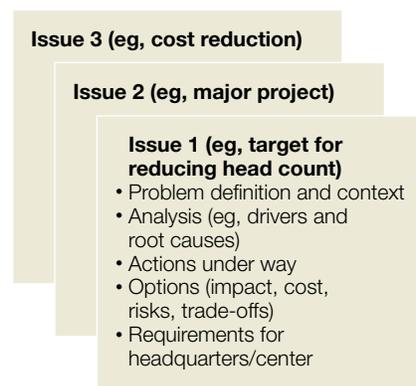
**Simplified reports can significantly improve performance dialogues.**

**1 Quarterly performance report**  
A3-size single page



- Provides regular summary of business situation for each business unit and function
- Highlights major issues, linkages, and trade-offs
- Includes brief commentary by business area and performance team

**2 Papers for agenda items**  
Short papers (3-5 pages)



- Provides additional detail on key topics; proposes options for resolution
- Includes consistent elements that balance effective analysis with ease of replication



At the Federal Trade Commission (FTC), staff members prepare reports on each program and major activity for quarterly performance dialogues. The reports contain plain-language budget data and program metrics that are used in day-to-day management and align with the organization's strategic plan. The data in these reports are then consolidated into a summary report—which shows each program's status as red, yellow, or green—for the FTC chairman. Because the report contains both budget and performance data, leadership can make more informed budgetary and programmatic decisions and reassign resources as needed.



The theory of good performance management is relatively simple, but developing effective practices and embedding them into an organization is difficult. Performance dialogues can be an excellent starting point for improvement. By initiating high-quality performance dialogues, government leaders can begin their organizations' journeys toward stronger performance management—and better performance—right away. ○