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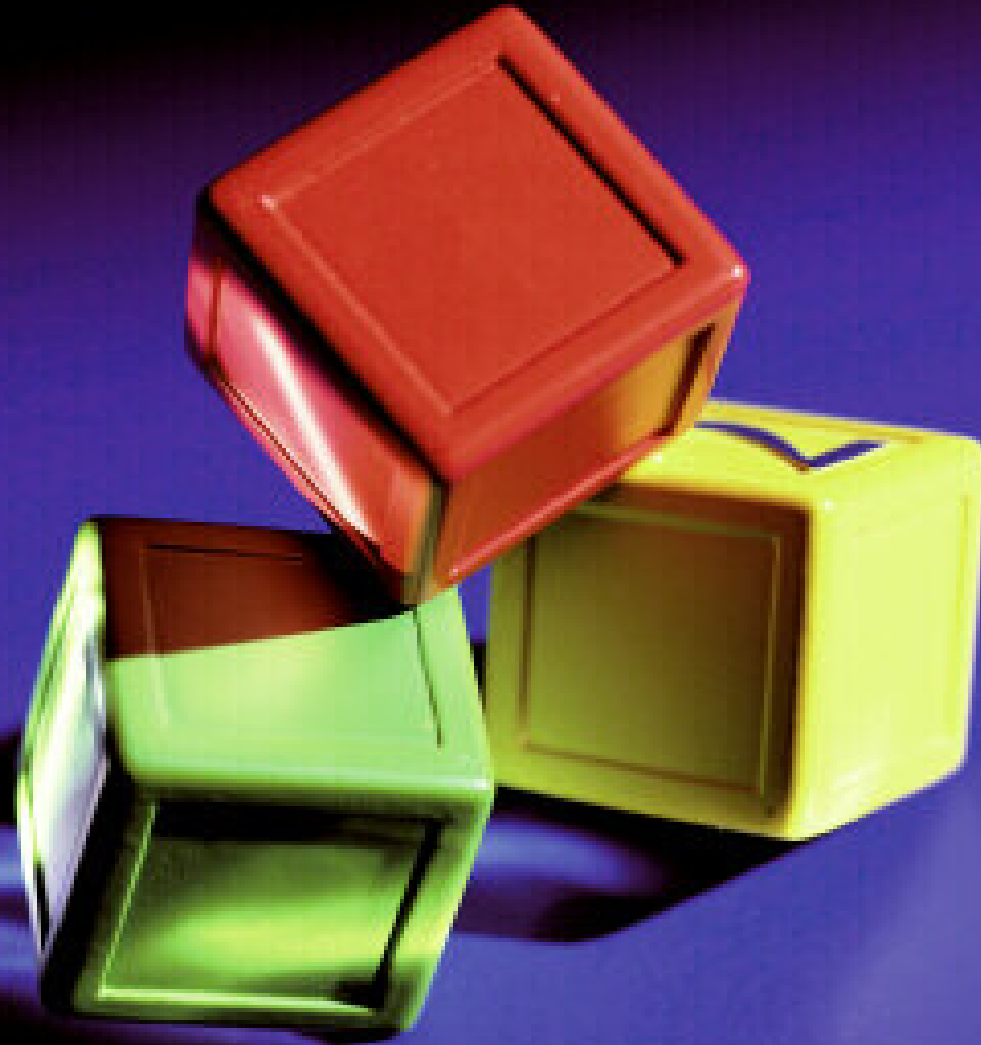
Creating a Performance Culture

Presentation to the IT Solutions Management Conference 2008
San Francisco

Date August 2008

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Creating a Performance Culture



August 2008

McKinsey & Company

Agenda

- **Introduce Organizational Health Index tool and performance management**
- Discuss results of OHI survey of State of Oregon Department of Human Services
- Discuss results of condensed OHI survey of ISM conference attendees

Business leaders highlight the importance of performance culture

The New York Times

The soft stuff – people’s beliefs and behaviors – is at least as important as hard stuff. Making changes in strategy or structure by itself takes a company only so far

