

Performance Management – an art and a science?

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This article is written for trainers, consultants, HR professionals and managers seeking to implement or improve upon the performance management system in their organisation.

At best, a performance management system has the potential to develop your people and significantly increase business results. At worst it can be perceived as a form of employee control or a tick box process that managers and staff feel obliged to implement. Steve Shellabear, Principal Consultant at dancing lion, outlines how to set up and implement a system that is effective and meaningful.

What is performance management?

The primary purpose of performance management is to develop skills and competencies at individual and group level so that the organisation benefits. It is a continuous proactive process focusing on planning, acting, measuring and reviewing performance. Used effectively it will enable an organisation to forward plan and develop its staff. Used ineffectively it is often reduced to an appraisal "system" comprising of a series of forms completed once a year by overworked managers in a rush to get it done so they can get on with their normal tasks.

The ideal:

An ideal performance management system is likely to have the following elements within it:

- The vision, objectives and targets of the organisation are aligned with individual performance measures for all levels of staff.
- Objectives and targets include qualitative, quantitative and learning goals
- Performance targets are specific, measurable, achievable and challenging

- Real time coaching is factored in to uplift performance and maintain quality standards
- Regular and meaningful assessment of performance takes place for the organisation, teams and individuals
- Managers have access to real time monitoring systems to facilitate self-management
- Regular briefing sessions and procedures enable managers and staff to keep up to date and respond to changes
- Feedback loops and troubleshooting procedures are designed and used.
- Adequate quality control procedures and mechanisms are utilised.

Classical management theorists have long argued that having an efficient organisation is primarily a technical, rational process. Whilst there may be some recognition of a human being's need essentially the goal is to produce a machine-like operation that achieves targets. People are seen as cogs in a wheel. Frederick Taylor, the pioneer of what is now known as scientific management is probably the most well known and much maligned author of such a system. He was extremely influential in the first half of last century and the application of his methods increased productivity enormously in shop floor environments. Unfortunately, Taylor's methods had the effect of reducing workers to unthinking automatons.

So why are we considering scientific management within the context of designing and implementing performance management? Because the legacy of scientific management can be observed in the organisation and management of many businesses today. How many times have you heard a manager or client say (or thought yourself!) 'how can I get staff to think for themselves or take greater responsibility for their work?' As a training consultant I have observed managers in their work environments conduct performance reviews that essentially lead the staff member to give an answer already predetermined by the manager. How often does staff take on business or development goals with no intention of achieving them, simply to 'keep the manager happy'?

If we are to encourage managers to co-create environments that truly release their people's creativity, motivation and commitment it is helpful to develop an awareness of influences that may unconsciously drive our thinking. Once we have considered these influences we are, perhaps, freer to act. I invite you to compare and contrast Taylor's principles, which Morgan (1986) summarises as:

- Shift all responsibility for the organisation of work from the worker to the manager; managers should do all the thinking relating to the planning and design of the work, leaving the workers with the task of implementation.
- Use scientific methods to determine the most efficient way of doing the work; design the worker's task accordingly, specifying the precise way in which the work is to be done.
- Select the best person to do the job
- Train the worker to do the work effectively
- Monitor worker performance to ensure the appropriate work procedures are followed and the appropriate results are achieved.

It is possible that in reading the list above you saw some similarities and differences from my first list, the ideal for performance management above. Certainly, an initial comparison shows the process of planning, acting, measuring and reviewing performance is similar. The differences may be the orientation of those involved and the opportunities for open and constructive dialogue to take place. I believe this comparison highlights the importance of the principles, values, beliefs and behaviours of those responsible for performance management implementation.

So, given that the performance management process takes place within a framework of agreed objectives and competencies, what can to be done? How can we set it up to empower rather than control? What beliefs and skills can assist us in the process?

In order to implement an effective performance management system some essential groundwork needs to be considered. For example:

1. The business strategy needs to have been defined at a senior level with corporate objectives set.
2. Performance measures are identified, individual objectives agreed and contracts written with individual managers
3. A people development strategy for the organisation written to support the business objectives. This would include the development of competencies.
4. The implementation of the plan in the normal course of work and through special improvement, training and development programmes.
5. Regular reviews of the business objectives scheduled and held with business managers
6. Professional (aka personal) development plans (PDP) agreed with individuals, linked to business objectives and challenges.
7. Appraisal system established or booked with managers and staff
8. Progress against the PDP reviewed alongside business/organisational progress. Personal and professional development considered as well as the achievement of business results
9. Reward and recognition planned for and given to individuals on the basis of achievement of business objectives, personal & professional development objectives achieved, competencies developed and applied.

If you are charged with the design or implementation of performance management and some of these elements are missing be aware that it will impact upon your work, the end result and how it is perceived.

Practical guidelines:

As a trainer or manager it is important that you understand what staff are expected to achieve in terms of objectives, targets and standards of performance. This may mean asking questions of senior managers to identify the thinking behind strategic goals, helping define these areas further. If you have a team reporting to you it will be necessary to ensure their expectations regarding objectives, targets, standards of performance, competency requirements, areas for development and remuneration match the needs of the company.

Staff are likely to have a range of attitudes, skills and experience. You may need to consider different methods to develop their skills. Objectives and competency requirements will need to be agreed. The strategies you use to assist high performers, mid performers and low performers are likely to vary. Input may be required to help people write and implement development plans that are meaningful. You may find you have contradictions and paradoxes to manage regarding the espoused values of the organisation you work for and the reality of staff working conditions. You are likely to hold coaching and counselling sessions to help staff at different times in their career.

