

# Building Excellence Together

Performance in Knowledge  
Intensive Organizations



Aalto-yliopisto  
Aalto-universitetet  
Aalto University

HUMANE Spring  
Seminar 2019  
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# Aalto in brief

A multidisciplinary  
community of bold thinkers  
where science and art meet  
technology and business.

**12 000 full-time students**  
**4 000 employees**  
**400 professors**

**256 doctoral degrees**  
**1927 master's degrees**  
**1178 bachelor's degrees**  
**360 MBA/EMBA graduates**

**1849**

Helsinki University of  
Technology

**1871**

University of Art &  
Design Helsinki

**1911**

Helsinki School  
of Economics

**A"**

Aalto University

**2010**

## **6 Schools**

**Arts, Design and Architecture**  
**Business**  
**Chemical Engineering**  
**Electrical Engineering**  
**Engineering**  
**Science**

# Performance Culture

Is performance important?  
Does it matter how the performance comes about?

What drives performance?  
Performance thru competition or collaboration?

Who are the heroes?

What about poor performance?

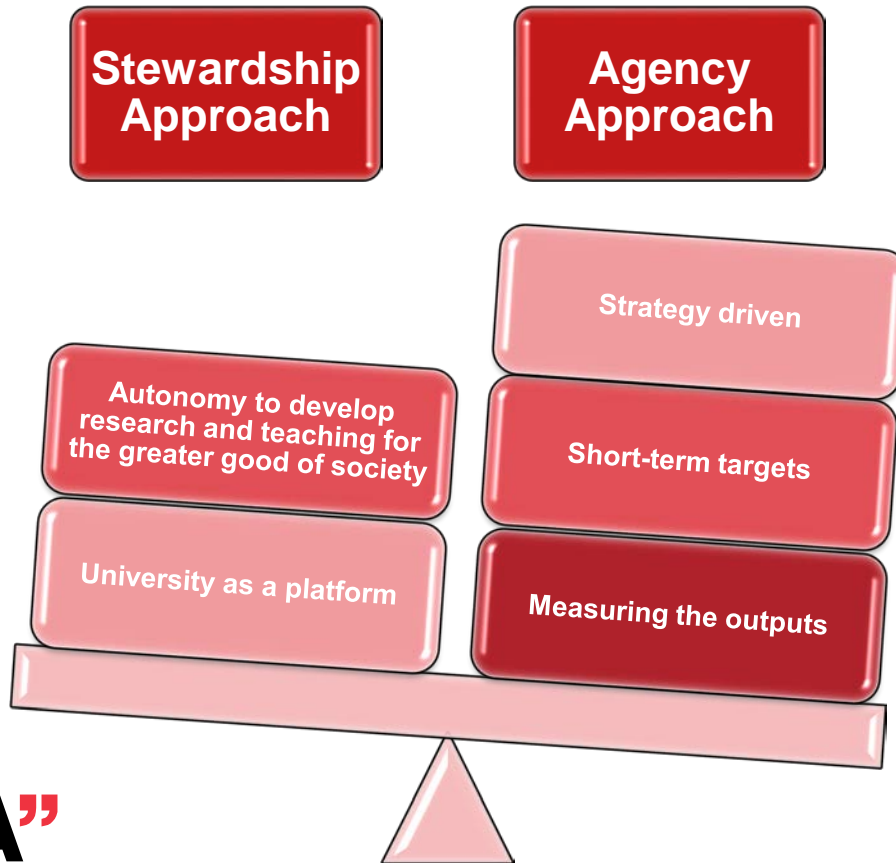
How do we define high performance or excellence?



