

# Grapppling with performance: how organisations are changing their approach

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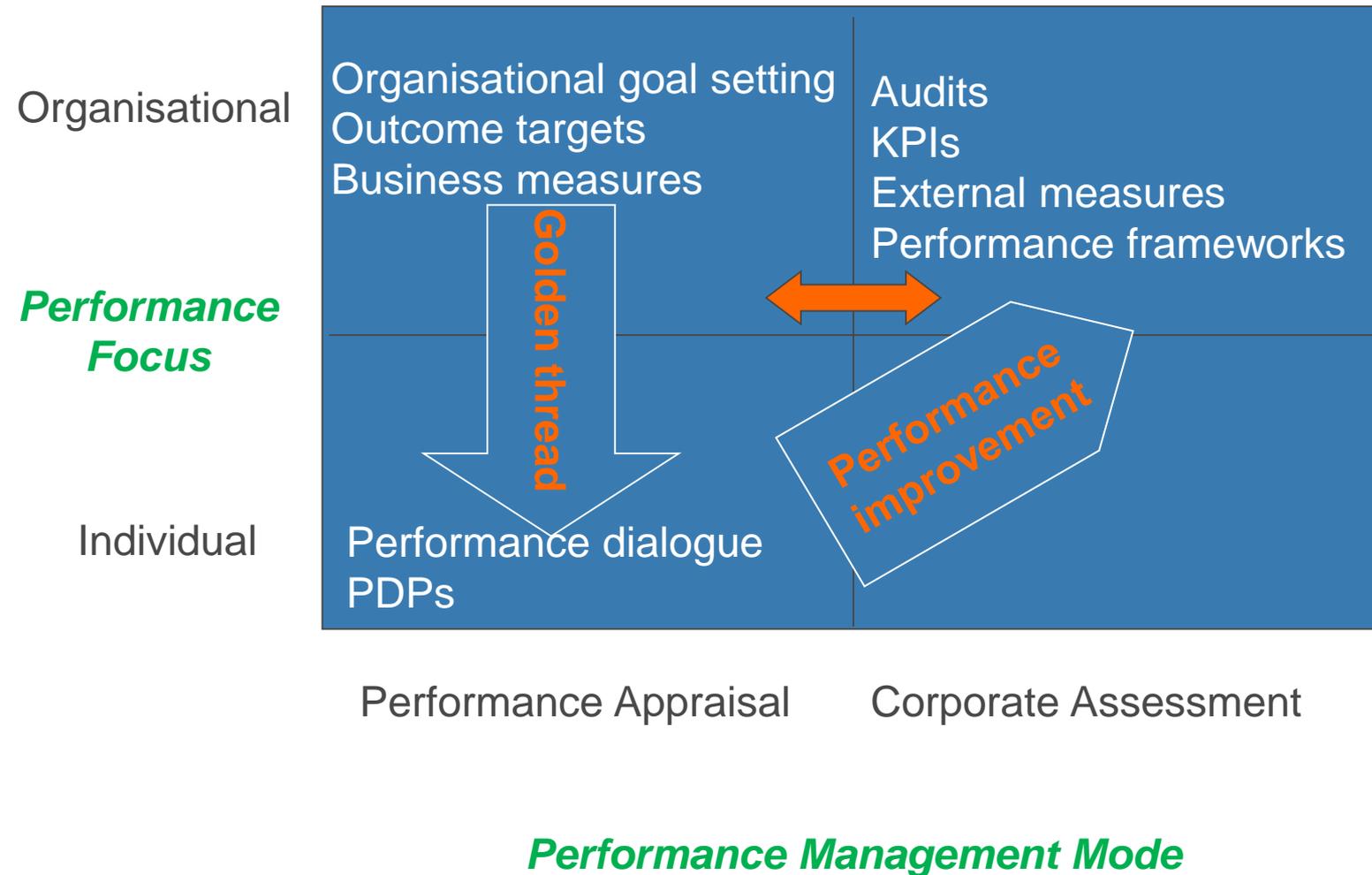
Peter Reilly, Principal Associate, IES

For further information contact:  
[peter.reilly@employment-studies.co.uk](mailto:peter.reilly@employment-studies.co.uk)

# Performance management emphasis

Organisational	Organisational goal setting Outcome targets Business measures	Audits KPIs External measures Performance frameworks Scorecards
<i>Performance Focus</i>		
Individual	Performance dialogue PDPs Multi rater feedback	
	Performance Appraisal	Corporate Assessment
	<i>Performance Management Mode</i>	

