Frank Buytendijk, a vice president and fellow in enterprise performance management (EPM) at Oracle, is one of the world’s leading experts in business intelligence and performance management. With 20 years of experience, he has worked as an implementation consultant, project manager, management consultant, business manager, industry analyst, and strategist.


PROFIT: You say that performance management is a contradiction in terms. Tell us more about that.

BUYTENDIJK: A lot of organizations invest in performance management, but the way that they do it actually leads to opposite results. I believe that is because fundamentally we use the wrong model for performance management. In reality, performance comes from Venus and management from Mars. Performance is all about motivation, dedication, teamwork, and people, which are matters of the heart. Management is more associated with plans, procedures, rules, regulations, control, and accountability, which are matters of the mind. So performance management is a contradiction in terms, because there is a disconnect between matters of the mind and matters of the heart. And all we’re doing is minding the matters of the mind, not the heart. We need a different model.

PROFIT: And that’s the performance leadership framework?

BUYTENDIJK: Yes. People make the difference between what constitutes management and what constitutes leadership. If you look at the definition of leadership, it is more about understanding why we change and creating inspiration and motivation, while management is about protecting the status quo. That is why I talk about performance leadership as the next step after performance management.

The ideas behind performance leadership are based on what would happen if we applied lessons in the field of per-

PHOTO: WALTER SMITH
Organizations should do a cultural performance management analysis before embarking on a performance management initiative. In a cultural performance management analysis, we classify the organization on a number of cultural dimensions. There are several frameworks by which to describe and categorize cultures. Often these frameworks use dimensions between two extremes to classify a culture on that specific characteristic. Most of the frameworks focus on describing national cultures, and deal with many social issues. However, some of the dimensions used also apply to corporate cultures, and they affect the way performance management should be implemented. See figure 1 for an example.

It is important to realize that there is no right or wrong culture in the cultural performance management analysis. Every score is good; the key is that you are aware of the characteristics of your own corporate culture.

In the example, company 1, a manufacturer, is a classic public company with a strong U.S.-based business culture. The company has a very individualized orientation, and everyone has the chance to work himself or herself up (meritocracy). It is very rules-oriented; there is a process for everything. Given its public nature, it has a relatively short-term focus; new business strategies need to pay off within a

If our profits are someone else’s losses, we have an unsustainable business model. Lastly, at first glance, a discussion about the spiritual dimension of an organization may seem far-fetched, but not if we translate that to organizational values. Every organization has core values, attracts certain people, and has a certain culture. This is what the organization stands for, which has a huge impact on the bottom line. This is the performance leadership framework: looking at organizations in all of these dimensions.

**PROFIT:** Are you talking about management culture and behavior, or more than that?

**BUYTENDIJK:** On one level, I’m talking about the people within the organization and how they’re behaving toward each other. This can be manifested between employees, and between employees and managers. And then one level up, I examine how you can drive organizational behavior toward stakeholders and the outside world.

**PROFIT:** How do your ideas differ from traditional theories?

**BUYTENDIJK:** Typically, there are three important objectives when making the business case for performance management. One is external reporting or internal reporting—there needs to be accountability. The second is improved decision-making. Performance management has done pretty well for the last 20 years in figuring out all kinds of ways to improve decision-making on a strategic level, on a technical level, and on an
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Look at it that way, you start focusing more on behavior and them could have achieved alone. The image of the rowers in and in alignment, to win the race. This is something none of and his own strengths. Yet they are all working in concert,

Each has his own position in the boat, his own motivation, objectives that none of them could have reached by them

stakeholders who, through that organization, reach goals and mortgage. Shareholders want maximum return. Suppliers for a reasonable price. Employees want to be able to pay the neighborhood an organization is in—wants the company
to establish a common goal. But if you look at people involved in an organization, they actually have very different
goals. The customers of an organization want a good product internally focused, and it can only survive in the market due to an extreme customer focus. This company has a very different decision-making process. Senior management will ask for input from a few trusted employees, and then the family will make a decision. There are performance indicators, but these are mostly aimed at how the company

operational level. But a third key objective of performance management has been virtually neglected, and that is how you actually drive people's behaviors. That's what I'm looking at.

The difference between my thinking and traditional thinking is in how I define "organization." Traditionally, an organization is defined as a group of people trying to work together to establish a common goal. But if you look at people involved in an organization, they actually have very different objectives that none of them could have reached by themselves. The cover of my book features four rowers in a boat. Each has his own position in the boat, his own motivation, and his own strengths. Yet they are all working in concert, and in alignment, to win the race. This is something none of them could have achieved alone. The image of the rowers in the boat is a perfect metaphor for an organization. Once you look at it that way, you start focusing more on behavior and leadership than on procedure and management, and that's where you start seeing an elevation in performance.

PROFIT: How is performance leadership relevant to organizations trying to weather the financial crisis? BUYTENDIJK: Even in today's climate, it goes beyond financial crisis points. Political, economic, social, and technological trends are all making the shift from performance management to performance leadership an imperative. From a political point of view, regulatory pressure continues to increase. The only way to deal with this increased pressure is to be authentic and responsible. Compliance—doing the right thing and being a transparent organization—comes from within an organization. From an economic point of view, margins are decreasing, competition is heating up, and organizations need to increase focus and alignment. There is no choice but to improve performance, and that happens through leadership, not management.

Monica Mehta is a writer for Profit and Profit Online.

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