

***Performance
Management
Program***

Objective Setting Workbook

Canadian Pacific Railway

Revised November, 1998

Introduction

This Objective Setting Workbook is designed to support the Performance Management Program (PMP). Please read the accompanying Policy and Procedures Guide before starting. Once you have completed this instructional workbook you will be able to:

- understand the objective setting process
- understand the difference between two types of objectives: business and developmental
- develop job-related ideas for setting objectives
- distinguish between an objective and a vague statement
- write objectives which meet the S M A R T criteria
- if you choose to do so, develop action plans which identify how your objectives will be achieved.

What Are Objectives?

Objectives identify what will be accomplished during a specific period of time. They are described in terms of end result rather than how the result will be achieved and include measures by which you and your manager will know you have been successful.

Why Set Objectives?

Objectives are set to clarify between you and your manager exactly what you are expected to achieve and eliminate any ambiguity or misunderstanding, provide a basis for two-way communication about how well you are performing and identify opportunities for reward and recognition.

The care you take in developing sound objectives is crucial as they will serve as the basis of your performance evaluation which, in turn, will impact any compensation adjustments for the year.

Reaching Agreement

It is important that, through this process, you and your manager reach agreement as to the objectives you set for the year, their corresponding measures and time frames and their relevance to departmental or Railway objectives.

<p>Please start by reading the section on How to Use This Workbook. This will help you get familiar with its contents and design.</p>

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How to Use this Workbook

Workbook Design

This workbook is designed to help you create objectives and supporting action plans. It is broken down into three main sections:

Section 1 Generating Ideas for Objectives:

- This section involves brainstorming ideas for objectives and evaluating those ideas to determine if they should form the basis for an objective.

Section 2 Turning Ideas into Objectives:

- Most ideas are expressed in vague terms. This section explains how to turn a vague idea into an objective using the S M A R T criteria.

Section 3 Action Planning

- Although action planning is an optional process, this section is included to help you plan HOW you will achieve your objective.

Some Guidelines

Talk to others. Because your objectives need to support departmental or Railway objectives, you need to discuss your ideas and objectives with others - for example, your manager, internal/external customers, team members, etc.

Work at your own pace and level. Although each section is designed to "stand alone", for best results it is strongly suggested that you start at the beginning of Section 1 and work your way through each section in turn until you have finished the entire Workbook. It should take you approximately two hours to complete, depending on the amount of "thinking time" you need, or the number of discussions you have with your manager as you progress through the Workbook. However, if you already have some experience in setting objectives, please feel free to turn to the section which best meets your needs.

<p>Keep this Workbook handy. Refer to it whenever you have a question about developing objectives.</p>

Section1

Generating Ideas For Objectives

Use this section as a starting point to help you generate
the ideas that will form the basis for your objectives.

Generating Ideas for Objectives

Ideas for Setting Business Objectives

This section involves brainstorming ideas which can be developed into business objectives for your position. Remember that:

Business Objectives are aligned with departmental objectives and reflect an employee's role in achieving those objectives. They should represent value added improvements, upgrades, and/or changes, even if only marginal improvement can be achieved. In some cases, when no further improvement can be achieved, they may represent the maintenance of optimum performance.

Business objectives:

- must reflect key job responsibilities
- should include team objectives
- may include special assignments.

Review The Departmental Objectives with your manager to determine how you can contribute to the achievement of those objectives.

Identify Your Key Job Responsibilities. Refer to any existing documentation which describes the responsibilities of your position, such as a current job description or position outline. Use this documentation as a basis to brainstorm, with the help of your manager, what you both believe will be your key responsibilities for the coming year. Then, list your key responsibilities in order of priority.

Identify Any Special Assignments that you expect to be involved with in the coming year. These assignments may appear to be beyond the scope of your job. Add these special assignments to your list of responsibilities.

Identify Your Team Objective(s). Ensure that you include any team objectives or missions on the PMP form if you expect to spend 5% or more of your time on team activities in the coming year (i.e. Quality Improvement Team, work group, etc.). If you haven't already done so, meet with other team members to formulate a team mission or objective. Remember, as a guideline, the weight of your team objective should be equivalent to the amount of time you expect to spend on team related activities.

Consolidate and Prioritize Your List of key job responsibilities, special assignments and team objectives. As much as possible, arrange them in order of importance. Take the time to document these for record purposes. This reference document will prove useful in future years especially if your job responsibilities do not change significantly.