# Performance management emphasis



# What is the purpose of performance management?

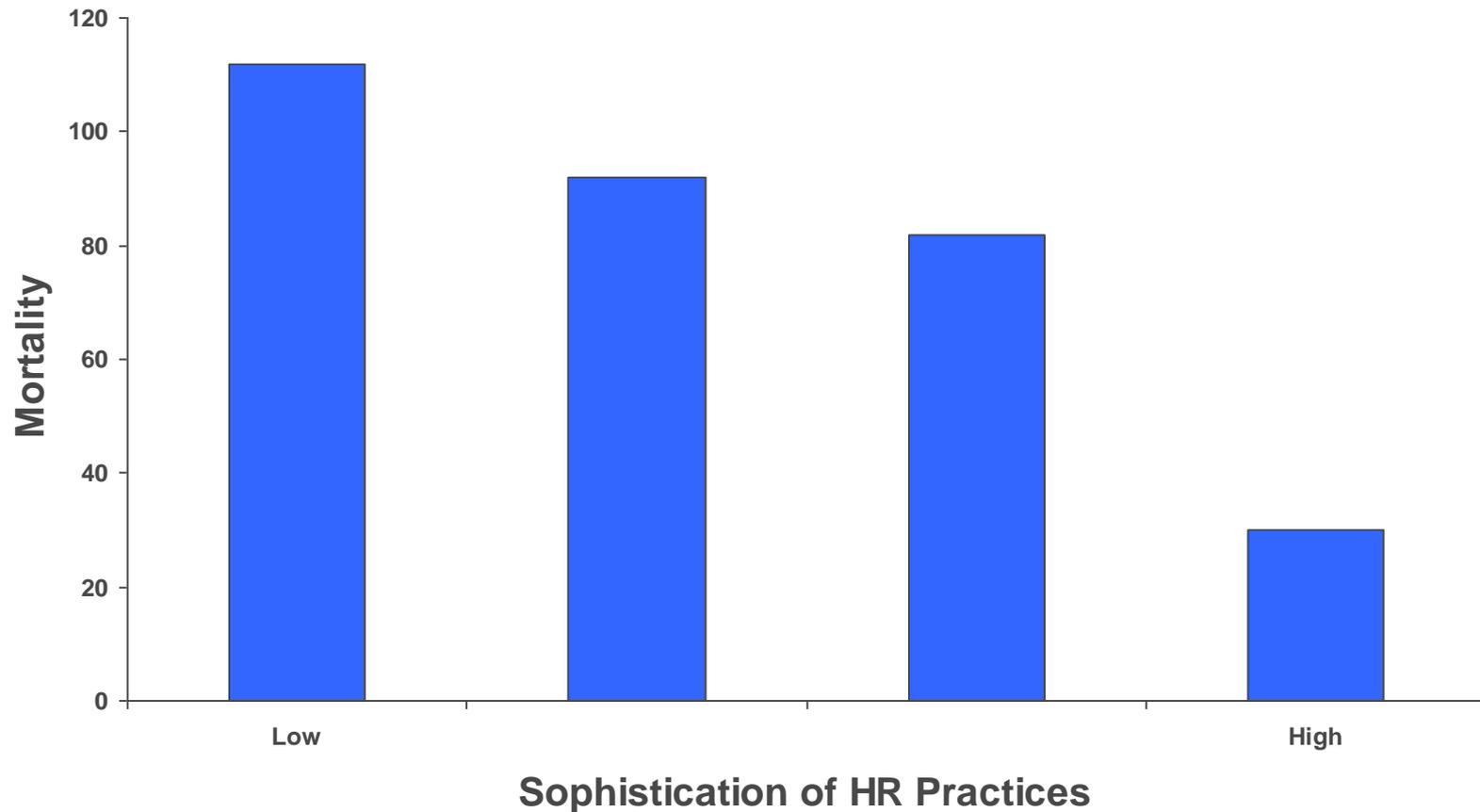
It depends on who you ask....

- Leaders – performance improvement?
- HR – administrative purposes?
- Users
  - Managers – focus, motivation.....
  - Employees – feedback, development.....

