



# Performance Management

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It's time to work on *you*, so sit back and listen to practical, actionable advice to accelerate your progress.

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The mere mention of the words 'performance management' can elicit a shudder. Those words trigger uncomfortable thoughts and memories of sitting in bi-annual reviews, bracing ourselves for criticism. Often, we're just happy to get through them without feeling the sting of negative, hurtful feedback. That desire to avoid being critiqued may suggest we're not that interested in growth. Right?

Well, no. We know that career development is **essential** to retention. Writing in HBR, four of Facebook's most senior HR leaders reported on a six-month research project they conducted [1]. They found that people who stayed at the company over those months expressed 37% more confidence that they were gaining the skills and experiences they need to develop their careers than those who had left during that period.

So, maybe we're doing performance management wrong. Performance reviews, specifically, are often seen as insulting, demeaning, and arbitrary. Indeed, 95% of managers report they are "unhappy" with traditional performance reviews [2]. Clearly, there's a ton of room for improvement.

To achieve critical goals, employees must be motivated and have the necessary skills, resources, and support. Performance management should establish objectives through which individuals and teams can play their part in the organisation's mission and strategy while at the same time improving and maximising performance among employees and business teams. Reviews should not just be a bi-annual event to suffer through but a more meaningful part of an open, honest performance management strategy.

Over the next few minutes, you'll learn why performance management is important, some of the big challenges of performance management, pitfalls to avoid, and some

best practices that can help you get the most out of your performance management practices.

A good performance management process at your organisation is important because it helps your company to grow, meet objectives, and it helps the individuals that work there be satisfied with their work and be successful in their careers.

If performance management processes are not well designed, your organisation likely isn't operating as effectively as it could. At worst, changes in markets, tech, or the economic environment can leave companies with poor performance management practices unable to respond properly. Research from Deloitte [3] shows that 58% of companies think that their current performance management process is a waste of time. But when performance management is done well, great results are possible.

According to a report from McKinsey:

'Organizations that get performance management right become formidable competitive machines. Much of General Electric's successful transformation under former CEO Jack Welch, for instance, was attributed to his ability to get the company's 250,000 or so employees "pulling in the same direction"—and pulling to the best of their individual abilities. As Henry Ford said, "Coming together is a beginning; keeping together is progress; working together is success." [4]

So, we know performance management is important, but how do we do it?

Setting objectives and targets is the first step in motivating individuals to collaborate. When setting your objectives, there are two things you should focus on. First, make sure they are clear and objective. The second thing to check is that the objectives you set directly fit the company's overall strategy. Typically, the process starts with departmental managers creating departmental objectives based on the wider organisational goals.

From here, department heads can set key job expectations and responsibilities for individuals in their teams and detail how these objectives should be achieved. It's important to make sure that the goals you set are achievable as your employees will instinctively know if they do not stand a chance of reaching a target, and the amount of effort they are willing to put in to achieve the goal will be affected. Some managers choose to further define goals with a start and finish date with milestones in between, making them measurable, specific, and set to deadlines. This is an approach you could try in your own performance management style. In line with agile strategy, you could also implement action plans to support the steps needed to achieve each goal breaking it down into smaller tasks to make it more achievable and manageable for the employee.

This sort of structure also allows you to provide timely, objective feedback to employees and show them the impact of their performance on the overall business objectives. This will stop members of your team from 'falling through the net', so to speak, and ensure they get the support that they need to do their best work. It also leads to more acceptance from employees when receiving critical appraisals or encouragement to improve their performance.

As we've touched on, performance management mustn't be a static process fixed to one or two reviews per year. To be effective, it should be an ongoing process that includes reviewing goals, performance monitoring, feedback, and coaching. Timely feedback increases learning and allows for goal-setting modifications.

Regular goal monitoring also offers the chance to overcome hurdles and plan for missed deadlines. By doing this you can continuously assess progress against objectives and manage productivity.

