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## **The Performance Management Process**

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To achieve the cardinal objective of driving organizational PERFORMANCE, performance management systems consist of several activities commonly referred to as the Performance Management Process. It typically consists of about five stages: 1) Performance Contracting; 2) Development Contracting 3) Performance Monitoring & Evaluation; 4) Performance Appraisals and Decisions; and 5) Managing Poor Performance.

Different organizations have different ways of handling these performance management processes, so I will spend time just sharing some high-level principles and best practices that every organization and its leaders can adapt.

### **Strategy Alignment & Performance Contracting**

Performance Contracting is the process of ensuring that employees at every level in the organization have a clear set of performance objectives and goals that are aligned with the overall strategic goals of the organization. So, there are two things involved - firstly engaging employees to enhance strategy alignment and then, creating strategy-aligned performance contracts.

The classic story of strategy alignment is the one of John F Kennedy (JFK), the President of the United States, visiting the National Space Agency (NASA) Space Center in the 1960s. While on a guided tour of the facility, he meets an employee with a mop stick and a bucket and pauses in his usual charismatic way to chat.

He asks the employee “What do you do at NASA?” (As if it wasn’t obvious that he was janitor) and got an answer that shocked everyone. The janitor responded: “I send people to Space”. I can imagine the shock on JFK’s face and on those of the top management of NASA who were with him! “How do you do that?”, JFK responded immediately. The Janitor responded “Mr President, each year, the US Government spends billions of dollars training astronauts and preparing for space missions. If as the astronauts walk down the corridor to the spacecraft, they step on water, food or a banana they will, slip, fall and deter the mission. Mr President I keep the corridors clean and free from slips and falls - I send people to Space.

I trust you get the point of the story and I imagine you wish everyone in your team could see the clear connection between what they do each day (no matter how mundane it may seem) to the big picture that your organization is trying to achieve. This is strategic alignment at its best.

To achieve this level of strategic alignment, leaders must do a number of things: 1) Get all your employees involved in the process of strategy formulation; 2) Use the language of strategy every time you have the chance in your organization; 3) Tell them this story and work with them to create that linkage between their job and the big picture and 4) Be an exemplar - by pursuing the strategy of your organization tirelessly

## **Development Contracting**

Usually as part of the performance appraisal process that happens at the end of each year, line managers are expected to evaluate the competencies of their team members based on the competency models for their jobs to identify competency gaps and propose learning interventions to address those gaps.

Development contracting is that important process that asks the question - what skills do you need to achieve your performance goals for the year, and challenges managers and their team members to agree, commit and lay out specific learning and development goals for each employee

A good time to have this discussion will be at the point of performance contracting for the new year, perhaps more apt than having it at the point of appraisal. Doing it at this time is more forward-looking, since your plans are based not on what happened in the previous year, but more importantly what needs to happen in the weeks and months ahead, in the new year.

## **Performance Monitoring and Feedback**

The next important stage of the performance management process is performance monitoring and feedback. This is about managing on-going performance and ensuring that information about performance is being captured and stored properly; that employees are receiving feedback on an on-going basis to improve their performance; that leaders are providing coaching to their team members to drive performance, and that performance consulting is taking place to address impediments to performance.

I will take you through a few tools that will ensure that performance monitoring and feedback takes place as follows: 1) Performance Dashboards; 2) Project Plans and Trackers; 3) One-On-One Discussions; and 4) Performance Consulting.

When you set performance goals there should be an independent tracking of each goal. A performance dashboard is the consolidation of all the trackers. Imagine one dashboard where you could see the performance of everyone on your team across the most important goals, all at once.

Some organizations use electronic spreadsheets to achieve this, others invest in an automated dashboard and many use good old markers and a white board in the manager's office. The important thing is that performance is recorded all year round and the evidence of performance is available to give direction and feedback for improvement rather than waiting till the performance period is over to discover how well everyone has fared.

A lot of the work that needs to be done in most organizations to deliver strategic goals are delivered through projects. A project is a series of tasks with a finite start and end date that is focused on the achievement of certain goals. Project management skills including the use of project plans and trackers as well as the deployment of change management practices are very important in ensuring that projects achieve their goals.

Some organizations deploy an Office of Strategy Management (OSM) to manage the monitoring and evaluation of strategy projects. In the public sector, it is usually done through the Department of Planning, Research & Statistics and in the private sector in the Corporate Planning or Strategic Planning Department

The next important tool for performance monitoring and evaluation are one-on-one discussions. These are formal discussions that take place perhaps every month or every six weeks between line managers and their team members to check-in on performance goals, for the purpose of coaching and feedback to support performance.