# And the benefits? Potential impact....



# HR management and performance in the National Health Service

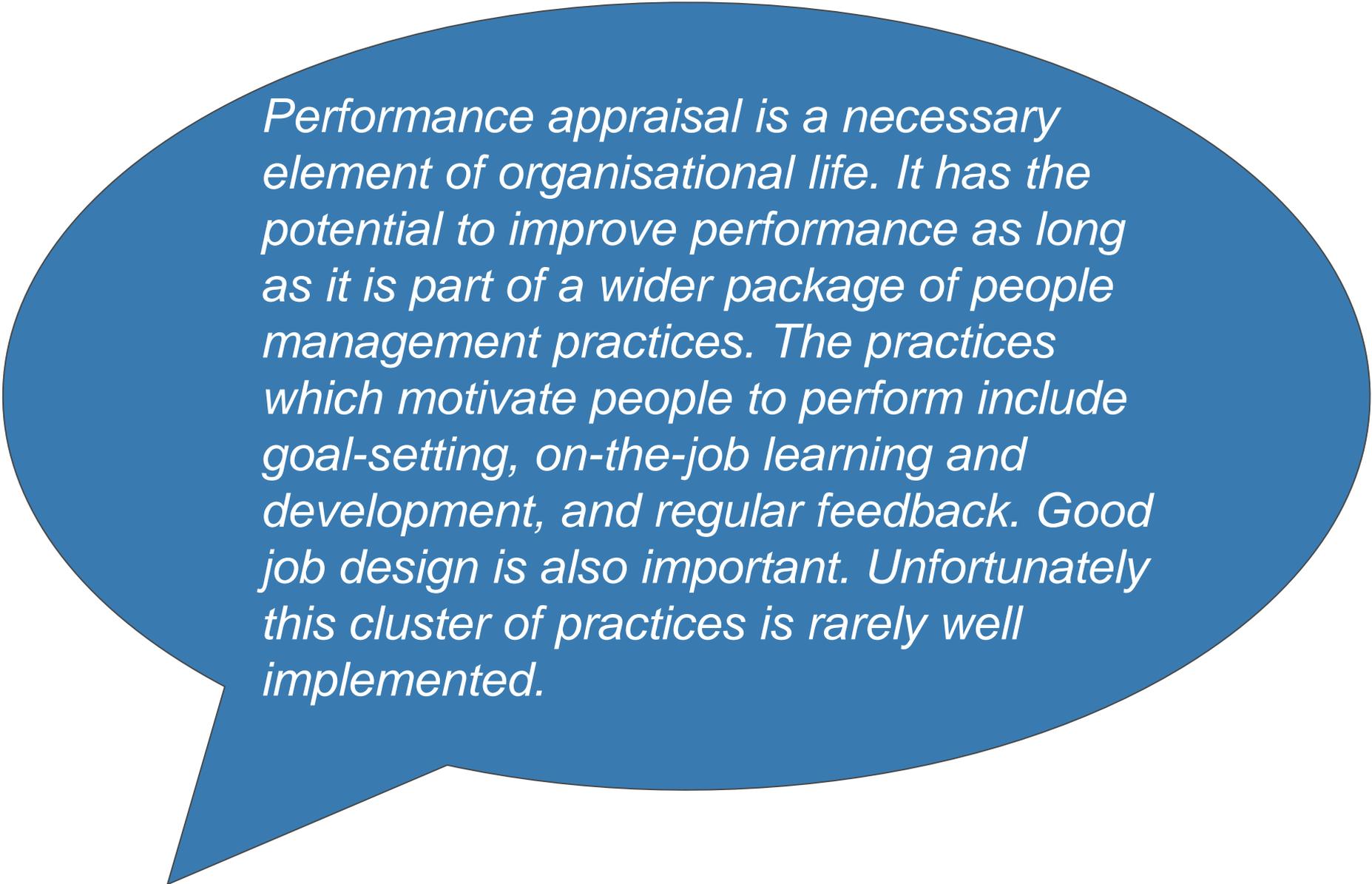


# Top measures link people to performance

1. % new recruits tested
2. % appointments with person specification
3. % jobs covered by succession plan
4. % PDP
5. % CDP
6. % degrees
7. % manager leavers
8. % staff profit-pay
9. % appraised
10. Frequency 1:1s
11. Who decides pace
12. Who decides tasks

# Performance management a key HR process but not always an effective one

- Seen as core HR process that operates through a best practice appraisal system
- HR not always sure it is effective (CIPD 62% of HR people felt managers thought it was useful)
- HR tends to think managers are not trying hard enough to do performance management 'properly'
- Researchers see it as potentially, but not actually, a means of motivating employees



*Performance appraisal is a necessary element of organisational life. It has the potential to improve performance as long as it is part of a wider package of people management practices. The practices which motivate people to perform include goal-setting, on-the-job learning and development, and regular feedback. Good job design is also important. Unfortunately this cluster of practices is rarely well implemented.*

