

## **Performance Management**

*Challenging Good People To Be Accountable For Performance and Results*

By

**Wayne Milroy**

Principal, Thru-the-Mill Associates

*This is the fifth article of a 12 part series entitled “Building Effective Organizations” in which we will discuss some of the challenges facing your organization today and explore strategies and approaches that may be useful in dealing with those issues. In the next several articles we will explore some of the key management tasks that comprise the implementation of an organizational vision and which help create a responsive, community-oriented agency. In this installment we look at how to design and develop a comprehensive performance management system that will encourage employees to meet and exceed the standards that will allow your organizations to excel.*

So you’ve gone through a well-thought-out process of hiring the right people, took care to orient them correctly and now the big question for you is “How do I manage these employees and keep them enthusiastic and committed to their jobs and this organization?”

One of your goals as a senior manager is find ways that help develop the capacity of your organization to meet its mandate and help employees to perform efficiently and effectively. The ultimate goal is to have everyone succeed, continually improve, and to create a workplace in which people can develop their full potential. But in order for that to happen, managers and employees need support that encourages them to work together and communicate with each other freely and clearly. Together they must recognize both organizational and individual obstacles to success as they arise and make plans to overcome those obstacles. Effective performance management systems, which front-line managers lead and own, guarantees you will achieve your goals.

Done well, performance management can:

1. Help employees to improve performance on their own
2. Enhance and support an area’s planning processes
3. Significantly enhance employee morale
4. Help in the identification of training needs
5. Promote self-initiated learning and support employee development
6. Support the compensation process
7. Assist in future hiring / promotion decisions
8. Help protect you and the organization against a wrongful dismissal case

To realize these benefits, it helps to see performance management as a link between daily routine tasks and the ultimate success of the organizational vision. It is the link between the effectiveness of the organization and the work of each individual within it.

## **Performance Management is both a Process and a System**

The process of performance management is to create a work environment or setting in which people are enabled to perform to the best of their abilities. The system of performance management is a series of supports and controls that begin when a job is defined as needed and that ends when an employee leaves your organization. Achieving the organizational mission and vision is only possible through the performance of individuals. Supporting and nurturing individuals therefore directly supports organizational goals because no one performs for the organization if his or her own mission and vision are not accomplished as well. As Fred Nickols, Senior Consultant with the Distance Learning Company, says,

“The blunt truth is that, if they have any work objectives at all, most people set their own. This is the era of knowledge work and the knowledge worker...Many so-called “bosses” (if that term has any utility at all) are in no position to set work objectives, to monitor their accomplishment, or to supervise their pursuit. The work, especially at the task level, is in the hands and the heads of the workers. To be sure, a manager could formulate goals and objectives having to do with improvement in work processes and the like, but if these must be left to the workers to realize, who needs the manager? An even better question is “Who needs work objectives?”

An effective performance management system needs to be designed to set employees up to succeed because that is how your organization will succeed. It provides enough guidance so people understand what is expected of them but it must provide enough flexibility and wiggle room so that individual creativity and strengths are nurtured. It provides enough control so that people understand what the organization is trying to accomplish. Nickols summarizes,

“now, in the era of knowledge work and knowledge workers, where work is information-based and working is a mental activity, work routines are configured by the workers in response to fluid, changing requirements. The task of management in this new world of work is to enable and elicit employee contributions of value to the organization. To continue with a system designed to exact and enforce compliance is folly”

Continual communication is the key to any good performance management system today and the performance review system of old is no longer sufficient. Managers must work with all employees to identify and develop their strengths and should have routine, informal, short talks on an on-going basis with each employee. Perhaps quarterly discussions that are a bit more organized may be useful but the intent of this communication pattern is to assure that when the formal year-end reviews happen everything has discussed before. By review time, there should be an enthusiastic and

committed employee sitting across from the manager and there should be no surprises in the review.

During these informal short talks your managers must answer an all-important question: What things have made your job more difficult, and what do we need to do in the next year to help you become more productive? In answering this question, managers need to facilitate a discussion that is forward looking. It must not just focus on what an employee lacks as an individual but should also discuss organizational impediments like work flow, communication patterns, reporting mechanisms and so on. The kind of analysis that is required for good performance management looks “forward” to the future at operational goals as well as “inward” to the present at human resource capacities and potential. Performance management begins when a job is defined and long before an individual is hired and it ends when an employee leaves the company. Between these points, the following must occur for a performance management system to operate optimally.

*Develop clear job descriptions.* Job descriptions are the first step in selecting the right person for the job, and setting that person up to succeed. But don’t make the mistake of creating old-fashioned traditional job descriptions that end with “and whatever else you are assigned by the manager.” Job descriptions should provide a clear framework so the applicants and new employees understand what is expected of them. Express your job description in terms of outcomes and not tasks.

