

White Paper

Performance Management

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Contents

- Performance Management 3
- Traditional Performance Reviews – The Process 4
- Crowdsourced Performance Reviews – The Enhancer 7
- A Final Word 8



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With Avril Henry

Performance Management

There is a lot of debate in the business world about the best way to conduct Performance Reviews. On one side of the fence, there are those who believe in staying with the traditional approach to Performance Management. On the other, there is the camp which advocates a more modern approach, like crowdsourced Performance Management. Given the changing nature of business, and the pace at which technology is influencing the way business is conducted in an online, social media oriented world, it is fair to say that a balance definitely needs to be struck between tradition and the future in the Performance Management context. This paper explores the best of both worlds and offers a pathway to future success based on the integration of traditional Performance Management principles, augmented by the power of technology and crowdsourced peer reviews.

Obtaining optimal performance from your employees is an ongoing but worthwhile process, and the Performance Review is an important component – to increase, maintain, or address performance of your employees, as well as preventing and solving problems. Research has shown that regular, constructive feedback on their work is motivating to employees who are performing well^[1] – and fair to employees who are performing poorly. It is also a great opportunity to reinforce the meaningful nature of their work, giving employees a sense of purpose.

An effective Performance Reviews will:

- Ensure that your employees understand what is required of them;
- Allow you and your employees to keep track of their performance against agreed targets, and ensure that these targets are met;
- Share what you want to achieve, and areas that need improvement or recognition.

The Performance Review is a human process aimed at increasing performance, not merely a record keeping function. However, documentation of the review is necessary. Employment disputes and situations where employees are performing poorly highlight the importance of true and accurately documented performance. However, Performance Management is evolving, with the growth of coaching as a performance support mechanism, in addition to the more collaborative, crowdsourced approach becoming popular in the modern workplace. This trend has also led to increased support by HR software vendors to create solutions that enable a history of all performance related interactions to be recorded and referred to easily.

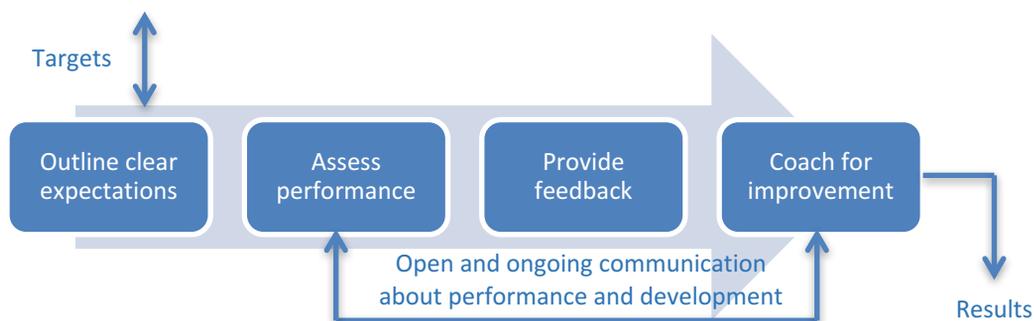


Performance Management solutions of the future will need to facilitate the ability to record the traditional approach to a Performance Review, as well as collaborative ways in which feedback can be shared amongst employees. This applies not just between Managers and their staff, but also amongst employees, in a bi-directional manner that is transparent and actionable.

Given the challenge of attracting and retaining top tier talent, and the cost of employee turnover, getting this aspect of the employee lifecycle right is a fundamental necessity for HR Professionals. Having systems in place that enhance the efficiency and effectiveness of the Performance Management process is also a necessary requirement for your organisation if you want to future proof your business and maintain competitive advantage. It is key to implement and deploy a solution that enables alignment throughout the entire lifecycle; from e-Recruitment engagement and values alignment through to configurable Performance Reviews processing which includes goal setting, coaching for performance, values management, surveying, 360 degree feedback as well as linking in action plans and kudos (real-time feedback from all employees within the organisation). In addition to this, there is also the capacity (and a requirement) to implement innovative solutions that also cover Learning & Development, Mentoring and Knowledge Management.

Let's investigate the two pathways to a successful and efficient Performance Reviews process and assess the benefits of each, as well as understanding how crowdsourced feedback and kudos can be used to enhance the traditional method.

Traditional Performance Reviews - The Process



1. Set expectations clearly and in line with business targets

Overall business targets are achieved when your employees' individual performance measurements are linked.

Employees are most productive when they clearly understand what is expected of them and know the priorities of your business, both on a daily basis and over longer time frames. Don't ever assume that what is expected will be obvious to the employee or their 'common sense.' In addition to an employee's job responsibilities and key competencies, employees should be reviewed against key performance measurements outlined in their job description.



Every employee should have a face-to-face conversation regarding their role in achieving key performance measurements, and confirming their understanding of the responsibilities and key competencies of their job. If you take the time to explain the connection between your employee's key performance measurements and the overall business targets, this can help your employees view their job as meaningful. Whether you choose a review period of six or twelve months for employee reviews, be clear about the timeframe within which they will be reviewed against

Listen

After conveying expectations, listen carefully to confirm your employees' understanding of what you have said, and identify any unspoken issues. An employee might say, 'I'm really up for the challenge of meeting the sales targets we've set.' However, the same employee is leaning back in the chair with their arms folded, looking out the window as they are speaking. These non-verbal signals suggest the employee may not be revealing their real message. Listening is different to simply hearing. The key difference is digging for the employee's real message.

