Performance-based Incentive Compensation Plan

Durham Convention & Visitors Bureau

Shaped by Performance Management Inc.

Adopted 1999

Last Updated 1/2008
Plan Objectives

This performance-based compensation plan has been designed to help DCVB achieve maximum operating results by providing clear guidelines for determining starting salaries, performance-based incentives, promotions, demotions, lateral moves and all related salary actions in a clear, concise format. The specific objectives of the plan (and the means by which the plan will be evaluated) are to:

1. Motivate higher levels of performance by explicitly communicating priorities and then paying for successful achievement of that performance.
2. Increase the level of accountability for measurable end-results.
3. Support and integrate “best practice” planning, goal-setting, performance management (reporting and evaluation), and related practices.
4. Pay for the right performance – that which furthers DCVB’s overall mission and in the staff support functions critical to the DCVB’s efficiency, productivity and success.
5. Further teamwork and esprit de corps objectives by paying for common, integrated and mutually supporting performance objectives including DCVB-wide and divisional goals.
6. Nurture, motivate and retain the top contributors to DCVB’s success and send a different message to contributors at below acceptable standards.
7. Facilitate recruitment and retention processes.
8. Target total cash compensation – the combination of base salary and the incentive – at the median to 75th percentile range compared to bureaus of DCVB’s size, geographic area, functional areas, and market mix.
9. Reflect the core values of the organization including, but not limited to hard work, focus, teamwork, and honesty.
10. Encourage and facilitate Bureau-wide communications.
11. Establish guidelines and management discretion, not bureaucratic rules, in the plan design, which is focused on the principles of the plan (performance, accountability, fairness, etc.).
12. Make it easy to understand, communicate and administer.
13. Make it legal and fair (based on contributions, performance relative to the labor market).
Details of the Compensation Plan

DCVB conducts a complete position-by-position review of salary ranges annually, using the most recent data from DMAI, NCACVB and other sources that give local market data.

A performance-based compensation plan was adopted by DCVB to achieve maximum operating results by providing clear guidelines for determining starting salaries, performance-based incentives, promotions, demotions, lateral moves and all related salary actions in a clear, concise format.

The plan was developed by Performance Management Inc. and is monitored annually by DCVB leadership in collaboration with PMI. Ranges are updated and calibrated using state and national CVB benchmark surveys along with other indicators such as the Consumer Price Index. Other specifications include:

**Salary Structure:**

- Each grade varies from the next by 15% and within each grade the minimum and maximum are 20% off the midpoint.
- DCVB establishes the target compensation level for each staff member between 95 – 105% of the midpoint.
- The plan is constructed so that DCVB can hire and retain highly competent people and pay at the 75th percentile of competitive practices for these high achievers.
- Each position has a target split between base and incentive pay, depending on responsibility level, accountability for end results and mission critical status.

**Salary Analysis**

During the annual budgeting process, the Leadership Team evaluates whether or not an employee will receive an increase to their base or incentive amount based on the following criteria:

- Actual performance
- The individual’s salary relationship to others in the bureau
- The individual’s salary relationship to the peers in similar bureaus as well as benchmarks
- The individual’s salary relationship to the midpoint of that range
- The individual’s overall experience in that position
- Whether or not the individual is at the ideal split between base and incentive pay
Position Grades

DCVB Total Cash Compensation Ranges by Grade

<table>
<thead>
<tr>
<th>Position Grade</th>
<th>Job Titles/Functions</th>
<th>Typical Base/ Incentive Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>31</td>
<td>CEO</td>
<td>70% / 30%</td>
</tr>
<tr>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>COO</td>
<td>70% / 30%</td>
</tr>
<tr>
<td>28</td>
<td>VP</td>
<td>70% / 30%</td>
</tr>
<tr>
<td>27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Director</td>
<td>75% / 25% or 70% / 30%</td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Assistant Director</td>
<td>80% / 20%</td>
</tr>
<tr>
<td>23</td>
<td>Manager</td>
<td>80% / 20% or 75% / 25%</td>
</tr>
<tr>
<td>22</td>
<td>Coordinator</td>
<td>85% / 15%</td>
</tr>
<tr>
<td>21</td>
<td>Assistant</td>
<td>85% / 15%</td>
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<tr>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
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<tr>
<td>18</td>
<td></td>
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</tr>
</tbody>
</table>

Performance Ratings: This chart defines the rating scale. It is reproduced here to ensure consistency in the evaluation process.