Generating Ideas for Objectives

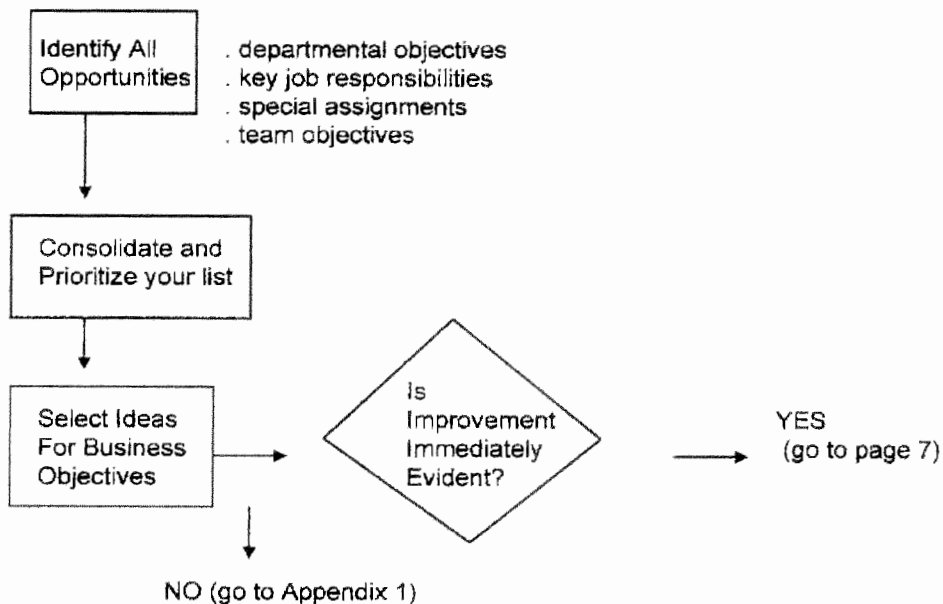
Identify The Ideas That You Would Like To Turn Into Business Objectives for the coming year by reviewing your list of key job responsibilities, special assignments and team objectives. Don't attempt to develop an objective for every aspect of your work. This would be impractical and almost impossible to do.

There is no restriction on the number of objectives that might be set provided they are attainable given the entire scope of the job. As a guideline, most employees will function effectively with about 8 objectives; however, at least 3 business objectives (and one developmental objective) must be established yearly for every position.

Begin by thinking of these in terms of improvement. Ask yourself such questions as... Are there aspects of my job that I can do better? Are there better ways to serve my internal or external customer(s)? Is there an area of my job that has been problematic? In most cases, business objectives will represent value added improvements, upgrades, and/or changes, even if only marginal improvement can be achieved.

***Note:** In instances when no improvement or change is apparent, use the process outlined in Appendix 1 to help determine whether or not improvement or change is possible. If the result is that no improvement or change is required, then the objective can represent the maintenance of optimum performance.*

Steps in Generating Ideas for Business Objectives:



Generating Ideas for Objectives

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Remember that once developed, a few of your business objectives should be designated as Performance Incentive Program (PIP) objectives. PIP designated objectives represent major value-added change or improvement which significantly improve the status-quo in support of the Railway's longer term strategic goals. These objectives are usually weighted higher than your other business objectives.

Ideas for Setting Developmental Objectives

Ask yourself "What skills, knowledge, and/or experience do I need to acquire to help me do my job better, or help me prepare for additional responsibilities?". In some instances you and your supervisor may be in tune with specifically what your developmental needs are. In these instances you can go directly to the four-step objective setting process beginning on page 7.

In many instances, employees and their managers need help in identifying the competencies an employee needs to develop. For assistance in this area, please contact your local human resources representative.

Developmental Objectives address the development of one's skills, knowledge and abilities. Professional self-development objectives may focus on such issues as:

- becoming more productive or effective within the current job
- expanding the scope of the current job by accepting more challenging work assignments or a broader variety of work assignments.
- developing new skills or acquiring more knowledge and experience in preparation for a lateral or upward position move.

It is recommended that no more than two developmental objectives be set in any given year. However, at least 1 developmental objective should be established for every position.

Now Turn Your Ideas Into SMART Business and Developmental Objectives using the four-step process beginning on page 7.

Relationship to Compensation:

The overall achievement of your objectives (i.e. Business, Team, PIP and Developmental) will become a major deciding factor in establishing any base salary compensation adjustments for the year.

As well, the achievement of your PIP objective(s) alone will become a major deciding factor in determining any Performance Incentive award (lump sum) for that year.

For a detailed explanation of the link to compensation, please refer to the PMP Policy and Procedures Guide and the PIP Brochure.

- M** Measurable: Is it clear to you and others Exactly how the result can be measured? (quantitatively and/or qualitatively?)
- A** Attainable: Is it realistic to achieve the result? Is it reasonably within your control to achieve? Are the required resources available?
- R** Result-oriented: Is what you will have completed by the deadline clearly defined?
- T** Time-framed: Have you included a completion date?

