Making Performance Management a Positive Experience

Performance management allows employers to monitor output and, in the process, identify ways in which skills can be enhanced.

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What do most people think of when they hear the term "performance management?" For many, it signifies an unpleasant performance appraisal session – as a giver or receiver. The next thing that may come to mind is the paperwork-intensive, ineffective system that gets in the way of employees doing the "real work" of an organization.

Even if a company has a seemingly effective performance management system, it probably is still not a system with which everyone is completely satisfied.

This is an area, however, that has been studied extensively – almost to death. Countless books and articles have been written about performance management and performance appraisal. "New, improved" systems have been launched in many organizations. At the top, executives may express satisfaction with their systems. But at lower levels, the same cynicism and dissatisfaction that once-used systems generated still may exist. In many organizations, hope for an effective system has been replaced by acceptance of an imperfect system.

Is it possible to find an effective performance management system – one that is motivating rather than demotivating? Many organizations are experimenting with systems that provide new approaches to performance management.

Defining Performance Management

Challenges associated with performance management initially include defining and understanding the term. Performance management is much broader than performance appraisal. It encompasses the entire process of improving and sustaining human performance throughout an organization. Collectively, the performance of individuals determines that of teams, departments and, ultimately, the entire enterprise.

How do organizations become successful and sustain success over time? Many have embraced a series of management fads, with limited success. Others have innovated new approaches tailored to their cultures and

business needs. They follow basic common-sense principles about performance of people and organizations. Leaders of these organizations know people cannot be effective unless:

- They know what they are supposed to do.
- They are capable of doing it.
- They receive feedback on how they are doing.

Organization leaders may put it in different language or do it intuitively, often not putting it down in writing. That may be a part of the culture of their company. If they do put it in writing, it might appear like Figure 1.

Examining Performance

Individuals function like human performance systems. They receive input, and then they use competencies to generate outputs. In a business setting, inputs come from internal or external customers, and they need to be accompanied by direction on what is required and access to the required resources. As performers, employees need the necessary competencies (i.e., the mental and physical capabilities, and the skills, knowledge, attitude and motivation) to perform.

Appropriate consequences for the results employees produce also are needed. They need consequences or rewards – for example, a pat on the back for "doing it right." For not doing it right, they need negative consequences. Standards or criteria for evaluating performance need to be consistent and sound. For example, is the same "benchmark" or measurement applied to each person? Finally, do employees receive feedback on how they did? This system applies to the performance of a group of individuals who make up a team or an entire organization. Individuals need to work together to create results. Issues such as group processes, strategy, information flow and work processes need to be managed for the team to be productive.

If an employee considers performance in these terms, he or she can probably determine the cause of most positive and negative experiences in his or her personal and professional life. For example, if being a top performer means that an employee has the really critical projects that require extra work hours, that person may perceive this as positive reinforcement if he or she likes the recognition and opportunity for additional compensation. However, if the performer dislikes working more hours, he or she may view the reinforcement as negative. How employees perceive the consequences of what they do will affect their performance. Keep in mind that employees generally avoid unpleasant consequences and seek out pleasant consequences.

Making It Work

The basic principles of performance management may seem simple, but translating them into action within the organization is not quite as simple. If it were, there would be more success stories to report. The question remains: how can practitioners make performance management work? Following are several valuable assumptions:

- *What a person measures is what he or she gets*. If an organization wants to improve market share, innovation, customer satisfaction, quality and people management, practitioners should measure individuals' specific contributions and reward them on the contribution.

People need clear direction and objectives that align with corporate and department. Appropriate consequences for performance or nonperformance need to happen. Many organizations discarded management-by-objectives principles, which offered some of these advantages, when poorly implemented programs were shelved.