DCVB Rating Scale
1 - 10, with 10 being highest
5 = average at other CVB’s  6 = targeted performance level for DCVB staff

10) Excellent: Complete Mastery of Every Facet of the Job.
An individual performing at this level is typically a trend-setter, contributing unique and innovative solutions to problems and adding elements to the job which are clearly the result of significant contributions and creativity. This performance level is easily recognizable. The incumbent would rank in the top 5 of 100 people in the same assignment.

When using numerical goals, performance at this level is typically at least 25% higher than the stretch but achievable goal that was set. This individual demonstrates vision as well as understanding and practice of DCVB’s core values. The individual leads and motivates by personal example and is often a positive role model and mentor to other employees.

Some words to describe this level of performance are: trend-setting, innovative, exceptional, stupendous, dazzling, brilliant and inspiring.
DCVB Rating Scale (continued)

(9) Outstanding: Mastery of the Job, including consistent and very high degree of resourcefulness, creativity and self-motivation. An individual performing at this level may be counted on to handle assignments of well-above-average complexity and to work with an appropriate level of independence and very minimal level of guidance. Employees rated at this level can be counted on to get a job done using an appropriately high level of independent decision-making and creative problem-solving to overcome obstacles that might arise. The incumbent would rank in the top 10 of 100 people in the same assignment.

When using numerical goals, performance at this level is typically at least 20% higher than the stretch but achievable goal that was set. An individual performing at this level would demonstrate a sense of urgency and purpose in the daily execution of tasks associated with achieving this objective in addition to consistently networking information and aligning with stakeholders as milestones in the execution of the objective are met.

Some words to describe this level of performance are: superb, very high degree, independent, creative, terrific, wonderful, and extraordinary.

(8) Significantly Above Standards: Significantly Above Overall DCVB Performance Levels combined with a substantial degree of self-motivation, initiative and independent decision-making ability. An individual performing at this level may be counted on to handle assignments of above-average complexity and work with minimum guidance and supervision. Self-motivated and resourceful, this individual can be counted on to get the job done using an appropriately high level of independent decision-making and creative problem-solving to overcome obstacles that might arise.

The incumbent would rank in the top 20 of 100 people in the same assignment. When using numerical goals, performance at this level is typically at least 15% higher than the stretch but achievable goal that was set. An individual performing at this level shows above average initiative, demonstrates a high level of commitment of time and effort and keeps learning and growing.

Some words to describe this level of performance are: impressive, really well done, consistently, considerable, significant, remarkable, awesome and grand.

(7) Well Above Standards: Solid Core Performance combined with a degree of self-motivation and initiative. Performance at this level indicates a full understanding of all elements of the job, and the incumbent can be counted on to complete them on time and to solid DCVB-level quality standards. In addition, an individual performing at this level is fairly self-motivated and resourceful and can be counted on to get the job done using a fair degree of independent decision-making and creative problem-solving to overcome obstacles that might arise. Normal guidance from the supervisor is required.

When using numerical goals, performance at this level is typically at least 10% higher than the stretch but achievable goal that was set. An individual performing at this level consistently collaborates, shares and networks information, and aligns with others for effective and efficient performance.

Some words to describe this level of performance are: above average, advanced, a cut above, notable, very good, substantial, unwavering, and really well done.

(6) Above Standards: Solid Core (DCVB-level) Performance.

Performance indicates a full understanding of all elements of the job, and the incumbent can be counted on to complete them on time and to solid DCVB-level quality standards. An individual performing at this level makes timely and effective decisions, follows instructions, protocols and procedures, and has demonstrated understanding of basic project management.

When using numerical goals, performance at this level is typically at or slightly above the stretch but achievable goal that was set. DCVB hires all employees with the expectation that they will reach this performance level after a suitable orientation period and learning cycle. With adequate training and development most DCVB employees should achieve at this performance level or higher.

Some words to describe this level of performance are: on par, meeting expectations, doing a good job, reliable, solid, on track, established, well done, and good work.
(5) Meets Standards: Performance is Acceptable and Characteristic of Average Organizations. An individual performing at this level meets the standards required in many peer CVB’s and other similar organizations but is below the 6-level (targeted performance) expected of all DCVB staff members. Performance may fall slightly below the stretch but achievable objectives, but the individual is demonstrating good faith in continuing to learn and grow.

