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Organizational Performance Alignment

A process area at Maturity Level 5: Optimizing

Purpose **The purpose of Organizational Performance Alignment is to enhance the alignment of performance results across individuals, workgroups, and units with organizational performance and business objectives.**

Description Organizational Performance Alignment builds on the analyses of competency-based processes initiated in the Quantitative Performance Management and Organizational Capability Management process areas. Where those analyses focused narrowly on process performance, analyses of performance alignment expand this focus to evaluate how the various components of performance fit together across workgroups, units, and the entire organization. Practices within this process area knit together a complete picture of performance within the organization and how the integration of its various business activities are affected by workforce practices and activities. These analyses allow management to integrate the entire enterprise and use workforce activities strategically to achieve organizational business objectives.

Workgroups improve the alignment of performance among their members. Units improve performance alignment among the individuals and units that compose it. Organizations improve performance alignment among their units with organizational business objectives. The organization evaluates the impact of its workforce practices and activities on performance alignment and manages these impacts quantitatively.

Goals

- Goal 1** **The alignment of performance among individuals, workgroups, units, and the organization is continuously improved.**
- Goal 2** **The impact of workforce practices and activities on aligning individual, workgroup, unit, and organizational performance is continuously improved.**
- Goal 3** **Organizational Performance Alignment practices are institutionalized to ensure they are performed as defined organizational processes.**

Commitment to Perform

- Commitment 1** **The organization establishes and maintains a documented policy for aligning performance across individuals, workgroups, units, and the organization.**
- This policy typically specifies that:
1. The organization is committed to continuously aligning performance results at the individual, workgroup, unit, and organizational levels.
 2. The organization’s performance alignment activities serve the business objectives and stated values of the organization.
 3. Measurable objectives are defined for aligning performance at the individual, workgroup, unit, and organizational levels.
 4. Measurable objectives for aligning performance are reviewed and revised, if necessary, based on changes in the organization’s stated values or strategic business objectives.
 5. Performance measures are defined and collected at the individual, workgroup, unit, and organizational levels.

6. Progress toward performance alignment objectives is quantitatively analyzed, reported, and monitored.
7. Responsibilities for performance alignment activities are defined and assigned to appropriate organizational roles.
8. Results of performance alignment analyses are used in managing performance and adjusting workforce practices and activities.
9. Organizational Performance Alignment practices and activities comply with relevant laws, regulations, and organizational policies.

Human resources or other appropriate professionals are consulted to ensure that collection, use, and access to the data and analyses from performance alignment activities comply with all relevant laws, regulations, and organizational policies.

Commitment 2

An organizational role(s) is assigned responsibility for coordinating performance alignment activities across the organization.

Examples of individuals who might coordinate performance alignment activities include the following:

- Operational managers and executives
- Quality, efficiency, or performance experts
- Human resources or other appropriate professionals
- Competency ownership groups
- Measurement or process improvement groups

Ability to Perform

Ability 1

Within each unit, an individual(s) is assigned responsibility and authority for ensuring the unit's involvement in the organization's performance alignment activities.

Examples of responsibilities to be performed within units include the following:

- Providing performance capability data to an organizational group for storage and analysis
- Obtaining and using organizational capability baselines in planning and other relevant workforce activities within the unit
- Providing information or data on workforce activities performed within the unit for use in analyzing the impact of workforce practices and activities on performance
- Ensuring appropriate security for, and use of, performance data

Ability 2**Adequate resources are provided for performing Organizational Performance Alignment activities.**

1. Strategic and operational business objectives are made available for performance alignment activities.
2. Measures of performance are collected and made available for analysis.

The initial measures required to support this practice were defined in the Performance Management, Competency-Based Practices, Workgroup Development, Empowered Workgroups, Quantitative Performance Management, and Organizational Capability Management process areas at the Managed, Defined, and Predictable maturity levels. As performance alignment activities mature, additional or refined measures can be defined.

3. Experienced individuals who have expertise in analyzing performance data are available to assist with analyses of performance alignment.
4. Experienced individuals with appropriate expertise are available to help use the results of performance alignment analyses to adjust performance-based practices and activities.
5. Resources for supporting performance alignment activities are made available.

