



**Head
Light**

Addressing the challenges of Performance Management

part of our We think... series

Talent Cloud®. Breakthrough software. Raise expectations.





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The Return on Investment in Performance Management

Putting in place an effective performance management and review process and system takes more than procedure, documentation, and internal communication. It takes strong commitment from all stakeholders, a robust but easy-to-use system to capture and monitor activity and, sometimes, a shift in how managers see their role.

But the rewards are high.

Getting solid performance management embedded within an organisation will bring uplift in Performance, help to close skills gaps, enable career progression within the business and create a better engaged workforce – and we guarantee this.

We believe that as a key element to the overall Talent Management Strategy, Performance Management warrants close attention.

As a starting point, you may consider the following questions in relation to your organisation.

- How does your performance appraisal process support your other talent management efforts?
- How does it feed into other parts of your talent management strategy?
- Do you get the information you need from the performance management activities?
- Do the performance conversations include a discussion or assessment of the competencies that are relevant to people's roles, or career goals?
- How are staff appraised and against what measurement?
- Are your practices and processes consistently across the organisation? Do people at the top level do it?
- Is it time for the process to be reviewed and updated?
- Where are the hurdles to moving forward with this review and update?

The challenges of effective Performance Management

Challenge #1 - Managing the expectations of all the stakeholders with regard to the performance management process

When you consider how the various stakeholders view a performance management process, you may conclude that it is set up to fail at the outset. The team member may see it as a way to look for a pay rise, the manager as a way to deal with poor performance, and the business leader to feel assured that everyone understands and is supporting the business objectives. Indeed, the question often asked is "*Is the performance appraisal process trying to do too much?*" According to Coens & Jenkins (2002), the answer is a clear 'Yes'. They cite that while the practice of bundling multiple functions of the process together may make good sense in terms of being economical with people's time, it is a key contributor to the dismal track record of performance appraisal.

A good starting point to highlight this is to revisit why the performance appraisal exists. The table below shows the multiple and sometimes conflicting needs of a performance management system – or at least what the different parties are bringing to the 'performance management table'. Is this the case in your organisation?

| Employee need | Line Manager need | HR need | Business Leader need |
|--|--|--|--|
| To make sure that I'm supported and thought of well by those in control and of influence | To find out/recap on what the employee sees as their future | To identify those with high potential | To know that everyone is following corporate goals and strategy |
| To identify a future in this organisation – promotion, training etc. | To identify performance blockers and work process issues | To be able to plan for future workforce needs | To ensure that the workforce is correctly sized and of the right mix of skills to meet corporate goals |
| To raise issues with work, processes, rewards and relationships and have them acknowledged | To plan work and priorities for the next period | To inform essential training and development provision | To gain structured and unstructured feedback from the workforce on their important issues |
| To participate in goal and target setting | To identify potential training and development needs and plan their action | To ensure correct specification of roles and personal characteristics to improve other HR practices such as recruitment | To communicate current priorities to those who are at the sharp end |
| To gain some clarity and direction on what it is that I need to deliver | To find out/recap on personal situations and other outside influences that might affect performance and motivation | To ensure that we have the people management processes we need in order to maintain our IIP accreditation | To improve overall capacity and capability |
| To understand how the work that I do fits in with the bigger picture | To help me deal with under or poor performance | To ensure we meet compliance/ regulatory or legal requirements | To ensure our managers are doing what they need to do |
| To get some feedback – I want to know what I'm good at and what I could do better! | To help me develop the capability of my team so I can delegate work effectively to them | To help provide evidence to support cases of dismissal, poor performance etc. | To enable the business to get the most out of its workforce |
| To know that the work I do is valued by my managers and makes a positive contribution to the team and organisation | To help me meet my own objectives | To ensure line managers fulfil the requirements of their roles with regard to people management, allowing HR to focus on strategic interventions | To minimise the costs associated with errors, omissions and poor performance |

So, what can be done?

The above table is a good checklist to highlight the areas of vulnerability in your organisation. Take a look at these 'needs' and check against your own system.