**Is performance management  
meeting these goals...**

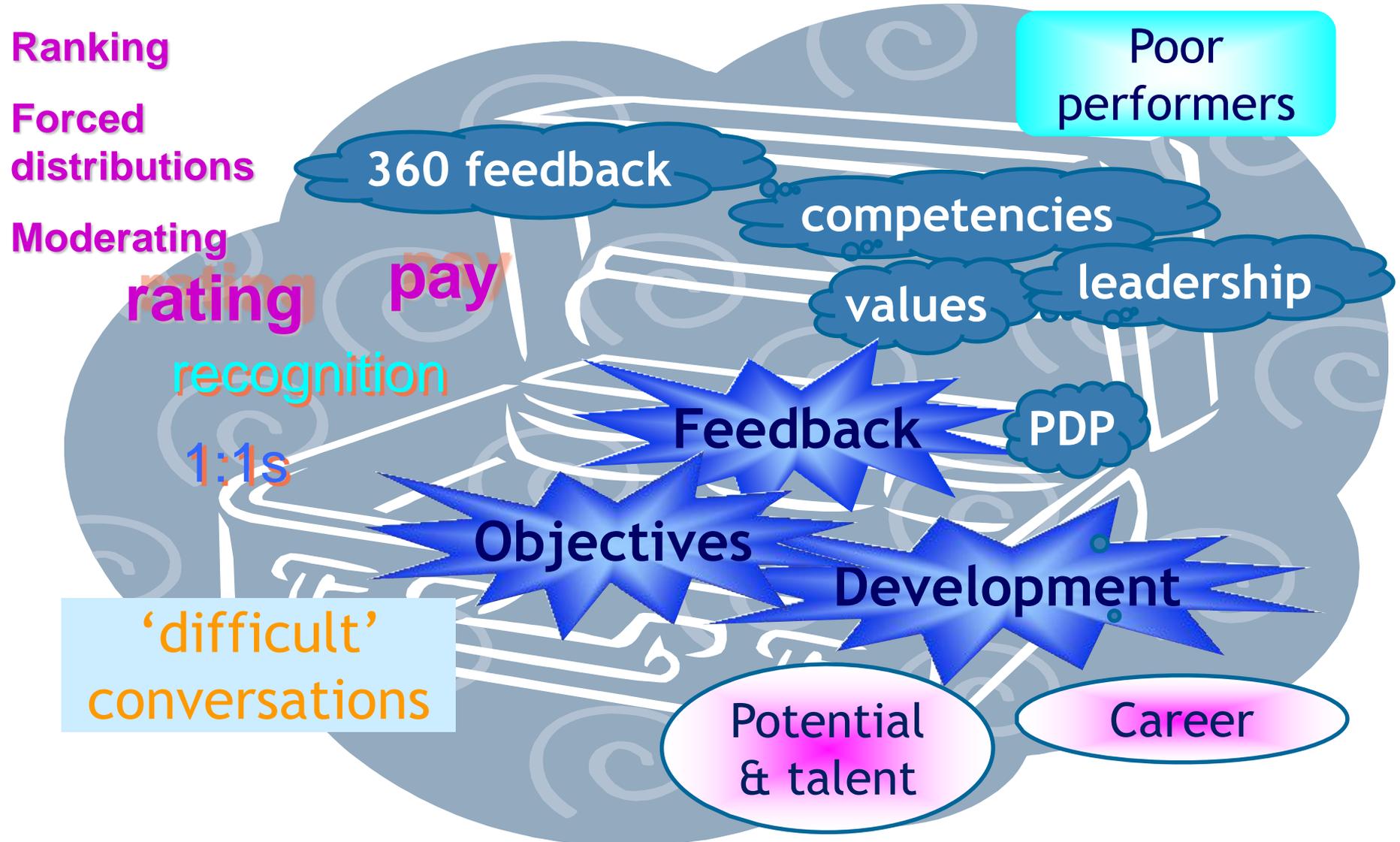
...in your organisation?

**If not, what are you doing  
to change things?**

## Challenges in performance management meeting these goals

- Unclear purpose, insufficiently linked to business performance
- Overloaded – trying to hit too many needs

# Performance management: the overfull suitcase (Hirsh, 2011)



# Challenges in performance management meeting these goals

- Unclear purpose, insufficiently linked to business performance
- Overloaded – trying to hit too many needs
- Lack of line ownership – meeting HR target
- Compliance not conversation
- Complex, bureaucratic process
- Backward not forward looking
- Too dominated by a 'best practice' model
- And linked conventions (eg SMART objectives)

# An appraisal of appraisals (1)

For managers, it was time consuming and not adding value. For HR, it was a high administrative burden. For the employee, it was a disengaging conversation around a numerical rating.

