Defining Key Result Areas

What are Key Result Areas?

Managers regularly find themselves buried under a myriad of administrative tasks such as the completion of standard reports, production of statistics and so on. Of course, they are essential to maintain procedural ‘rhythm’ but they do not provide the reason why the job exists in the first place. They certainly should not be the criteria on which effective managerial performance is judged.

The measure of a manager’s performance is about achieving results. He/she is responsible and accountable for achieving objectives within defined key areas of the job. It is the identity and description of these Key Result Areas (KRAs) that provide the true context in which each manager ultimately makes a relevant contribution and should be judged. KRA job descriptions effectively identify their ‘Slice of the Action’ in the overall achievement of organisational objectives...

Key Result Analysis is the process by which KRA job descriptions can be produced and is the essential first step in establishing a range of results-driven management systems

The KRA Job Description

Ironically, most KRA job descriptions can be recorded on just one A4 sheet. The reason is that it is not detailed activities that are being described but responsibilities. The Perito Principle applies; 20% of content produces 80% of results.

KRA job descriptions are dynamic and constantly subject to change. Their content must continuously reflect changes in departmental, divisional and corporate aims and structure. In turn, corporate aims and structure are contingent on the business environment in which the organisation conducts its affairs. Consequently, for an organisation to stay relevant, challenges or opportunities that occur in the business environment must, where appropriate, find expression in KRA job descriptions throughout the management structure.

It is important to identify what jobs qualify for Key Result Analysis. It applies to members of the management community, who must consistently maintain specified professional, technical and managerial standards against which their performance is measured. In addition to maintaining acknowledged professional standards, managers are regularly set annual or quarterly objectives within the context of their KRAs. These objectives are interpreted from the organisation’s overall objectives and business plan. The test question is ‘Do the objectives and standards set within the Key Result Areas of this job, vary according to what the organisation is targeted to achieve overall, both now and in the foreseeable future?’
Organisations are urged to undertake a Key Result Analysis Project for all those management jobs defined by the question. At first, it might seem daunting but:

- With coaching, managers can complete their own job descriptions.
- One job description can apply to a group of managers in the same category.
- Once completed, job descriptions are subject to individual amendment only when business environmental and organisational changes occur.

**KRA Applications**

The benefits of completing a Key Result Analysis Project are far reaching. The result is a compendium of KRA job descriptions for the whole of your management team. It provides the source data to introduce or update a range of management systems.

**Recruitment & Selection**

KRA job descriptions provide the information to produce ‘people’ specifications for recruitment and selection purposes.

**Objective-setting, Action-planning & Review**

Individual objectives and action plans can be agreed with each manager within the context of his/her KRAs. They are based on the objectives that have been set at corporate, divisional and departmental levels. Results against objectives can be regularly reviewed and appraised.

**Management Training & Development**

Through performance review and appraisal, individual training needs can be determined by identifying the shortfall between expected performance against objectives and actual performance. Training and Development can be planned, accordingly.

As well as individual training needs identified through performance review and appraisal, organisations have their own endemic training needs. Meeting these needs is aimed at ensuring the highest standards of performance in the ‘common denominator’ management skills, knowledge and systems, essential to the well-being of the organisation.

**Establishment Control**

Any request for establishing a new job within the management structure must be justified by the preparation of a KRA job description. Its validity can then be assessed on the basis of its contribution to organisational development and its relationships with other jobs in the structure. Changing the roles of existing management jobs is also agreed in this way.
Organisational Structuring

The information from Key Result Analysis ensures that the management structure is appropriate to the needs of the organisation. The undesirable ‘dotted line’ relationships are also avoided. The case for establishing new departmental functions can only be justified by comparing existing human resources to emerging organisational needs. It enables the organisation to ‘hunt lean’.

Succession Planning

Through the production of ‘people’ specifications and the availability of organisational management training, plans for developing managers who exhibit the right potential, can be put in place. Managers can be targeted towards more senior jobs, resulting in a viable management succession plan for the whole organisation.

