



**Head
Light**

Getting Performance Appraisal right

part of our We think... series

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Performance management – as part of your Talent Management Strategy

An effective performance management process, when integrated within your talent management strategy will reflect the priorities of that strategy. With a robust performance management process in place, you'll be able to:

- identify development needs;
- help to close skills gaps;
- enable internal career progression within the organisation and
- manage to people's potential.

But often and despite best efforts, the performance management process can either fall into disrepair or is undermined almost as soon as it's introduced – and this is due in part in that it is seen in isolation to the broader talent management strategy.

As you introduce and develop your talent management strategy, consider your current performance appraisal arrangements and ask yourself:

- Does it support your other talent management efforts?
- How is the information used with other parts of your talent management strategy?
- Do you – and the Leadership team – get the information you need from it?
- Can you make decisions quickly from the information?
- Does it 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?
- Is it practiced consistently across the organisation?
- Do people at the top level do it?
- Is it time for the process to be updated?
- Is there a return on investment of everyone's time and money – and if there is, how can this be measured?

At a more fundamental level, without the commitment and buy-in of managers and employees, the performance management activities will fail. Often criticised for being too lengthy or unwieldy the process can simply remain an annual process, or tick-box exercise. Why is this – and more importantly, what can we do to change this?

A complicated mix

A typical view of an employee?

Perhaps part of the problem is the conversation which plays in the heads of your employees. Perhaps it goes something like this...

"It's appraisal time again! I'm sure the line managers aren't looking forward to having to spend the time completing all the paper work – and most of us employees aren't looking forward to the dreaded appraisal meeting itself. Unresolved issues which have been under the surface for most of the year are likely to be dragged out and documented – and the usual unbearable 'schmoosing' upward to management will start (if it hasn't already) behind closed doors. We will all get given a 'rating' or score that we don't understand and by some process that is shrouded in secrecy. Some say that the score is used for bonus; some say a bad score will put you 'into the departure lounge'. It's not good that John (a colleague) and I haven't been seeing eye-to-eye lately and if he's going to be giving me some sort of a score, he'll put the knife in. Best I do too then. I'm not sure the forms we use really apply to my role and my Manager doesn't really understand the realities of the job I do, so we end up with these circular or inconclusive discussions that inevitably require me to sign off on some vague actions we both know won't happen. After all of this, it gets filed away and only used again if they want to stop me suing them if I get sacked or made redundant. The output of all of this seems pointless at best and everyone would rather not do it, but we have no choice on how, when and whether or not it's done."

With such a range of feelings, if people feel like this, why have an appraisal process?

Asking too much?

If you were to ask 'the business' what it wants from performance management process, answers such as the following would be commonly heard:

1. To set and measure goals
2. To raise and document performance issues
3. To improve the employee's future performance
4. To measure the employees past performance
5. To recognise achievements
6. To inform a pay raise or bonus recognise achievements
7. To create a training and development plan
8. To satisfy the requirement for legal documentation
9. To satisfy HR's mandate to 'do it'
10. To identify career direction possibilities

That's a long list of requirements from a performance management process: is it trying to do too much?

Yes, according to Coens & Jenkins in their controversial work 'Abolishing Performance Appraisals'. 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 management.

Conflict and challenge of performance appraisals

The conflicting needs of an appraisal meeting

It is also worth revisiting why the performance appraisal meeting exists as this often sheds light on why it might not be working as effectively as it could within an organisation.

Below is a grid that you might like to use to see if your performance management is burdened with many competing needs.

See how many you think exist 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 understands and 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 its important issues
To participate in goal and target setting	To identify potential training and development needs and to plan their action	To ensure correct specification of roles and personal characteristics to improve other HR practices such as recruitment	To communicate current priorities 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 the people management processes that we need in order to maintain our IIP accreditation is in place	To improve overall capacity and capability
To understand how the work that I do fits in with the bigger picture	To help me to deal with under or poor performance	To ensure compliance/regulatory or legal requirements are met	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

Challenges beyond the conflicting needs

In addition to these sometimes conflicting needs, it seems that there are several key challenges that organisations face when deploying performance management.

One size doesn't fit all

A 'one-size fits all' approach does not work. With these diverse audiences and their individual needs, reaching each with a compelling message is basic marketing. So, consider how these processes are introduced and 'sold' to different stakeholders and categories of employees. Research shows that there is a significant difference between the way appraisers and appraisees feel about performance management and that these groups needed tailored messages about the purpose and benefits of performance appraisal in order to get personal value from engaging in it.

A static and generic system doesn't reflect the business

You should look for a performance appraisal tool which can grow with you as your talent strategy becomes more sophisticated and adapt as your business changes.