Carrying out performance reviews

Performance reviews are an integral aspect of the system. They enable both parties to assess progress based on past performance and set targets and goals for the future. If they are conducted effectively the discussion will be a genuine opportunity for reflection on what's been done and how it's been done. From this, staff together with their managers can plan ahead.

Each performance and development discussion will be different depending on the people involved. Accepting differences in style, discussions are likely to include the following key elements:

1. **Assessment:** measure the results and progress against the agreed targets, standards and development plans.

2. Feedback: invite the individual to share how they feel they are progressing and provide them with additional factual information on how they have been doing from a management perspective.
3. Give positive reinforcement and constructive criticism: point out what's been done well so it can be maintained or improved upon; highlight areas for improvement.
4. Exchange of views: a good performance review involves a full and frank exchange on what's been achieved, the challenges involved, what needs to be done to achieve more, how individuals think and feel about their work, the way they are managed and their future.
5. Agreement: a joint understanding is required about what must be done by manager and staff to improve performance, develop knowledge, skills and capabilities. Work problems that are raised need to be addressed.

Skills required for implementing performance management from a managerial perspective:

Time management - many managers find implementing performance management a challenge. The potential for it can often be appreciated, however, existing habitual routines and ways of working often take priority. Evaluating how much time it will take to provide support at the various stages and scheduling it in the diary is a necessary discipline.

Ability to view situations from a multitude of perspectives - implementing performance management represents an investment for a company. Time for review and coaching sessions can be seen by those purely focused on the finances as a cost and therefore something to be minimised. Some staff may feel nervous or apprehensive about their performance, others may not see the benefits. An ability to appreciate these concerns and consider the arguments is necessary.

Set a clear and flexible structure - each organisation will have different factors that constrain and enable staff in their work. Designing the structure for 'best fit' may require a few drafts and consultation with interested parties before 'rolling it out' through the company.

Most larger organisations have an appraisal process in place. Therefore your first task may be to assess how effective this is and the linkage between other activities, such as coaching, undertaken by line management support.

Set up a central storage area for the data which managers and staff can have access to. This may be held electronically or on a paper based file system. The key is that, as far as possible, it is easy to use and that people use it. It should contain copies of coaching records, agreement on future objectives and personal development plans.

Careful preparation - many managers underestimate the time it takes to prepare for 'one-to-ones', coaching, and appraisal sessions. Consequently, they are unprepared, which reinforces staff cynicism regarding their and its importance. Do refer to past records to avoid unclarity and 'second guessing'.

Creating a supportive atmosphere - this means giving some thought to the room and desk layout as well as your internal state of being. The meeting space and furniture should facilitate a collaborative, rather than hierarchical discussion. Your thoughts, concerns, energy and body posture may all influence the outcome of the event.

Communication and interpersonal skills - these are required to create rapport, inform colleagues and staff of the benefits, ask appropriate questions to open up discussion, actively listen, diagnose operational and performance problems, guide the conversation, seek agreement, dovetail objectives, resolve issues, check understanding and summarise and confirm plans.

Encourage participation and involvement - in coaching, counselling or performance review sessions this may mean letting the individual do most of the talking.

Encourage self-assessment - many people will identify what they need to do given the opportunity. Even if they are unfamiliar with the detail of a task or procedure they will value the opportunity to reflect upon their work, providing a supportive atmosphere has been created.

Maintain an overview - this applies to the performance management system as a whole as well as staff performance for the period under review.

Communicate authentically and in good time - address issues as they arise rather than store them up for a formal review and then launch into a catalogue of criticisms.

Assume positive intention - the majority of people want to make a positive contribution in their work, if allowed to do so. Be aware of judgements you may have made about an individual and consider how these could be affecting their work.

Be positive yourself - catch people 'doing things right' and give praise when it's due. Be prepared to challenge and criticise constructively.

Some common misconceptions:

Depending upon the organisation and culture you may encounter some of these common misconceptions:

1. "Performance management is about managing someone out of the business"

Many managers think of performance managing staff when there has been consistent under performance or they have had to instigate disciplinary and grievance procedures. In such cases a 'development plan' will be written, targets set and employees measured on their achievement. It is primarily regarded as a defensive action, often when the working relationship has broken down. Of course attending to the legal requirements of employee relations in such an example is

important, but only one aspect of performance management. How about emphasising performance managing someone into greater involvement, confidence and skills within the business?

2. "Performance management is just about grading people to award pay increases, or justifying why staff can't have them".

The information may inform pay decisions but this is not, or shouldn't be the purpose of performance management. Its value is in improving performance and personal/professional development.

3. " I manage my people all the time so I don't need the formal apparatus of a performance management system"

In which case, you may be carrying out some of the aspects highlighted in this article. However, think about where your system could be improved. A key question to consider is whether you consciously make quality time to discuss your people's development away from the pressures of the workplace and whether their development is linked to the goals of the business.

Summary of learning aims

1. Performance management, as defined here is an approach to managing the whole business. It requires senior management backing and commitment at all levels to realise. It is not just a function of human resources or a series of unrelated methods or techniques.
2. Performance management relies upon the principles, values, beliefs and behaviours of those responsible for its implementation. Is it used a tool to empower staff or control them?
3. All managers are required to manage their staff's performance so aspects of the system are likely to be in place already. Your task may be to ensure linkage between the different activities and that optimum results are achieved through using all elements of a continuous process, not just reducing it to an annual appraisal.

4. The purpose of performance management is to develop skills and competencies and so improve individual team and business performance.

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Biography of author

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