**“Execution”,
Larry Bossidy**

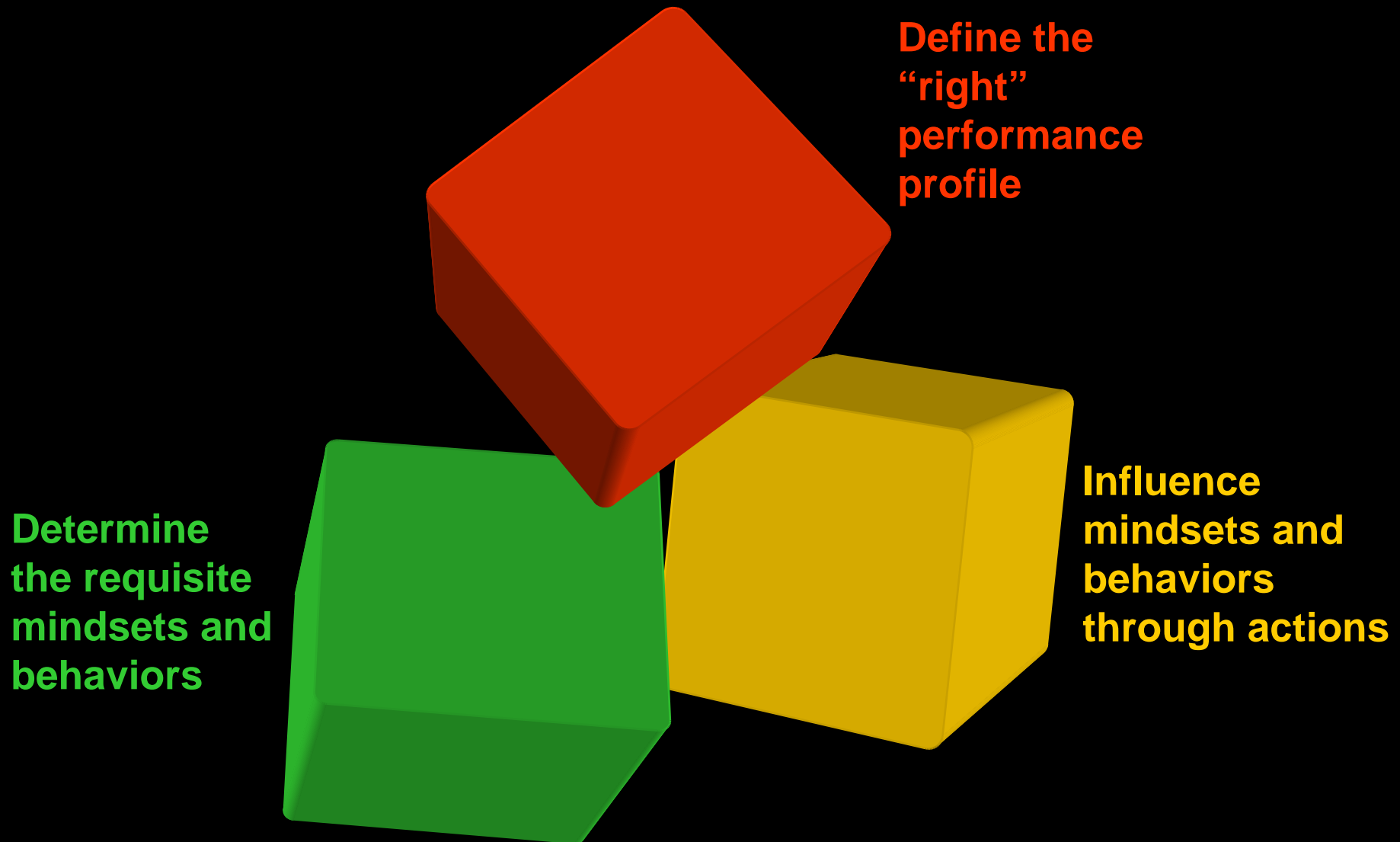
Culture counts... set the culture straight on day one... an organization that truly believes in maximizing intellect can’t have multiple cultures