It's seen as a 'one-off' event

New priorities, competitor activity, strategic shifts and market changes mean that role demands are rarely static. An annual one-hour discussion is not sufficient as a 'performance management process'. To get value from and engagement in performance management, feedback, conversations and reviews need to be frequent and on-going. The formal 'appraisal' at the end of the year should hold no surprises; it should just be a summary of what has been covered during the year, with a keen focus on forthcoming objectives and development plans.

Monitoring the process, keeping it on track and spotting anomalies

Managers need to be able to see at a glance what has been updated and what is overdue so that remedial action can be taken. HR Administration can issue specific targeted reminders, quickly and easily. Moreover, HR needs visibility if any anomalies such as unjustified ratings, inconsistencies or evidence of tension between manager and employee. Impossible on paper, but a core feature of some (our) systems.

Time passes and the 'evidence' used in the meeting is out of date

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, and be able to record relevant events as they happen.

Lack of engagement by 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 good, business-focused, flexible and culturally appropriate performance management process can bring to them as individuals and to the organisation. 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.

What are you up against?

Conduct a Cultural Audit

One of the biggest barriers to implementing a successful performance management process that fulfils the needs and expectations of all stakeholders, is culture. You can try this simple experiment for yourself:

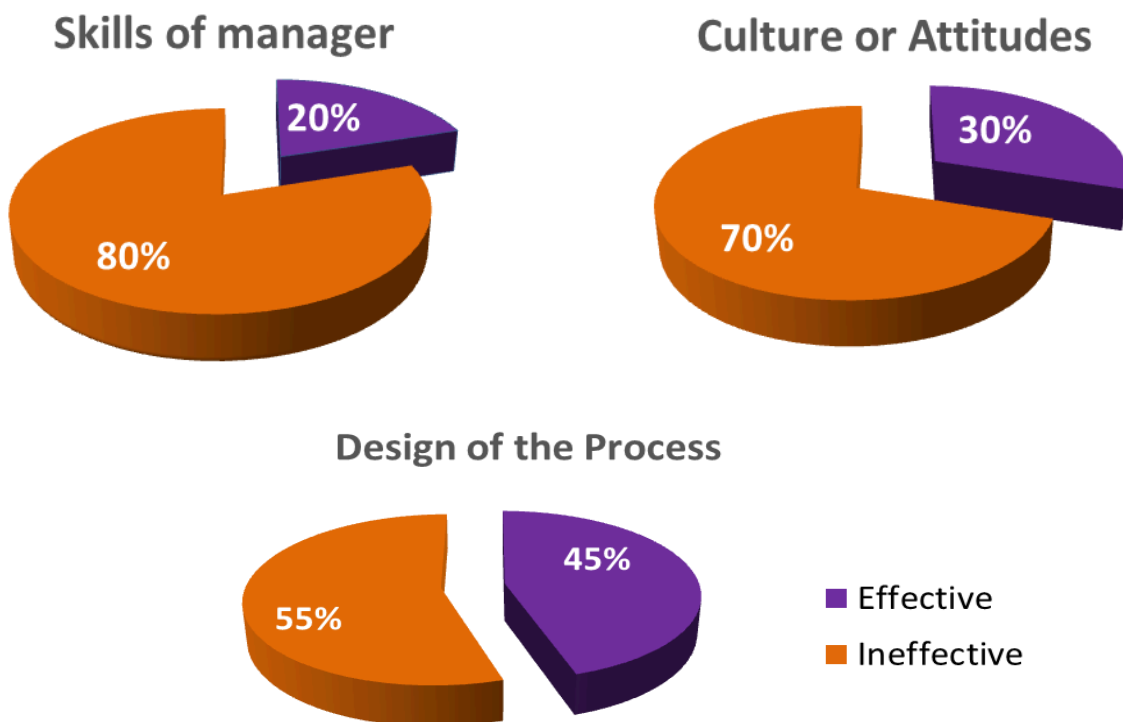
1. Bring together a group of stakeholders – HR specialists, appraising managers, senior managers, appraisees.
 - What makes it difficult?
 - What are the barriers to having a ‘good’ appraisal meeting?
 - What tends to go wrong?
 - What makes for a ‘bad’ appraisal?
3. Ask them to do the same for a successful appraisal.
 - What would you need to make a successful appraisal possible?
 - If they have experienced an effective performance management process, what allowed it to be so?
 - What factors contribute to good performance management?
4. Cluster these sticky notes together as a group on a flipchart, into the following table:

		What makes for:	
		Effective appraisals and performance management	Ineffective appraisals and performance management
These factors are due to or part of:	The culture or ethos of the organisation, including general attitudes towards performance management		
	The design of the performance management system and paperwork		
	The skills of appraising managers		

5. Count the number of sticky notes under each of the six categories.

Our findings

We have conducted this exercise in a range of organisations, in different sectors, over the past ten years. And we find that we get reasonably consistent pattern of responses, with the percentage of factors being distributed something like this:



So what does this tell us?

