

Making Performance Management a Process Rather Than an Event

What is Performance Management?

Performance Management is a core business process that establishes shared understanding about what is to be achieved and how it is to be achieved. The system links the contributions of individuals to the Annual Business Plan. The aim is to deliver the results required to achieve the Company's goals.

The process is about understanding the direction of the business and ensuring each person's work objectives and efforts contribute directly to the Company's overall success. As a business system it provides a way of annually agreeing objectives for a job and determining how these will be achieved and evaluated.

Performance Management is an ongoing cycle made up of three or four stages; Performance Agreement, regular feedback and support, the regular reviewing of results and, depending on the system and the Company's requirements, remuneration and rewards based on actual contribution.

An effective Performance Management system:

- Provides a formalised structure so team members know what is expected of them and how their performance will be measured.
- Establishes an on-going management process rather than a once or twice a year "appraisal event".
- Focuses on the future with an accent on performance.
- Shifts the focus from appraisal to analysis of known results.
- Places major responsibility on the team member for establishing their performance and development goals and monitoring progress.
- Provides a structure for managers to manage their people more effectively
- Enables managers and team members to work closely together to mutually agree the achievements and behaviours that lead to successful job performance.

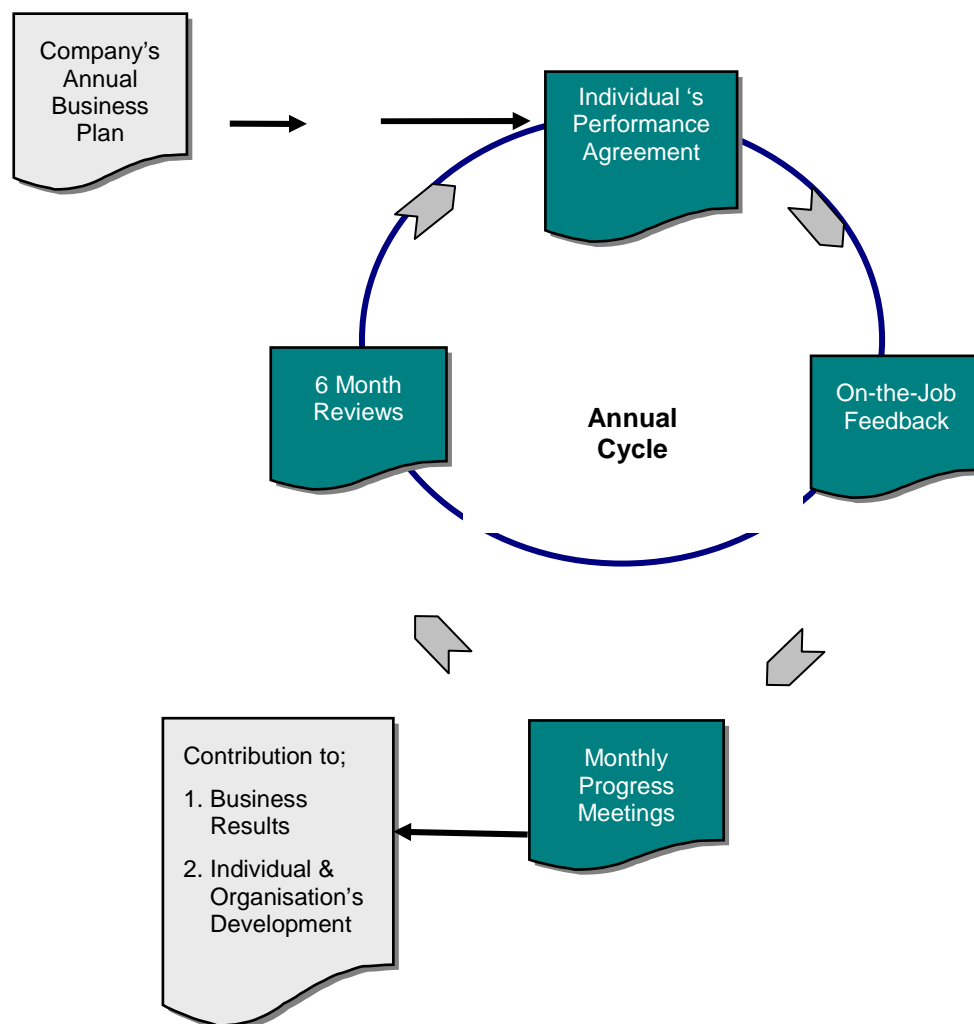
What does the system look like?