- *Performance appraisal is a human process.* The process requires trust, caring and the courage to be honest and suffer unpleasant consequences. Managers who are honest may have to deal with an upset, angry or demoralized employee. An honest employee may upset a boss or learn something he or she did not necessarily want to learn. Many HR practitioners want to focus on the precision of the rating, the quality of the written appraisal and goals, and the fact that the feedback session was conducted in the right environment and ended on a positive note. The appraisal portion of the performance management process still is the most difficult part of everyone's job and is avoided whenever possible. It may be safe to assume that the only time an employee wants to know where he or she stands is when things are well.
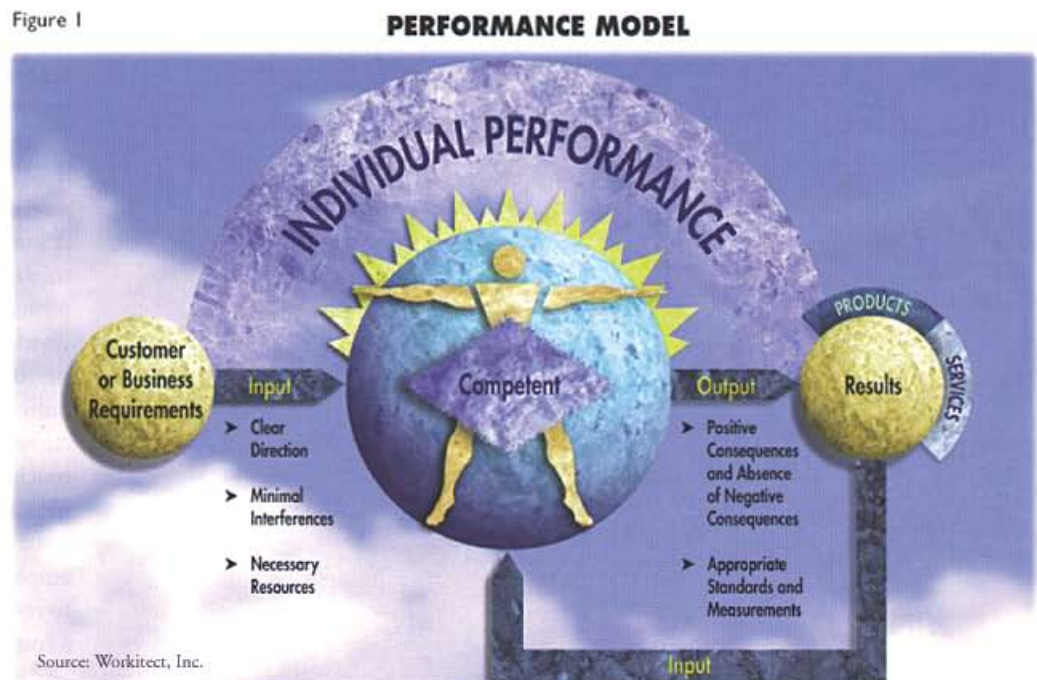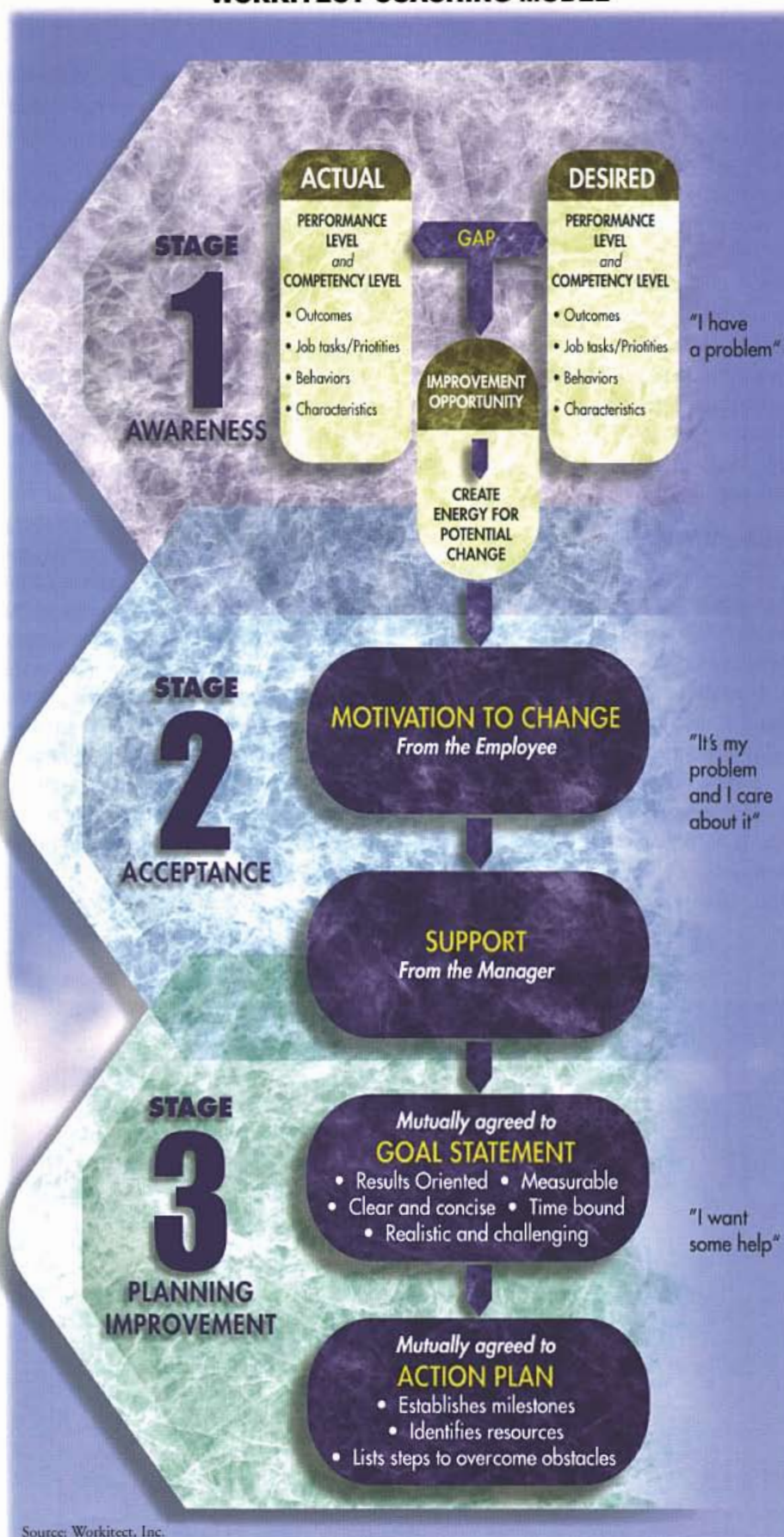
Figure I