## An appraisal of appraisals (2)

A process-driven business system where the correct completion of the process has become more important than triggering action that develops individuals and so improves organisational performance

# **Developments in performance management**

# Developments in performance management

## Challenge

- Corporate & personal needs are passing ships

# Optimum process of performance management (in a knowledge/professional organisation)

External environment

Professional  
values/  
identities

Institutional  
objectives

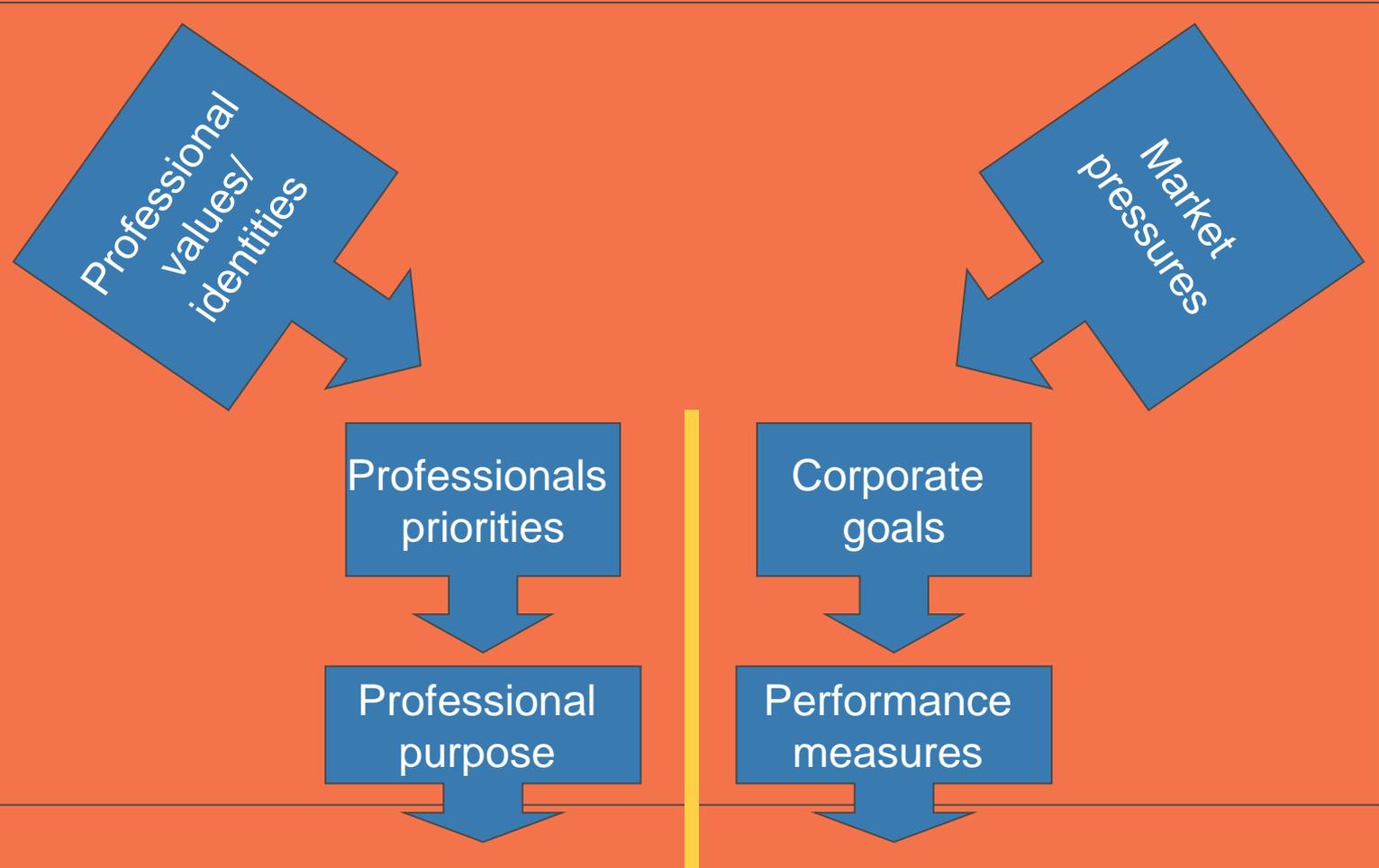
Common organisational  
goals and priorities