Job Evaluation

KRA job descriptions provide the information to implement a system for evaluating managers’ remuneration. A ‘pairs comparison’ approach can be immediately adopted from the data produced. Alternatively, the job descriptions can be suitably extended to facilitate one of the more commentary-based job evaluation systems.

Launching A KRA Project

If you decide to introduce Key Result Analysis, there are a number of elements that you need to include in your Project action plan.

- First, the decision. Do not embark on a KRA Project if an existing system is working effectively. However, give it serious consideration if you don’t have an existing system or the benefits offered by a new KRA system are clearly better than at present.

- If a KRA Project is to succeed, managers must see it in a very positive light. Accordingly, it is better to launch a KRA Project with a less controversial application like ‘Management Training’ than say ‘Job Evaluation’. Confidence will grow as managers progressively see the benefits of the system. Deal with any questions and concerns at the time they are raised.

- Appoint and train a team of Project Coordinators. They can be members of your own team or nominees from the various departments/divisions within the organisation. Their role is to oversee the preparation and agreement of all the KRA job descriptions within a defined constituency - department, division, sales force etc. It also includes helping managers in the completion of job descriptions and arranging agreement with line managers.

- The Project should be launched with a series of departmental briefing meetings. The departmental manager introduces the Project Coordinator, who outlines the purpose of the Project; describe his/her role; presents the Project timetable; circulates and explains the paperwork; resolves misunderstandings and deals with any questions.
Above all, the results of the Project must be portrayed as a benefit to everyone concerned.

Have a clear system in place for processing job descriptions at every stage.

Hold regular update meetings with your team of Coordinators.

Never (but never!) just send out bits of paper to managers within scope of the Project. Always transact any communication through your coordinating team.

Keep all those within scope of the Project up-to-date on Project progress, changes, questions asked and answers etc.

The Content and Preparation of KRA Job Descriptions

A separate document, included with this paper, entitled ‘Completing your KRA Job Description’ provides you with all the information on the content and completion of KRA job descriptions. It has been written separately because it provides a master copy of an information sheet that you can circulate to managers with a job description form. Following briefing meetings and with ongoing help from Project Coordinators, managers are then able to complete their own job descriptions.

Constructing Your Own Management Development Programmes

An excellent example of a ‘bespoke’ Management Development Programme, designed, specifically, for attendance by a complete category of managers can be viewed, by returning to the Training Packages Store’s Index page at www.lawsontrainingpackages.com and selecting the link, ‘Management Module Series’. On this page, select the link, ‘Using the Modules’ and select the further link, ‘Example of One Week KRA Programme’. Here is an example of a five day Branch Managers’ Development Programme’. We regularly run this programme for organisations, which operate national sales branch networks. It demonstrates how the content of Key Result Areas clearly directs the analyst to specific Development Modules, which meet the training needs of a particular job category. If you have similar job categories within your own organisation, it will enable you to select and run Modules as block training programmes, exclusively for managers within those specific categories.

However, the majority of managers do not fit neatly into job categories. The Accounts Receivable Manager has an equal need to motivate his staff as the Head of Engineering. The Production Manager often needs to be as creative in decision-making as any Marketing man and so on. The responsibilities and content of each manager’s list of Key Result Areas almost self-select him/her for attendance on specific Modules. Professional disciplines and organisational locations might vary but the ‘common denominator’ management skills and knowledge remain the same.

The Management Development Module Series clearly provides training in those ‘core’ management skills irrespective of job function. It is therefore possible to bring together managers from different functional areas, who share common training needs, to form delegate groups. Indeed, it might be considered desirable in view of the improved
understanding and cooperation that results from managers, from across the organisation, getting to know each other by sharing a common experience.

Selecting Modules for Managers

A master copy of a document headed ‘Delegate Module Selection’ accompanies this paper. Its purpose is to facilitate the selection of appropriate Management Development Modules for managers, in accordance with their analysed needs.

Below is an action checklist for selecting delegates for attendance on Modules.