**“Straight from
the Gut”,
Jack Welch**

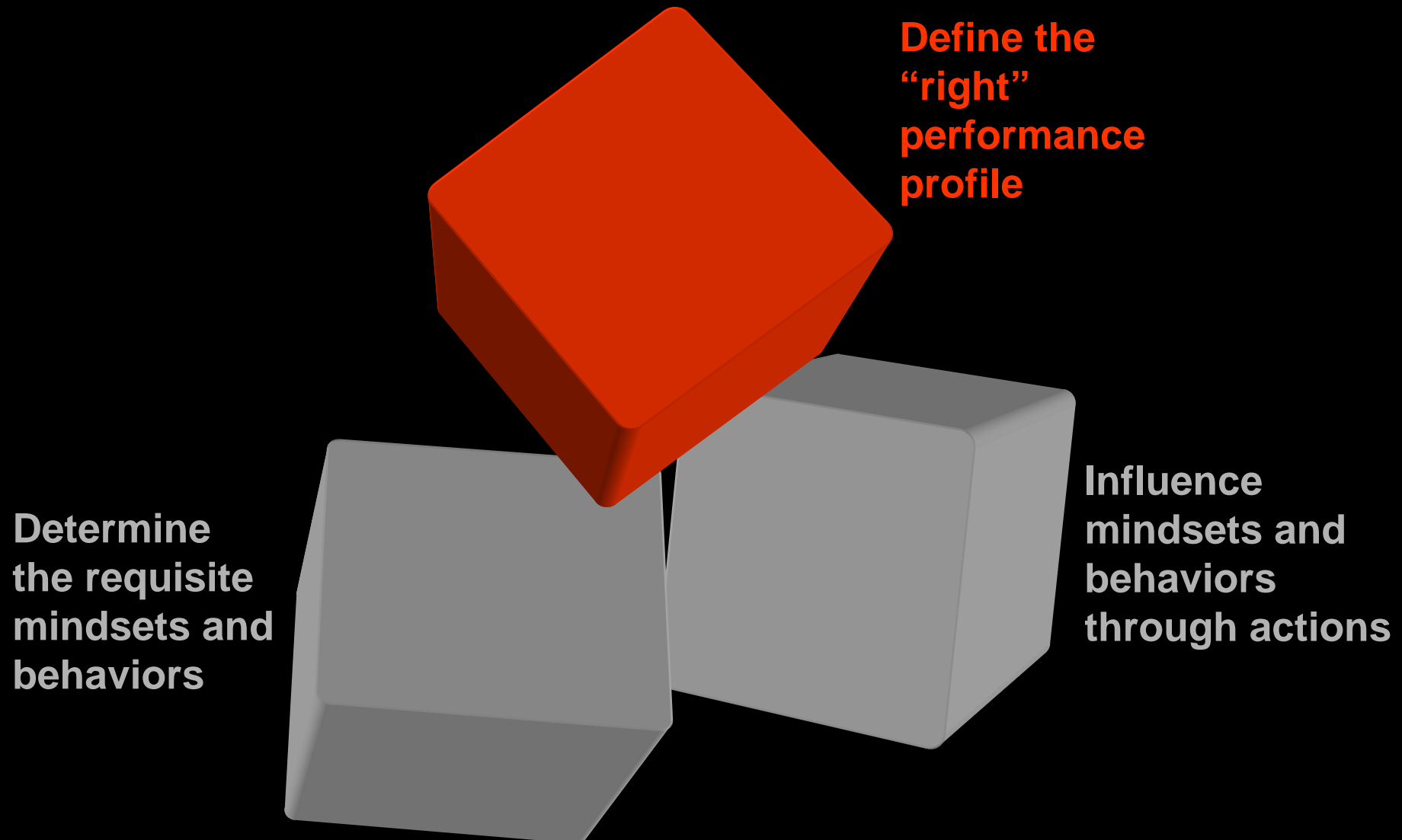
In the end, management doesn’t change culture. Management invites the workforce itself to change the culture

