Performance Management Transformation at TechEdge: A Strategic Organizational Behavior Case AnalysisAkanksha Baheti, Ojesvi Dogra, Nivithasree Raghupathi Kothandaram, Roberta Bunemer Jafet

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Introduction

Tech Edge, a systems integrator based in Bangalore that was founded in 2002, has established itself as a nimble deliverer of IT solutions—ranging from business-technology consulting and multi-layered implementation of infrastructure to maintenance services—to different industry verticals for its customers. Its lean organizational chart can be led by CEO Binoy Roy and a group of vice presidents (VPs) for Sales, Services & Support, Consulting, Operations, Software Delivery, and Finance, each supported by their respective groups. Plagued by endemic silos, unclear power, and conflicting incentives, which have stunted its growth and operational efficiency, Tech Edge has experienced early gains and an organized leadership team. Over the past decade, rapid market expansion and increased competition from multinational competitors again underscored these vulnerabilities, prompting leadership to adopt formal performance management systems (PMS), key performance indicators (KPIs), and the establishment of responsibility centers to increase accountability, transparency, and strategic focus.

From the Organizational Behavior (OB) perspective, the TechEdge case illustrates a number of interrelated issues such as power and decision-making—formal control of Sales VP oftentimes trumps cross-functional priorities, interdepartmental conflict—mutual blaming between VPs over targets, resources, and deadlines, team dynamics—the ad hoc project teams loose reporting relationships and shared purposes, and individual motivation—incentive schemes have achieved low-key performance enhancements. Of these, the most significant OB problems are political and power disparities in resource distribution and goal setting, repeated conflict based on unclear accountability and incompatible departmental objectives and motivational misalignment where narrowly targeted financial incentives fail to generate enduring intrinsic motivation (Eisenberger, Pierce, & Cameron, 1999; Deci & Ryan, 2000).

Our goal as external consultants is to design a robust, context-appropriate PMS that integrates balanced financial and non-financial KPIs (Kaplan & Norton, 1996), clarifies responsibility center boundaries, and realigns governance structures to mitigate adversarial politics and foster collaborative, goal-oriented behavior. Drawing on performance management theory (Otley, 1999; Armstrong & Baron, 2005) and evidence from SMEs (Hvolby & Thorstenson, 2000; Bourne et al., 2000), we will diagnose root causes of the OB issues and propose a phased implementation roadmap that addresses Tech Edge's unique cultural and structural constraints.

Strategic Analysis and Problem Identification

To determine the root causes of TechEdge's organizational dysfunctions, we first invoke basic OB paradigms. French and Raven's (1959) Bases of Social Power inform us as to why the Sales VP's referent and expert power have surpassed formal authority, and how they have warped resource allocation and decision-making to favor Sales goals at the other functions' expense. Thomas and Kilmann's (1974) Conflict Modes describe the reasons why VPs engage in competitive or avoidant behavior—inflating blame rather than collaborating around shared objectives. Self-Determination Theory (Deci & Ryan, 2000) describes how TechEdge's reward-based strategy de-motivates by over-defining extrinsic rewards. Finally, Group Cohesion Theory (Festinger, 1950) and Role Theory reveal why ad hoc cross-functional teams sabotage: unclear roles and incoherent group identity erode trust and performance.

A SWOT analysis of such OB challenges highlights the strategic imperatives confronting TechEdge such as for Strengths, TechEdge enjoys a lean, entrepreneurial culture with high-caliber leaders who possess a consultative ethos and customer-centric values (Mintzberg, 1994). Its flexible structure allows for rapid decision-making and close client contact. The Weaknesses identified are primarily the diffused power dynamics and politicized decision-making driving the

chronic interdepartmental conflict (French & Raven, 1959). Incentive schemes tied closely to financial measures have yielded modest gains at the cost of intrinsic motivation (Deci & Ryan, 2000). Stable project teams are plagued by ambiguity of formal responsibility and mutual understanding, leading to role conflict and loss of coordination (Hackman & Oldham, 1975). HR marginalization exacerbates these issues by failing to connect people-management practices across functions.

Analyzing all these we can say that the Opportunities within Tech Edge are significant. There is scope to introduce a Balanced Scorecard–style framework (Kaplan & Norton, 1996) to align financial and non-financial KPIs with strategic objectives and to establish clear responsibility centers (Anthony & Govindarajan, 2007) that decentralize accountability. TechEdge can also leverage digital dashboards and a RACI (Responsible-Accountable-Consulted-Informed) matrix to enhance transparency in roles and performance expectations. Implementing all our strategies within the organization will be full of threats as the Entrenched political behaviors and power imbalances may resist formalized performance management (Lewin, 1947). A purely metrics-driven approach risks further siloing functions and undermining the collaborative culture essential to TechEdge's service model. Ongoing economic pressures could magnify resistance to change and erode discretionary effort.