It certainly highlights management skill and culture as being key enabling (or derailing) factors in effective performance management, as more often than not these things are cited as elements that contribute to poor appraisals.

It also tells us that, no matter how long you spend on the design of the process (and research tells us that design of the paperwork can take around 80% of your time in the implementation and review of an appraisal system), you won't get very far unless you consider how far the culture of the organisation goes to supporting and allowing meaningful appraisals to take place. Typically, organisations invest much less effort (about 5% of overall effort) in looking at cultural barriers and removing these in an effort to improve performance management practices.

Doing the exercise above can help you identify some of those cultural barriers, and lead to a constructive discussion about what might be done to remove some of them. For instance, a common cultural barrier is lack of openness or downward communication about business priorities, strategy and corporate plans.

Taking the next step: it might be simpler than you think!

It's important to point out that we're not offering any magic silver bullet to 'fix appraisals', but we are offering a way to diagnose and start to address the issues by changing the way we think about how our HR processes are implemented.

If we were to review the appraisal example we started this article with, and distil out the questions your employees and managers might ask of the performance management process, then there might be some very simple strategies that can make a big impact.

Question:	It could be as simple as:
Do I have some influence on how I am performance reviewed and is it transparent?	<p>Including 360 in your appraisal to balance views and increase objectivity.</p> <p>Check if your 360 tool can support this, if not choose Head Light's Talent 360. Be transparent as to who is reviewing and allow people a chance to decline to review.</p>
Do I have some control and have I been given the tools to use to find out how I can develop my career in this organisation?	<p>Providing sample career paths and show how specific skills, experiences and behaviours need to develop to enable their progression.</p> <p>Head Light's Talent Navigator is such a tool that can enhance development planning.</p>
Am I being assessed against the role I actually perform or some arbitrary measure?	<p>Creating assessments/behavioural questionnaires that reflect the required behaviours in actual roles and segment people based on their role/job family or department.</p> <p>Talk to us about creating these assessments from scratch, or using your role profiles as a starting point - or develop them from our Head Light Competency Framework.</p>
As a manager do I have the skills and resources to handle the appraisal effectively to meet needs and expectations?	<p>A poorly handled appraisal meeting creates problems that can take years to remedy, if ever.</p> <p>Ensure the management population have got the skills to manage feedback. Assess their skills against our coaching benchmarks.</p>
Will this process actually go somewhere and help me grow and develop?	<p>A tick box exercise that generates more paper than action simply wastes the company's time and money.</p> <p>The Interactive Development Plan within Talent Performance and Talent 360 enables your staff to set direct goals and supports internal and external mentoring to help them achieve those goals.</p>

Summary

With multiple and often conflicting demands placed upon an appraisal process, it comes as no surprise that the time devoted to it gravitates to satisfying the documentation and legal priorities with little time allowed for those important developmental discussions. With the management population often ill equipped to have those 'difficult conversations' (be it praise or otherwise) we have a willing accomplice in them.

A critical review of performance appraisal to see if it has grown too complex is time well spent and the process of a cultural audit (with a light touch) is likely to be revealing – it may also create advocates of any improvements that come out of the exercise. Being clear about the purpose and benefits of performance appraisal to employees and then ensuring managers are equipped to deliver on this promise is clearly a major enabler for an appraisal process. Sounds obvious doesn't it? But then why is it cited as being a blocker in 80% of cases?

The tools and forms used in your process are more likely to be considered useful if they reflect the real work the people do. Even better if the way they are introduced reflect the needs of the employees and managers. For HR and Business Leaders where high-level views are needed, paper systems have probably had their day and on-line applications have now become useful to the actual users themselves. Our award-winning Talent® suite is one such example where feedback, goal setting and management, career planning and high potential identification all feature.

How Head Light can help

Head Light's Talent Performance system has been created to overcome these challenges as it:

Supports on-going review rather than a one-off annual performance meeting

The system enables you to carry out interim, 'snap shots' throughout the year which encourages performance review to be at the core of the business; managers can check on progress and assess likelihood of objectives being met.

Encourages gathering and recording progress as it happens via a Performance Journal

Rather than relying on memory and recollection when it comes to the performance appraisal meeting.

Provides an holistic view of the organisation

The system provides a consolidated view of performance by enabling you to look at low or overdue goal alignment, performance rating anomalies, and consolidated training and development needs.

Monitors the process of performance

Dashboards and reminders help to keep the process on-track.

Records relevant information

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

Aligns performance objectives of the individual to those of the business

Each person understands 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.

Pulls together development goals from various sources

When using a 360 degree feedback review or an identified skills gap, Talent® will bring them together in one place to be monitored.

Links performance review with career plans of the individual and succession plans of the organisation.

Allows for flexibility and customisation The process itself can change over time or be adapted to meet the needs of your current talent management strategy.



Next steps

If you would like to take a closer look at how you can improve your performance appraisal activities, 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