PERFORMANCE MODEL

Source: Workitect, Inc.

Figure 2

WORKITECT COACHING MODEL

STAGE 1 AWARENESS

ACTUAL
PERFORMANCE LEVEL *and* COMPETENCY LEVEL
- Outcomes
- Job tasks/Priorities
- Behaviors
- Characteristics

GAP

IMPROVEMENT OPPORTUNITY

DESIRED
PERFORMANCE LEVEL *and* COMPETENCY LEVEL
- Outcomes
- Job tasks/Priorities
- Behaviors
- Characteristics

"I have a problem"

CREATE ENERGY FOR POTENTIAL CHANGE

STAGE 2 ACCEPTANCE

MOTIVATION TO CHANGE
From the Employee

"It's my problem and I care about it"

SUPPORT
From the Manager

STAGE 3 PLANNING IMPROVEMENT

Mutually agreed to
GOAL STATEMENT
- Results Oriented • Measurable
- Clear and concise • Time bound
- Realistic and challenging

"I want some help"

Mutually agreed to
ACTION PLAN
- Establishes milestones
- Identifies resources
- Lists steps to overcome obstacles

Source: Workitect, Inc.

■ *Appraisals cannot be totally objective.* It is difficult for a supervisor to be an independent observer of performance. A supervisor has a great deal of influence over an employee's goals, the support, resources, consequences and feedback provided. Yet as humans, supervisors bring their views, biases and internal standards with them to the workplace. This makes it difficult for employees working for different supervisors to be judged by the same criteria. While a competency-based system helps to standardize the criteria, it is still impossible to make the process totally objective.

■ *End-of-the-year appraisals should contain no surprises.* Everyone agrees with the statement, yet surprises occur. Avoiding surprises requires ongoing coaching and periodic progress reviews where employees and supervisors discuss and agree on an assessment of performance for the past quarter, month or week. Posting of performance measures and results for departments, teams and individuals opens the system and provides real-time feedback that can stimulate performance.

■ *A good system hinges on trust.* If people do not trust their supervisors or senior management, the performance management system will be viewed as not being in the best interests of employees. If trust is lacking, corrective action needs to be taken at the time of or before a performance management effort. An analysis through interviews, focus groups or surveys can help uncover the source of distrust and possible solutions. Embracing performance management is as unnatural as embracing any form of change. Listen to concerns and respond honestly.

■ *A competency-based system integrates development, selection, succession planning and compensation.* Developing job competency models for key positions tends to cast performance management in a positive, forward-looking, developmental light. Each person knows the key competencies required for superior performance in their current and desired jobs, and they receive coaching and guidance from others on improving one to three competencies each year. Focus is on improvement – for example, "How can I become more competent to reach my goals?" Competencies provide a common language to discuss performance and help integrate other key HR processes.

Effective Performance Management

There are several guidelines for effective performance management, including identifying who designs the system, its flexibility, role of coaching and goals, use by top management and interrelation between processes and employee understanding.

