

***TeamWorks* November 1994¹**
Human Resources U.S. Generating Company
USGen: Value Based and Performance Directed

As Joe Kearney shared with you in the October edition of *TeamWorks*, U.S. Generating Company has a clear vision of its destiny—to be the most successful independent power producer in the United States. The Guiding Principles he discussed proved the “value based” foundation for achieving this objective. Another essential ingredient for success, which is the topic of this article, is being “performance directed”.

Being a performance directed company begins with a clear understanding of two fundamental but essential concepts implicit in the above statement:

- Why the business exists—its mission.
- An image of what the future can and should be—its vision.

It ends with every employee understanding how his or her work contributes to making the mission and vision a reality. The September edition of *TeamWorks* discussed the performance review process USGen will soon put into place to assure this objective will be met.

The component of performance directed management that links company vision and mission to the individual goals that will comprise each employee’s performance plan is business planning. The business plan takes the company vision and mission as a point of departure for establishing the strategy and performance goals that serve as the building blocks supporting the vision and mission.

Goals are written statements of what must be accomplished to achieve strategic objectives. Performance measures are then selected for the most important financial, regulatory, and operational performance results that measure actual progress—outcomes—against plan projections. It is these goals and measures that are then used to prepare individual and team performance plans.

Business planning is not new to USGen. In fact, one of the reasons for USGen’s success is its ability to develop and implement a long-term plan and strategy to take advantage of changes in both state and federal regulations that have given rise to the independent power market. USGen is now poised to take further advantage of ongoing changes in the power market as regulators continue to introduce more and more competition.

These changes will increase the need for performance directed management. As we have already seen, success means change in both the size and nature of USGen. In 1994, the integration of USGen and USOSC and acquisition of J. A. Makowski Company created a company of over 700 employees engaged in every phase of the power generating business from initial planning and development through plant operations.

With a company that is this big and diverse in an industry that is undergoing dramatic changes, it is critical to have a performance directed management process in place. Such a process can assure that the two fundamentals of continued success of any business in a competitive market are met.

- A clear, forward-looking understanding of what is demanded in markets served and a strategy to position for success in those markets.
- The ability to develop and adjust human, financial, process, and technological resources to be fully responsive to the market strategy.

USGen’s success to date clearly shows that it has been able to meet both these success fundamentals. Continued success will place increased emphasis on performance directed management as USGen continues to move toward fulfilling its mission.

¹ Written by Ray Mischkot for the November 1994 edition of *TeamWorks*.