When using numerical goals, performance at this level is typically up to 10% below the stretch but achievable goal that was set. A performance improvement plan may be initiated to help the incumbent get back on track.

Some words to describe this level of performance are: average, regular, traditional, habitual, routine, familiar, passable, decent, and moderately good.

(4) Below Standards: Noticeable Need for Improvement.
Accomplishments fall short of meeting the job’s full scope and responsibilities. Frequent follow-up and direction are required. However, this incumbent is working in good faith to increase performance levels. When using numerical goals, performance at this level is typically 15% below the stretch but achievable objectives. A formal Performance Improvement Plan will be initiated immediately. If noticeable improvement does not occur within 30 days then further disciplinary action may be warranted.

Some words to describe this level of performance are: fair, needs improvement, falling short, not there yet and needs work.

(3) Well Below Standards: Well Below the Acceptable Performance Level for the Position. Incumbent may not be working in good faith to improve performance, or may have performance deficiencies that require immediate and severe remedial action to improve performance dramatically. When using numerical goals, performance at this level is typically 20% below the stretch but achievable objectives. A formal Performance Improvement Plan will be initiated immediately. If noticeable improvement does not occur within 30 days then further disciplinary action will follow, possibly including dismissal.

(2) Significantly Below Standards: Significantly Below the Minimally Acceptable Performance Level. Incumbent is not working in good faith to improve performance. When using numerical goals, performance at this level is typically 25% below the stretch but achievable objectives. Immediate and serious disciplinary action is required, usually meaning dismissal.

(1) Failing: Drastically Below the Most Minimally Acceptable Performance Level for Employment with DCVB. Incumbent is not meeting objectives or working in good faith to improve performance. Immediate and serious disciplinary action is required, usually meaning dismissal.

Some words to describe the last three levels of performance are: well below, inadequate, inferior, failing, and marginal.

Determining a Starting Salary

1. These questions will be considered when determining a starting salary

   A. How does this candidate’s background and experience compare to incumbents in the same or related jobs? Consider the incumbents’ actual earnings and peg the candidate accordingly (i.e. 90%, 100%, 110%, etc.)

   B. How does this candidate’s background experience fit into the job he or she is being hired into? Has the person been doing roughly the same job and is moving laterally? Is the person being “promoted” to a level more senior than in the prior job? Determine where the person should be hired between 80% and 100% of the midpoint (fully experienced, fully qualified, and doing 100% of the job).
C. Consider the person’s current earnings. This is a consideration, albeit not the first or second consideration. If a person was paid too little or too much in his or her prior job, adjustments may need to be made to account for the internal and external salary relationships.

D. Consider how badly the business needs the person, and if absolutely necessary, compromise the system.

The hiring manager will address these issues with his or her supervisor when recommending the “total cash” compensation (the combination of base salary and the incentive target) for new employees. Senior management will review and approve final recommendations.

2. **Determining Incentive Compensation**

Compensation is broken down into two components, base salary and incentive compensation. Incentive compensation includes a “targeted incentive” the payout for 100% performance, (or a score of 6) and an incentive payout range – 0% of the incentive target to 233% of the incentive target. Incentive targets have these characteristics:

1. The incentive target ranges between 15% and 30% of total compensation based on grade level and how critical that position is to the Bureau’s overall mission.
2. It is paid out quarterly on the basis of achieving the 5 to 7 of most important priorities of the job.
3. The payout range is from 0% to 233% of the incentive target.

Managers have the highest ratio of incentive to base, while support staff has the highest ratio of base to incentive. As a rule, the more senior assignments and those most mission critical have the highest “at risk” component – the highest upside potential and downside risk.

**Plan Concepts and Parameters**

1. **The Concept of Individual and Team Performance:**

The plan recognizes individual performance balanced with team performance. Additionally, some staff members are held accountable for DCVB-wide performance as well. Performance criteria will contain individual, team, and/or bureau-wide elements, depending on the position. For example, the CEO, COO and VP may be held accountable for Bureau-wide performance as well as department performance while support staff may be primarily responsible for individual performance.

