

What does Performance Management actually mean? How is it carried out in your organisation? And what are the strategies of exemplar managers? Mandy Geal and Barry Johnson provide an interesting insight.

# Management performance: a glimpse of the blindingly obvious

**M**BOs, appraisals, objectives, KRAs, KPIs, ratings, reviews, accountabilities, competencies, performance dimensions, input measures, interim measures, output measures, words, words, words ... All these and many others can be found in company documents containing procedures, processes and guidelines, usually with the heading 'Performance Management' or with the words 'Performance Management' as a subtitle. You probably have documents like that.

What is interesting is the schism there seems to be between the intent of the term 'Performance Management' and the practice. I'm sure you have

noticed how some people still equate the old-fashioned appraisal process with Performance Management (PM) despite the growing gulf between them that we have observed as the cultures in modern organisations have shifted and become more empowering. Not all cultures of course. We still meet those that are strictly command and control – cultures where form filling is equated to some form of action, where, in practice, the form is an end in itself.

So what do we now see as PM in the parts of organisations where it really works? Performance Management is the management of performance. That reframing does, for many, create a shift in their thinking. Let's go one step further. In today's embattled business climate, companies are juggling to maintain the main outcomes – profit and survival. Perhaps they have always been inextricably linked. What is even clearer now is that 'people make profits'. Yes, profit depends on the market and the product and manufacturing costs and a dozen other factors. But at the root of business are people, and profits depend on how well people are managed. Managers help people to make profit.

So we have seen what managers do. The only question is how they do it. Observing the best of them, they seem to do three things:



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- give people good information
- treat people as adults, and
- support the decisions of their people.

#### GIVE PEOPLE GOOD INFORMATION

What information is 'good' information? It appears to us that people want the answer to two main questions.

- What is expected of me? (Managers give this information as objectives.)
- How am I doing? (Managers give this information as feedback.)

We are seeing the concept of objectives being much better understood. Objectives are much more than the cascade down through the organisation from the top with the distortion and disconnection that occurs. We observe them set at site level, department level, project level, team level and individual level. In organisations that have meaningful objectives the owner of the objectives will be able to ask of his or her objectives, 'What is the purpose of this objective?' or 'What will this objective achieve?'

Through repetition of the questions the questioner

arrives at the company's prime objectives or profit, or the questioner's personal development outcomes. Perhaps this is the test of the validity of an objective? When we have undertaken this questioning with groups of people, they have been surprised at the trail back to the higher level business objectives and the recognition that some objectives are meaningless or need to be rethought.

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Feedback is just information. The most useful feedback appears to be telling a person specifically what he or she has done that has been successful. People learn from success. Not only does this reinforcing feedback strengthen the behaviours, so that the people are more likely to repeat them, but also it is a motivator for most people. This does not appear to be a widely understood concept. Perhaps it is ►



because in the common English usage we hear people say 'You learn from your mistakes'.

What do people learn from mistakes? What not to do, so they need to try something else. But what else? Do they need to know what they did not do well? They probably already know. But that the manager is prepared to give them specific developmental feedback so they can improve is both necessary and motivating when handled well.

An apocryphal story concerns the famous inventor Thomas Edison. When Edison was conducting a press conference to announce and celebrate the successful invention of the electric light bulb, a sharp, on-the-make young reporter commented: 'Say, Mr Edison, I understand you failed a couple of thousand times to make that light bulb.'

'No, young man, I did not,' replied Edison. 'I found 1,999 ways *not* to make a light bulb. Now I have found the right way, I can repeat it.'

#### TREAT PEOPLE AS ADULTS

How else would you treat people? Treat them as children and they will behave as children and could become dependent or resentful. Exemplar managers treat people as adults, enabling them to be empowered, to choose how they will meet their objectives, and be instrumental in acquiring the personal resources they need to be successful and make sound decisions.

Clearly the nature of managing the performance of the staff entails both intrinsic and extrinsic reward

#### SUPPORT THEIR DECISIONS

If people know what is expected of them and they take empowerment, their decisions will be sound. So all the manager needs to do is to support them and demonstrate that support. What do the exemplar managers do to demonstrate support? Managers support the people in their care in a variety of ways depending on the need. Very recently we observed a senior manager putting this into practice in the midst of a major change programme.