Do you cover all of these in your process, communication, feedback and reporting? You could decide to manage some of these expectations elsewhere. So if remuneration does not form part of the performance management process, agree when it is considered and communicate this to all. Similarly, if your reports to the senior management team do not currently state clearly how performance objectives are linked with those of the organisation, make sure that your software allows you to do this at the click of a button. If, as part of the HR team, you are looking at training and development plans, consider how you are obtaining this information and compiling this for your own resource planning.

This requires you to take a look at your entire talent process and activities and decide what tweaks can be made so that stakeholders have the information they need, when it is most relevant to them.



Challenge #2 - Embedding performance management as an on-going 'process' rather than a one-off, annual event

New priorities, competitor activity, strategic shifts and market changes mean that role demands are rarely static. We know that an annual one to two hour discussion is not sufficient as a 'performance management process' – and yet this is often all that takes place with perhaps an interim meeting midway through the year.

To get real value from, and engagement in, performance management activity, feedback, conversations and reviews need to be frequent and on-going – and to be part of day-to-day working life.

So what can be done?

We know that the formal 'appraisal' at the end of the year should hold no surprises; it should be a summary of what has been covered during the year, with a focus on forthcoming objectives and plans.

What may be valuable are more regularly scheduled 1:1 meetings to review performance and progress against objectives throughout the year.

You may like to look at introducing an online system (such as Talent Performance) to enable you to carry out interim, 'snap shots' throughout the year. This will support you in your efforts in encouraging performance review to sit at the centre of the business with managers capable of checking easily on the progress against objectives.

Challenge #3 - Monitoring the process and keeping it on track

Managers need to be able to see at a glance what action has taken place which supports the objectives being met – and what is overdue so that remedial action can be taken. There is often also the need for HR Administration to issue specific targeted reminders, to keep the process on track and deliver overview information on a regular basis.

These needs point to an automated, easy-to-use and 'always available' system, which contains dashboards and reminders help to keep the process on-track – thereby removing the need for spreadsheets, diary dates and chasing emails. Are you able to monitor and track currently – without the need to spend time pulling this all together?

So what can be done?

Many online systems on the market can support you in this. But beware, check that the system you opt for gives the team member, the line manager, HR team and the senior management the information he or she needs to make judgements about next steps. You'll probably want extensive reporting, benchmarking and exports of progress of reviews and goal achievement at any time – and get interim and snapshot views of performance across the organisation. Not all systems can do this.

Challenge #4 - Accessing and recording relevant information

Business and Line Managers, HR and Talent Managers and employees alike need to be able to access their goals – and their performance against these goals – easily. They need to be able to record relevant events as and when they happen and not store them up for the next meeting. It would be great if they can they ask for feedback from their colleagues about their progress and how they performing to build a rich, feedback-friendly culture. Are your people able to do that at the moment?

So what can be done?

With these factors very much in mind, our award-winning Talent Performance system contains a Performance Journal which encourages gathering and recording progress as it happens. This is far better than relying on memory and recollection when it comes to the performance appraisal meeting.



And we have 'The Wall' where colleagues are invited to post comments to each other about their performance - bringing elements of 'social media' to the workplace!

Challenge #5 - Getting real business value from performance conversations

Deploying a flexible, easily accessible and user friendly system to support the review meetings is only part of the picture. Alongside your 'process', you could also be thinking about the quality of the *conversations* that happen around performance and the impact on the business.

Addressing skills gaps is a key step in improving the impact of any performance management process; appraisals often fail to have the desired impact because managers – understandably – find it difficult to give effective, honest and constructive feedback and having those 'courageous conversations' is something that most people do not enjoy. So, time may be spent in review meetings, but how valuable is that time spent?

In the Head Light survey of 2013, we highlighted that 73% of organisations don't see a reduction in the time spent in review meetings even when moving to an online performance management system. But it isn't about the time savings: it's about:

- 80% reporting better goal alignment between the individual and those of the organisation since adopting online performance management.
- 67% witnessing a greater achievement of objectives.
- 69% agreeing that there is more relevant development planning
- 65% agreeing that there has been an improvement to the quality of performance

So what can be done?

Managers and team need the right skills to have the better performance conversations which will lead to these performance improvements.