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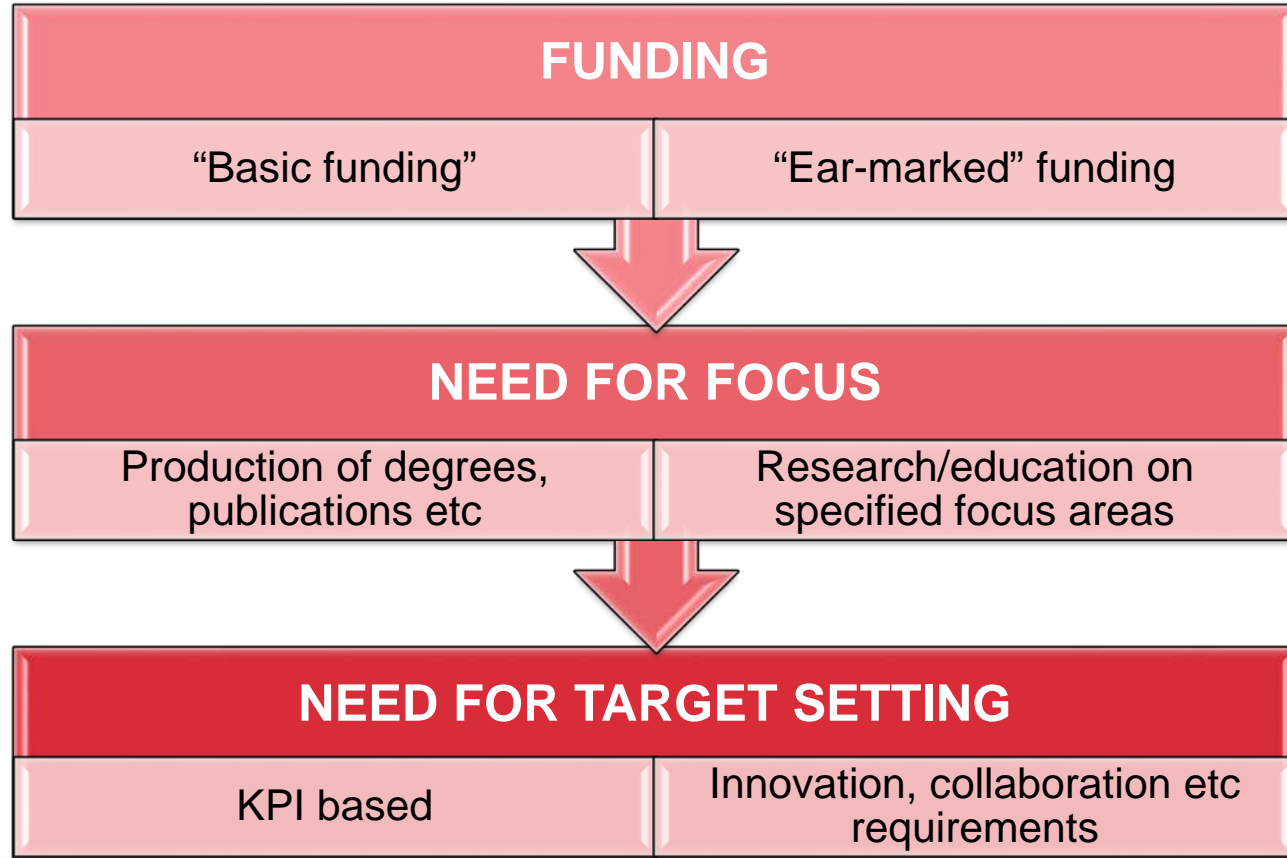