*Use a well-defined selection process to put the right people in the right job.* People have different skills and interests and jobs have different requirements. Your selection process must focus on matching the skills and interests of a person to the requirements of a job. A good person-job “fit” is exceptionally important to the ultimate success of your organization. Ensure that your selection process maximizes input from potential co-workers and the person to whom the position will report.

*Negotiate job requirements and accomplishment-based performance standards, outcomes, and measures.* Expectations often go unmet for several reasons. Chief among those are that often requirements are imposed upon employees without explanation and even more often without the chance for input. Goals that are set by others are often seen as unreasonable, arbitrary and very difficult to become enthused about. Yes, there may be some expectations that are not negotiable but there are likely many that are. Use the opportunity to get employees on board but allowing them a say in what is expected from them. Another main reason many expectations go unmet is because we fail to communicate them fully and often. The plain truth is that many employees, especially recent hires, simply don’t know what they’re supposed to do. Expectations, outcomes and measures must be continually communicated and explained in the light of changing dynamics.

*Provide effective orientation, education, and training.* Before a person can do the best job, he or she must have the information necessary to perform. This includes job-related, position-related, and organization-related information; an excellent understanding of the services your organization provides, products it sells and

processes it uses as well as a complete knowledge about client and community needs and requirements.

*Coach, counsel, mentor and provide continual feedback.* People need ongoing, consistent feedback that addresses both their strengths and the weaker areas of their performance. Useful feedback focuses more intensely on helping people build on their strengths and should be a two-way process that encourages the employee to seek help. Feedback is usually more effective when requested and so it is essential to create a work environment in which people feel comfortable asking, “How do you think I’m doing?”

*Conduct regular performance development discussions.* When managers are giving employees frequent feedback and coaching, performance reviews change from negative, evaluative, one-sided presentations to positive, planning meetings. If held quarterly (or certainly more often than the traditional year-end review), employees always know how they are performing and their next goals and challenges. Changes to their performance become smaller and more easily and immediately aligned with the organization’s needs.

*Reward people for their contributions through effective compensation and recognition systems.* The power of an effective system is frequently overlooked and downplayed in some employee motivation-related literature. To be sure, we all need to make money to look after our basic needs but once this is accomplished more money then fails to spur on greater effort. For many people, it is often not so much about the money as it is about the message any reward or recognition sends to an individual about their value. Money has become a metaphor for value in our society and your system of compensation and recognition should continually send reinforcing messages about the value of each employee’s continuing efforts.

*Provide promotional/career development opportunities for staff.* The organization plays a key role in helping staff develop their potential. By helping employees set growth goals, allowing changing and challenging job assignments and responsibilities, and facilitating cross-training managers contribute to the development of more effective staff members. By creating such opportunities for individuals the organization creates an environment in which people feel comfortable to experiment and make mistakes and creates an organization unafraid to embrace innovative thinking.

*Conduct exit interviews to understand WHY valued employees leave the organization.* When a valued person leaves the company, it is necessary to understand why the person is leaving. This feedback will help the organization improve its work environment for people. Improving the work environment for people can result in the greater retention of valued staff. If your environment truly encourages discussion and feedback, you will learn nothing new in an exit interview.

Senior managers within the organization must realize the impact of the direct supervisor/manager has the performance management system because it is powerful. Not only should individual managers be expected to take responsibility for managing performance in their work area they should also be held accountable for cooperating to improve performance improvement across the organization. Managers at every level of the organization must understand that even if their work area, shift, or department is successful that this may not result in a well-served client or community. It takes all components of your organization to create value for your clients and every component must support the others for you to be successful. So, too, in your performance management system, all components must be present and working to create value for each employee and the organization.

The key contribution of your performance management system is to take the people you have selected for their talents and hold them accountable for their performance in a way that will challenge them to stretch upward and produce results. To achieve this employers must provide a work environment that trains employees and fosters motivation. An unmotivated staff will cost you dearly. We have looked at a model of resources and supports that need to be in place for you to create a workplace that encourages employee morale, productivity and motivation.

In upcoming articles, we will explore in more detail some of the skills that will allow you to implement and manage this performance management system in a way that creates a motivated and high functioning workforce.

*Wayne Milroy is a consultant and author in private practice specializing in employee development and organization effectiveness issues. He invites your comments about this article and any other issues affecting your organization. He can be reached through the DREN office or by email at [wmilroy@sympatico.ca](mailto:wmilroy@sympatico.ca).*

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