

Fulfilling its potential

Ian Lee-Emery explains how to turn the benefits of performance management into reality

Performance management can enhance individual and organisational productivity, improve working relationships, identify development needs, close skills gaps, enable career progression and enhance employee engagement. Yet, all too often, it does

none of these things. For many organisations, performance management promises so much but invariably disappoints, leaving individual employees feeling short-changed. However, by understanding where it falls short and how these issues can be resolved, organisations can at last start to realise the full potential of the process.



Typically, there are six reasons why performance management fails to live up to its expectations. These are:

1. We've all forgotten why we're doing it. The ultimate goals of performance management are rarely made clear either to those responsible for conducting appraisals or to those who are about to be appraised. It's not uncommon for organisations to 'equip' their managers to undertake performance reviews simply by giving them forms to complete. However, when the focus of performance management comes down to the mechanics of filling in a form, the process descends into a tick-box exercise in HR compliance. Some employees assume the 'score' will be used to either calculate their bonus or put them in the 'departure lounge'. Others go through the motions knowing that their resultant appraisal discussion will be inconclusive, inevitably requiring them to sign off on some vague actions they know won't happen. The output seems at best pointless.

2. Many managers really don't want to do it. Performance management in its truest sense isn't difficult; most managers simply don't like doing it. Giving effective, honest and constructive feedback – and having 'courageous conversations' about underperformance – takes them outside of their comfort zone. Unresolved issues, which have been under the surface for most of the year, have to be dragged out and documented. Few managers relish having to spend time completing the paperwork.

3. It's trying to do too much - and that's getting in the way. Because the different stakeholders in performance management all want different things from the process, it all seems doomed to fail from the outset. The individual team member may see it as a way to provoke a pay rise; the manager as a way to address poor performance; the HR team as a way of identifying high potential and senior managers may see it as a way of ensuring that everyone buys into the business objectives. The conflicting needs of these different stakeholders make it difficult for performance management to be considered as an all-round success.

4. It is vulnerable to poor practice. Performance management can be susceptible to subjective, unjustified and inconsistent ratings as well as 'blind spots' or tensions between a manager and an employee. Also, if organisations don't set up the process to assess people against relevant criteria, they'll fall at the first hurdle.

5. Cultural blocks can get in the way. The culture of the organisation – in terms of the attitudes that prevail – can be a key enabling (or derailing) factor in performance management. For example, organisations which have an autocratic culture, in which managers are used to telling people what to do, will struggle to implement effective performance management.

6. The HR team doesn't provide adequate support. A telling question for organisations is: "Where does HR spend its time in relation to performance management?" Is it on the administrative aspects of sending out emails and chasing people to complete their forms? Or is it sitting down with managers, reviewing the goals/objectives they'll set for their team members or discussing the strategies that can be adopted to manage difficult performance? Clearly, only the latter adds actual value to the process.

Resolving these issues

Sadly, there's no magic bullet for 'fixing' appraisals or for alleviating the frustrations of performance management. But here are nine practical strategies that you can adopt to start to address these issues:

1. Be clear about the purpose and benefits.

The widely-held perception that performance management is a bureaucratic process that adds little or no value to an organisation – and simply takes valuable time away from the day job – must be challenged. So too should the idea that performance management reviews determine the salary or bonuses paid to individual employees. HR has to communicate the real purpose and the benefits of performance management to all parties. Tailored messages will be required for each different stakeholder, to ensure they gain personal value from engaging in the process. Everyone needs to appreciate what a business-focused, flexible and culturally-appropriate performance management process means for them and for the organisation. If each individual understands the part they play in achieving the business strategy – and sees that their performance assessment is linked to the competencies required in their role, they'll be more open to the process. The ultimate aim here, by improving the performance of each individual, is to improve the overall performance of the organisation.

2. Engage and train managers to coach, facilitate and give performance feedback.

If you accept that performance management should be about developing and engaging people and fostering



high performance, you then need to consider the behaviours you actually want from your managers. The complexity of the modern work environment has necessitated a change in the manager's role from 'expert' to 'coach'. Rather than telling people what to do, the real skill of management now lies in coaching employees to perform, so they own the outcome and they feel valued and engaged by being able to use their own discretion in how they undertake their work. When it comes to performance management, this requires a mindset change for managers as they need to think about the process in a different way. Managers should essentially be looking at how they can get the best out of people and how they can help them to achieve their potential. So, instead of making performance management a reflective, evidence-based examination of someone's past performance, managers should focus on the future. If they can understand the capabilities and aspirations of their team members, they can set forward-looking objectives and provide people with the right support.

3. Focus on your values and the behaviours that are relevant in actual roles. Performance management is not a one-size-fits-all concept. It has to be tailored so that performance conversations include a discussion or an assessment of the competencies that are relevant to people's roles and their career goals. The process should enable managers to give feedback on whether people adhere to the organisation's values and whether their behaviour is appropriate for the role and for the organisation. Employees have to see that the feedback they are given is relevant and beneficial to them. Only then will performance management be seen as useful and, importantly, part of the day job.