# Approach to performance

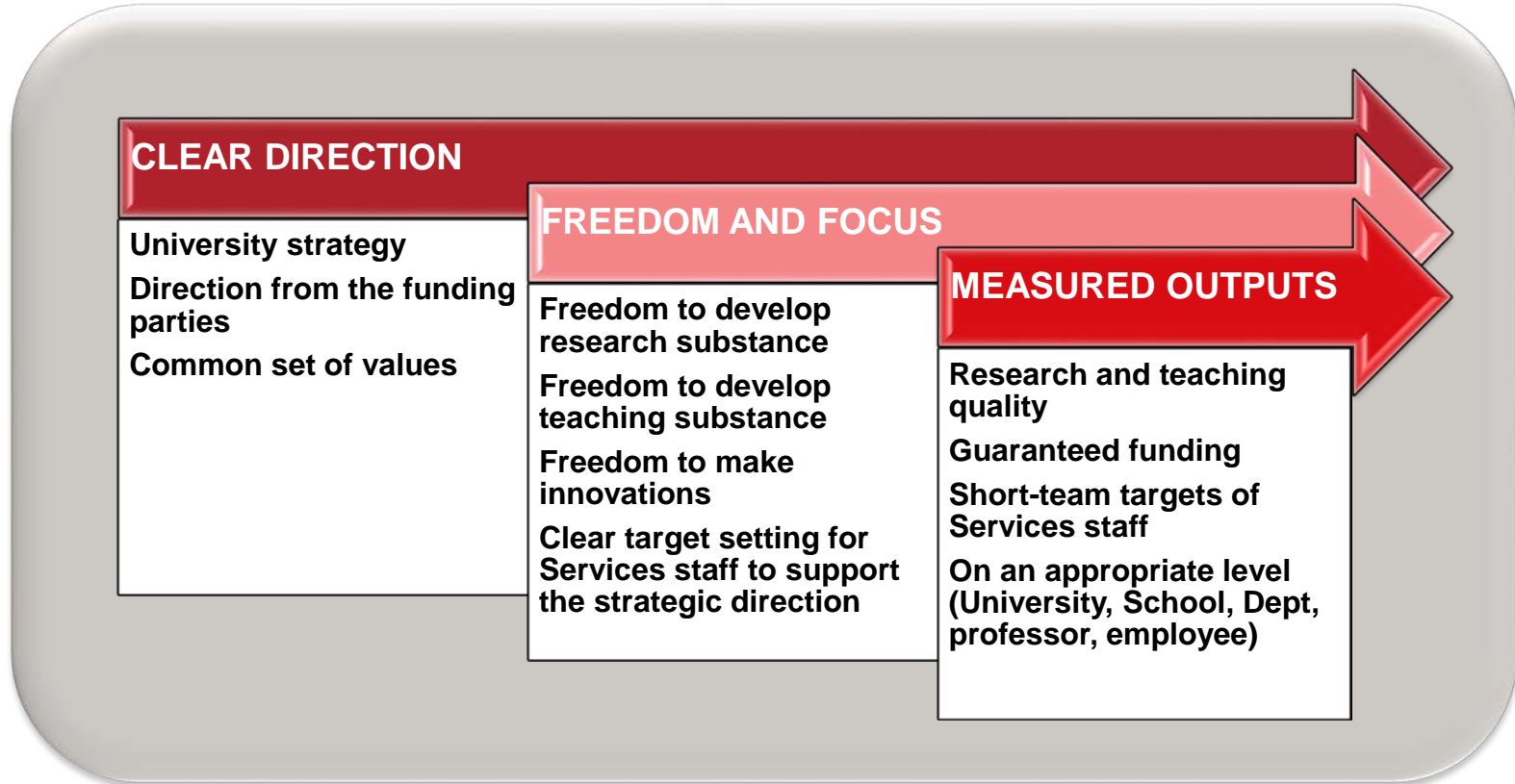




# Drivers for managing performance

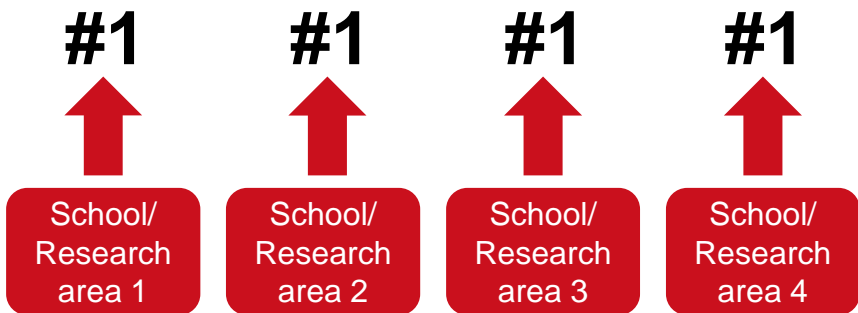


# Moving towards a hybrid model



# Competition or collaboration?

Healthy competition guarantees best results



OR A HYBRID  
AGAIN?