Many (in fact most) people think that the "system" is the paperwork. That is, the forms that managers and team members complete including the Performance Agreement and Review document. In fact, the paperwork is there to **support** the system, not **be** the system. The "system" is the communication and



understanding between the manager and each of his/her team members. In its simplest form, a performance management system has three, or possibly four, outcomes:

- * every team member knows **exactly** what is expected of them and how they are going to be evaluated and assessed in their job, i.e. **what am I doing and how am I going to be judged?**
- * a means of monitoring progress and getting regular feedback on the agreed activities and goals, i.e. **how am I doing?**
- * a formal review at the end of the annual cycle that covers the past 12 months' performance, i.e. **how did I do?**
- * reward and recognition in the form of a remuneration review, i.e. **how much more money do I get?**



Performance Management Cycle

What makes a good system work?

There are several factors that need to be present in order for the system to work effectively. These include:

1. Commitment from the top

Commitment to using the system, and using it effectively, must come from the top down, i.e. the CEO, Division Head, Senior Manager on through the line. Too many companies have a formal system that middle and front line managers are expected to use, but senior managers and the Chief Executive think are not for them.

2. Line Managers own the system

Line managers "own" the system and take responsibility for making it work. It is not HR's system. The HR Department is the keeper of the records and makes sure that all managers know how to use the system properly and how it fits into the culture of the organisation. If HR is a "police department" it means it's not working.

3. Credibility of the process

The process has to have credibility. It has to deliver to the team members, managers and the company what it purports to deliver. The system and how it works should be documented in a hand-book or guide. All employees should have a copy of it. This establishes the reasons for the system, how it works, how it fits in the culture of the company and the responsibilities of each person to make it work. Yes, each team member has responsibilities, too, not just the managers.

4. Properly training managers and team members

Managers (and preferably team members, too) have to have the skills and knowledge so they know how to make it work. As most managers don't do this naturally to begin with, comprehensive training, at the appropriate time in the cycle is critically important. This includes how to help their team members prepare a Performance Agreement, how to monitor progress and provide constructive feedback and how to conduct a formal review. Team members should know how the system works and their responsibilities in making it work for them.

5. Joint agreement of activities and goals

Performance Agreements should be agreed jointly between the manager and each of their team members. This encourages commitment of the team member in the process and to achieving goals and carrying out activities in which they have had a say. In every organisation, there will be some goals, activities, targets, etc. that are handed down, either from the parent company or from the Board.

However, where team members can have a say in how they go about completing tasks and in what time frame, the more motivated they will be to complete them.

6. SMART Goals and observable outcomes

The Performance Agreement should be based on measurable and/or observable goals and activities – **S**pecific, **M**easurable, **A**chievable, **R**ealistic and **T**ime-framed. This avoids misunderstandings and ensures everyone is on the same wave-length. Waffly, fuzzy statements leave the team member open to trying to interpret what the manager wants or to doing what he/she wants to do or thinks is the right thing to do. Often they get an unpleasant surprise at review time.

Gallup research shows that over half of employees surveyed do not know exactly what is expected of them. By having them involved in agreeing their own goals and activities and making the SMART, team members know what is expected of them and how their performance will be measured.

7. Regular monitoring and feedback

Regular monitoring and feedback discussions between managers and each of their team members is the key to making the whole system work. Even if every other item in this list is present, if this isn't done, then the system stays as a system and continues to be a semi-annual and annual event, not a process.

These are **not** reviews; they are short one-on-one (we suggest monthly) informal discussions to review activities and goals in the Performance Agreement, update the Agreement if needed and to provide feedback to the team member about how they are doing. This is the opportunity for managers to provide positive feedback and recognition where team members are doing well. If team members are under-performing in any areas this also provides the opportunity to talk about issues as well, instead of leaving them until the next formal review (when it is too late!)

These discussions can be 10 to 30 minutes depending on how the team member is going and how much the Performance Agreement needs changing – the more frequently the discussions happen the less time they will take. However, the longer they are then the more likely they are needed!

Just as we have "quality time" with our children, this is quality time managers spend with their team members, discussing **their** jobs and **their** world. Managers and team members generally talk on a daily basis. These discussions are simply slightly more structured.

What are the outcomes?

1. Pro-active rather than reactive management

Managers are pro-actively managing the performance of their people rather than being reactive. Whether this means dealing with under-performance or conducting semi-annual and annual formal performance reviews for their people who are performing to, or above, expectations.

2. Team members know what is expected of them

By having team members involved in agreeing their own goals and activities and making them SMART, they know what is expected of them and how their performance will be measured.

3. Building trust and good relationships increases engagement

Regular reviews and feedback enhance the relationship between managers and their people; this is an important factor in building trust and, in turn, increasing the engagement level of team members. Engaged people are high performers.

The ultimate objective

The ultimate objective is that the "system" should not exist at all! The "system" becomes a process and the way managers manage their people on a day to day basis. The culture changes to reflect this. That is, this is the way we do things around here.

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