**“Why Elephants
Can’t Dance”,
Lou Gerstner**

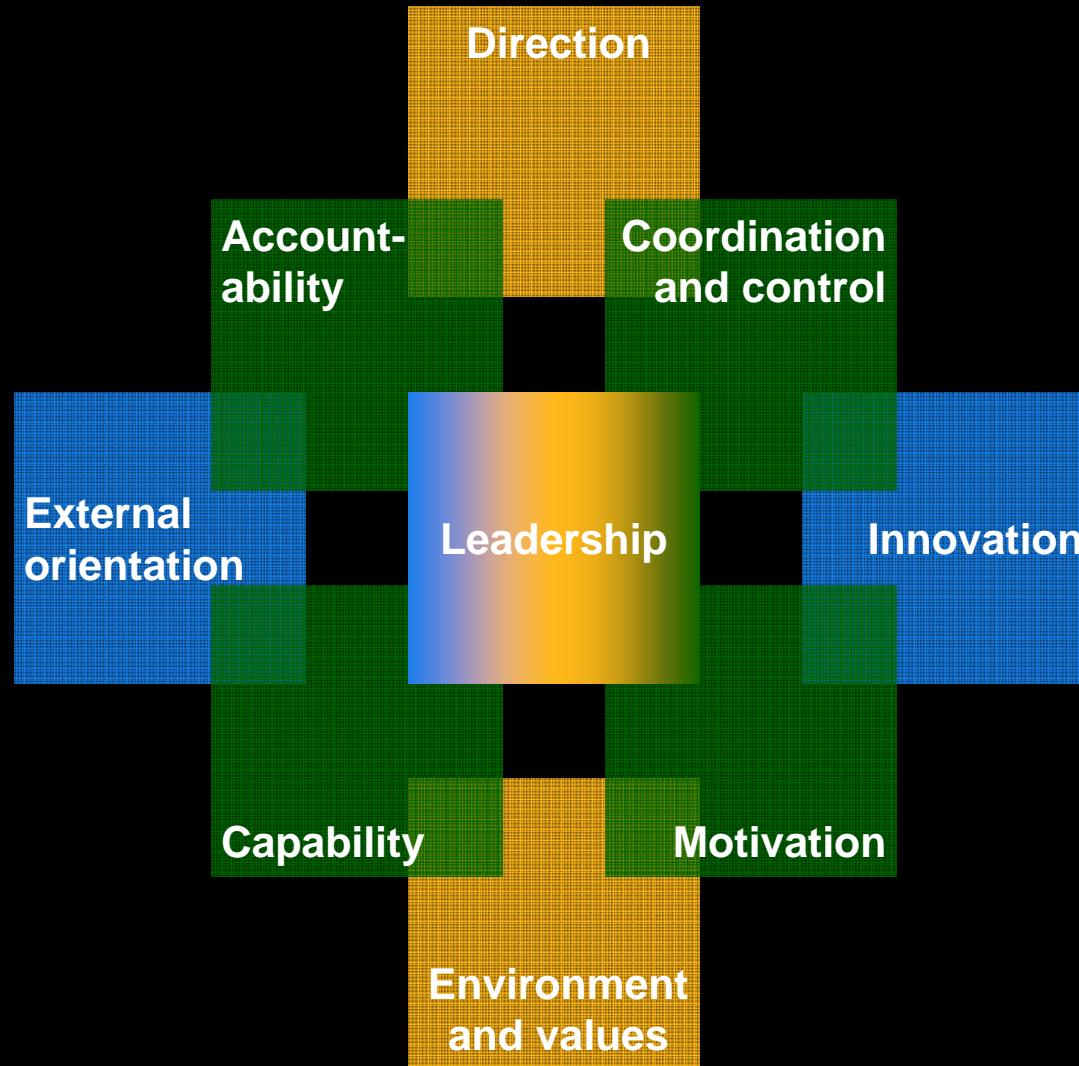
Building blocks to inspire higher performance culture



Building blocks to inspire higher performance culture



What is a performance profile?