- At the simplest level he listened to the proposals, stated support, built on the ideas and challenges on how the proposal would be implemented and, as required, supported further with experienced-based advice. (Sometimes a little too much advice.)
- At a further level, he supported his people by ensuring they had the skills and knowledge to carry out the actions necessary, and provided other resources including leadership and wider communication – but the individuals owned the development action. The people knew where they were going and had the confidence to make decisions to get to the goals because they were supported. The organisation was now on its way to high performance.

#### MANAGING PERFORMANCE

So what do exemplar managers do to manage performance? How do they know what is going on?

What action do they take, and with whom?

Many managers in many organisations have the staff in their care situated close to them most of the time. This is not universally true. Some have the more complex task of remote management. Having observed effective managers they do some common things, for example:

- walking the floor
- holding one to ones
- holding monthly meetings
- holding quarterly reviews, and
- holding annual reviews.

#### *Walking the floor*

What does that mean? Every day, managers walk through the work area. They take the opportunity to observe what is happening and to chat with the staff. It is informal and highly informative. They hear the gossip ... 'You know Jo is doing the Open University.' They hear the rumours ... 'IT is to be outsourced.' They stay in touch with the personal and work problems of individuals and frictions in the team. They see what is going well. In other words, they see the titbits that build the picture – raw information that tells them what people are thinking and feeling – and take the temperature of the organisation to gauge its health.

In one organisation in which we work, managers and directors don't have offices and this aids this part of the process.

#### *One to ones*

Managers hold one to ones with each of their staff every two or three weeks and as necessary. Here they review how a given member of staff is progressing against the present priority objectives and what help (if any) that person needs. Does an idea need to be socialised by floating it informally across the manager's network? Does a door need to be kicked open? Does the person need some coaching in some element of the role to meet the requirements of an objective?

#### *Monthly meetings*

In these meetings, the whole team shares formally what each member is doing, what help they need from each other and what resources they have that can help others. The manager shares the information that is flowing through the organisation, briefing the team on what is happening. He or she gathers the pressure points that need to be transmitted upwards or to supplier or client departments.

In one department of an American corporation based in France, the staff only believe the things they are told by the manager; they don't accept the intranet information. Is this just a French quirk or is this something else we should be looking at?

#### *Quarterly reviews*

Managers hold these to assess how individual performance is progressing and that training and/or development needs are being met.

#### *Annual reviews*

Managers take part in this procedure reviewing what has happened through the year for recording purposes only. All the information needed is known, and all

developmental and reinforcing action has already been taken. They simultaneously undertake a major review of the long-term objectives still in progress and set objectives for the next period.

## REWARDS AND RECOGNITION

Clearly the nature of managing the performance of the staff entails both intrinsic and extrinsic reward. What we have observed is a growing trend to reward individual or team specific performance or innovation with a bonus or some other extrinsic reward.

Let's just review pay though. If the manager is managing performance, actively intervening to help people to perform well, it follows that all the staff will meet whatever performance criteria has been set. How, then, can any person receive less than the norm pay increase unless the manager has failed? It does happen that people do not meet the required standards.

- They may still be under training and have not yet reached the required skill levels.
- If a person is sick or often absent, then the manager will have implemented the sickness absence procedure.
- If the person, despite the actions of the manager to bring him or her up to the required standards, is still not meeting the standards, the manager will have actioned a performance improvement programme.
- If a person has infringed some behavioural standard or norm, then a disciplinary process will have to be started.

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It is clear, in these instances, that a lower than norm pay award might be made. There are no shades of grey here. The reasoning is demonstrable.

What about the person who performs above all established requirements? The manager has two questions to ask here.

- Is this a person who should be progressed to a more demanding role that would reward him or her through a higher salary? If the answer is 'yes' the person might be told this and a holding pay rise given until the required move is made. I strongly suspect that exemplar managers would ensure the action is already in progress before the pay review.
- Alternatively, is the person performing above the norm just in a specific project or period? If this is the case, a bonus award kicks in.

Is this an overly simplified way to look at pay in the performance arena? Yes it is, and it meets the requirement of pay for performance.

## CONCLUSION

What we have done is gently challenge some of the preconceptions that we meet in the area of performance management. What we note is that there are no universal solutions. What we also note is that forms and procedures don't work well. What does work is a sound basis for making judgements and the personal skills that managers need to make it happen.

We have found that telling people about the processes, giving them paper with words on it and running briefings are not effective. What we have found effective is double loop learning: learning events that give information, create a safe environment for practice of the behaviours and transform mental models to generate new meanings to help managers enhance people's performance.

Just one more gentle challenge. If the MD does not practise performance management, why should a first line supervisor? 🗣️