Leadership of people  
and organisation



# Actual process

External environment

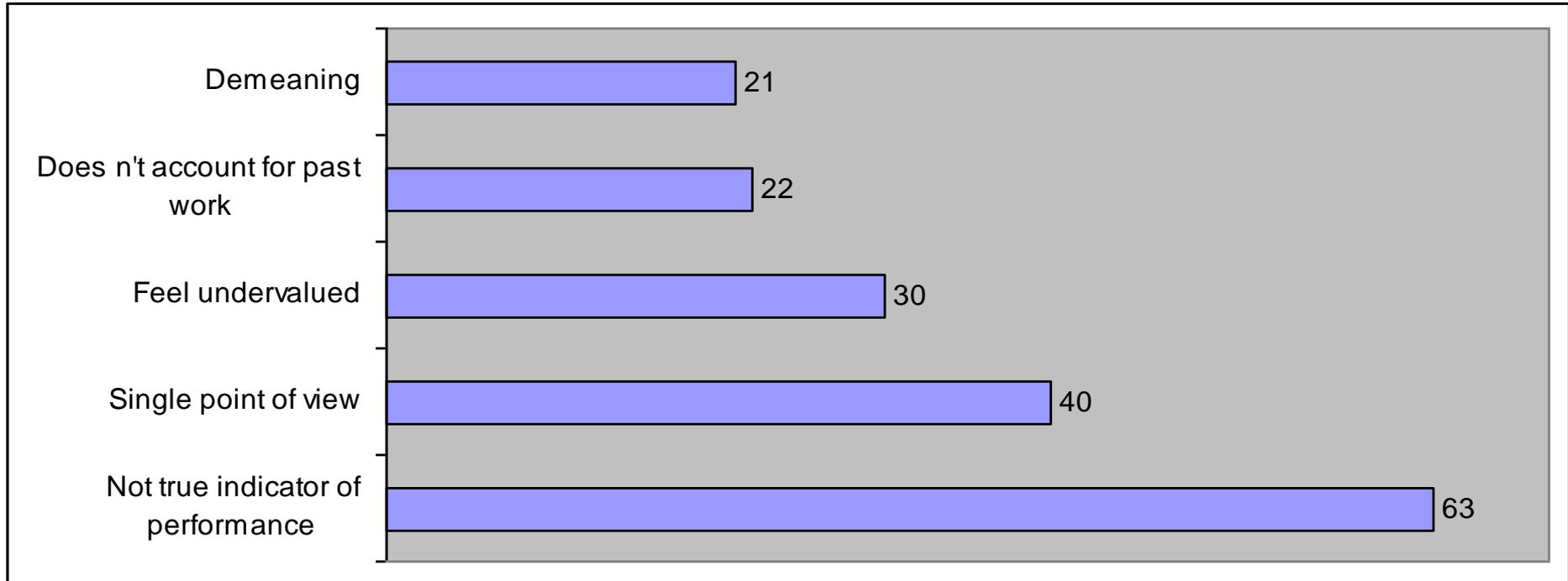


# Developments in performance management

## Challenge

- Corporate & personal needs are passing ships
- Too low touch
- Ill judged competencies
- Safe conversations?
- PRP is not delivering
- Ratings for motivation not performance
- Accuracy of 360 inputs depends on their use
- Lack of job knowledge is inhibiting assessment quality
- One model but different needs

