

Performance management - getting it right

Managing employees' performance is critical for business success - however it's often done badly. **David Ryves** offers some tips on how to do it well



People are an expensive resource and in today's competitive business environment the case for effective performance management is stronger than ever. However, in many organisations performance management means little more than a rushed form filling exercise and an unstructured 'chat'. This delivers little benefit to the business, in terms of enhancing performance, or to the individual employee in terms of providing clarity and development objectives.

If performance management is so important, why is it often done so badly? My personal theory is that it has something to do with 'school report syndrome'. One blessed relief of leaving the education system is the escape from having every piece of work marked, 'red-penned' and critiqued. Genuinely constructive and motivational comments in end-of-term reports were, in my experience at least, a rarity. Banal superficiality or just plain sarcasm was more common – 'Brevity is the most notable characteristic of a Ryves essay' was a particular favourite of mine. As grown-ups moving into the world of work, we want to be treated as grown-ups.

Performance appraisals return us to the classroom. Even when designing performance management systems, organisations often mimic the school report approach. This leaves too much room for opinion and subjective assessments and too little focus on tangible objectives and achievement. It is likely to result in people making all the common errors associated with assessment, including:

- 'Recency' – basing the assessment on recent events rather than the whole review period;
- Central tendency – sitting on the fence and giving average scores across the board;
- Horns or halo effect – giving a damning or glowing overall assessment based on only one aspect of performance;
- 'Like me' effect – 'this person went to the same school or university as me, so must be marvellous';
- Crony effect – 'he's a friend of mine so I'll say nice things about him and he'll say nice things about me';
- Leniency – 'if I say what I really think I may hurt this person' feelings so I'll be nice'.

An even greater problem is that many managers are reluctant to address poor performance. Astonishingly, researchers have discovered that some managers actually give their poor performers glowing appraisals in the hope that they may be promoted out of their department. To explain a possible reason for this we need to return to the school analogy. There is a common assumption that any discussion about under-performance will be uncomfortable, even confrontational. This is because managers tend to remember their personal experiences of appraisal when at school, often delivered by that particular breed of teacher who specialises in humiliating negative reinforcement techniques. Unfortunately, these incompetents often form role models for managers when they have to give negative performance feedback. Consequently if managers believe addressing poor performance is likely to be confrontational, many will shy away. Human nature is such that most of

us will avoid conflict if at all possible. This avoidance often results in the manager burying his or her head in the sand and hoping that the problem employee will just go away.

Good managers, on the other hand, understand the objective when addressing poor performance must be to change the individual's behaviour so that their performance improves. To achieve this outcome an individual needs to be motivated to change; to be confident in their ability to improve; and confident that they can trust the organisation to support this endeavour. The manager must therefore remember that while it is necessary to attack the behaviour that results in poor performance, the recipient's self-esteem must be left unscathed. In essence, a well conducted meeting should be a relief to the poor performer. It should clarify and bring out into the open what the individual probably already knows, namely that his or her performance is not up to the required standard. The meeting should provide focus and set out clear objectives for the future.

So what are the elements of a successful performance management system? One of these, as discussed above, is providing line managers with training in performance appraisal. This should include those at the very highest level within an organisation.

Other elements that may improve the effectiveness of performance management systems include:

- Ensuring that there is a clear line of sight between the objectives of the organisation and the objectives set for individual job holders;
- Involving employees wherever possible in deciding upon and defining relevant performance measures;
- Keeping performance criteria as objective and as quantitative as possible;
- Limiting objectives to a manageable number for each individual;
- Keeping the systems supporting the performance management process as simple and non-bureaucratic as possible;
- Wherever possible giving ownership of the system to business units and their managers as opposed to the human resources department;
- Developing a culture where performance management is viewed as being a continuous, dynamic process as opposed to something that happens once a year;
- Ensuring that remuneration systems are aligned to the objectives demanded by the system (i.e. don't expect behaviour A if you're paying for behaviour B);
- Ensuring that performance appraisals are linked to development and training activity, not just to reward and retribution.

Above all, effective performance management relies on open, honest and fear-free communication. A good system should actively encourage this and create a virtuous circle that can bring significant benefit to the business as a whole.