Red Sea Global's Drive to Excellence in Performance Management

A Case Study on Performance Management System Maturity Assessment

LEVEL 5
OPTIMIZED

LEVEL 4
INTEGRATED

LEVEL 3
STRUCTURED

LEVEL 2
EMERGENT

LEVEL 1
INITIAL

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About Red Sea Global

Red Sea Global is a closed joint-stock company wholly owned by the Public Investment Fund (PIF) of Saudi Arabia. Renowned for their role in significant tourism ventures within the country, Red Sea Global is committed to establishing exceptional destinations that not only stimulate economic growth and job opportunities but also adhere to the principles outlined in Vision 2030.

Red Sea Global's portfolio includes two world-leading destinations, The Red Sea and Amaala, announced by HRH Crown Prince Mohammad bin Salman bin Abdulaziz Al-Saud. These responsible and regenerative tourism destinations collectively aim to enhance Saudi Arabia's luxury tourism and sustainability offerings, going beyond merely protecting the natural environment to actively improving it for future generations.

Red Sea Global is at the forefront of a groundbreaking approach to regeneration, redefining the sustainable luxury tourism industry by blending the region's environmental biodiversity and cultural heritage with unparalleled amenities and hospitality services. As stewards of some of Saudi Arabia's most valued natural and community sites, Red Sea Global embraces a novel model of development that places a paramount focus on the well-being of both people and the planet.

Strategy and Performance at Red Sea Global

Strategic Alignment with Saudi Vision 2030

Red Sea Global's strategy is a well-designed and practical roadmap that aligns with Saudi Vision 2030 and trickles down to every corner of the organization, from group to departmental and individual levels.

Incorporation of Sustainability Dimension

Red Sea Global's activities are guided by a Strategy House that follows the Balanced Scorecard framework. What makes Red Sea Global's approach stand out is the incorporation of a "Sustainability" dimension, recognizing it as a core pillar in its mandate.

Enterprise Project Management Office

In the realm of performance governance, Red Sea Global adopts an integrated approach overseen by the Enterprise Project Management Office (EPMO) team. This team plays a pivotal role in setting Red Sea Global's strategic objectives and collaborating seamlessly with all organizational units. Their mission is clear: connecting the dots between strategy formulation and execution to ensure the organization's success.

Integrated Performance Governance

Moreover, this integrated approach extends to all corporate planning and reporting activities, covering departmental Key Performance Indicators (KPIs) and projects. In essence, Red Sea Global's strategy is not just a document; it is a dynamic force steering corporate planning, performance management, and project management throughout the organization. This holistic strategy reflects Red Sea Global's commitment to a comprehensive and cohesive approach to achieving its goals.

The Challenge

In 2018, as Red Sea Global was being established, the organization embarked on the development of its performance management system (PMS). Over the subsequent years, the system not only took root but flourished simultaneously with the growth of the company as a whole. This continuous evolution and improvement of the system were intrinsic to Red Sea Global's commitment to refining its operational strategies. Recognizing the maturity achieved in its PMS and the concurrent growth of the organization, Red Sea Global deemed 2023 as the right time for a comprehensive evaluation. Thus, Red Sea Global enlisted the expertise of The KPI Institute's GPA Unit Division.

The assessment was not merely a formality. Red Sea Global sought to identify strengths, weaknesses, and avenues for improvement within the system. The overarching goal remained the maximization of added value derived from the PMS. This initiative is emblematic of Red Sea Global's dedication to synchronizing the evolution of its internal processes with the broader growth trajectory of the organization.

The Importance of a Performance Management System Maturity Assessment

Red Sea Global has placed a strategic emphasis on the significance of PMS as a potential competitive advantage. The practical benefits identified during the project were the following:

- The audit recommendations offer alignment between what needs to be achieved and the daily activities.
- The audit offers a competitive edge to the organization by offering evidence of a well-designed and evolving PMS.
- The organization, through the audit, was able to spot gaps and understand where they stand in terms of their system.
- The company's PMS was compared against best practices in the field.
- Continuous improvement solutions were identified.
- The audit was a statement of a continuous commitment to performance excellence for Red Sea Global.