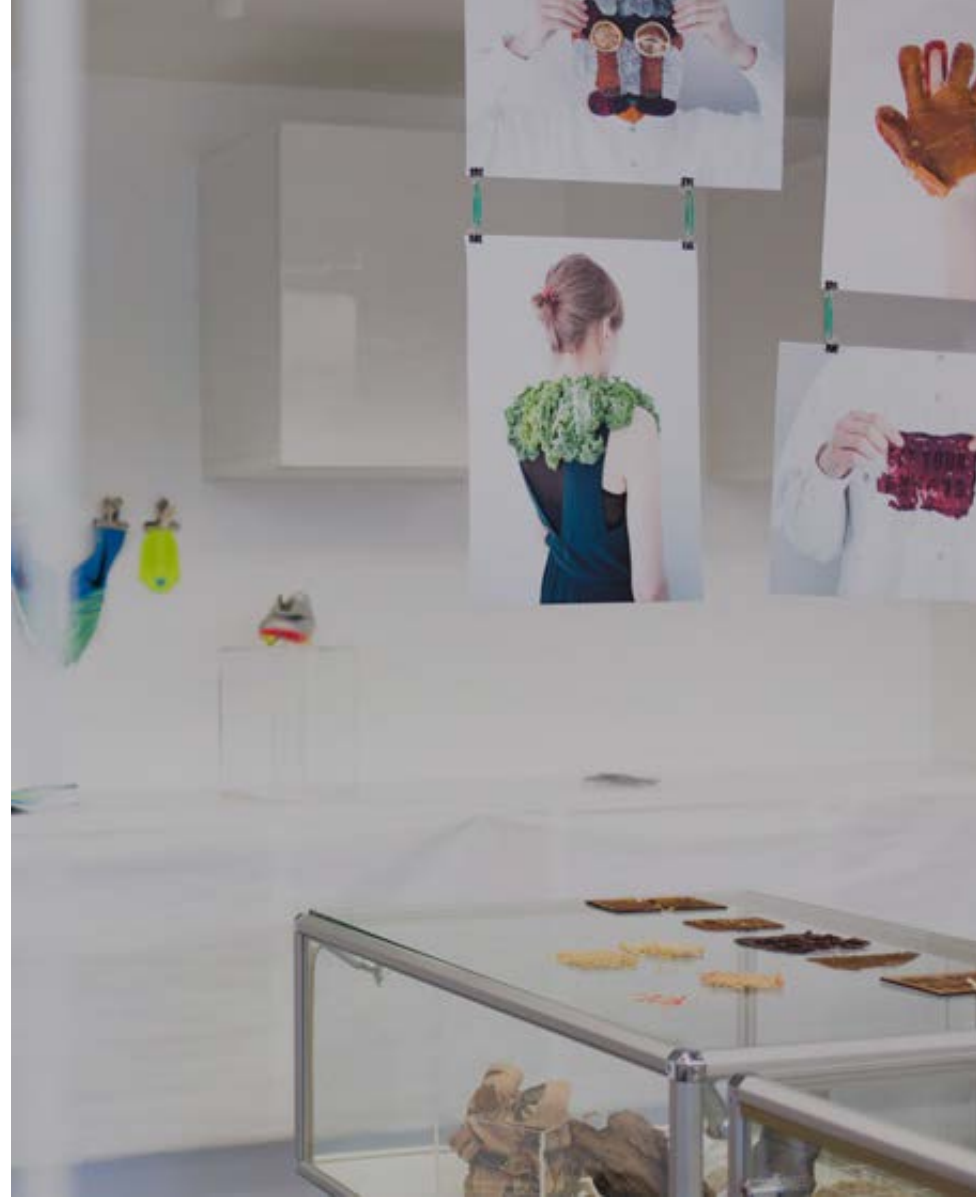


Collaboration  
across boundaries  
guarantees best  
results



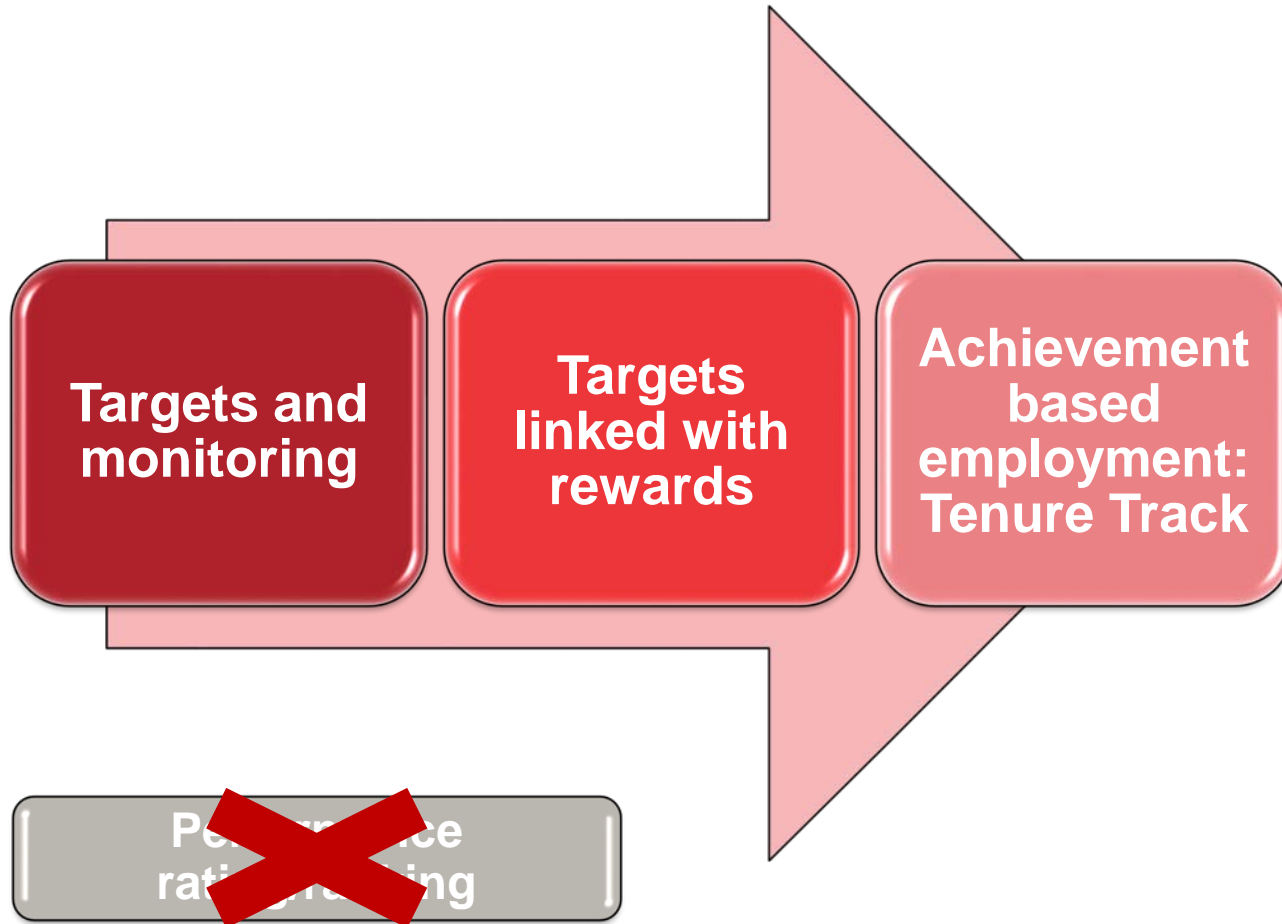
# Performance Management

**A?**





# Performance management - How?



# Targets and Monitoring

Targets  
and  
monitoring

- Provides a common ground for discussing performance
  - Allows for cascading university level targets (academic and professional services)
  - Can, but does not need to, have a link to remuneration
- Provides a regular review for those on a multi-year trajectory
  - Tenure Track progress
  - PhD students' progress



