

A close-up photograph of a conductor's hands holding a baton. The hands are positioned in the lower half of the frame, with the baton extending diagonally upwards towards the top left. The background is solid black, which makes the hands and the baton stand out. The lighting is dramatic, highlighting the contours of the hands and the texture of the baton.

Create Great Performance...

How to Manage Talent in Concert With Strategic Goals

A Performance Management eBook from *APTMetrics*

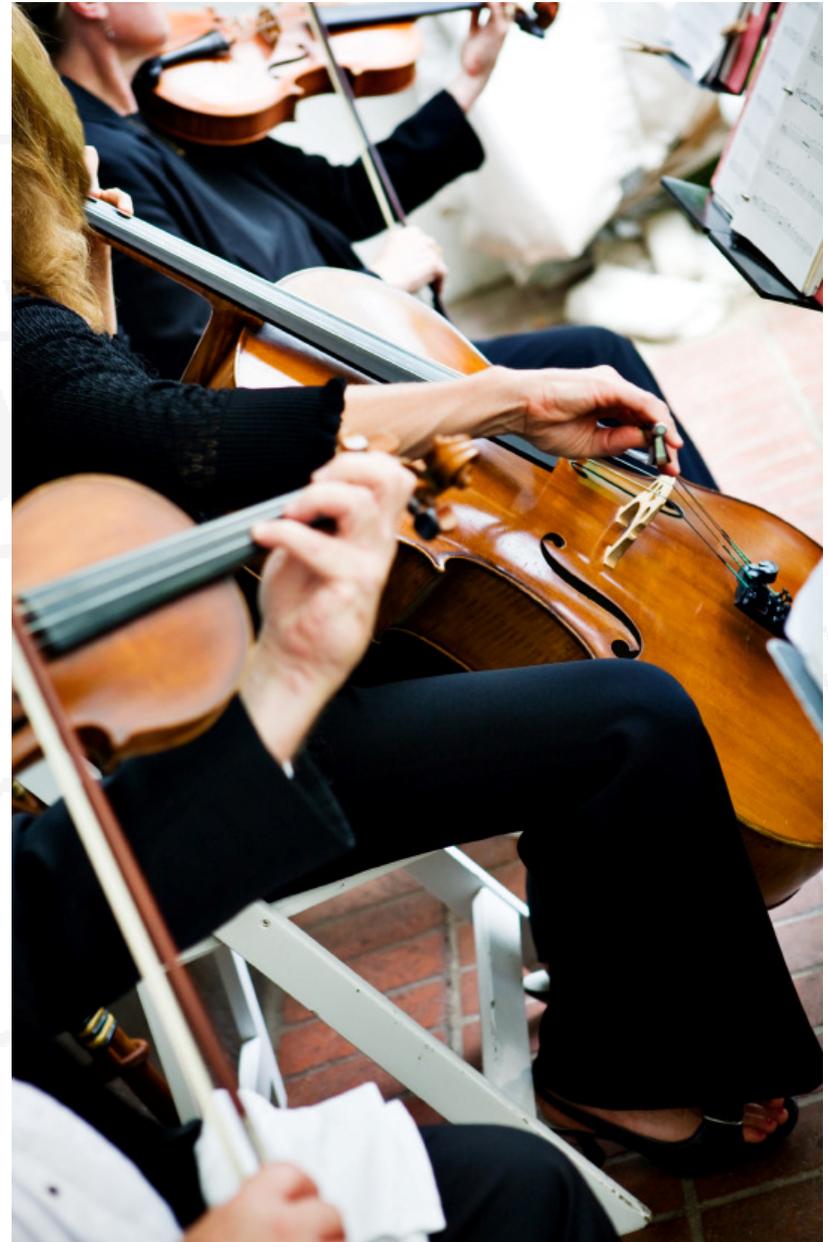
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INTRODUCTION

Performance Management (PM) is the process of establishing employee goals, monitoring progress, and assessing outcomes so that individual efforts generate the desired organizational results---***just as each member of an orchestra contributes to the group's success or failure in performing a symphony.***

Employees gain from the PM process in that the feedback they receive helps them to develop. Their development may result in pay increases based on their performance--a highly motivating outcome. In the ideal state, both the organization and its staff benefit from a well-run PM process. ***Unfortunately, most PM processes fall flat of organizational expectations.*** Managers find PM a burden to administer and employees are typically de-motivated by the negative feedback they receive.

We at APTMetrics have developed this eBook with information gathered from our experiences working with our clients on performance management processes and from a wide review of literature on the topic. Our goal is to offer you guidance that is based on proven results and documented legal protections so you can assess and improve your own PM process.



KEY ELEMENTS OF A STRONG PM PROCESS

It is possible to create a performance management process that adds value, is perceived as fair, and drives organizational objectives. Doing so requires companies to rely on best practices to:

- Drive the PM process from the top of the organization;
- Develop a “real-time” PM process;
- Use performance metrics and evaluation standards that are job-related and valid;
- Implement processes that are consistent, transparent, and enforceable; and

Following is an outline of the steps that need to be taken to effectively implement each of these best practices.

DRIVE PM FROM THE TOP

Although they are intended to drive behaviors and performance aligned with organizational goals, the vast majority of PM processes are created by HR with little input from outside HR. The executives and management of companies with successful PM processes take an active role in creating and maintaining a focus on performance via PM. In other words, they make it the company’s PM system, not solely HR’s.