2. **Total Cash Compensation:**

Total cash includes base salary and incentive target and is measured against the actual total cash compensation of other organizations, regardless of whether or not they have a performance based system. Although midpoints are based on median practices, the Plan is constructed so DCVB can hire and retain highly competent people and pay at the 75th percentile of competitive practices.
3. **The Targeted Incentive:**

This is the amount each plan participant will earn for meeting 100% of the performance criteria for the plan, including individual, team and/or bureau-wide goals. The targeted incentive increases as a function of responsibility level, accountability for end results and mission critical status. Thus, for example, the President will have the highest risk and the highest potential reward – and an entry-level clerical position will have the lowest. The targeted incentive payout will range from 0% to 233%.

<table>
<thead>
<tr>
<th>Evaluation Score</th>
<th>% of targeted incentive paid</th>
<th>Evaluation Score</th>
<th>% of targeted incentive paid</th>
<th>Evaluation Score</th>
<th>% of targeted incentive paid</th>
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<tbody>
<tr>
<td>10.0</td>
<td>233%</td>
<td>5.9</td>
<td>95%</td>
<td>5.0</td>
<td>50%</td>
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<tr>
<td>9.5</td>
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<td>90%</td>
<td>4.5</td>
<td>0%</td>
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<tr>
<td>9.0</td>
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<td>80%</td>
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<td>65%</td>
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<td>6.5</td>
<td>117%</td>
<td>5.2</td>
<td>60%</td>
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</tr>
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<td>6.0</td>
<td>100%</td>
<td>5.1</td>
<td>55%</td>
<td>1.0</td>
<td>0%</td>
</tr>
</tbody>
</table>

Target Incentive Amount

4. **Participants:**

The entire DCVB staff is included in the incentive plan.

5. **The Threshold:**

This is the minimum level of performance to be achieved in order for the participant to be eligible for a payout against the incentive target. Currently, an employee must receive an average performance rating of a 6 to receive 100% of the target incentive. Employees who perform at higher levels will be paid a higher incentive--up to 233% of their target incentive amount based on the formula 2x – 100%.

Employees who receive an average performance rating of 5 will receive 50% of the target incentive on a sliding scale (5.1 = 55%, 5.2 = 60%, and 5.9 = 95%). Employees will be paid bi-weekly at the estimated 6 level – or 100% of their target compensation. Following each quarterly review, reconciliation will take place to adjust for achievement of actual levels.

6. **New Employees:**

New employees may have the incentive portion of compensation guaranteed for up to a year (generally three to six months) at 100% of the target incentive. The new employee will still be subject to the Plan's requirements of goal-setting, establishing personal performance objectives and progress reporting. The incentive program is fully activated when the incumbent has enough experience and training to produce results – to be held accountable for achieving whatever the job is intended to achieve.

In addition to frequent coaching and training, a 45 day review and 90 day review will be conducted for new staff members to provide valuable feedback on their progress.
45 Day Review Process (informal)

As part of New Hire Orientation, HR reviews calendar and sets up 45 day review appointment for new employee and direct supervisor.

To prepare for the review, supervisor pulls PPO's that were used by the incumbent(s) for review. Supervisor receives training from COO and/or HR on process.

HR sets up 90 day review and peer reviews in the performance review system.

About a week in advance of review, HR sends a reminder to Supervisor of 45 day review.

At the 45 day review, the employee and supervisor work together to prepare baseline PPOs that will be in effect for the 90-day review. Supervisor also discusses core competencies.

COO approves suggested peer reviewers.

Following review, supervisor notifies COO and HR that the review was completed and forwards PPOs along with suggested peer reviewers to HR.

End

KEY:
- HR
- Supervisor
- Employee
- COO

90 Day Review Process (formal)**

As part of New Hire Orientation, HR sets up 90 day review appointment for new employee and supervisor.

One month prior, HR creates review forms and asks the supervisor to suggest names of peer reviewers.

On review date, supervisor and employee discuss progress, problems and plans to date as well as core competencies. They also discuss PTO balance, make adjustments to PPOs and set growth plan.

COO approves peer reviewers.

3 weeks in advance of review, HR reminds supervisor of 90 day review and launches peer reviews.

Supervisor completes evaluation of PPOs and core competency review using peer reviews as input.

ON review date, supervisor and employee discuss progress, problems and plans to date as well as core competencies. They also discuss PTO balance, make adjustments to PPOs and set growth plan.

COO signs off and returns to supervisor.

End

HR requests COO to mark review complete

COO forwards review score to payroll, and advises payroll whether or not the employee is permanent or still in trial period.

Payroll computes incentive amounts.