2. Assess performance

- Assess both 'what' was achieved, and 'how' it was achieved, with examples.
- Assess your employees' performance in relation to each other (highest to lowest performers).
- Avoid common traps. These include being too critical or lenient as well as rating everyone as 'average' to keep the peace.

Listen

- Encourage your employee to be involved in the review - when he/she speaks, pay attention and look for the real message.
- Ensure you are not talking more than you are listening.
- If you discover that there is a different performance level expected by your employee, work with them to resolve the differences before you begin step 3.

3. Provide feedback

Although feedback should be present in the workplace as a fundamental way of operating each day, it is also a critical component of a Performance Reviews. In a balanced Performance Reviews, it is essential to provide both:

- Recognition for individual efforts and progress, which can motivate employees to continue to meet or exceed performance expectations (positive feedback).
- Help to determine how to improve or correct performance (constructive feedback).



With documented comments, a formula for phrasing effective feedback always describes each of the following:

- Situation – who, what and when.
- Behaviour – what the person did.
- Effect – on you, on others and on the business.

At this point, communicate the employee's performance rating. Help the employee understand their rating by reinforcing that it is selected based on the facts in the Performance Reviews.

Once again, **listen** to the input and reaction of the employee to ensure you understand the real message behind what they are saying.

For additional information on providing effective feedback and other aspects of managing performance, www.hrrevelations.com.au can provide great tips, templates and tools.

4. Coach for improvement

The overall review of performance and results achieved naturally leads on to discussing development ideas. Depending on the situation, there are several different approaches to this part of the Performance Reviews discussion and may even be better handled as a separate discussion. Either way, ongoing training, development and coaching are essential to ensuring performance is optimised.

If you want to get more from your highest performers, discuss ideas that will:

- Stretch the employee by assuming greater levels of responsibility.
- Provide the opportunity to learn new skills.
- Identify employee career plans/aspirations and think of opportunities for advancement.
- Enable the employee to teach others or set a more visible example to others in areas where they have a significant strength.

When reviewing poor performers:

- Restate the performance issue in a clear way.
- Have ideas ready and also be prepared to jointly devise a solution.
- Identify employee training and development needs, knowledge or skill gaps.



Crowdsourced Performance Reviews - The Enhancer

1. Crowdsourcing should enhance, not replace, the manager's judgment

Despite the fact that crowdsourced Performance Management is relatively new concept to most HR Professionals, the prevailing sentiment is that it's a supplement to the traditional annual review, not a replacement for it. Managers should still do the hard work of assessing areas for improvement. However it is possible for both Managers and their employees, to benefit greatly from the collective viewpoint of the crowd, which offers a rich data store of information and insight. Now it's possible for HR Professionals, Managers and Leadership to take that big data set and bring it to the table with the annual Performance Reviews. This enables a more fully rounded discussion with input from multiple perspectives.

2. Crowdsourced praise should be focused on specific company values and priorities

It's very easy to simply focus on platitudes like valuing hard work or friendliness. However, savvy companies know whether their bread and butter is customer retention, market disruption, or other factors. And they should encourage employees to nominate fellow employees for awards when they excel in those strategic areas.

3. Crowdsourced praise should be validated by recognition and perhaps financial rewards

As an example, let's say that your organisation values innovation. Ultimately, what you want to praise and propagate is behaviour that's illustrative of the type of innovation you value. This is done through reward systems that work on a short-term bonus schedule, as well as the traditional quarterly or annual schedule. Innovation will then become more top of mind, not just because your employees are receiving awards, but because they're on the lookout for that behaviour.

4. The Manager should ensure the integrity of the process

Sceptics may suspect that crowdsourced recognition can quickly deteriorate into popularity contests. But again, the key is for the crowd to *augment* the Manager's judgment, not to override it. Since the manager is ultimately in a position to grant an award based on crowd feedback, he or she can choose to disregard obviously biased nominations from an employee's clique. It is imperative for the Manager to adequately monitor any bias in the way employees offer kudos to their buddies. In some cases, nominations are public within the company: This strongly discourages the temptation to keep nominating one's own friends for awards.



5. Crowdsourced feedback should be *positive*, not negative

While it may be tempting to use crowdsourcing to try to expose the underperformers who spend all day playing Candy Crush, it must be made clear to all employees that negative evaluations quickly turn the whole system toxic.

The job of giving feedback to an employee that would be considered negative, or constructive criticism, is the responsibility of their Manager. You definitely don't want employees engaging in this kind of behaviour. A recognition program, by definition, is a positive reinforcement tool, and it should be kept this way.

Done right, the crowdsourced approach can create a 'night and day' difference in employee performance results. You can facilitate an environment with higher engagement, higher energy and an organisation filled with positive employees who are more optimistic about the future.

A Final Word

As with most things in business, preparation, commitment and alignment in execution is key. Planning reinforces your view of the importance of the Performance Reviews to your employees and sets the right tone. Prepare by reviewing the employee's job description, any previous Performance Reviews documents that are available, your employee's comments, the crowdsourced feedback and your review notes. Make sure you obtain the views of credible sources such as clients and colleagues, including specific examples of good and poor performance to include in feedback. Importantly, avoid rescheduling the Performance Reviews discussion unless there is an urgent priority.

Together with leadership and challenging work, regular, constructive feedback is one of the top three motivators for both Generations X and Y at work. The Performance Reviews is an ideal vehicle for providing that feedback, retaining your best employees and achieving great results.

Reference

Breaking Down Generational Barriers at Work [2007], Avril Henry, Messenger Publishing.



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