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NETWORK

advancing women in business

WORKBOOK

PERFORMANCE MANAGEMENT

CONTENTS

ABOUT THIS WORKBOOK

ESTABLISHED in 1999 everywoman works to advance all women in business all over the world. Our monthly workbooks focus on topics and issues which are fundamental to women progressing in their careers, from presentation skills to building resilience; smarter networking to getting the most out of being mentored.

Performance management is a critical leadership skill, which if done well can see a team's performance go from strength to strength, earning you and the team members respect and a great reputation. Despite this, performance management is a skill we are rarely taught.

This workbook is a practical guide for managers and leaders who want to learn or refresh their understanding of the key ways they can manage the performance of their teams. We will examine the performance management cycle, focusing on the many aspects that need to be considered when setting, agreeing and reviewing an employee's goals.

We estimate that it will take around 45 minutes to one hour to complete.

What is peformance management?

PERFORMANCE MANAGEMENT is the process through which an employee and a manager form an understanding of what the employee is to achieve, how it will be achieved, and why the goal has been set. In its simplest terms it can be broken down as follows:

WHAT is the goal the employee must work towards (complete a project, hit a revenue target, for example).

HOW the employee will achieve the goal (define a project plan, implement a growth strategy, for example).

WHY bother? (How does this goal fit with the wider business goals? What is the motivating factor for the employee to deliver this goal? What new skills will they develop? How will they be rewarded?)

Defining the above with each employee ensures that the team is going in the right direction; that each individual knows their objectives, has a clear idea of how they'll deliver them, and feels motivated to do so.

At its best, performance management is a process to ensure that leaders are effective in creating high performance from their teams.

The benefits of effective performance management for a leader include:

- A functioning, high-performing, motivated team
- Clarity around what tasks team members are engaged in
- Clarity around how they may need to help develop their team members
- Reputation as a strong team leader
- Business objectives met!

The benefits of effective performance management to the employee include:

- Knowing and understanding what is expected of them
- Clarity around which skills they need to draw on or acquire to achieve goals
- Feeling supported by the organisation (in acquiring a new skill, for example)
- Regular constructive feedback on performance
- Broader knowledge of how their objectives fit into 'the bigger picture'
- Feeling motivated to deliver

SECTION 1.
COMMUNICATING
EXPECTATIONS,
STANDARDS AND LIMITS
OF AUTHORITY

Communicating expectations, standards and limits of authority

WE HAVE TOUCHED ON the importance of an employee having clarity around what is expected of them. Without clear goals, their priorities will be misaligned with those of the team or company, and motivation and performance will inevitably suffer.

A Job Description is usually an employee's introduction to understanding the breadth of their role, the key skills required, and how they will be measured. It can be valuable to share individuals' Job Descriptions with a wider team, helping to ensure that everyone understands everyone else's roles and how they will work together.

It is important to remember that a Job Description is not simply an outline of what the employee must deliver in their role in terms of skills and measurable objectives, but that it also sets standards for how these skills and objectives will be delivered. These might be in line with industry standards for best practice, for example, or in a way that is cohesive with the company's internal culture.

Another important component of a Job Description is the 'limits of authority'. This is where the employee gains an insight into where the boundaries of their decisions lie and the chains of approval they will operate within, for example in terms of budget management or approval process for projects.

Job Descriptions tend to be used as part of a recruitment or promotion process, but it is a good idea to review them on a regular basis to ensure they continue to be relevant and do not impede effective operations or decision-making.

SECTION 2.
THE PERFORMANCE
MANAGEMENT CYCLE

The performance management cycle

 PERFORMANCE MANAGEMENT can be seen as a cyclical series of events which occur throughout the year. An example calendar may look like this:

Cycle 1

Set and agree objectives with the individual along with a clear timetable of what is to be achieved and by when. It is often a good idea to set short-term incremental goals to measure progress towards the ultimate goal along the way.

Cycle 2

Following the goal-setting session, the manager and employee should identify any learning needs and skills gaps, and how and when these will be supported - for example training or additional resources.

Cycle 3

The manager and employee should regularly and formally review progress against the goals and/or the short term deliverables, adjusting them – and the corresponding needs of the employee – where appropriate. The manager should give clear feedback so that the employee can adjust their methods if necessary. In addition to the employee's performance, the goals should be regularly re-evaluated to ensure they are still relevant to the overall business goals. Where short term deliverables are achieved, the employee should be rewarded (this might involve praise or edification, depending on the employee's motivators).

Final cycle

The last stage of the performance management cycle is a formal review of the employee's performance against goals. This will need to take into account feedback and actions arising from all previous sessions and should focus on recognising achievements, lessons learned, and, finally, what objectives the employee will take forward into the next cycle.

The Performance Management Cycle

| 1. COMMUNICATING EXPECTATIONS | 2. PERFORMANCE MANAGEMENT CYCLE | 3.TOOLS FOR MANAGING PERFORMANCE | 4.ACTION PLAN |

Key points to consider in the performance management cycle:

1. Performance management is an ongoing process, which requires regular meetings between the team member and the manager. Regular open communication between leader and individual will help drive high performance.