This strategic understanding of the importance of such an audit not only positions Red Sea Global ahead of others but also underscores their deep comprehension of the intricate nature of effective performance management.

The Solution

Global Performance Audit Unit

The Global Performance Audit Unit (GPA Unit) is The KPI Institute's division specializing in strategy and performance audit. With a mission centered around providing comprehensive performance audit solutions through extensive research, education, and diagnosis, the GPA Unit draws from over 10 years of experience and a blend of academic and commissioned research in the performance management field. Their unique set of frameworks for auditing the maturity level of performance management systems is a testament to this expertise.

The Integrated Performance Maturity Framework

The foundation of GPA Unit's services lies in Maturity Model Frameworks designed to gauge the complexity of organizational capabilities. The Integrated Performance Maturity Framework features a comprehensive assessment of five capabilities: Strategic Planning, Performance Measurement, Performance Management, Performance Culture, and Employee Performance Management.

Within the Red Sea Global-The KPI Institute, all five capabilities underwent evaluation. The objectives of this assessment were threefold:

- ✅ Offer a detailed examination of the system by pinpointing best practices and areas for improvement in strategic planning and performance management for the targeted entity
- ✅ Define the overall maturity level and capability levels of the strategy and PMS using the methodologies of The KPI Institute and GPA Unit
- ✅ Formulate specific recommendations for the entity to bridge the minor gap between its current maturity and maturity level 5
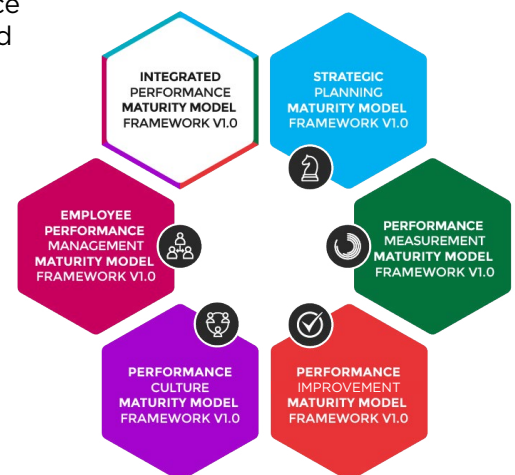
The outputs of the assessment included:

- ✅ A performance audit report, highlighting the strengths and weaknesses of the organization's strategy and PMS
- ✅ An executive dashboard, which is a concise visual representation of the maturity scores for each capability
- ✅ A report outlining a roadmap for continuous improvement and describing the steps for the implementation of recommendations
- ✅ An infographic illustrating a roadmap for continuous improvement and providing guidance on the implementation of the recommendations from the audit report

These documents outlined the recommended initiatives for the ongoing enhancement of the system.

The Performance Assessment Process

The Integrated Maturity Model Framework, created by the GPA Unit, employs over 300 statements representing best practices to evaluate organizational capabilities. The methodology adopted encompasses three perspectives:

- ✓ Evidence-based assessment
- ✓ Perception-based assessment
- ✓ Interview-based assessment

Over a 10-week period, auditors from The KPI Institute:

1. Assessed the extensive documentation provided by Red Sea Global
2. Deployed five individual questionnaires for each of the five capabilities
3. Analyzed the results (data interpretation)
4. Conducted 15 interviews with key stakeholders to gain a deeper understanding of the survey results and address potential differences in opinions
5. Consolidated findings and generated four outputs

Red Sea Global submitted more than 100 individual documents for assessment to demonstrate the organization's functioning within each capability.

This documentation, among others, included:

- ✓ Policies and procedures
- ✓ Process maps
- ✓ Performance reports
- ✓ Communication materials

Each capability within the maturity model underwent analysis based on a series of best practices, evaluated against clear criteria for each. Within these documents, the existence and characteristics of key tools, practices and processes were analyzed and rated from 1 to 5. While analyzing the documentation, the five individual surveys were also deployed to 158 stakeholders to assess the perception of key groups of interest in the PMS. After the survey data had been processed, certain statements that showed high variance were further discussed during the interview-based assessment.