Examples of resources to support performance alignment activities include the following:

- Statistical analysis packages
- Spreadsheets
- Performance assessment instruments
- Databases and other repositories
- Textual and graphical reporting tools

6. The organization's strategic workforce plan and planned workforce activities in each unit allocate resources for Organizational Performance Alignment activities.

Ability 3

Individuals performing Organizational Performance Alignment activities develop the knowledge, skills, and process abilities needed to perform their responsibilities.

1. Those who collect performance data receive orientation on the definitions and use of performance data in analyses.
2. Those who analyze and report performance results have developed the knowledge, skills, and process abilities needed to apply statistics, data analysis and reporting, and other relevant topics needed to perform their responsibilities.

Ability 4

Individuals and workgroups participating in Organizational Performance Alignment activities receive appropriate orientation in Organizational Performance Alignment practices.

Individuals and workgroups receive the orientation required to interpret and use performance alignment results if they have responsibilities for:

- using performance alignment results for planning and managing business activities,
- adjusting workforce practices and activities based on performance alignment results, and
- using performance alignment results to understand or improve performance among individuals, workgroups, units, or the organization.

Ability 5**The practices and procedures for performing Organizational Performance Alignment are defined and documented.**

1. Practices and procedures are defined and documented at the organizational or unit levels, as appropriate.
2. Guidelines for tailoring the practices and procedures for use in different circumstances are documented and made available, as necessary.
3. The individual(s) assigned responsibility for Organizational Performance Alignment activities across the organization ensures that defined practices and procedures are:
 - maintained under version control,
 - disseminated through appropriate media,
 - interpreted appropriately for different situations, and
 - updated through orderly methods.
4. Experiences, lessons learned, measurement results, and improvement information derived from planning and performing Organizational Performance Alignment practices are captured to support the future use and improvement of the organization's practices.

Practices Performed

Practice 1**Workgroups continuously improve the alignment of performance among individuals and across the workgroup.**

1. Workgroups define their methods for evaluating performance alignment, including:
 - adjustments to Quantitative Performance Management practices required to evaluate performance alignment,
 - analyses to be conducted,
 - methods for using the results, and
 - additional performance data required to support the analyses.

Examples of performance data to be analyzed include the following:

- Individual performance results
- Performance results for competency-based and interdisciplinary processes
- The quality of intermediate or final products and services
- Performance against commitments
- Contribution to the unit's measurable performance objectives

2. Workgroups analyze performance data to identify misaligned performance among individuals or across the workgroup.

Examples of misaligned performance to be managed at the workgroup level include the following:

- Unrecognized conflicts among individual or workgroup performance objectives or commitments
- Performance problems caused by those processes whose performance impedes the performance of other processes
- Timing and coordination problems among individuals or across the workgroup
- Work products that satisfy the exit criteria of processes that produced them, but do not satisfy the needs of other individuals, workgroups, or units to whom they are delivered
- Effort that exceeds the requirements for achieving performance objectives, yet fails to add value
- Conflicts between self-managed workforce activities within the workgroup and workgroup performance objectives
- Improvements or corrective actions that have unintended side effects on other aspects of performance

Refer to the Quantitative Performance Management process area for information regarding establishing quantitative control over competency-based processes to achieve a unit's measurable performance objectives.

3. The root causes of misaligned performance are identified.
4. Measurable objectives for aligning performance are included in the performance objectives of misaligned individuals and workgroups.

Examples of measurable objectives for aligning performance include the following:

- Individual performance against workgroup performance objectives
- Contributions by individuals or workgroups to the achievement of performance objectives of other individuals or workgroups
- Contributions by individuals or workgroups to improvements in the work environment or culture of workgroups
- Individual or workgroup development against capability development objectives
- Individual or workgroup performance against continuous improvement objectives

5. Improvement actions for aligning performance among individuals or within the workgroup are identified and implemented.
6. Performance data are monitored and evaluated to determine if performance:
 - has become more aligned,
 - satisfies the alignment objectives, or
 - requires additional actions to improve alignment.