# Top five reasons why people dislike performance reviews



# Developments in performance management

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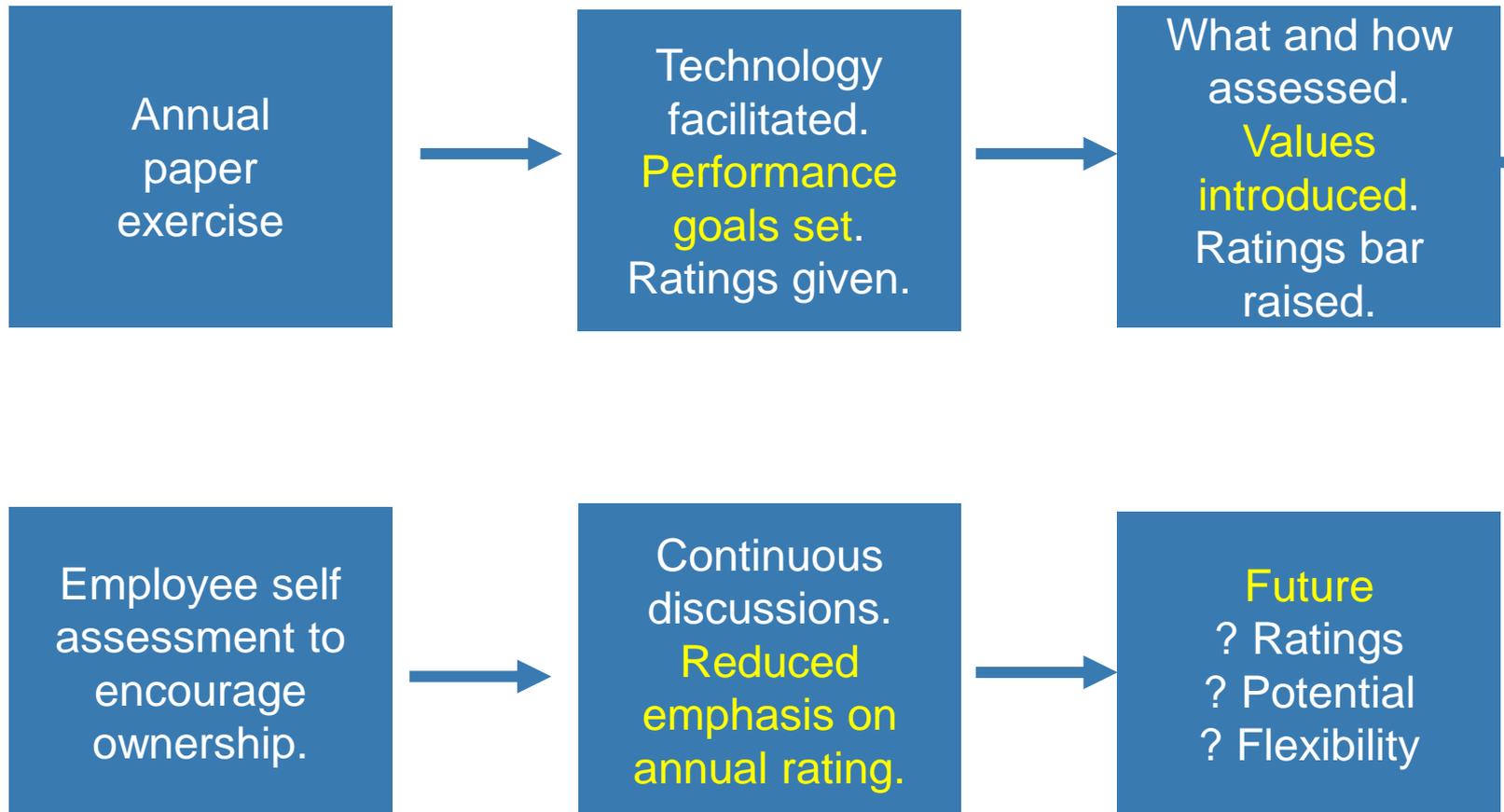
## Improvements

- Golden thread
- E-enabled
- Process standardisation
- Continuous not one-off process
- Positive psychology
- Underpinning values
- Multi-source feedback
- Removal of ratings
- Segmentation

# Some shared ideas, some differences

- Some companies are strengthening mechanical approach but trying to make it tough, clear and quick (eg Yahoo, Shell, Tesco)
- Some are trying to make it less mechanical eg more conversational, less paperwork/reporting, dropping rating/ranking (eg Deloitte, Microsoft, Adobe, Gap, Accenture)