1 PROJECT INITIATION

2 SURVEY DEPLOYMENT

3 SURVEY RESULTS ANALYSIS

4 DOCUMENTATION ASSESSMENT

5 SCHEDULE & CONDUCT INTERVIEWS

6 DATA INTERPRETATION

7 REPORT WRITING

8 AUDIT OUTPUTS PRESENTATION

9 OFFICIAL RECOGNITION

Following the scoring methodology, 75% of the total weight of the assessment was allocated for the evidence-based assessment, with the remaining 25% for the perception-based assessment. The information gathered from interviews was solely utilized to interpret results and provide recommendations.

It is worth noting that organizations can achieve varying levels of maturity in performance management, spanning from Initial to Optimized. This spectrum represents a continuum of potential achievements and development stages.

Initial (scores 1-1.5)

Business lacks a clear strategy, performance measurement is infrequent, decision-making rarely incorporates performance data, and a limited performance culture exists.

Emergent (scores 1.51-2.7)

Strategy planning occurs irregularly, performance measurement is primarily at the strategic level, data usage for decision-making is limited, and KPI awareness is confined to top management.

Structured (scores 2.71-3.7)

Strategy formulation is ongoing, performance measurement extends to operational levels, data collection relies on tools like Excel, performance tools may misalign across departments, and a varied performance culture exists.

Integrated (scores 3.71-4.5)

Strategy aligns across the organization, KPIs are widely used, data collection is technology-driven, performance improvement is data-centric, and the PMS is integrated into the organizational fabric.

Optimized (scores > 4.51)

The PMS consolidates efforts around strategy, adapts to business needs, utilizes advanced data analysis, and fosters a robust performance culture ingrained in every employee's behavior.

Findings and Observations

In a landmark accomplishment, Red Sea Global stands as the pioneer, being the first organization to attain an overall Level 5 maturity, showcasing unparalleled excellence in an optimized approach to performance management. This exceptional milestone positions Red Sea Global at the forefront of organizational excellence, setting new industry standards and exemplifying a holistic, top-tier commitment to continuous improvement.

Strategic Planning Capability: Optimized Maturity Level, due to:

- A clear and forward-looking organizational identity actively showcased both internally and externally
- A strategic prowess that extends beyond mere planning and creating a narrative that aligns seamlessly with its long-term vision and mission

Performance Culture Capability: Integrated Maturity, due to:

- Alignment of behaviors, processes and initiatives of individuals and teams with Red Sea Global's strategic goals
- Evidence of an organizational culture that nurtures excellence and contributes to success

Performance Measurement Capability: Optimized Maturity Level, due to:

- Adept utilization of KPIs in management practices
- A balanced focus on both financial and non-financial KPIs
- A meticulously documented database with critical information contributing to a well-embedded performance measurement system.
- Defined targets and thresholds for all KPIs, coupled with an automated PMS

Employee Performance Management Capability: Optimized Maturity, due to:

- Emphasis on empowering employees with autonomy in objective setting
- A dedicated performance management team that maintains a structured and supportive environment and ensures well-executed processes
- Focus on the alignment of behavioral and technical competencies

Performance Improvement Capability: Integrated Maturity Level, due to:

- Timely insights into performance metrics, achieved by leveraging technology, dashboards, and analytics tools
- Enhancements being directed towards key areas aligned with long-term vision and mission

But this collaboration had a broader scope than just acknowledging the maturity level of the system. The open-minded approach of the Red Sea Global team facilitated the identification of potential gaps, setting the stage for improvements in the system. Within this collaborative atmosphere, the TKI team delivered a comprehensive set of recommendations spanning the five critical capabilities.

# Benefits and Lessons Learned

1. Benefits for High-Maturity Clients

a. **Refinement and optimization**: The audit is a catalyst for refinement and optimization. It operates as a strategic tool, ensuring existing processes align with organizational goals and providing insights for continuous improvement.

b. **Insights for continuous improvement**: The audit enables data-driven decision-making when it comes to optimizing the PMS.

c. **Stakeholder engagement**: The audit process and its results fostered cross-departmental collaboration, alignment and transparency.

This was the case of Red Sea Global where the focus was on continuous improvement and engagement.