Practice 2**Units align performance among individuals, workgroups, and other entities within the unit.**

1. Units define their methods for evaluating performance alignment, including:
 - adjustments to Quantitative Performance Management practices required to evaluate performance alignment,
 - analyses to be conducted,
 - methods for using the results, and
 - additional performance data required to support the analyses.

Examples of performance data to be analyzed include the following:

- Performance results for competency-based and interdisciplinary processes
- Performance results aggregated across workgroups or units
- The quality of intermediate or final products and services
- Performance against commitments
- Contribution to the unit's measurable performance objectives

2. Units analyze performance data to identify misaligned performance among individuals, workgroups, or other entities composing the unit.

When individuals work independently and are not part of a workgroup, misalignments in their performance must be managed at the unit level by a responsible individual(s) at the unit level. A unit may be composed of other units and is therefore responsible for aligning performance among these subordinate units.

Examples of misaligned performance to be managed at the unit level include the following:

- Individuals working independently whose performance is not sufficiently synchronized with the performance of other individuals, workgroups, or units with whom they share dependencies
- Timing and coordination problems among workgroups or units
- Workgroups whose commitments or business activities interfere with the business activities or commitments of other workgroups or units
- Timing and coordination problems that develop among individuals or workgroups who are achieving their measurable performance objectives
- Work products that satisfy the exit criteria of processes that produced them, but do not satisfy the needs of other individuals, workgroups, or units to whom they are delivered
- Work that fails to add value
- Conflicts between workforce activities and unit performance objectives
- Improvements or corrective actions that have unintended side effects on other workgroups or units

Refer to Practice 2 of the Quantitative Performance Management process area for information regarding establishing measurable performance objectives that most contribute to organizational business objectives.

3. The root causes of misaligned performance are identified through methods that involve all misaligned individuals, workgroups, and units.
4. Measurable objectives for aligning performance are included in the performance objectives of misaligned individuals, workgroups, and units.

This subpractice builds on practices already established in the Performance Management process area at the Managed Level, the Competency-Based Practices and Workgroup Development process areas at the Defined Level, and the Empowered Workgroups and Quantitative Performance Management process areas at the Predictable Level.

Examples of measurable objectives for aligning performance include the following:

- Individual performance against workgroup, unit, and organizational performance objectives
- Workgroup performance against unit and organizational performance objectives
- Unit performance against organizational performance objectives
- Contributions by individuals, workgroups, or units to the achievement of performance objectives of other individuals, workgroups, or units
- Contributions by individuals, workgroups, or units to improvements in the overall work environment or culture of workgroups, units, or the organization
- Individual and workgroup development against workgroup, unit, and organizational objectives for capability development
- Individual, workgroup, unit, and organizational performance against continuous improvement objectives

5. Actions for aligning performance among individuals, workgroups, or units are identified and implemented. These actions may involve:
 - improving the performance of one or more individuals, workgroups, or units,
 - improving coordination among several individuals, workgroups, or units,

- tailoring existing processes or defining new processes to improve alignment in the performance of several workgroups or units,
 - changing or adjusting performance objectives or commitments at the individual, workgroup, or unit level, or
 - clarifying confusing or conflicting processes or objectives.
6. Performance data are monitored and evaluated to determine if performance:
- has become more aligned,
 - satisfies the alignment objectives, or
 - requires additional actions to improve alignment.

Practice 3

The organization aligns performance across units and with the organization's business objectives.

Examples of misaligned performance to be managed at the organizational level include the following:

- Misalignment of performance or objectives among units
- Misalignment of unit performance or objectives with organizational business strategies and objectives
- Mismatches between current or strategic levels in workforce competencies and organizational business objectives
- Conflicts between workforce practices or activities and organizational business objectives
- Mismatches between organizational process performance capabilities and business objectives
- Products or services that are misaligned across units or with organizational objectives

1. Responsible individuals define methods for evaluating performance alignment at the organizational level, including:
- adjustments to Organizational Capability Management practices required to evaluate performance alignment,
 - analyses to be conducted,
 - methods for using the results, and
 - additional performance data required to support the analyses.

