Performance Management Excellence at Tourism Development Fund, KSA

A Case Study on Performance Management System Maturity Assessment

LEVEL 5
OPTIMIZED

LEVEL 4
INTEGRATED

LEVEL 3
STRUCTURED

LEVEL 2
EMERGENT

LEVEL 1
INITIAL

Excellence in action: evaluating performance management practices at Tourism Development Fund, KSA

No matter where an organization stands on its journey, ensuring that its performance management practices are up to par can influence its progress. Done correctly, this could be the edge that sets it apart from the competition.

The KPI Institute (TKI), through the efforts of the dedicated members of The Global Performance Audit (GPA) Unit, has successfully collaborated with the Talent and Performance Management Department of the Tourism Development Fund (TDF) to evaluate the performance management practices of the organization. This evaluation encompasses various areas, such as strategic planning, corporate performance management, employee performance management, and organizational culture

The TDF is a young organization established in Saudi Arabia in 2020 with the mandate of driving growth in the national tourism sector by enabling private investments. With nearly 200 employees, the TDF has set up a formal division dedicated to managing strategy and performance. It comes with specialized departments responsible for handling key processes like strategic planning, corporate performance management, strategic initiatives portfolio, organizational excellence, research, and insights. Similarly, people's performance and organizational culture are guided by specialized teams.

The KPI Institute's maturity assessment for the division adhered to a holistic approach in both project coverage and methodology. In terms of coverage, the following organizational capabilities were evaluated: strategic planning, performance measurement, performance improvement, employee performance management, and organizational culture.
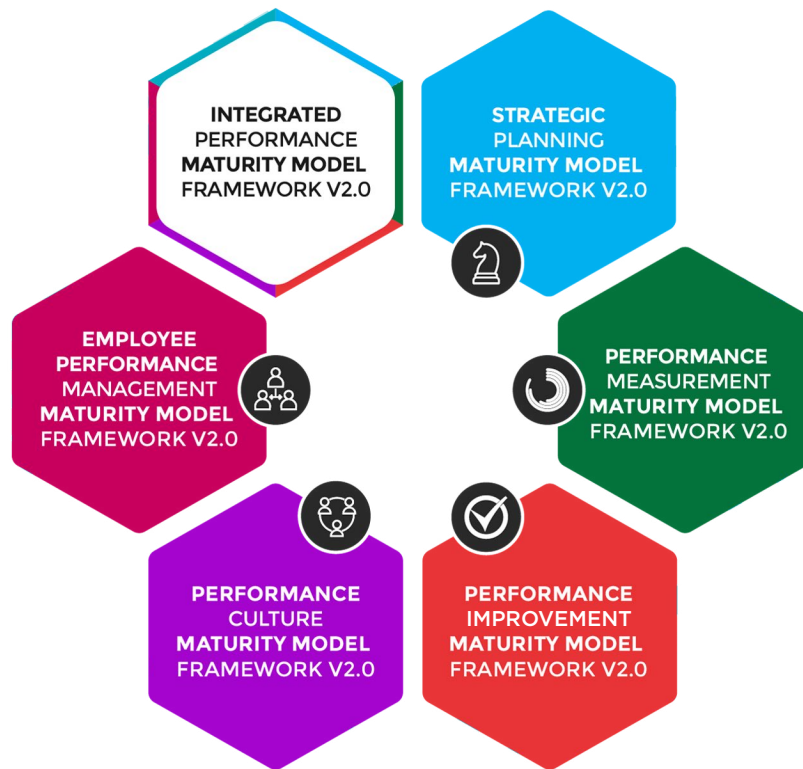
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Figure 1. Integrated Performance Management Maturity Model | Source: The KPI Institute

Regarding the methodology, TKI's Integrated Performance Maturity Model includes a review of formal procedures and other official documentation (outputs) and insights from employees in the organization obtained through surveys and interviews with key internal stakeholders. All findings were rated against best practices using a scoring methodology, and the final score positioned the TDF on maturity level IV out of V (see Figure 2).
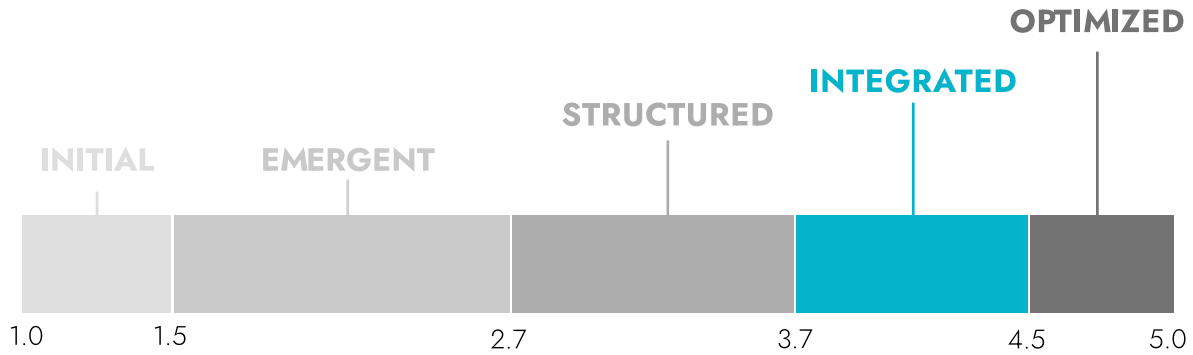
OPTIMIZED