Discussions about progress and performance should be objective and constructive, and, where possible, strengths-based. Specific examples of employee performance can clarify expectations and future improvements. It is also vital that communication is a two-way channel: managers must listen to the employee's insights and incorporate them into future planning.

To achieve these aims, consistent note-taking is required to record any important events, both negative and positive. You should create notes that are fair and honest with the intention of sharing them with employees. Note-taking can also be used to remind you when a check-in or review is overdue, or if someone is performing consistently well when praise should be given or the reverse if an employee is failing to meet goals. In addition notes about all follow-ups with employees should be recorded to assist in future reviews.

When the whole performance management approach does not offer value, resistance and non-participation emerge.

For this reason, focus on using the evidence you gather to help your people improve their skills. Consider what competencies are required for each individual to succeed in their position and share opportunities for development. It's clear that developing the right skills will directly increase the performance of your department and the overall performance of the business.

Another way to use the data you collect is to link it to compensation, promotions, and rewards. Performance is a critical aspect of pay reviews so the existence of

performance management processes that are seen as fair and equitable - backed by clear documentation and records - is essential.

A consistent approach develops a feeling of fairness and boosts employee happiness. Employees must understand that if high performance in one area is recognised and rewarded appropriately with promotions and pay raises, an employee working at the same level in another department will be equally rewarded. This approach builds trust amongst employees and shows that the company is treating its people well. As American businessman Douglas Conant once said:

"Trust gives you the permission to give people direction, get everyone aligned, and give them the energy to go get the job done. Trust enables you to execute with excellence and produce extraordinary results. As you execute with excellence and deliver on your commitments, trust becomes easier to inspire, creating a flywheel of performance."

Indeed, 61% of employees cite trust in and with senior management as important to their satisfaction [5]. So, when you show employees how they contribute to organisational success and how success is rewarded, it motivates people to reach the next level. Hold everyone responsible while also assisting them in their development via coaching and training. Encourage your employees to coach one another and help them by giving constructive feedback.

To stimulate honest and useful feedback between peers, development should be separate from compensation. For example, reward staff with access to coaching and training opportunities based on how much a person contributes to the learning and development of other people and the organisation.

Finally, adoption is critical to successful feedback processes. You miss out on a lot of valuable data between people if it is not straightforward to supply feedback. Less data makes it harder for you to help your people in their development. Therefore, you must make your process as simple as possible to encourage people to contribute. Focus on an easy way to enable feedback interaction between co-workers, such as:

- Using mobile apps, for example, as a way to make it convenient
- Setting reminders for feedback submissions, not requiring huge amounts of detail and time investment.

This week, go away and think about the attitude to performance management in your organisation. Is it viewed positively or negatively? Is it run as a continuous process or simply as an annual or bi-annual review? How are you using the data and feedback you record - is it used to develop staff, improve the skills needed for their job, and improve performance? Do you have a quantitative way to compare the motivation of

your team today with this time last year? Are you keeping personal development initiatives separate from compensation reviews?

That's all for today. Thanks for listening, and remember: keep building the best you.

[1] *Why People Really Quit Their Jobs*, Lori Goler, Janelle Gale, Brynn Harrington, and Adam Grant (2018) <https://hbr.org/2018/01/why-people-really-quit-their-jobs>

[2] *The Performance Review Problem*, Theresa Agovino, The Society for Human Resources Management  
<https://www.shrm.org/topics-tools/news/hr-magazine/performance-review-problem>

[3] *Performance Management Is Broken*, Deloitte  
<https://www2.deloitte.com/uk/en/insights/focus/human-capital-trends/2014/hc-trends-2014-performance-management.html>

[4] *Performance Management: Why Keeping Score Is So Important, and So Hard*, McKinsey (2017)  
<https://www.mckinsey.com/capabilities/operations/our-insights/performance-management-why-keeping-score-is-so-important-and-so-hard>

[5] *17 Surprising Statistics about Employee Retention*, Lori Li (2022)  
<https://www.tinypulse.com/blog/17-surprising-statistics-about-employee-retention>