# Steering academic performance?

- **Recognition in tenure and promotion**
  - Example: if you want to increase societal impact, include it in tenure track criteria
- **Additional financial remuneration**
  - Variable pay elements (e.g. bonus, incentive)
- **Time releases to participate in strategic initiatives**
  - Course releases, release from committee work or other service obligations
- **Retention of IPR**
  - E.g. innovations, course materials
- **Funding for the research group**

Targets  
linked with  
rewards



# Financial rewards

- **Bonus based on University/School performance**
  - Eligible: usually all employees
- **Incentive programs**
  - Based on pre-agreed individual or team targets
  - May include University level multiplier
  - Eligible: everybody in a given target group
- **Performance based merit increases**
  - Pre-agreed criteria and evaluation period
  - Eligible: x% of the target population (e.g. 20% of full professors)
- **Instant recognition**
  - Small awards available throughout the year to recognize exceptional achievements on the spot

Targets  
linked with  
rewards



# Case example: Incentive program

- Eligibility: all employees
- Individual and team targets, preferably SMART
- Organizational multiplier according to the agreed KPI's
- Amount: 10-25% of annual salary (depending on the position) with a multiplier 0.5-1.5, budgeted on 1.0



- + Annual cycle ensures targets remain relevant
- + Can vary btwn years, no permanent increase to salary mass
- Does not take into account real project lengths or long-term nature of academic outcomes

# Case example: Performance based merit increase

- Eligibility: Full professors
- Expected coverage: 20%
- Individual increase: 2-6%, budgeted on avg. 3%
- Evaluation based on long term performance (past 4 yrs)
- Evaluation criteria
  - Research/artistic work (peer reviewed publications, competitive and non-academic external funding)
  - Education
  - Impact (activity in scientific community, academic leadership, societal impact)

- + differentiation over time
- + longer term perspective
- permanent increase to salary mass