Does the objective meet the S M A R T criteria?

Yes No

- If **Yes** to all questions, obtain approval from your manager and transfer the objective to Performance Management form A041.

If **No** to any question, modify the objective.

Action Planning Desired? Transfer the Objective to Worksheet B.

Section 2

Turning Ideas Into Objectives

Use this section if you already have an idea that you want to turn into an objective
OR if you want to check an existing objective against the S M A R T criteria

Turning Ideas Into Objectives

This section, together with Worksheet A (previous page), will help you turn your ideas into objectives using the SMART criteria, and recognize whether an objective meets these criteria.

Step 1 - State your initial idea for each objective

Based on the analysis you have already done, write your initial idea for each business and developmental objective on separate worksheets, ensuring each has been agreed to by your supervisor. Identify whether you think each idea will become a business or developmental objective. Here are some examples of ideas in their early stages:

- Improve my computer skills = developmental
- Increase productivity = business
- Improve revenue of trailer traffic = business

Step 2 - Think in terms of end results. Identify what the outcome of working on this objective will be.

Imagine that you have already completed the objective and describe what the end result looks like. For example:

Step 1 - gain personal commitment from my staff to on-the-job safety

Step 2 - each member of my staff will have prepared for and conducted one safety meeting

Step 3 - Use the S M A R T criteria to turn the idea into an objective

While most ideas are good starting points for deciding what needs to be achieved, they usually do not meet the criteria for a proper objective statement because they do not represent the end result of what you want to achieve.

In order to turn an idea into an objective statement simply make sure it conforms to the following S M A R T criteria:

- S** Specific
- M** Measurable
- A** Attainable
- R** Result-oriented
- T** Time-framed

Specific: Does the statement clearly define what you want to achieve? The statement must avoid vague words or phrases (i.e. more, fewer, done right, faster, better) because these can be interpreted in different ways.

Turning Ideas Into Objectives

Measurable: How will you know when you have achieved the objective? The measures clarify/define the expected level of performance. Establishing performance measures (or Key Performance Indicators*) for each objective will allow for fair and accurate assessment of your performance against that objective. Measures will eliminate much of the subjectivity during progress and annual reviews. There are 4 types of performance measures:

Quantity:	Defines how many or how much will be achieved
Quality:	Defines the specific level of quality of output
Cost:	Defines the acceptable cost of achieving the output
Time:	Defines the date, time and/or frequency of output

To elaborate:

QUANTITY - defines the desired end result numerically. Quantitative measures must be expressed in clear and unambiguous numerical business language.
Example: Reducing track circuit failure by 15%.

QUALITY - this criteria measures the quality of the end result. Qualitative measures include descriptions of behaviours or outcomes.
Example: Complete adherence to health and safety specifications.

COST - defines the appropriate or acceptable cost for achieving the end result. A budget is a cost measure. Avoiding costs altogether is another cost measure.
Example: No more than \$500 for supplies.

TIME - the date or time by which the desired end result must be achieved. This measure may also define the amount of time that is appropriate in achieving the desired end result. Another time standard may be the frequency or cycle of the objective.
Example: Within 5 working days.

NOTE: An example of two types of measures in one objective would be 90% of our customers will have rated us as providing "good service" or better on our customer satisfaction survey.

* Key Performance Indicators (KPI's) as defined by Total Quality are: Selected criteria for measuring/monitoring performance to an established standard or Goal. If your department has established KPI's, you should consider them when developing your business objectives.

Turning Ideas Into Objectives

Attainable: It must be realistic to attain the result in the time-frame allotted given the available resources and all other responsibilities of the job. It must also be reasonably within your control to achieve.

Result-Oriented: The result, or outcome you expect to achieve by the deadline you have given yourself must be clearly specified. Thinking of the result as though it has already been achieved helps define "what success looks like".

Note: We suggest you describe the situation as it would be on the date of your deadline. To help you do this, you might try using the term "will have" in the objective statement.

Example: By July 31, I will have delivered the Special Project Report to my manager outlining the Background, Issues, Findings, Recommendations and Draft Implementation Plan.

Time-Framed: The completion date for achieving the objective must be clearly stated.

Turning Ideas Into Objectives

Examples of Ideas Translated Into Objectives

ORIGINAL IDEA: Improve my computer skills (Developmental)

OBJECTIVE: By the end of November, I will have demonstrated an improvement in my computer skills by producing a minimum of 4 reports using the key features of MicroSoft Word.