2. Organizational performance data is analyzed to identify misaligned performance among units.

Refer to the Practice 10 of the Continuous Capability Improvement process area for information regarding establishing the organization's capability objectives for critical competency-based processes. Also refer to Practices 1, 2, and 3 of the Quantitative Performance Management process area for information regarding establishing measurable performance objectives at individual, workgroup, unit, and organizational levels.

Examples of performance data or measures to be analyzed include the following:

- Performance against commitments
- Contribution to the unit's measurable performance objectives
- Performance results aggregated across units or at the organizational level
- Trends in capability baselines and process performance baselines
- Quality measures or customer response to products and services
- Performance in meeting organizational business objectives
- Measures related to customers, the organization's workforce, the organization, or to the community and society in which the organization operates
- Financial measures, such as Return on Capital Employed (ROCE), Residual Income (RI), or cashflow return on investment (CFROI)
- Balanced Scorecard [Kaplan 92] measures
- Value-based metrics, such as Economic Value Creation (EVC), Economic Value Added (EVA®) [Ehrbar 98], or shareholder value analysis (SVA)

3. The root causes of misaligned performance are identified through methods that involve all misaligned units and other affected parties.

This subpractice builds on practices already established in the Workgroup Development process area at the Defined Level and the Organizational Capability Management process area at the Predictable Level. That is, performance objectives and capabilities for individual units need to be evaluated for the effect of their interactions and coordination on mutual business objectives. Performance data from within and across units is analyzed to identify root causes for misaligned performance.

Examples of other affected parties may include the following:

- Customers
- Labor unions or other organizations representing the workforce
- Directors or stockholders
- Professional or regulatory organizations
- Executive management

4. Actions for aligning performance among units and with organizational business objectives are identified and implemented. These actions may involve:
- improving the performance of one or more units,
 - improving coordination among several units,
 - tailoring existing processes or defining new processes to improve alignment in the performance of units,
 - changing or adjusting performance objectives or commitments at the unit or organizational level,
 - clarifying confusing or conflicting processes or objectives.

This subpractice builds on practices already established in the Performance Management process area at the Managed Level, the Competency-Based Practices and Workgroup Development process areas at the Defined Level, and the Quantitative Performance Management process area at the Predictable Level.

5. Performance data are monitored and evaluated to determine if performance:
 - has become more aligned,
 - satisfies the alignment objectives, or
 - requires additional actions to improve alignment.

Practice 4**The impact of the organization’s workforce practices and activities on aligning performance is understood quantitatively.**

1. Performance alignment results at the workgroup, unit, and organizational levels are quantified and recorded, based on analyses of performance data.

These results serve as baselines (or recurring observations) for performing trend analyses. Refer to subpractices 1 and 2 in Practices 1, 2, and 3 for the analyses from which these baselines can be established.

2. Trends in the impact of workforce activities on aligning performance at the individual, workgroup, unit, and organizational levels are established quantitatively.

Refer to Practices 10 and 11 of the Organizational Capability Management process area for information regarding the measurement and analysis activities on which analyses of the impact of workforce practices on performance alignment can be built.

Examples of analyzing the impact of workforce practices and activities may include the following:

- The impact of performance management activities on aligning performance
- The impact of mentoring on understanding how to align performance
- The impact of salary adjustment criteria and bonus determinations, if applicable, on aligning performance
- The impact of individual, workgroup, unit, and organizational rewards for aligning performance
- The impact of strategies for career development on aligning performance
- The impact of including performance alignment material in training and competency development
- The impact of participatory commitment procedures on reducing over-commitment
- The impact of work environment factors on aligning performance
- The impact of workgroup factors, such as development or empowerment of the workgroup, on aligning performance

3. Results of these analyses are made available for use in managing and improving performance-related workforce activities.