Aggressively drive alignment

Stakeholders are clear on vision, strategy, and expected behaviors

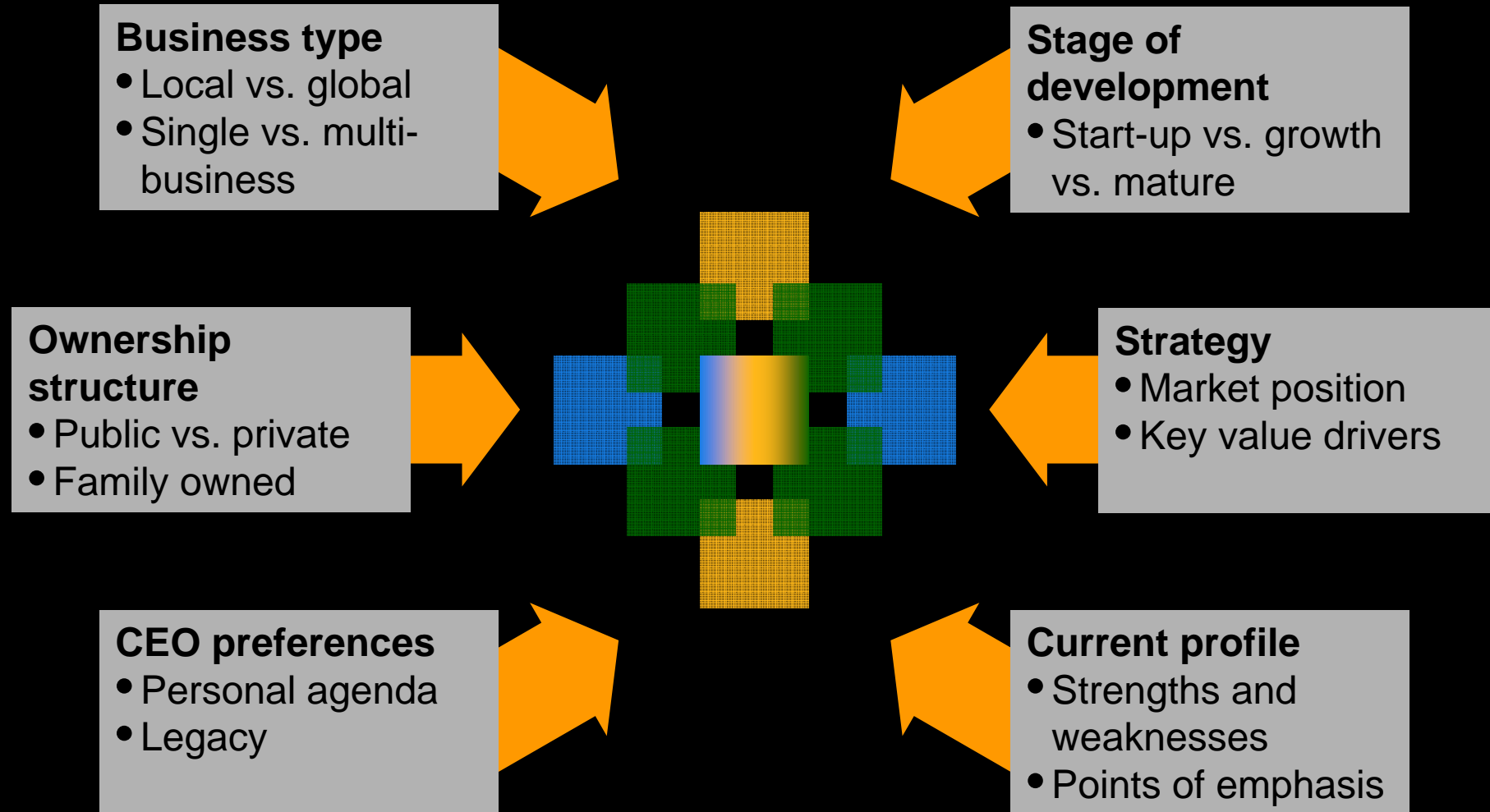
Prioritize flawless execution

All activities center around executing strategy and delivering results

Generate renewal

A steady stream of exploitable opportunities are created

Multiple factors affect performance profile



Agenda

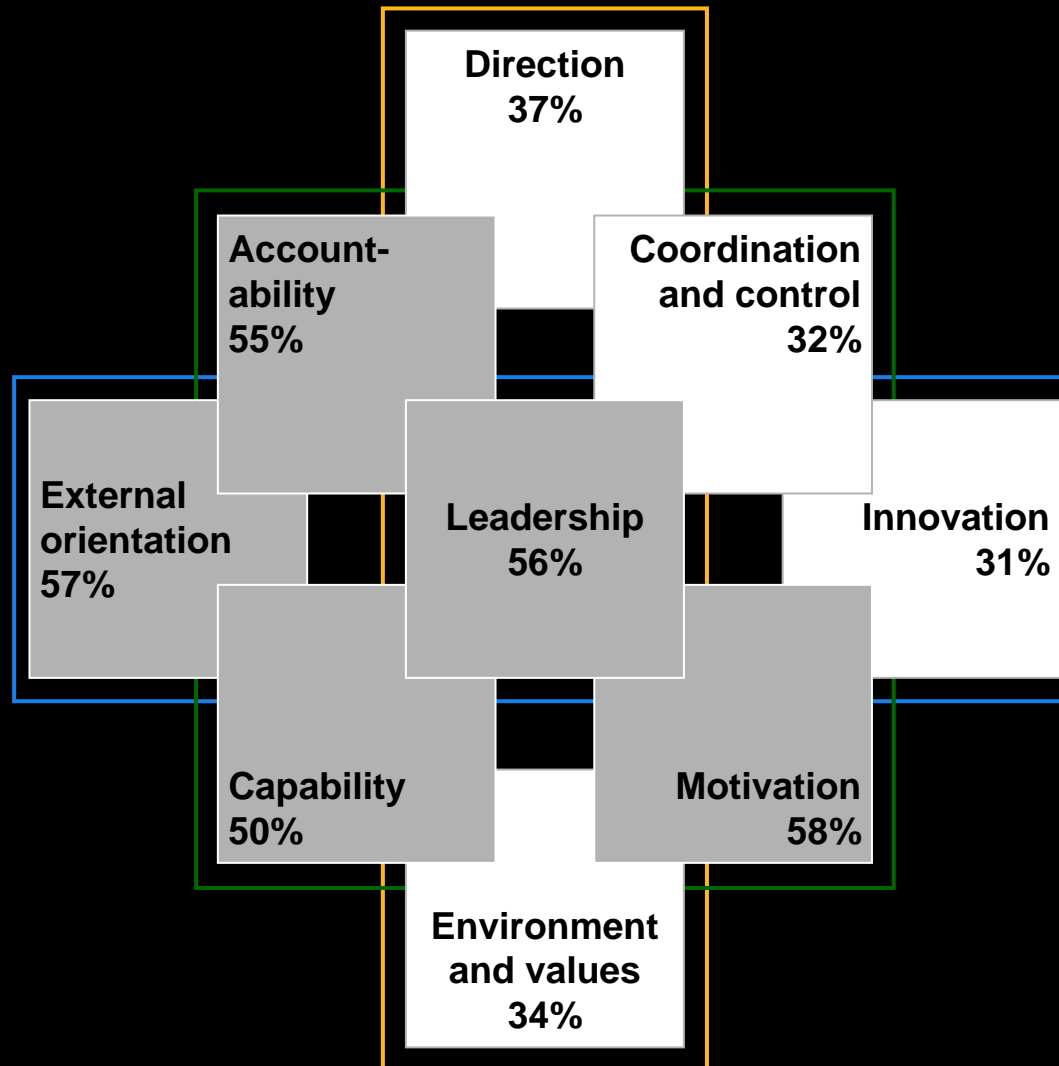
- Introduce Organizational Health Index tool and performance management

- **Discuss results of OHI survey of State of Oregon Department of Human Services**

- Discuss results of condensed OHI survey of ISM conference attendees

Oregon DHS results: all nine elements are rated as common or ineffective

- Distinctive
- Superior
- Common
- Not effective



The diagnostic results show several strengths to build on and areas for improvement for DHS

