Building Alignment at PJM Interconnection

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Problem Statement
After several years focused on engagement, PJM Interconnection transitioned to Metrus for their annual employee survey and implemented the People Equity ACE model. Metrus was able to continue trending the legacy engagement score while introducing measures for Alignment and Capabilities, as well as an enhanced Engagement metric. Trending the legacy engagement score was essential both for measuring progress against company objectives, and for evaluating the impact of several cross-functional Engagement teams that had been working on organizational level action plans.

Results in the first year revealed that some progress had been made on Engagement but that the company overall still needed to make progress. However, while Engagement results were moderate, Alignment was identified as a very significant issue.

The Alignment results validated concerns of senior management: employees did not have a clear line of sight from personal, job specific goals, to department goals and on to organizational strategy.

Little more than half of the employees felt they understood the company’s goals and how it planned to reach them. Even fewer saw any link between individual goals and those company objectives. The connection between departmental and company goals was also less clear than it should have been. Much of the responsibility for communicating strategy falls to senior leaders. Not surprisingly, the survey showed the need for improvement in communication from senior executives.

Solution
In addition to implementing the People Equity survey model as a diagnostic tool, Metrus supported PJM’s survey follow-up with two initiatives. Working with Human Resources, a train-the-trainer program was rapidly deployed. This ensured that internal resources would be available to support managers as the survey results were used to guide departmental action-plan development and implementation. Metrus also held focus groups with a cross-section of employees to more deeply explore some of the key issues identified in the results. These focus group findings would help guide enterprise-level action-plans.

“When employees do not know or understand the strategy, when they do not see how their work connects to strategy and PJM’s measurable goals, the chance for success is severely limited.”
-Terry Boston, CEO, PJM Interconnection
Actions

In preparing an enterprise-level response to improve Alignment, the company identified the performance management system as a point of leverage that could be used to influence several root causes, according to Nora Swimm, Vice President, Business & Member Services. This would allow an integrated solution to the problem. “The performance management system was redesigned such that at each level (individual, department, division) annual goals had to include at least one objective that was directly tied to a goal at the next higher level” said Ms. Swimm. This seemingly simple directive had profound repercussions.

First, in order for goals to be linked, there have to be clear, explicit objectives at each level of the organization. So one result was greater discipline in timely goal-setting at all levels. An ancillary benefit of this was a change in perceptions of Performance Management activities from being an annual exercise to being a strategic activity.

Second, you can’t connect or derive your goal from the broader goals if you do not know what those broader goals are. Thus, another outcome was much more communication and discussion about strategy, both the company strategic plan and the role each division and department plays in executing the strategy. Here, senior leadership had to play a role to make the strategic plan a reality for employees. As a result, awareness and understanding of how strategic responsibilities cascade through the organization increased.

Finally, the new performance management process ensured that there was in fact a connection from individual to department goals, and on up to the company strategic goals. For some employees, this was just an illumination of a connection that had not been clear before. But in other cases, it helped identify misalignment, where effort was not being focused on the activities that most directly supported department – and company – strategy. Resource optimization resulted from the new focus on activities that would impact department, and ultimately company, performance.

Results

When the survey was repeated the next year, extraordinary gains were achieved on Alignment. In just twelve months, PJM achieved an overall 17 percentage point improvement on Alignment – three times the typical one-year gain. Alignment had gone from being a priority issue, to being an organizational strength.

For PJM, a single point of leverage had produced truly impressive movement. “This experience shows that when you use the right tools to identify the problems, you can focus on and meet strategic goals,” said Terry Boston, CEO.