COO approves incentives, submits to payroll, and copies CEO.

* See Peer Review Process Flow for Further Detail
** After 90 Day Evaluation, COO/HR determine next review date to sync with division.
7. **Peer Review Process:**

As part of the 90 day review and annual review, each employee will be part of a peer review process conducted to get broader input on the employee’s ability to achieve certain core competencies critical to success at DCVB. The peer reviewers are selected by the supervisor and vice president and receive an online survey to fill out. The scores are presented to the supervisor without attribution as to the reviewer, and results are aggregated. The supervisor uses these scores only as input.

8. **Termination:**

Participants who leave during the plan cycle will be evaluated on their performance to date in that quarter and paid a prorated incentive payout.

9. **Plan Changes:**

This Plan is not a contract of employment or a guarantee of payouts, and it may be amended or terminated at any time by the President of DCVB. Any changes to the performance objectives under the Plan require the approval of the Leadership Team.

10. **Position Changes during Plan Period:**

When an employee is promoted or has a lateral move during the plan period, performance is prorated for the period up to the change and for performance in the new position for the period following the change. Once an individual moves to a new position, the incentive portion can be guaranteed for 90 days while that person gains enough experience and training to be held fully accountable for the results of that position.
11. Special Awards and Recognition:
A special award, the President’s Award for Special Achievement, is used to recognize significant contributions that would not be recognized under the measurement criteria of the incentive plan.

Specific criteria for the President’s Award include:
- Great performance not associated with the incumbent’s normal job responsibilities
- One time cash award, generally in the range of 3% - 8% of an individual's salary or a non-cash award such as a gift certificate, trip, or other award when cash is not available.
- Budgeted annually, but not given on any special schedule

In order to be considered, a supervisor must nominate a direct report with detailed information on how this individual has gone above and beyond the call of duty outside his or her typical job responsibilities. The nomination must be approved by the director of that division and COO. A final decision will be made by LT including actual amount to be awarded.

Cascading Objectives - Performance Measures

1. Personal Performance Objectives - PPOs:
The Personal Performance Objectives (PPO’s) are the 5-7 highest priorities for each person in the bureau. They are based on PPO’s at the next senior level and cascade down and across the organization. Measures are both quantitative and qualitative and include timing milestones. They are outputs which can be objectively and directly related to performance against plan.

The ongoing performance management is against these objectives and will be facilitated by the 3P Report in which Progress, Problems and Plans are reported on a regular basis to managers. This provides structure and discipline to the management process and ensures ongoing communication between manager/supervisor and direct report.

2. Changing Performance Criteria:
The weight allocation as well as the actual performance objectives will vary from year to year, and possibly from one quarter to the next. While the most important performance measures will remain in the formula, there will be specific strategic thrusts which will be reinforced by the Plan. There will also be different qualitative issues to be driven from year to year.

3. Quantitative and Qualitative Measures:
Performance objectives should stretch beyond prior performance but should also be attainable. Criteria will cascade from these overall Bureau Objectives approved by the Tourism Development Authority:
PRESIDENTS PERFORMANCE OBJECTIVES

SUMMARY – DETAILED BUREAU PERFORMANCE OBJECTIVES
ESTABLISHED BY THE DCVB TOURISM DEVELOPMENT AUTHORITY

I. DIAGNOSTICS & PLANNING
- Inventory the Destination and determine what’s missing from the visitor landscape.
- Update the 3-year Strategic Marketing Blueprint (including current year objectives, review, if needed, the Mission Statement).
- Develop explicit team and individual staff performance objectives.
- Conduct research to identify and measure visitor habits and impact, gather 360 degree perspectives from all stakeholders.
- Conduct “benchmarking” and “best practices” surveys.

II. MARKETING & PROMOTION (including sales, media services, direct marketing, branding, distribution, etc.)
- Increase visitation including room nights booked, inquiries and conversions.
- Increase visitor spending and visitor related tax revenue in Durham.
- Re-coup leakage by clarifying and correcting inaccurate branding and positioning.
- Improve the level of measurable positive experience among visitors and meeting planners.
- Increase visitation in weekend and other ‘needs’ periods through packages and tours.