INTEGRATED

STRUCTURED

INITIAL EMERGENT

1.0   1.5   2.7   3.7   4.5   5.0

Figure 2. Performance Management Maturity Level | Source: The KPI Institute

The context for a maturity assessment

For a young organization like the TDF, there has been a continuous process of introducing and adapting strategy and performance management practices as their needs evolve. The organization's commitment to business excellence and quality leadership has created the premise for the Strategy Division to seek a golden standard of comparison that would outline opportunities for optimization and an action-oriented roadmap for the future.

Despite the project being initiated by the Strategy Division, the organization understood that aligning employee performance management to corporate strategy is fundamental for effective strategy execution. For this reason, the Human Capital Division was also involved in the assessment to analyze the cohesion and alignment of the objectives and KPIs across all levels of the organization.

TKI's maturity assessment can be conducted both at the beginning of a revamping project of the strategy and performance management system as well as at the end of such an endeavor to obtain an official recognition of the implemented upgrade. For less mature organizations, the assessment can be a tool to set the course of action and build the system step-by-step. For experienced entities, it can provide a fresh perspective on the status quo and outline issues and solutions to current challenges.
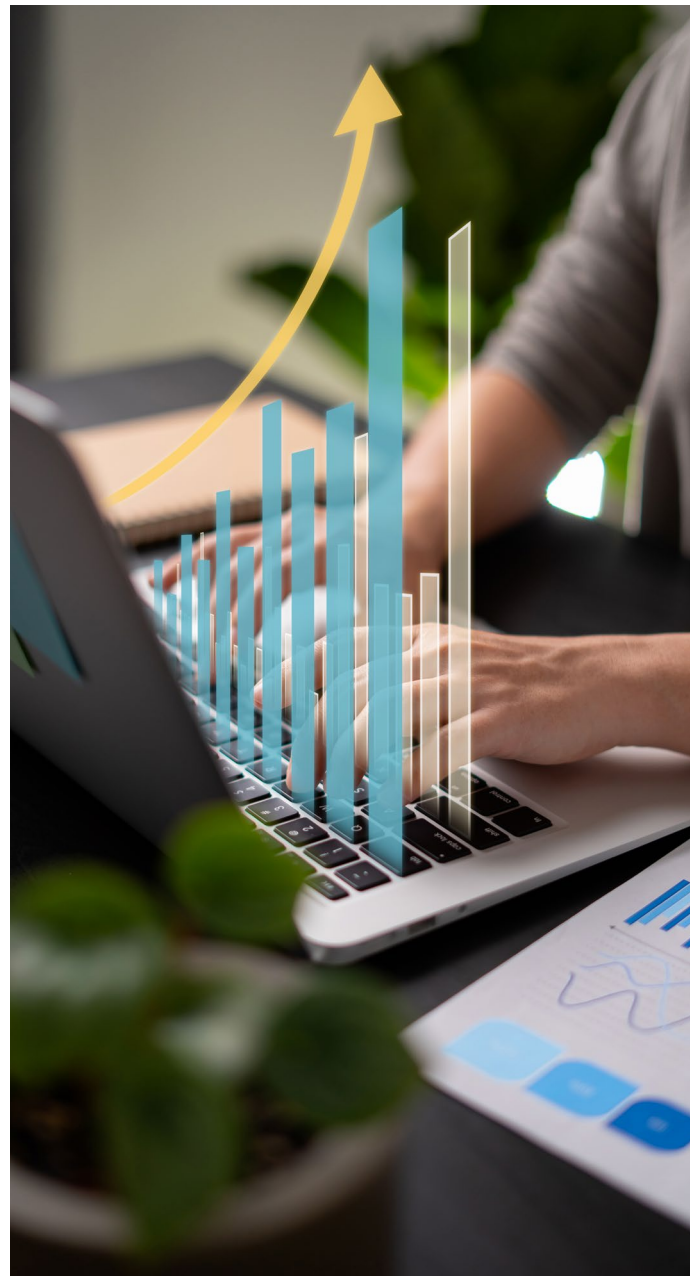
The deployment of a maturity assessment

The maturity assessment consists of six stages, which can be deployed in 10 to 12 weeks, depending on the entity's responsiveness in collecting documents and supporting the consultancy team. The process breakdown is as follows:

1.	Project communication: Initial discussions were held to agree on the requirements of the evaluated entity. Additionally, posters and email templates were provided to facilitate communication and engagement with all project stakeholders.	Weeks 1-2
2.	Evidence-based assessment: The entity collects all documents required and shares them with the GPA Unit for analysis and scoring.	Weeks 2-5
3.	Perception-based assessment: The GPA Unit receives the employees' contacts, distributes the assessment surveys, and processes the survey responses.	Weeks 3-5
4.	Interviews: The GPA unit team selects three to eight internal stakeholders for interviews.	Weeks 6-7
5.	Release of assessment outputs: The following items are prepared for the evaluated entity: • Assessment Report • Roadmap for Improvement Brief • Executive Dashboard Poster • Roadmap for Improvement Poster	Week 7-9
6.	Project closing: The GPA Unit team presents the assessment findings and recommendations to the organization and releases the certificates of recognition for each capability evaluated.	Week 10

Figure 3. Maturity Assessment Deployment Process | Source: The KPI Institute

The TDF's maturity assessment took place from mid-July to mid-September 2023 and included the review of over 60 documents, surveys of more than 100 employees, and seven interviews.

This type of assessment is ideally suited for remote work, as long as access to confidential documents can be provided virtually to the GPA Unit. Project management meetings, interviews, and presentations take place online.

Best practices from the Tourism Development Fund

1.   Set up a sound governance framework for strategy management

The Strategy Office can have five to 20 people responsible for creating the strategy management framework in the organization with proper policies,

process maps, associated procedures, and output templates. As the department grows, it can develop specialized expertise for strategic planning, performance management, project management and portfolio optimization, and stakeholder engagement (especially for governmental entities). Furthermore, a dedicated team for research and benchmarking can add great value to the organization in the strategy planning and review process.

In addition, it is important to create clear and detailed processes and procedures for all functions managed by the Strategy Office and ensure that the right stakeholders are properly and sufficiently involved in developing the strategy, setting the objectives and KPI targets, and prioritizing initiatives.

2. Use clean language and a simple strategy framework

Since strategy is the output of a multidisciplinary team of executives, using language that everyone can easily understand is important. It is quite common to get tangled up in details, resulting in a complicated strategy plan that executives may find challenging to explain later on. TDF has consolidated the entire strategy into a straightforward strategy map with the following layers:

- Four long-term strategic directions
- Four strategic perspectives inspired by the Balanced Scorecard methodology
- Eight strategic objectives clustered in the aforementioned perspectives and oriented over the medium term
- 22 KPIs selected to measure the strategic objectives
- 28 strategic initiatives

The entire strategy is clearly captured on two pages: one page features the strategy map, and the other lists strategic initiatives.

Objective and KPI names are concise and distinguishable, as objectives always start with action verbs. Furthermore, initiatives should be distinguished from objectives by using phrasing that involves concrete actions, emphasizing the "how" rather than the "what", with the latter representing the objective.

3. Ensure strong vertical alignment

Each division and department translates its impact on corporate strategy by taking over corporate-level objectives and KPIs and adding indirect contributions through operational objectives and KPIs. With the effective guidance and support of the Human Capital Division, SMART objectives are cascaded in alignment with departmental, divisional, and corporate objectives for each employee. Meanwhile, strategic initiatives are cascaded at the division level.

Each division's information is captured on two pages while departmental plans are summarized on one page. The use of tables and diagrams enhances the readability and understanding of each unit and team's priorities.

4. Focus on strategy communication

The Strategy Division undertakes a variety of initiatives to communicate the organization's strategy and raise employee awareness of corporate priorities. These include:

- Monthly induction sessions on corporate strategy for all employees
- An annual strategy retreat during which division chiefs are required to present their initiatives and explain their impact on corporate strategy

- Annual town hall meetings where the CEO introduces the strategy and focus for the upcoming year, and each chief outlines their priorities
- Explanation of KPIs
- Strategy quizzes and trivia conducted among employees.
- A quarterly strategy newsletter
- Displaying the mission, vision, and values on available screens in the office spaces

5.   Encourage feedback culture

TDF implemented several actions and projects to foster a feedback-driven culture. There are training courses and one-on-one coaching sessions to elevate the skills of managers and executives in providing constructive feedback, effectively addressing performance-related issues with employees, and supporting team members' professional growth. Several communication materials like articles and videos are developed to raise awareness on the importance of giving and receiving feedback during the year, in addition to the formal mid-year and year-end performance reviews.

Furthermore, the Human Capital Division is conducting surveys among employees to track the frequency of feedback they receive.

Building a performance culture with adequate social context for discussing performance and making data-driven decision-making is critical for successfully implementing any performance management system, whether corporate, operational, or individual.

"The level of maturity encountered in the Tourism Development Fund regarding researching and involving stakeholders in strategy formulation and planning, as well as their ability to convey effectively the essence of corporate strategy and KPIs proves that advanced performance management systems can be built in the early years of an organization and more than that, they are fostering a sustained growth and evolution of the business." – Cristina Mihăiloaie, Lead Consultant on the maturity assessment project for TDF

The KPI Institute (TKI) presents the Excellence Award to Saudi Arabia's Tourism Development Fund
Source: TDF

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