2. Benefits for Low-Maturity Clients:

a. **Identification of critical gaps**: The audit process identifies critical gaps and proposes recommendations to rectify them.

b. **Strategic direction and alignment**: The audit process offers clarity about the alignment between daily activities and overarching goals.

c. **A roadmap to the right way** of utilizing performance data.

d. **A targeted approach** to enhance the strategic architecture and KPI integration in the system.

e. **Transformation** of a disjointed and inefficient system to one where decision-making is informed, resources are strategically allocated, and performance improves across various levels .

The audit thus becomes a catalyst for positive change, guiding low-maturity clients toward building a solid foundation for effective performance management.

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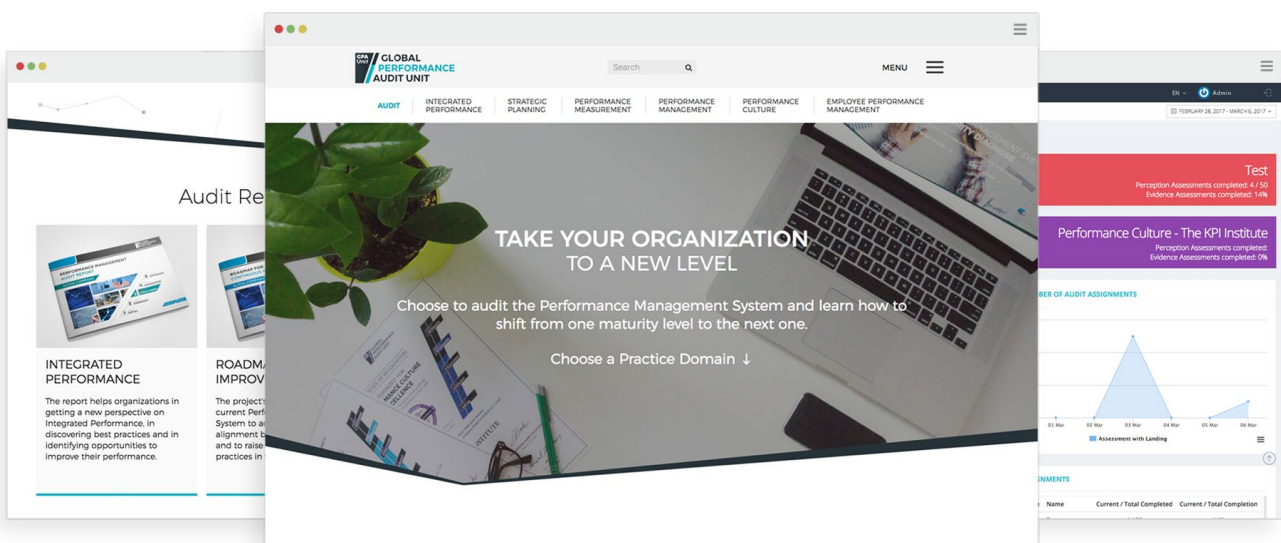
Awarding Ceremony

The ceremony for handing out the certificates of recognition for Red Sea Global's outstanding achievement took place at the company's headquarters in Riyadh, KSA, on November 1, 2023. The esteemed leadership of Red Sea Global, including the Group CEO and Group CAO, along with department heads, attended the event. TKI's representative, Maryham Magdy, a distinguished management consultant and business journalist, graced the occasion, while all auditors involved in delivering the assessment, along with key executives from the GPA Unit, participated through a video conference.

JOHN PAGANO
GROUP CEO AT RED SEA GLOBAL

"From day one, our goal was to set new standards in everything that we do. We are proud to have achieved the highest possible level in this certification, reflecting our comprehensive approach to planning and performance, which is not merely about adhering to established norms but about redefining and innovating them."

ADRIAN BRUDAN
GENERAL MANAGER OF GPA UNIT

"Red Sea Global has dedicated itself to the development and enhancement of its strategy and performance management practices, aligning them with its strategic intent and industry best practices. This commitment reflects the company's visionary leadership, dedicated workforce, and state-of-the-art performance management architecture. With this achievement, Red Sea Global sets a new benchmark for excellence within its industry and beyond."

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