Examples of individuals or entities who receive analyses of the impact of workforce practices and activities on organizational performance alignment could include the following:

- Those responsible for coordinating workforce practices and activities across the organization
- Those responsible for performing and reporting workforce activities
- Those with management responsibilities for units
- Executive management

Practice 5**The impact of workforce practices and activities on performance alignment is managed quantitatively.**

1. Responsible individuals use quantitative analyses of the impact of workforce practices and activities to evaluate:
 - the impacts of workforce practices and activities on aligning performance across individuals, workgroups, units, and the organization,
 - conditions under which the impacts of workforce practices and activities vary, and
 - needs for corrective action.
2. Corrective actions are taken when quantitative evaluations indicate that the actual impact of workforce practices and activities on performance alignment deviates significantly from expectations or performance objectives. These actions may include:
 - correcting problems in the performance of workforce activities,
 - redesigning or adjusting workforce practices to improve their impact on alignment,
 - altering the performance of workforce practices and activities under different conditions to improve their impact, or
 - altering the performance or capability objectives that workforce practices and activities were intended to support.

Practice 6**Evaluations of the impact of workforce practices and activities on performance alignment are used in performing other business and workforce activities.**

1. Evaluation results are used in strategic business and workforce planning to evaluate or predict such factors as:
 - the potential of workforce practices and activities to improve performance alignment at the individual, workgroup, unit, or organizational levels,
 - the rate at which the organization can approach and achieve strategic performance objectives for the business, or
 - the return-on-investment for expenditures of time or financial resources on performance alignment activities.

2. Evaluation results are used to guide such actions as:
 - designing more effective workforce practices for aligning performance,
 - redesigning, replacing, or eliminating workforce practices that cause misaligned performance, or
 - setting or allocating more realistic or effective quantitative performance objectives.

Measurement and Analysis

Measurement 1

Measurements are made and used to determine the status and performance of the organization's performance alignment activities.

Examples of measurements include the following:

- The number and frequency of analyses being conducted at the workgroup, unit, and organizational levels
- The number of instances of misaligned performance identified in these analyses
- Frequency distributions of the types or causes of misaligned performance
- Number and type of corrective actions taken to remedy misaligned performance
- Number and type of adjustments made to workforce practices and activities to improve performance alignment

Measurement 2 **Measurements are made and used to determine the effectiveness of the organization’s performance alignment activities.**

Examples of measurements to determine the effectiveness of performance alignment activities include the following:

- Improvements in performance at the individual, workgroup, unit, or organizational levels
- Improvements in the process performance baseline results for competency-based processes
- Increases in the organization’s ability to correct misaligned performance or other results needing corrective action
- Increases in the speed with which the organization or its units can deploy and align new performance objectives
- Increases in the organization’s ability to align its performance objectives and results over time

Verifying Implementation

Verification 1 **A responsible individual(s) verifies that the organization’s performance alignment activities are conducted according to the organization’s documented policies, practices, procedures, and, where appropriate, plans; and addresses noncompliance.**

These reviews verify that:

1. Organizational Performance Alignment activities comply with the organization’s policies and stated values.
2. Organizational Performance Alignment activities comply with relevant laws and regulations.
3. Organizational Performance Alignment activities are performed according to the organization’s documented practices and procedures.
4. Noncompliance issues are handled appropriately.

Verification 2 **Executive management periodically reviews the organization’s performance alignment activities, status, and results; and resolves issues.**

These reviews verify:

1. The appropriateness of performance alignment activities at the individual, workgroup, unit, and organizational levels.
2. Progress in performing Organizational Performance Alignment activities.
3. Results from reviews of Organizational Performance Alignment practices and activities.

Refer to Verification 1 for information regarding reviews of Organizational Performance Alignment activities to ensure adherence to the following:

- Relevant laws and regulations
- Organizational policies, practices, and procedures

4. Status of resolution of noncompliance issues.
5. Trends related to Organizational Performance Alignment.
6. Effectiveness of the organization’s performance alignment activities in achieving alignment of performance across the individual, workgroup, unit, and organizational levels.

Verification 3 **The definition and use of measures of individual, workgroup, unit, and organizational performance are periodically audited for compliance with organizational policies.**