4. Give managers the tools to provide feedback, not judgment. The tools and documentation used in your performance management process are very important. Currently, do your tools encourage managers to have a coaching conversation or do they encourage managers to give a judgment on someone's past performance? If your tools drive a judgment, they're out of sync with the objective of improving performance. So, ask yourself: "Are ratings the most important outcome?" Organisations need to use tools that will stimulate a coaching conversation around what will happen next, not what the individual has failed to do previously. This doesn't mean you can't reflect on the lessons from the past but that shouldn't be the focus. Is the wording of your documentation completely reflective or does it cover the actions

and next steps that an individual will take? Are you encouraging feedback or judgment? The right performance management system should enable your managers to drive personal and organisational improvement.

5. Make performance management a process, not an event. We all know that an annual one- to two-hour discussion is not acceptable or sufficient as a 'performance management process', 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, managers should regularly spend quality time with their people, having coaching-related conversations about their performance and focusing on any challenges they are facing in achieving their objectives. It's important that one-to-one feedback, coaching conversations and reviews are integrated into the day-to-day working life of the organisation and undertaken frequently.

6. Incorporate 360-degree feedback. Some of the vulnerabilities of performance management can be mitigated by incorporating 360-degree feedback into the process. 360 benefits individual employees as it provides a broader view of their behaviour, so their performance can be assessed by other stakeholders, not just by themselves and their manager. Including the perspectives of others gives a more rounded view and ensures that the process is less vulnerable to the preconceptions or subjective views of a manager. However, using 360 in performance management can also benefit managers. It can help them to identify any blind spots they may have with each employee – and it can alert them to someone who might be very good at managing upwards but not so good at working with their peers or direct reports. Of course, 360 also helps to identify an individual's strengths and their priorities for development, which are useful for both the individual and the manager.

7. Make it 'employee-centric'. Performance management is typically undertaken for everyone at a fixed point in the calendar. Often that's driven around the annual budgeting cycle. However, it's worth challenging this because the yearly budgeting process bears little relevance to an individual's performance improvement. Rather than conducting reviews for everyone at the same time of year, wouldn't it be better to break this cycle by undertaking an appraisal on the anniversary of when each person joined the organisation? Reviewing their performance six months into a job will be more relevant to them

– and possibly more beneficial – than having to wait until the annual performance review process commences. Doing this would also spread out the task for managers, so they won't become jaded by having to complete multiple performance reviews in a matter of weeks. If you want performance management to feel relevant to people, then fit it around their timescales.

8. Ensure HR resources the process effectively.

To add value to performance management, HR teams need the skills to drive the process. If your team spends too much time administering or chasing people, you might need to question whether they're actually up to the task of supporting performance improvement across the organisation. Are your practitioners able to challenge managers at all levels about their objectives? Are they able to respond effectively to unjustified ratings or if there is friction between a manager and an employee? Instead of delegating performance support to junior people, the job should be given to experienced HR business partners who can recognise the challenges managers face and provide the support they need to drive performance. This is the best way to ensure that performance management practices and processes are applied consistently across the organisation, including at the most senior level.

9. Regularly review and update the process. New priorities, competitor activity, strategic shifts and market changes mean that role demands are rarely static. This means that organisations can't afford to be complacent when it comes to performance management. Just because your process worked well this year, it doesn't mean it'll be effective next year. This is where a good performance management system – that contains dashboards, reminders and other prompts to keep the process current will pay dividends. The right system will not only help you to track and monitor activity and performance across the organisation, it will also provide the various stakeholders with information that can help them to update and further improve the process.

The learning implications

Performance management can be described as an HR leadership issue. It often fails because it has been allowed to fail. In other words, people have either not been shown how to do it properly or poor practice has been tolerated for too long.

When organisations introduce training for managers, in the skills of performance management, they often concentrate on the mechanics and the practicalities of implementing

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the process ("here's how you should fill in the form"). While this type of training is very straightforward to deliver, the more important outcomes are the ability to drive coaching conversations and provide feedback, not form-filling. Building the managerial skill set to have better performance conversations – and meet the needs and expectations of employees requires something very different.

To achieve these goals, design an effective intervention that will help line managers build their self-awareness and explore some of the practicalities involved in performance management. For example, showcase how managers can engage people in the process and how they can ask questions and challenge people, without then telling them what to do. There's nothing wrong with imparting experience but a coaching conversation should be about challenging and supporting people to achieve their goals. It would be helpful to include examples of the desired behaviour, examples of the conversations that managers should be having and examples of what a well-set objective looks like. Your managers may also need to develop their skills in constructive challenge, instigating feedback, managing upwards and critically evaluating their own performance. Finally, some help will inevitably be required in using any new tools effectively.

Embedding an effective performance management process takes more than procedure, documentation and internal communication. It requires clarity of purpose, strong and enduring commitment from all stakeholders, a shift in how managers see their role, the right support from HR and a system that can underpin the process effectively. If you can get it right, the rewards are worthwhile. That's the real potential of performance management. **TJ**

Ian Lee-Emery

is managing director of talent management software specialist Head Light. He can be contacted at ian.lee-emery@head-light.co.uk or on 01344 742806