III. PARTNERSHIPS & ALLIANCES
- Facilitate plans and solutions to grow and sustain the cultural landscape.
- Facilitate dialogue on ground rules for any state authorization of a local option tax menu.
- Evolve and formalize agreements/alignment with other organizations with shared missions.
- Involve stakeholders in planning and problem-solving through roundtables and networks.
- Stretch marketing resources through coop marketing programs and projects.
- Establish in-kind relationships with universities, businesses and government.

IV. ORGANIZATIONAL & MARKETING WORKFORCE DEVELOPMENT
- Manage performance based compensation and incentive platform.
- Skills training (sales, marketing, technology, customer service).
- Core competency training (collaboration, teamwork, goal-setting, communication).
- Management training (performance management, writing and delivering evaluations, coaching).
- Diagnosis of current skills and styles, development of better recruiting and selection instruments.

V. TOURISM DEVELOPMENT AUTHORITY FACILITATION
- Logistical support for Tourism Development Authority meetings, retreats and related events.
- Deliver plans, budgets, programs and report monthly and quarterly performance vs. plan updates.
- Facilitate long and short term planning processes.
- Assist the DCVB Tourism Development Authority City Council and Board of County Commissioners on the recruitment of new Tourism Development Authority members. Conduct formal orientations.

These critical objectives will cascade down the organization with each department having responsibility toward meeting certain objectives. The result is that PPO’s are based on DCVB’s strategic and operating plans, and will be integrated up, down and sideways, throughout the organization.
Cascading Objectives – A Typical Planning Process

The performance management system is based on stretch but achievable goals which reflect realistic expectations of performance. These goals and expectations are ideally the outcome of the planning process which develops and updates the strategic plan and the annual operating plan. This translates into the setting of specific goals and objectives for the operating divisions of DCVB and the employees within each division.

The President, in consultation with senior staff, typically sets guidelines for expected performance based on:

- Tourism Development Authority-approved overall Bureau objectives
- Prior DCVB performance
- Changes in the destination
- Travel and tourism trends
- DCVB Strategic Blueprint
- Realistic expectations of performance for that part of the country with reference to local economic and competitive conditions
- Changes in the market place, consumer trends, technology and political and economic factors which may influence future business activities
- Competitive benchmarks ("best" and "average" practices)
- Expected increases in demand
- Expectations for available funding
- Additional resources within DCVB
- New management techniques, technology and increases in productivity and efficiency
- New products and services

These planning guidelines are shared or developed in consultation with the Tourism Development Authority, which may participate to a greater or lesser extent.

1. The process starts with the Mission Statement, which cascades to the Tourism Development Authority-established overall objectives for DCVB as a whole.

2. The President and Leadership Team of DCVB, then develops a working blueprint for marketing Durham as a destination for visitors, which is updated annually. This would include current trends and developments.

3. Division directors provide guidelines and parameters to their respective areas.

4. Each employee, with his supervisor, develops objectives for the coming year in the form of personal performance objectives that are integrated and mutually supportive of divisional and bureau-wide objectives. These are approved by the President & CEO.

5. The objectives of each division are thoroughly evaluated, particularly in relation to those objectives of other divisions. This enables an overall strategy and supporting plans to be assured for DCVB as a whole.

6. Resources (staffing and budgets) are considered as divisional objectives are developed.

7. These objectives are reflected in the final “Working Blueprint for Marketing Durham as a Visitor Destination,” which receives a final review for consistency in relation to the guidelines, to ensure internal consistency between functions and divisions and to ensure that DCVB policies are adhered to. The overall financial viability of the plan is evaluated, with necessary changes made in line with budgetary constraints.
Reporting - The 3P Process

Each month, bureau staff reports to the next senior management level in terms of his or her "Progress, Plans, and Problems" - the 3P's – related to his or her performance objectives. It is used to facilitate the transfer of information and thereby facilitates the performance management process. The process starts with performance objectives. It ends with the development of the 3P reports, including:

- **Progress** toward achieving each of his or her performance objectives;
- **Problems** experienced in carrying out these plans where outside help may be necessary;
- **Plans** going forward.

Additional comments on a 3P report may include a recommendation to modify or refine the goals, targets, measures or due dates. The benefits are:

- Shared priorities;
- Clear and explicit communication between manager and direct reports;
- A roster for line manager follow-up where the onus is on the direct report to report back and the manager is not required to "nag";
- A basis from which to change direction, solve problems, make decisions and reallocate resources;
- An objective basis for evaluation when determining performance under incentive or base salary plans.

The inevitable results are increased productivity and better operating results.