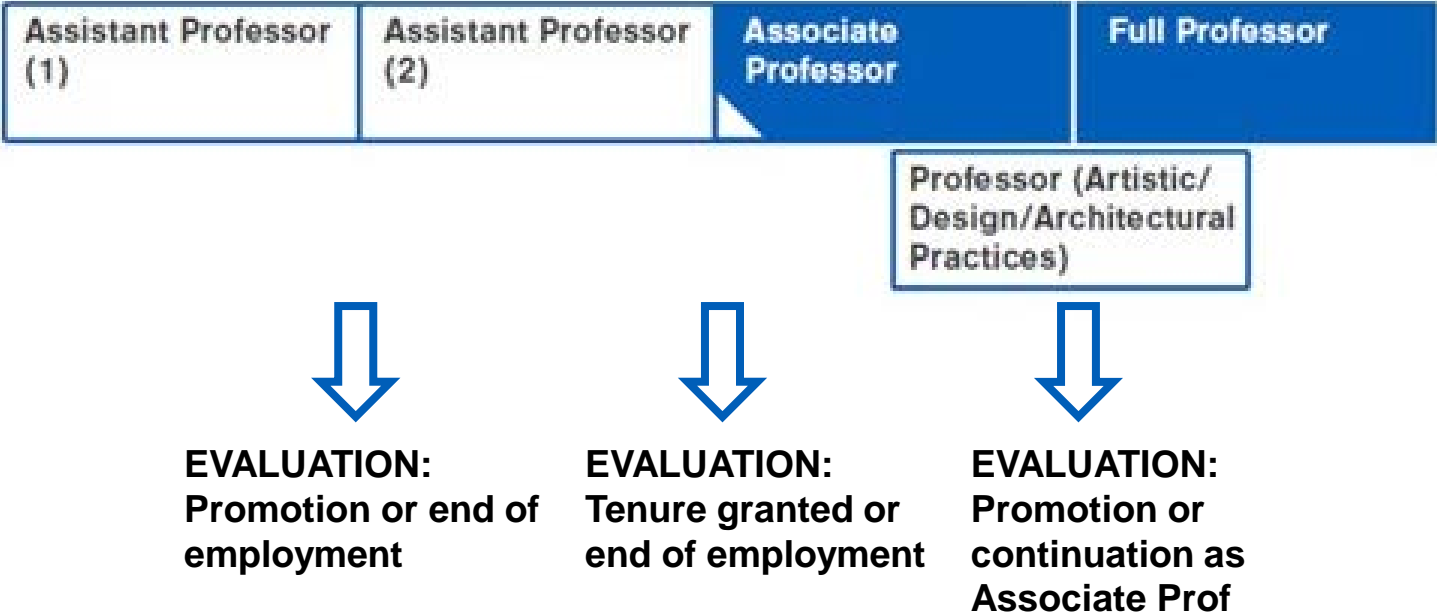




# Case example: Expecting excellence

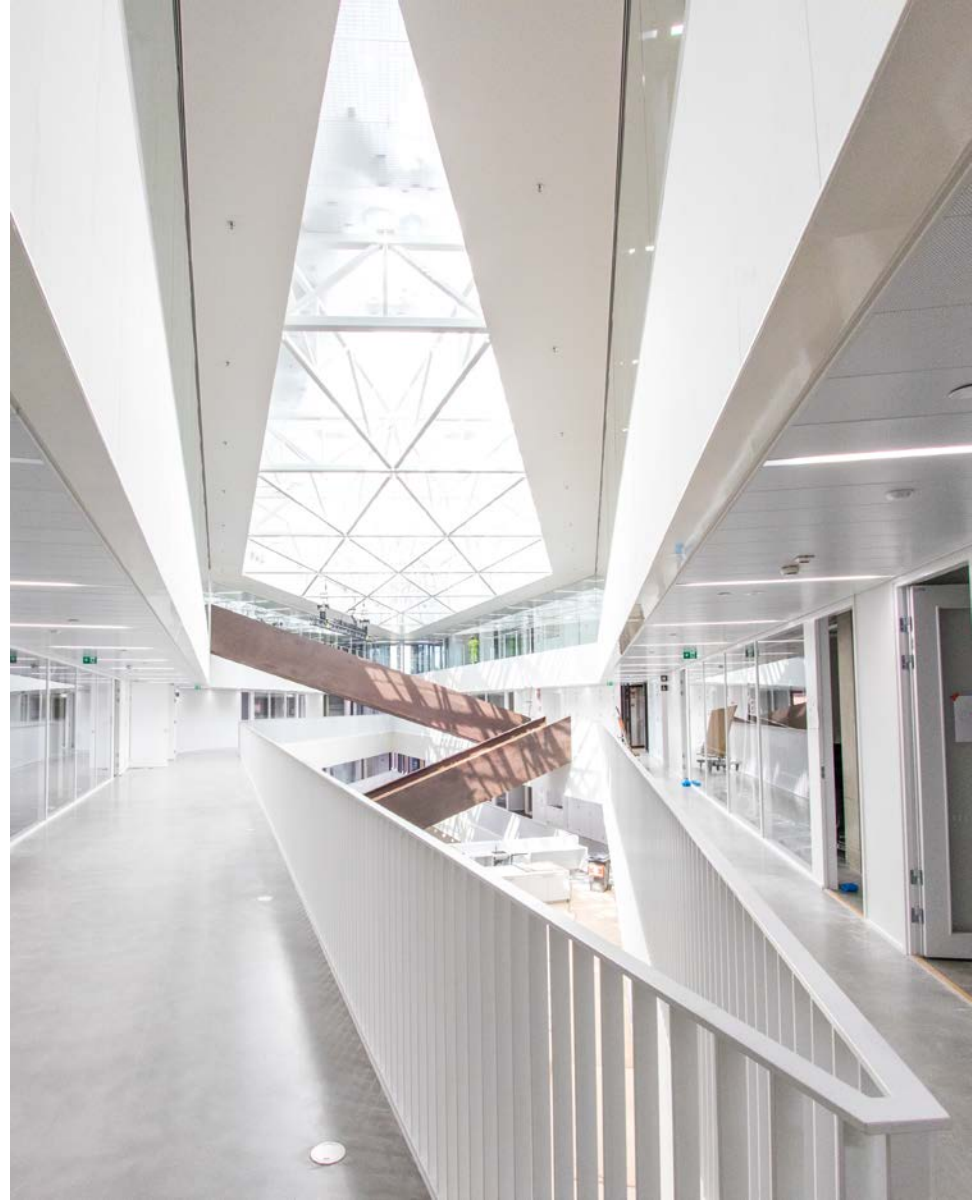
Achievement based employment: Tenure Track