Key course themes to address these issues are performance management systems (Otley, 1999), balanced KPIs that contrast lag and lead indicators, responsibility center design, conflict resolution strategies, and change management (Kotter, 1995). Combining these theories and tools, we can define the concise problem statement: TechEdge's lack of coordinated bases of power, formal accountability, and balanced motivational programs has caused chronic conflict, destroyed intrinsic motivation, and undermined team effectiveness, thereby constraining strategic development.

Solutions and Recommendations

As your consulting team, we recommend a three-pronged approach to realign power, reduce conflict, and boost both financial and non-financial performance at TechEdge by implementing a Balanced Scorecard–driven Performance Management System (PMS) with clearly defined responsibility centers; recalibrate your reward architecture to balance extrinsic incentives with intrinsic motivators; and establish a structured change-management and governance model to ensure sustained adoption.

First, adopt a Balanced Scorecard (Kaplan & Norton, 1996) that translates TechEdge's strategy into a cascade of objectives, measures, targets, and initiatives across four perspectives—Financial, Customer, Internal Process, and Learning & Growth. Create formal responsibility centers (Anthony & Govindarajan, 2007) for Sales, Services, Software Delivery, Operations, Backoffice, and Finance, each with 4–6 bespoke KPIs (e.g., "Time-to-First Response," "Project Margin Variance," "Employee Engagement") tied to both department-level targets and corporate goals. Embed these metrics in a unified dashboard platform, giving VPs line-of-sight into their own and peer-center performance. This structure clarifies accountability, levels the power playing field, and reduces politicized resource battles by making contributions transparent and comparable.

Second, redesign the reward system by layering a modest variable-pay pool (10–15% of total compensation) onto a competitive base salary, and reserve at least 30% of the pool for non-financial recognition—career development opportunities, skills mastery badges, and peer-nominated awards (Armstrong & Baron, 2005; Deci & Ryan, 2000). This hybrid model preserves the motivational impact of commissions in Sales while simultaneously nurturing intrinsic drivers—autonomy, mastery, and purpose—across all functions. Tie a portion of each

department's budget to cross-functional team outcomes (e.g., on-time, on-budget project launches), thereby incentivizing collaboration and diminishing siloed behavior.

Third, stand up a Change Leadership Office (CLO) empowered by the CEO and staffed with senior line-role "champions" from each center plus HR and IT. Following Kotter's (1995) eight-step model, the CLO will communicate a bold case for a "Performance-as-a-Service" culture; co-design the PMS with each VP to secure early wins; train all managers in conflict-resolution (Thomas & Kilmann, 1974) and RACI clarity; and embed new routines through quarterly "Strategy-in-Action" reviews and biannual offsites. TechEdge's lean structure demands that the CLO be light but highly visible—making use of existing collaboration tools rather than heavyweight committees.

Implementation Roadmap and Resources

Months 1–2: Establish the CLO (1 FTE each from HR, IT, and Finance; 0.5 FTE each from Sales, Services, Software, Operations).

Months 2–4: Facilitate strategy-to-metric workshops; define responsibility centers; configure dashboards (budget: USD 50K for BI licensing; IT dev: 0.5 FTE).

Months 4–6: Roll out revised compensation framework; deliver manager training (conflict resolution, RACI, coaching skills; budget: USD 20K for external facilitator).

Months 6–12: Pilot the new PMS in two divisions; refine KPIs and incentive allocations; host quarterly "Performance Forums."

Ongoing: The CLO meets weekly in Months 1–6, biweekly thereafter; HR processes incentive payouts; Finance tracks budget variances; IT maintains dashboard uptime (> 99%).

Monitoring and Evaluation

Leading Indicators: KPI attainment rates, interdepartmental “handoff” times, and manager coaching hours recorded on the dashboard.

Lagging Indicators: Revenue growth, profit margins by center, employee turnover and engagement scores (Gallup Q^12), and customer satisfaction (CSAT) trends.

Convene a “PMS Health Check” every six months to audit data quality, incentive fairness, and behavioral shifts—adjusting targets, reward weights, or CLO membership as required. Over two years, we project a 15–20% improvement in on-time delivery, a 10% reduction in turnover, and a 5–7 pp increase in net profit margin.

By marrying a transparent, strategy-aligned PMS with a balanced reward philosophy and a dedicated change-management engine, TechEdge will transform its culture from siloed power struggles to shared accountability and high-trust collaboration—laying the foundation for sustained growth.

Conclusion

TechEdge’s transformation is not just about systems and scorecards—it’s about reimagining how people work, collaborate, and succeed together. The balanced scorecard-based performance management system promotes strategic alignment by linking departmental goals with company-wide objectives. Clearly defined responsibility centers and KPIs enhance transparency and address longstanding power imbalances. A mix of financial and non-financial incentives helps build motivation, while the creation of a lean, empowered Change Leadership Office ensures these reforms are not temporary fixes but sustained through structured leadership and cross-functional engagement.

Projected outcomes include a 15–20% improvement in on-time delivery, a 10% reduction in turnover, and a 5–7% increase in profit margin over two years. Most importantly, TechEdge’s

journey shows that when the right OB tools are rooted in culture and structure, they can unlock sustainable organizational effectiveness.

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