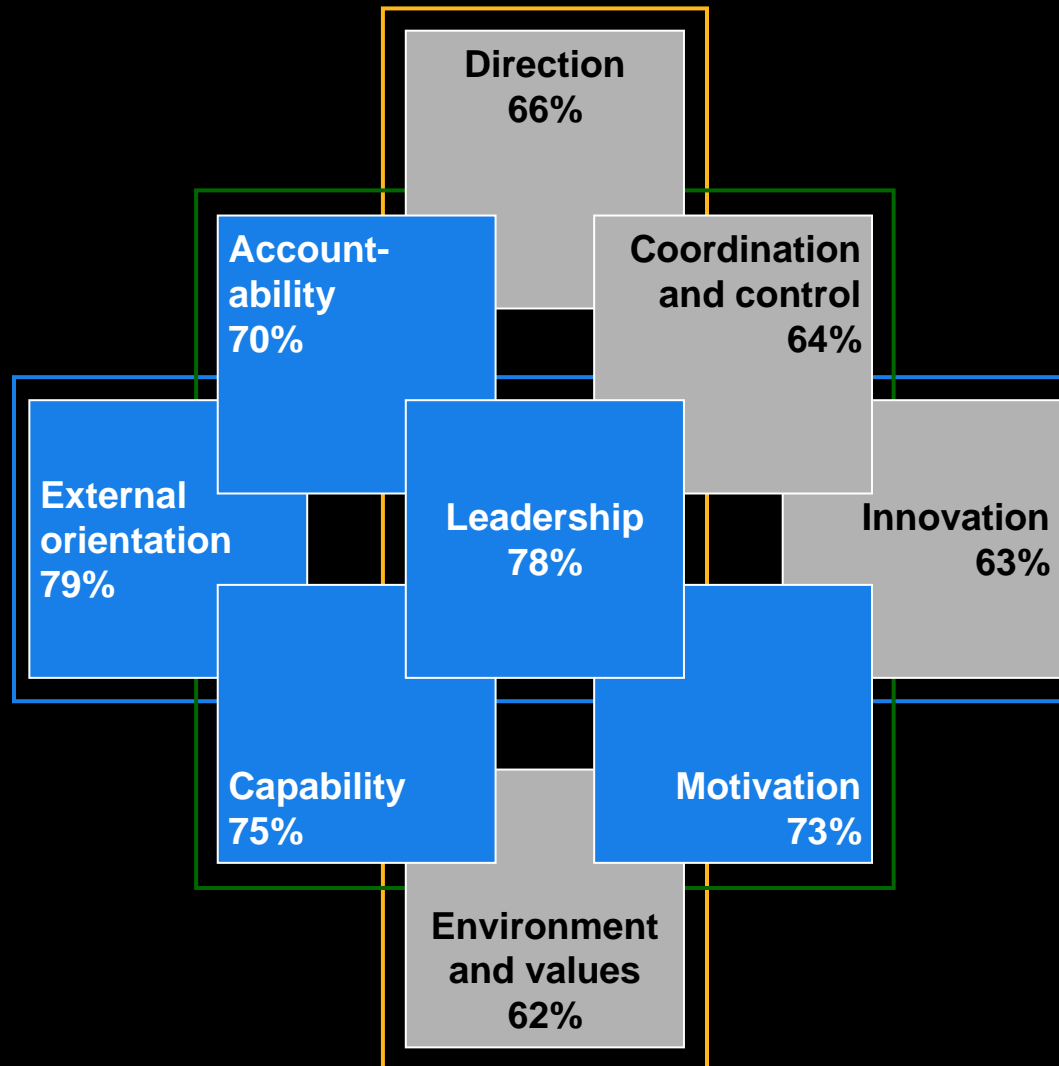
- Intrinsically driven, motivated workforce desires accountability and personal development
- Overall unsupportive work environment does not encourage employee engagement on key issues
- Low level of organizational effectiveness with few established mechanisms to improve current trends or encourage cooperation and communication

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Results and themes from ISM OHI survey

- Distinctive
- Superior
- Common
- Not effective



Results and themes from ISM OHI survey



Strengths in Human Services departments

- Leadership is highly respected and managers are seen as maintaining positive relationships with their staff
- Employees have a strong sense of “making a difference”
- High degree of confidence in the inherent capabilities of different departments, especially around people and knowledge
- There is a strong belief that departments are client oriented and take care of client needs

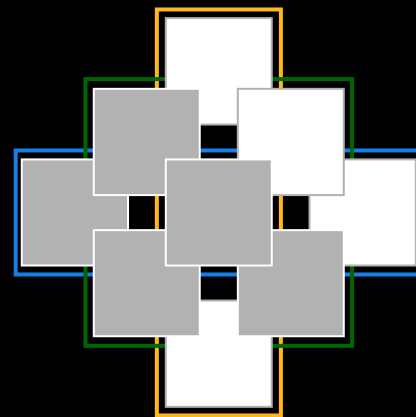
Challenges in Human Services departments

- Alignment – many human services departments show a lack of direction and organizational strategy is not used to guide individual behavior
- Execution
 - Many believe that decision rights need to be revisited in their department to ensure that authority is allocated to the right people
 - Many believe that a lack of effective organizational control systems leads to unexpected performance results
 - While survey respondents rate themselves as highly motivated, they perceive low motivation levels across their departments
- Renewal – there is a feeling among many respondents that their departments are not highly adaptable and are slow to respond to change