## Tenure track career system



# Measuring Performance

**A?**

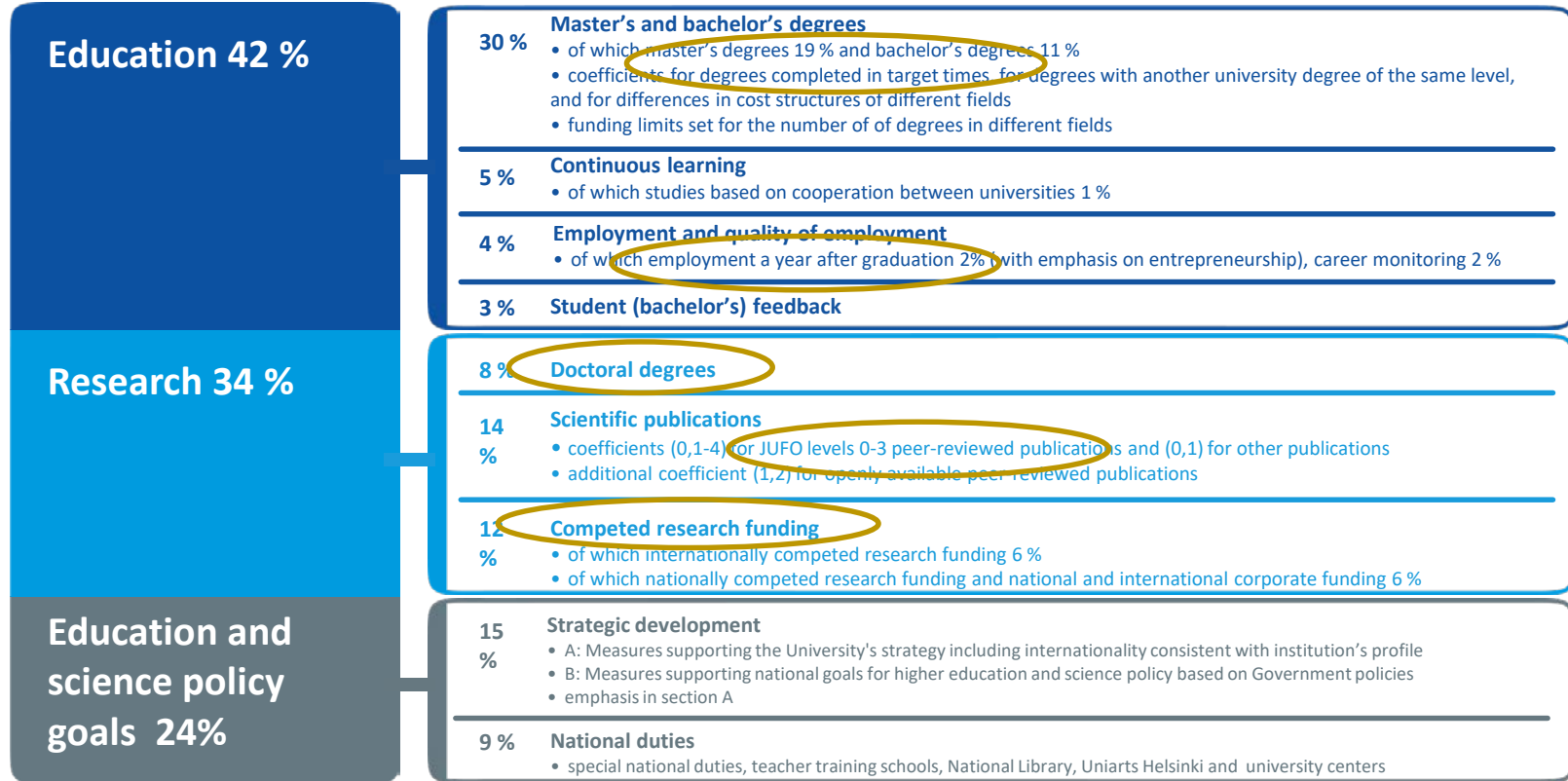


# A jungle of KPI's

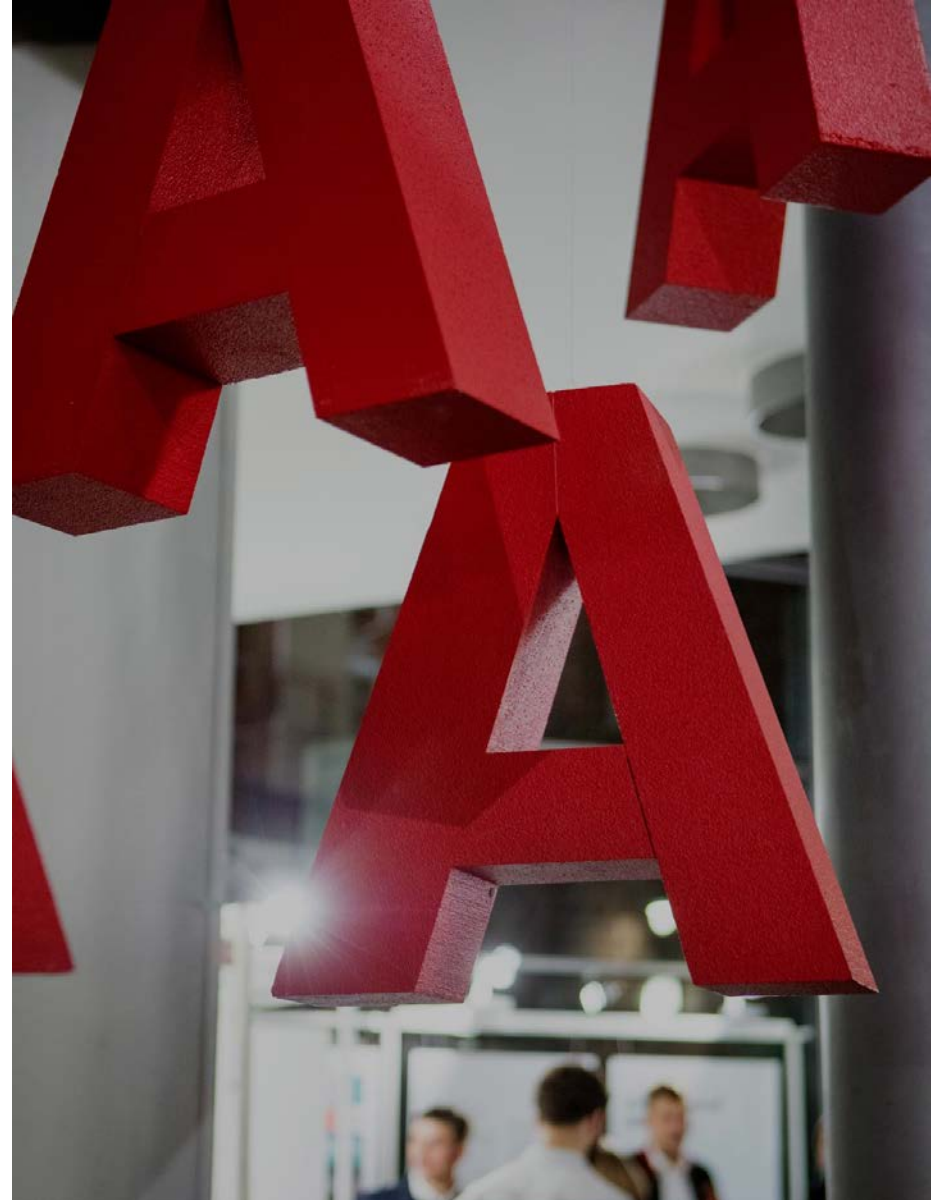
- **Cascading strategic objectives to the relevant units/employees**
- **Short-term or long-term KPI's depending on a target group e.g.**
  - Professional services: annual budget/action plan based KPI's
  - Professors: MSc/PhD graduates supervised in the past 4 yrs
- **From a snap-shot or a milestone to measuring outcomes**