CHECK: S - there are no vague words or phrases
M - have 4 documents been produced using the key features?
A - as this is a hypothetical example we must assume the objective to be attainable
R - "will have demonstrated an improvement in my computer skills"
T - must be achieved by end of November

ORIGINAL IDEA: Improve revenue of trailer traffic (Business)

OBJECTIVE: Revenue will have grown by a minimum of \$32 million in the north-south corridor by the end of December.

CHECK: S - there are no vague words or phrases
M - \$32 million by December
A - again, in hypothetical examples we must assume the objective to be attainable
R - revenue will have grown by \$32 million
T - end of December

Turning Ideas Into Objectives

Original Version	Corrected Version
Assist CDUS in their new mandate of budgeting for reciprocal and intermediate expenditures.	By the beginning of July, develop a Lotus Notes database for tracking switching performance on the SOO District including both reciprocal and intermediate expenditures.
Improve the timeliness of replies to correspondence.	Within the next two weeks, and until year end all external correspondence received will be answered within 2 working days of receipt therefore eliminating the need for tracers.
Complete revised policy presentation and implement by year end.	Develop and coordinate the completion of a revised policy presentation targeted for federal and other public officials by July with implementation planned and executed through to December 31st.
By August 1st, I will have personally met with each Superintendent, Deputy Superintendent and Assistant Superintendent in my region to ensure that their understanding of the role of the Freight Claims, with respect to derailments, is consistent with mine.	No change.
Ensure that company press releases and speeches appear on our web site/intranet and meet BIS standards.	By the second quarter and in conjunction with IS Customer Service, ensure that press releases and speeches from CPR, StL&H and Soo Line appear on the CPR web site/Intranet and are input in a way that meets BIS design, technical and information standards.
Payroll deadlines will be met with no added expenses.	By March 31st and for the remainder of the year, all running trades payroll deadlines will have been met no less than 98% of the time without incurring additional costs related to overtime or vacation relief pay.

Turning Ideas Into Objectives

Practice Exercise

Try correcting these original versions by checking off the appropriate boxes and rewriting them as necessary. The suggested corrected versions are on page 16.

Original Version	Yes/No	Corrected Version
Increase productivity in my shop	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	
By October, gain personal commitment from all staff to personal safety	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	
Complete the Y2K testing of freight revenue applications.	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	
Exceed the expectations of our internal customers in order to maintain their business.	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	
Develop and implement an at-a-glance work scheduling tool by March 30th to be used by the finance group starting in the second quarter of the year.	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	

Turning Ideas Into Objectives

Practice Exercise - Answers

Simply compare your answer with regard to the presence or absence of a particular element and not necessarily the actual content (i.e. numbers, dates, etc.).

Original Version	Yes/No	Corrected Version
Increase productivity in my shop	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	The number of rejects at final inspection will be reduced to the average level in other shops (put value here) or better by December .
By October, gain personal commitment from all staff to personal safety	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	By the end of October, each member of my staff will have prepared for and conducted one safety meeting on what they consider a value-based shop safety topic.
Complete the Y2K testing of freight revenue applications.	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	By November 30th, complete the Y2K testing of all the freight revenue applications that have been designated as PD&T's responsibility in preparation for full integration testing early in the new year.
Exceed the expectations of our internal customers in order to maintain their business.	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	By the end of the year, 80% of our internal customers will have chosen our department for a second project rather than consult an outside vendor.
Develop and implement an at-a-glance work scheduling tool by March 30th to be used by the finance group starting in the second quarter of the year.	S <input type="checkbox"/> <input type="checkbox"/> M <input type="checkbox"/> <input type="checkbox"/> A <input type="checkbox"/> <input type="checkbox"/> R <input type="checkbox"/> <input type="checkbox"/> T <input type="checkbox"/> <input type="checkbox"/>	No change.

If you would like to see a fully developed example, see Worksheet A in Appendix 2.

<p>Performance Management Program</p> <p>Worksheet B:</p> <p>Action Planning (Optional)</p> <p>Objective:</p>			
<p>List the main action steps together with specific tasks, time frame/measures and resources required.</p>			
<p>Action Steps</p>	<p>Tasks</p>	<p>Time Frame/ Measures</p>	<p>Resources Required</p>

Action Planning

Problems?

If you are having trouble determining how to work toward your objective (i.e. identifying problem causes or barriers to improvement and related solutions), try working with your objective using the Quality **IMPROVE** process. This may be helpful to you and is found in part 5 of the *Delivering Quality Participant's Manual*.

If you would like to see a fully developed example, see Worksheet B in Appendix 2.

Appendix 1

Determining Whether Improvement Is Possible

(Includes Full Example)

**Use this section if you have one or more business objectives
for which improvement or change is not immediately apparent.**

Determining Whether Improvement is Possible