Developing in-house, culturally-appropriate workshops which can help line managers build their self-awareness, explore the difficulties around performance management and give them some tools and frameworks to help them hold those critical conversations can reap benefits. It is also worth considering offering training or support to individuals to develop their skills in constructive challenge, managing upwards and critically evaluating their own performance can increase the frequency of important conversations.

Using approaches such as these can significantly increase the utility, impact and flexibility of performance management processes; ensuring individuals are fully engaged in the process, that development plans are recorded and followed up and that performance appraisal isn't just a yearly 'tick box exercise'.

Using a system such as Talent® stimulates a feedback-friendly performance culture: it's straightforward to get feedback from anyone at any time, and also allows for team objectives to be created and the team to them collaborate and stay up-to-date on the progress of these shared objectives.

Challenge #6 - Engaging both line managers and employees in the process

Many people see performance appraisal as a tick box exercise, a piece of HR bureaucracy that adds little or no value to the business and simply takes valuable time away from the 'day job'. People need to understand the benefits that a business-focused, flexible and culturally appropriate performance management process can bring to them as individuals and to the organisation. The result is that each person will understand the part they play in the achievement of the business strategy, and links the performance assessment with the competencies identified in your competency-based role description.

Addressing the cultural issues that prevent people from engaging in performance management, ensuring that the links between performance management and career development, improved



performance, business strategy, effective management practice is actually even harder than designing the 'perfect' system, and for this reason many organisations pay far less attention to the cultural blockers and skills gaps than they do to developing their performance appraisal process.

So what can be done?

Think carefully about how you are to introduce amends to your current system, or a new process. Where are you going to start? With whom? And who needs to be engaged in any attempts to enhance the performance management process? Do you have 'champions' at senior levels, or role models who are known to have really good performance conversations with their direct reports? It is very difficult to get the rest of the organisation to follow if senior management are not leading by example.

You may like to look at the organisational and cultural enablers and blockers to effective talent management that we identify in our White Paper Series – *Developing our Talent Management Strategy – Part One*. Do get in touch if you would like to read it.

Challenge #7 - Having the flexibility to customise your performance appraisal system as your business changes

A 'one-size fits all' approach does not work with performance management software. When deciding on the online system you wish to deploy initially, look for a performance appraisal tool which can grow with you as your talent strategy becomes more sophisticated and can adapt as your business changes.

Performance Management works best when aligned with, and considered against, your other talent management activities. The reality is, of course, that talent management evolves over time, and the various elements from recruitment to succession planning, development to performance, grow and adapt at different rates. Different project teams work at different times on 'updating' or 'deploying' processes and systems which leads to legacy systems not tying in with others, data not transferring or too many processes to follow for those you want to use the systems.

It's a real challenge for you to work with something today that you are confident you can still work with in the future.

So what can be done?

Take time annually to review what's happening from an operational perspective wading through the process, the communications, and the briefings. What needs updating? What needs to change?

But also look at the online system itself – whether you are looking at the initial investment or you have a system already in place. How flexible is this? Can you introduce behavioural assessment, or link to your 360 review processes, or your succession planning activities?

As you become more sophisticated in your use of performance management you will want to align it with your other activities – and not all systems can do this. Take the time before it becomes business critical to investigate and invest in an adaptable, customisable and modular system you can add to as you need.

Next steps

We guarantee that by adopting a robust Performance Management process your organisation will see an increase in performance. Please get in touch.

About Head Light

Head Light is an award-winning talent management software and consulting firm that works with clients to define and implement impactful talent management strategies.



Talent Cloud® is our cloud-based portfolio of integrated talent management software tools designed for those who expect the maximum return from talent management processes. Our training and consulting services uniquely complement our breakthrough software that engages employees, managers and senior leaders in the selection, development and progression of people in their businesses.

Companies in the FTSE 350, public sector, large and small, from retailers to high tech innovators have all benefitted from our tools, techniques and expertise. Founded in 2004, we are headquartered in the UK.

Head Light has attained the ISO27001 standard for Information Security. Certificate No 217613.





How do I...

transition to Continuous Performance Management

How do I...

introduce robust Succession Planning

How do I...

spot High Potentials and Future Leaders

How do I...

drive Engagement through Career Conversations and Development

How do I...

embed new values and improve culture

How do I...

conduct Skills Assessments and a Gap Analysis