# Example: Finnish University Funding Model 2021-2024 => Input to universities' strategic plans => Worth cascading some targets within the university?

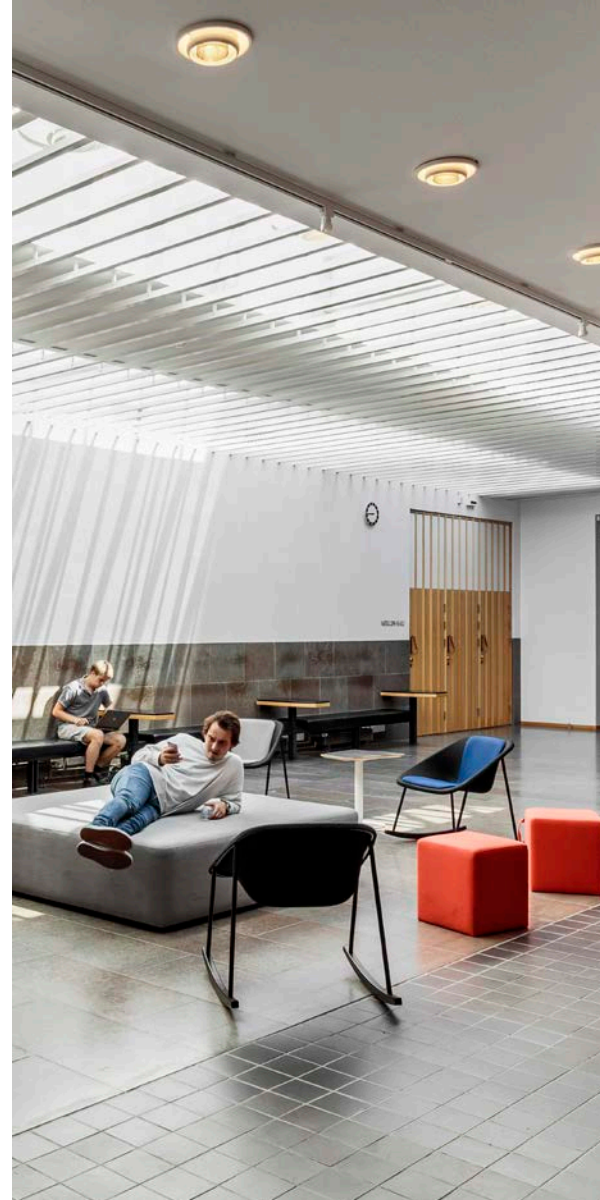


# Developing Performance



# From good performance to excellence

- **Annual performance discussions focused on looking forward**
  - What support/capabilities do you need to excel even better than today?
- **Coaching, mentoring, shadowing**
- **Systematic competence development**
- **Job rotation (professional services)**
- **International assignments (academic staff)**
  - “Go and explore what great looks like”





# Poor performance

**We know how to deal with it in some corners...**

- Tenure track is “merciless”
  - Employment ends when evaluation criteria not met
- Doctoral students need to show progress
  - Employment contract not renewed after e.g. 2 yrs if the performance is below expectations (study right remains)



**... but why is it so difficult in others?**

- High threshold for addressing poor performance or work ability issues when it cannot be done by not renewing the contract
- Performance improvement plan available as a vehicle
  - Well suited for all permanent employee groups
  - Gives space for making changes in job content, work environment etc
  - Badly underutilized

# Towards a better world.



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