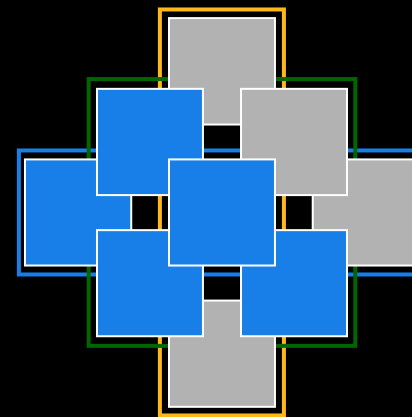
OHI profile more positive than DHS, but strengths and weaknesses consistent across both surveys



Oregon DHS OHI



ISM 2008 OHI



Similar strengths

Both surveys showed relative strengths around External Orientation, Leadership, Motivation, Capabilities, and Accountability

Similar areas for development

Direction, Environment & Values, Innovation, and Coordination & Control were rated lowest on both surveys

Survey comments support the findings from the OHI

Leadership

“It is easy to get things done because our Commissioner is forward thinking and committed to getting things done that serve our citizens”

“I find it easy to get things done due to broad support from executive staff”

Adaptability

“Sometimes feels like we're trying to turn the Titanic”

Direction and Strategy

“Priorities change with little to no notice or reason why. Leadership does not seem to focus on the overall strategic mission of the organization nor help staff understand the goals, objectives or priorities”

Making a Difference

“Potential to implement changes that affect many peoples' lives”

“Making a difference for the end users and the recipients – getting them a system that is user friendly and delivering benefits as accurately and timely as possible”

Client Service

“I love working for my customers. We truly believe in what they do, and that makes it easy and satisfying to work with them and for them”

Decision Rights

“Decision making is not always delegated to the appropriate level, so things may stall in bottlenecks”

“Staff are not empowered to make decisions”

Initiatives in DHS's Transformation are addressing challenges identified by the OHI

Oregon survey results...

- Intrinsically driven, motivated workforce desires accountability and personal development
- Overall unsupportive work environment does not encourage employee engagement on key issues
- Low level of organizational effectiveness with few established mechanisms to improve current trends or encourage cooperation and communication

...lead to specific initiatives

- Assess and recognize performance through assessment processes, development coaching, and recognition for achievement
- Improve recruiting and retention of talent
- Institute processes for funneling staff suggestions to leadership
- Enhance DHS's agency-wide approach to cultural competency
- Implement structured succession planning
- Collaborate and innovate across divisions

Lessons learned

- ✓ Don't expect it to be easy . . . a number of curve balls will get thrown your way
- ✓ It takes time: this is a journey, not a one-time fix
- ✓ It is dynamic – you will need be flexible and agile to meet the changing needs of the business and respond to the initiatives you take

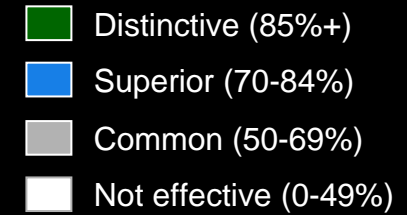
Appendix



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Contractors present a more positive profile of organization health than state/local departments

Percent agreeing with the outcome



Organization	N	Alignment			Execution				Renewal	
		Direction	Leadership	Environment and values	Accountability	Coordination and control	Capabilities	Motivation	Innovation	External orientation
Overall	183	66	78	62	70	64	75	73	63	79
Local department of health and/or human services	25	58	66	56	67	55	70	66	58	75
State department of health and/or human services	94	65	78	57	65	59	69	68	57	74
Contractor/vendor for health and/or human services	52	75	82	75	83	76	84	87	75	88
Other	9	56	73	51	48	65	84	61	66	79

Survey respondents from different roles present similar profiles

Percent agreeing with the outcome

- Distinctive (85%+)
- Superior (70-84%)
- Common (50-69%)
- Not effective (0-49%)

Role	N	Alignment			Execution				Renewal	
		Direction	Leadership	Environment and values	Accountability	Coordination and control	Capabilities	Motivation	Innovation	External orientation
Overall	183	66	78	62	70	64	75	73	63	79
Agency director/commissioner or program administrator	28	64	79	69	73	69	79	79	65	77
IT technical/ professional staff	99	66	77	58	67	59	71	70	62	77
Human Services program staff	24	61	73	53	66	64	73	67	56	79
Other	32	75	85	75	80	76	85	84	72	87