- On the ‘Delegate Module Selection’ form, record the names of all the managers within scope of the scheme down the left hand column of the chart. You will probably need a number of copies of the form based on the size of the management population to be reviewed.

- Take the KRA job description of each manager in turn and compare the text of the individual KRAs to the titles of the Modules listed across the top of the chart. The objective is to establish a clear link between a potential training and development need exhibited in the KRA with a corresponding response identified in the list of Modules. It can be done fairly quickly if you have become familiar with the Modules’ content but certainly you should refer to the separate Module descriptions provided on the website if you are unsure.

Sometimes, it is easy to identify a corresponding Module. For example, the KRA titles in the Branch Managers’ job description – Selection, Training etc leave no doubt as to what Modules should be selected. However, at other times, the training might be 'masked' by the KRA's text and needs to be interpreted.

For example, the job description for a Product Development Manager might contain a KRA that says:

Ongoing Product Review

‘To organise staff so that the existing product range is regularly reviewed and, by so doing, ensure that it remains ‘state of the art’ in the light of new technology.’

This infers that the job-holder should attend the Modules, ’Objective-setting, Action-planning & Review’, ‘Human Relations & Motivation’ and ‘Predicting and Managing Change’. The first two Modules provide the manager with the relevant training to keep his staff focused and motivated. The third Module encourages the manager to stay up-to-date and exploit new technology to develop products.

- Reviewing each KRA in this way will enable you to tick the appropriate Module boxes across the chart, against each manager’s name. The process should be repeated for each job description.
From the completed charts, it is now quite straightforward to determine the titles and number of Modules that you need to run. From this information, you can compile your final delegate lists.

You will also need to prepare a summary of each manager’s list of Modules that it is proposed that he/she should attend. These should be discussed with his/her boss for agreement. The discussions can be undertaken by the Project Coordinators but you might decide to attend some or all of them yourself.

Ensure that joining instructions for attendance on the Modules are sent out in plenty of time for delegates to make all necessary arrangements to attend,
Guidance Notes on the Completion of KRA Job Descriptions

The purpose of these notes is to provide you with guidance on the completion of a Key Result Areas (KRAs) job description for your role within the organisation. The notes should be read in conjunction with the KRA job description form that you have also been given. Talk to your KRA Project Coordinator if you need any further help.

The format and content of the KRA job description might be unfamiliar to you. It probably also seems fairly short in terms of the information that you believe needs to be recorded to describe your job; but this is deliberately so. The aim of the job description is not to reflect the great amount and variety of activity in which you must engage to do your job. Much of that activity is concerned with day-to-day procedural and administrative tasks. Nor does it detract from the essential professional/technical qualifications and experience that you might need to undertake some of this procedural work. The KRA job description just takes an altogether different perspective on your job.

What Are Key Result Areas?

Key Result Areas are those four to six responsibilities that you have that are directly linked to the aims of your Department, Division and ultimately the overall aims of the total Organisation. KRAs represent your ‘share of the action’ in the wider corporate arena and for which you are held totally accountable. It is in these key area that your objectives are set (annually, six-monthly, quarterly), action plans agreed and, ultimately, performance reviewed and appraised. You are effectively contributing to the achievement of the organisation’s overall goals within the context of your job. This is what makes the concise and accurate description of your Key Result Areas so important.

The main headings of the Job Description are listed below, together with an explanation of how to complete them. You will note that you are advised not to include people’s names. The purpose of job descriptions is to describe jobs not the people that do them.

The Job Description’s Headings and How to Complete Them

Job Title

Record here the established title by which your job is currently recognised.

Reports to

Record here the job title of the person to whom you are directly line responsible. (NB: not the person’s name).

Department

Record here the Department in which this job takes place, eg, Accounts Payable, Merchandising, Production Planning etc.
Division

If applicable, record here the Division in which the Department is organisationally located. The equivalent Divisions recorded for the previous Department examples might be Finance, Marketing and Production.

Location

The organisation might operate at a number of sites throughout the UK and abroad. Record the location where this job is situated, eg. Head Office, Bristol Factory, London Clearing Branch etc.