These executives and managers:

- Communicate clearly and relentlessly the company’s vision and objectives so employees can align their behaviors;

- Publicize their goals and ensure goals cascade down the organization so each employee sees clearly how his/her results contribute to the organization’s success;
- Value what is accomplished as well as how it is accomplished and ensure that individual efforts and performance lead to group or team performance;
- Coach their direct reports and hold them accountable for doing the same; and,
- Hold managers accountable for writing clear, accurate performance evaluations and developing the skills of their direct reports.

These steps yield documented results. Employees who work in a company with a clear focus on performance reinforced by executives demonstrate higher engagement and have more faith in the fairness of the PM process. In addition, these employees display fewer of the frustrations and disruptive behaviors that characterize organizations that send mixed messages regarding the value of performance.

TIP:

Set a good example. Your organization will treat the PM process just as you do. If you don't prepare adequately for it neither will your managers.

DEVELOP A “REAL-TIME” PM PROCESS

Effective PM processes give employees the opportunity to obtain feedback and guidance when they need it—during project management meetings, when crises arise, when deliverables are completed. The emphasis of PM processes designed in this way is to support producing results and adjusting intelligently in real-time to unforeseen events. Contrast this with most PM processes, in which goals remain unchanged even when the business changes and feedback occurs on an administrative schedule (e.g., the end of the fiscal year).

PM processes that work in real-time:

- Encourage manager-employee conversations when setting goals so that how goals should be met is clear;
- Support real-time feedback and evaluation when it matters—during projects and immediately after significant events;
- Incorporate project dependencies and risks in goals so they can be appropriately tracked and managed; and
- Ensure that goals are aligned throughout the year to support business challenges, market changes, and unanticipated opportunities.

TIP:

Are the goals and feedback written in specific, behavioral terms on the appraisal forms? If not, you're likely to see low ratings of the performance appraisal process on your employee opinion survey.

PERFORMANCE METRICS AND EVALUATION STANDARDS

One of the most common complaints about PM evaluations is that they are not related to what the employees do every day.

Performance evaluations that are rooted in documented job outcomes and KSAs (knowledge, skills, and abilities) provide specific and actionable feedback. They promote consistency in evaluation and performance coaching. As a result, they are more legally defensible and are less likely to provoke complaints of bias.

A job analysis documents the KSAs, outputs, and standards required to perform the job, based on wide input from incumbents, managers, and customers. For jobs with wide discretion (such as many professional jobs) a job analysis documents the specific competencies that lead to high performance and complement business-based goals and objectives.

Job-related and valid PM metrics:

- Are based on KSAs/competencies consistent with the demands of the job as documented in a job analysis that adheres to professional guidelines;
- Give clear behavioral guidance with specific and relevant behavioral examples of performance;
- Are aligned with the key needs of the business (geared for development, retention, differentiation, succession, etc.); and
- Are analyzed frequently to ensure decisions based on evaluations (promotions, development opportunities, salary actions) are valid.

IMPLEMENT PROCESSES THAT ARE CONSISTENT, TRANSPARENT, AND ENFORCEABLE

When employees are asked what makes a PM process “fair” they list elements that drive consistency and transparency on two levels. The first is the organizational level; that is, how they perceive the process works for everyone in the organization. The second is the personal level, or how they specifically are treated in the PM process.

At the organizational level employees judge whether the PM process seems structured and applied consistently. For instance, they look to determine whether performance expectations are consistent across job levels and business units and whether system rules (such as rating distribution rules) are applied consistently. Employees are quick to see when there are no consequences for managers/executives who skirt the rules. When employees believe that a PM process in the organization is simple in design, transparent, and consistent their satisfaction with PM is high, even for employees who receive low evaluation ratings.

At the personal level, employees think through the how they were treated by their specific manager. For example, they assess whether the PM discussion was productive and respectful or focused negatively and punitively. They ask, “Does my manager know me and my job?” Many efforts to improve PM evaluations focus at this level—typically by training managers in how to conduct performance review and feedback sessions.

Actions that promote consistent, transparent, and enforceable processes at the organization level include:

- Developing a streamlined process that covers important job behaviors and goals;

- Training raters (managers/peers, etc.) to ensure they apply a consistent frame of reference when evaluating performance;
- Holding managers accountable for the quality of their ratings (through second-level review or consensus meetings);
- Implementing a formal process for resolving disagreements with performance evaluations and feedback; and
- Linking appraisals to salary actions in a meaningful and consistent way.

Actions that promote consistent, transparent, and enforceable processes at the personal level include:

- Ensuring that managers who rate employees demonstrate knowledge of their employees’ jobs and use that knowledge to frame their evaluations;
- Ensuring that employees participate in the performance evaluation and action-planning process;
- Using written narratives as well as numerical ratings in the performance evaluation summary;
- Using in-person feedback reviews; and
- Training managers to ensure employees gain from the PM process regardless of the evaluation they receive.

TIP:

Train managers to manage performance. It takes skill to set goals, coach others, and calibrate performance ratings.

CONCLUSION

Effective performance management is a business management process to translate company objectives to individual goals and actions. It is one of the most important processes a business can execute.

APTMetrics has developed world-class expertise creating performance management processes that are job-related, efficient, and effective.

Our approach, based in job analysis and competency modeling data, has delivered proven benefits to our clients who operate in multiple industries and have global reach.

MORE ABOUT APTMetrics, INC.

APTMetrics is a human resource process consulting firm that designs and implements legally defensible workforce solutions to attract, build and retain high-performing talent.

The Fortune® 100 and other corporations around the world have chosen APT's staff of business psychologists, HR professionals and IT specialists to provide turnkey services in the areas of: performance management; succession planning; job analysis; selection systems; litigation support; development; 360-degree feedback; staffing for organizational change/downsizing; organizational surveys; and compensation.

For more information about APTMetrics, visit our Website at ww.APTMetrics.com.

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