Organizations and managers who use on-on-one check-ins can get on top of performance challenges before they spiral out of control. Effective one-on-one discussions require managers to be skilled in coaching - asking powerful questions, listening with empathy, providing clarity on goals, giving feedback, and helping their team members evaluate options and take decisions.

Typically, these one-on-one sessions are documented in a prescribed format and the manager and the employee sign-off on it and retain copies. The one-on-one discussion sheet will capture the issues discussed and the remedial actions that were agreed upon by both parties to address performance gaps that may have been identified

I have observed many commercial organizations where periodic performance review meetings hold - either as Monthly Performance Reviews (MPRs) or Quarterly Performance Reviews (QPRs). Unfortunately, many of these review meetings end up being a platform for fostering a culture of fear and blame in the organization.

Typically, top performers receive high commendations for their historical performance (which may have no bearing on what will happen in the future), and poor performers receive very scathing feedback that leads to transferred aggression back at the office to other colleagues.

This approach may yield some results in the short term, as employees may try to do everything, they can, to avoid being at the receiving end of the insults at the next MPR, but in the long-term it undermines the sustainable success of the organization.

We have worked with a few organizations who are interested in using these sessions to really improve performance, and the approach I share is based on the concept of performance consulting.

As an organizational or team leader, I therefore encourage you to use the Performance Consulting approach when facilitating your MPRs or QPRs, by doing the following: 1) Identify the root-causes of under-performance 2) Explore options for overcoming these root causes; 3) Select the most

appropriate interventions; and 4) develop a project plan to implement these interventions outside the session.

This approach will ensure that the MPR or QPR leads to improved performance and is future-focused, rather than being past-focused and leading to a culture of fear and blame.

## **Performance Appraisals and Decisions**

The next phase of the performance management cycle is the formal performance appraisal and the decisions that arise thereof.

Some organizations have a formal appraisal twice a year, but most have just one at the end of each year. From my experience a good appraisal happens when some of the other phases in the performance management cycle have been implemented properly especially performance contracting and feedback.

If the performance contracts were SMART and there was a clear system for tracking and reporting on performance throughout the year, supported with regular feedback and discussions on performance, then the appraisal will be smooth.

Where these prerequisites are absent, appraisal sessions become heated and end up with frustrations on both sides.

In addition to ensuring that the basic building blocks are in place, you should also pay attention to creating the right atmosphere during the appraisal discussions. Ensure that you agree the time, meet in the office, have your team members review the evidence of performance and self-appraise, create a relaxed atmosphere at the meeting and apply the skills for effective feedback and coaching throughout the discussion.

Many organizations have standard appraisal documentation that needs to be completed in a particular way either in hard copy or electronically, and some even have it automated on an appraisal software. Regardless of how you capture the outcomes of appraisals, please pay attention to ensuring that you have the conversations in a professional manner. The conversations are more important than the forms.

Once the appraisals are over, they go through a process with Human Resources and the organization's management team that may involve "moderating" the appraisal results - sense-checking them to ensure that

they truly reflect the realities of the organization and the performance achieved as well as review of protests from employees who were dissatisfied with the process or the outcomes.

## **Managing Poor Performance**

When the appraisals are over and finalized, organizations formally communicate the performance results and reward decisions to their employees. Some of the reward decisions may include salary increases of various magnitudes, bonuses and even promotions. For some, whose performance is below the expectations and limits set by the organization, they many need to be placed on Performance Improvement Plans (PIPs)

A PIP is a documented plan of action to address under-performance in an employee. In many organizations it is the final opportunity to redeem an under-performing employee before the organization lets go of the employee for under-performance.

I have seen hundreds of employees all through my career recover very well from PIPs and transform their careers. Sometimes, the clarity that PIPs give ensure that employees take ownership for these turnarounds in a very focused and deliberate manner.

A good PIP will be created after a discussion between the line manager, and the under-performing employee. The goal of the conversation is to identify some of the root causes of under-performance and the specific actions that need to be taken to turn things around.

Your coaching and performance consulting skills will prove valuable at this point. At the end of the conversation, there will be clear actions required from all stakeholders - the employee, the manager and the organization with timelines set for everyone to implement.

The performance management process that we have set out and the various stages are important in ensuring that the cardinal purpose of performance management is achieved. Some organizations focus on just appraisals and performance decisions without the broader issues dealt with in the other stages, creating an unbalanced performance management system that never achieves its cardinal purpose.