Overall Purpose

The aim of this section is to record a short, succinct and accurate statement of the job’s overall purpose. It must capture the job’s specific contribution to the organisation’s aims and objectives. It should comprise no more than two sentences although one sentence is preferable. The statement must reflect positive action and so should begin with an infinitive verb, eg. To control, to complete, to research etc.

To obtain a statement that truly describes the job’s ‘Overall Purpose’, it is probably easier to complete the next ‘Key Result Areas’ section, first. The KRAs identify those essential components of the job, which combine to provide the job with its ‘Overall Purpose’.

Having completed the KRAs, the answer to the question, ‘On the basis of the responsibilities and content of these Key Result Areas, why does my job exist?’ The response begins, My job exists, ‘To……………………………….’ The result should be the required statement. Here are two examples.

My job exists:

- For a Procurement Manager – To manage the buying team so that product components, which meet the agreed quality standards, are continuously available in accordance with budgeted production schedules.

- For a Sales Office Manager - To manage the sales department so that an efficient order processing and progress system for customers, representatives and management meets the currently agreed performance standards.
Key Result Areas

This section lists the job’s Key Result Area. It should not contain a detailed description of the job’s duties and activities but rather specify the key areas in which the job holder must achieve results. As in the case of the job’s Overall Purpose, each KRA statement implies action and so should start with an infinitive verb. In order that the job-holder and his boss can discuss individual KRAs without continually repeating the entire statement, each KRA has its own title, eg. Accident Prevention, Life Policy Administration, Stock Control, Budgets etc (Note to Client Project Manager: These examples can be removed before publication of these guidance notes and replaced with headings that reflect job activities within your own organisation).

Performance standards that must be achieved are an essential part of each KRA statement. Sometimes, they are quite specific, as in the example:

Merchandising Expenditure

   To complete an analysed monthly review of ‘point-of-sale’ expenditure and submit it to the Marketing Director by the first Monday of the following month.

The underlined phrase specifies a time standard by which the report must be submitted.

At other times, the performance standards might appear very general but infer very precise standards to the job holder, as in the example:

- Component Drawings

   To complete machine component drawings to engineering standards.

The underlined phrase in this example specifies standards of method, dimensions and layout familiar to all engineers.

Finally and, perhaps having the most impact in terms of the organisation’s overall success, expected performance standards within KRAs will vary according to the business objectives that you are personally set. In this case, performance standards describe the areas in which your performance will ultimately be measured. The actual performance standards expected relate to the content of the organisation’s business plan, interpreted into individual management objectives within the context of your KRAs.

A simple example that applies to most departmental managers is:

- Departmental Expenditure

   To operate the department within the agreed budget.

The underlined phrase indicates the area in which performance will be measured but without specifying the numbers in the budget itself. The level of expenditure would be discussed and agreed between the job holder and his/her boss. It would be subject to the organisation’s current policy on revenue and capital expenditure.
Here are two more examples to illustrate the point.

For a Manager of a retail store selling electrical appliances.

- **Extended Warranties**

  To ensure that the agreed percentage of extended warranties is taken up by customers purchasing appliances in the store during the next budget period.

It is clear how the store manager’s performance will be judged but the actual percentage is not specified. It might change, from one budget period to the next, according to organisational objectives reflected in the business plan.

For the Site Manager of a construction project.

- **Project Stages Completion Plan**

  To manage the project so that the planned construction stages are completed on budget and in accordance with the agreed target dates.

A good example of a KRA where an action plan can be agreed, which includes setting interim objectives and performance reviews, moving towards a final completion objective. The plan will be different for every project that the Site Manager takes on.

**Agreeing the KRA Job Description**

When you have completed your job description, you should arrange a meeting with your boss to agree it. Involve your KRA Project Coordinator if you want to. Discuss the job description’s content and deal with any areas that need clarification. Finally, confirm your agreement by both you and your boss signing it in the relevant places.

Provide copies of the finally agreed KRA job description to your boss and KRA Project Coordinator and keep a copy yourself.
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