# A typical approach to change (adapted from Connect Education & Care)



# Improvement versus measurement

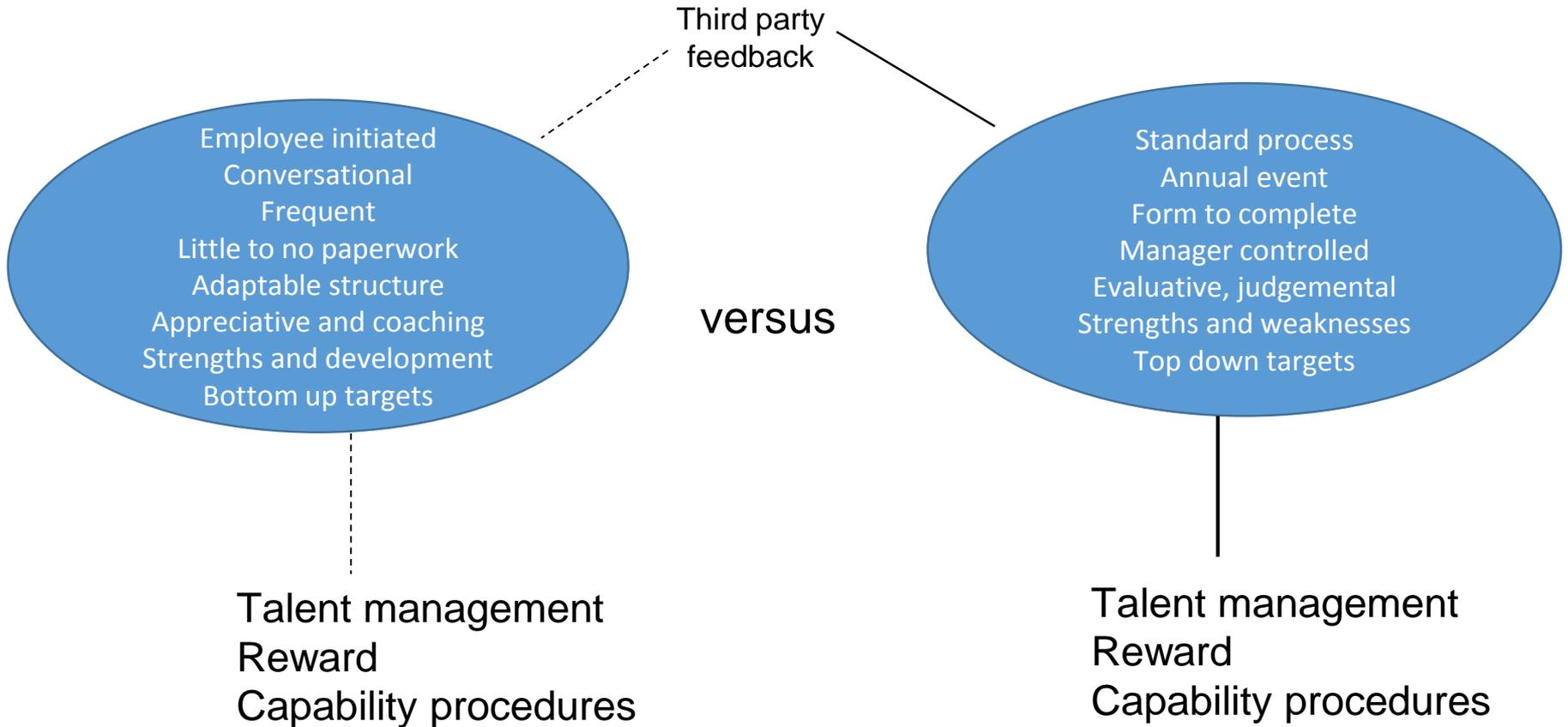
The tension is not so much between performance and development as some have suggested...more between:

*Improving* performance – focus on individual and their contribution to the business – looking *forwards*, action-oriented

versus

Performance *measurement and recording* (evaluative purposes) – focus on comparing employees – looking *backwards* – dominated by recording

# Broad performance management approaches



# Real change?

I see too many companies saying '*we got rid of reviews. Aren't we wonderful?*' without changing the politics so people feel comfortable speaking their minds.

# Camden Council's new approach to PM

- Move away from a **backward-looking** annual scheme
- Build a foundation for staff to develop their performance to best achieve their **potential** (to deliver better services)
- Get rid of the existing **5-point rating scale**
- Introduce a system where all staff who are performing well are recognised with an **annual pay increase**
- All staff have the opportunity for more **instant financial reward** throughout the year, as close as possible to the point of their contribution
- Facilitate a **continuous** conversation with our staff
- Shift to more **coaching style** discussions.
- Move towards more **staff involvement** in service planning
- Think about 'the whole job', also moving away from bureaucracy of SMART objectives towards general **priorities**
- **Principles, hints and tips** rather than detailed guidance
- Retain robust approach to managing **underperformance** but introduce new 'fork in the road' for managed exits

# Other thoughts to consider

- Employee driving the process with manager as facilitator? Part of reshaping the manager as coach (Medtronic)
- Role of self assessment with peer (crowd sourced) assessment? (Google)
- Team appraisals to emphasise collaboration (Microsoft)
- Learning/reflective logs to help continuous management process? (Rolls Royce)
- Evaluation of performance assessment effectiveness
  - satisfaction with process
  - impact of activity
  - actually happening (Adobe)

# Final words

We need to elevate our conversations about performance management with our customers to focus on all the drivers of organisational performance, avoid the temptation to process tinker, 'tool up' and then trust our colleagues to hold the right conversations at the right time

# Thank you

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