The system needs to be designed by the users – managers and employees. Technical correctness is compromised on behalf of ownership and buy-in by users and fits with the company's culture and ways of doing business. The more people involved in the design of the system, the better. One approach is to use a "whole systems" approach and get all users together to help design the system. The next best approach is a task force made up of representatives of all major employee groups, with each person responsible for getting input of groups represented. All line and staff functions should be represented.

Next, the system should be flexible, dynamic and user friendly. Goals should be able to be easily modified. Concentrate on building a good foundation before considering incorporating enhancements such as open-book management, multisource feedback and computer software. Many organizations want to design the "perfect system." While design is important, remember that the forms are only tools to help the process be more effective. For example, the number of rating categories are not as important as the quality of feedback. Some organizations have eliminated numerical ratings to prevent the focus from being shifted from coaching to rating. Beginning with job competency models helps to keep focus on improvement of specific skills and knowledge related to superior performance.

Emphasis needs to be placed on coaching to help individuals develop new competencies and improve performance. Opportunities to obtain the competencies needed to coach and be coached are provided. Coaching can become a daily habit. The objective of any performance management process should be to get supervisors and subordinates talking regularly about performance issues. During or after a small or large project or task, supervisors/coaches should tell employees what was done well and what could have been done better. Start by asking employees for their own self-assessments. Teach managers to use a step-by-step coaching process. (See Figure 2.) A good analogy is the kind of coaching provided to athletic teams. Athletes receive immediate feedback, both positive and negative. Can you imagine players on a basketball team only receiving feedback in writing at the end of a season? Athletes expect frequent feedback just as high performance and winning are expected. Why can't organizations achieve the same kind of culture in business? One reason is that measures of performance in business are often vague and open to interpretation. Athletes, on the other hand, are evaluated on concrete, observable statistical measures.

Job goals need to be measurable and can be qualified, and competency development goals need to be specific and observable. Although this principle is widely accepted, many organizations resist or ignore it.

Jointly establishing job and competency development goals is tough work. To not do so may result in lost productivity and time.

Use by top management also is critical. Management expresses a commitment by using the same system in a way that is a model for others. It is perceived as a key management process, not an HR program. One of the first things examined when reviewing a performance management system is the process used by senior management. It often is different than what is required of the rest of the employee population. The same reasons performance management does not work at an organization's middle and lower levels also occur at the senior level. Executives are uncomfortable sitting down with subordinates and providing feedback. The process may be seen by executives as an HR-driven program – rather than as a key management process. If executives understand that performance management is "a lever" to carry out the business strategy and business objectives, to set and review budgets, and to ensure that needed talent is available to meet future needs, then it will be practiced at the senior levels in a way that is a model for everyone else in the organization.

Feedback and coaching, performance rating, performance appraisal, potential rating, succession planning and pay determination are separate but related processes. Performance ratings may be useful in determining pay distribution, and pay should be based on performance. Discussions about pay should not be done in the same meeting in which performance or career plans are discussed, however. Otherwise, the employee's interest is centered on money. Combining discussions about career plans, succession planning and potential ratings is appropriate.

Employees understand the system, their roles, and their significance to the organization and themselves. The "what is in it for me?" question needs to be answered. Employees are empowered to ask for feedback and help. The new employment contract places more accountability and responsibility for performance and career progress with employees. Organizations and supervisors provide support, resources, feedback and coaching. As a result, effective performance management requires more than just training and involvement of managers. Employees need to be empowered and provided training on how to ask for help and feedback, how to write goal statements, and how to understand their role in the big picture – the alignment of their goals and organization goals. The "learning organization" touted by many companies requires that all employees thoroughly understand and try and improve performance and their potential to make additional contributions.

Successful Implementation

Performance management can be improved in most organizations with a few basic, common-sense principles. These principles also can help make performance management a good source of motivation. Since performance management is a human process, however, following a prescribed formula will not satisfy employees in all situations. Managers are not clinical psychologists, and people do not like to give or receive bad news about performance. Supervisors cannot anticipate reaction to a coaching discussion – even one done well.

When establishing performance management, it is essential to plan well, implement and follow up on results. Keep in mind, however, that perfection is unattainable. Position performance management as an ongoing change process that requires routine adjustments and modifications. Organizations should experiment by trying out new approaches in selected departments or teams. For example, if an organization uses team-based structures, it should integrate team performance measures and feedback. There are many ways to do so effectively.

Keep in mind that innovation and experimentation are essential to the process of finding a system that works for an organization and its culture. □

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