2. In order for a person's performance to be measured, clear objectives need to be set at the beginning of the process.

3. The agreed objectives will need to be realistic yet challenging, and sit alongside a clear development plan in accordance with whatever support the employee needs, in order to confidently deliver.

4. When individuals achieve their objectives (or are seen to be making good steps towards achieving them) they should be recognised and rewarded.

Agreeing objectives

THE FIRST STAGE of the performance management cycle is agreeing objectives with your team member.

As a leader you will know the importance of spending time identifying and reviewing business plans. From this, you will set financial and other targets and usually set out a number of achievements you want your business to attain in that financial year – whether it be expanding into a new geographical area, launching a new product, or maintaining its market share in difficult times.

```
                                    Company
                          Department
                  Team
        Employee
```
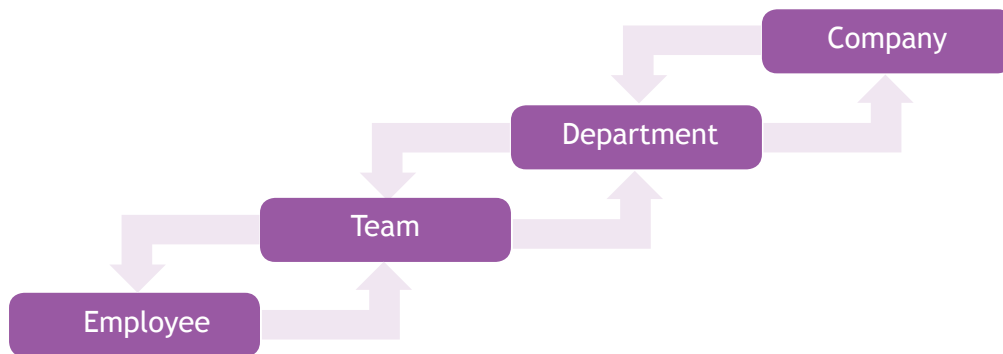
It therefore follows that by setting out a clear DIRECTION for the company, leaders and employees alike will know WHAT needs to be achieved, enabling efforts to be aligned.

Objectives enable individuals to have a clear understanding of how their contribution and performance links to team, department and overall business performance and success. Also, by understanding the career aspirations, capabilities and experience of staff, an individual can influence the objectives a team, department or company sets for itself.

So, what is an objective?

An objective is a mutually understood agreement about a specific work outcome, that an employee is expected to achieve during a specified timeframe. It is not a list of all the activities or responsibilities of the employee (since these will be contained in the Job Description).

To help people set meaningful objectives, the acronym SMART has been developed as a guide.

S   Specific (the objectives must be clear and well-defined)

M   Measurable (this might be in terms of quantity, quality, timeliness, or something else)

A   Achievable (in terms of capabilities and the market environment)

R   Realistic (while the goal must be stretching, it should be readily achievable)

T   Time-Bound (milestones and progress should be reviewed against a schedule)

Use this acronym whenever setting new objectives to ensure they are meaningful and rounded.

Here are some examples of SMART objectives:

- Increase the number of apprenticeships provided to the Operations Team by recruiting three new apprentices. The new apprentices to commence employment no later than 1 October 2014.
- To review overtime usage with the ABC team between June and December 2014. Make recommendations for reducing overtime levels by 25%. The recommendations to be made by end of January 2015.

So, how do you agree SMART objectives?

Set out below is a seven-step process for agreeing objectives with individuals:

1. **Review** the company/department/team plans for the year ahead

2. **Identify** the employee's role within these plans

3. **Listen** to what the employee wants to achieve in the year(s) to come

4. **Encourage** the employee to identify their own objectives

5. **Formulate** objectives using SMART criteria ensuring they align to the business objectives

6. **Ensure** objectives use an 'action verb' (e.g. 'grow', 'review', 'recommend', 'plan') and an 'outcome statement' e.g. in order to reduce overtime levels by 25%.

7. **Agree** what support will be needed by the individual, including levels of authority

EXERCISE

In the space provided below, draft some example objectives for a member of your team. Review these objectives against the SMART criteria.

Objective 1

Objective 2

Objective 3

Identifying learning needs

THE SECOND STAGE of the performance management cycle is identifying the employee's learning and development needs.

As a leader, you need to ensure that your team has or develops the appropriate skills to enable the business goals to be met. Behaviours come into play here too; the how of the objective is equally important and will have a huge impact on the outcome of the goal. It is vitally important that you and your team members are clear on how goals must be achieved, which methods and behaviours need to be demonstrated and which are not in alignment with the company's or department's ethos.

So why is it so important to identify learning needs? Surely employees should already have the skills and behaviours required to do their job effectively? There are a number of reasons:

- Implicit within the performance management cycle is the need for people to learn, grow and keep pace with the changing world.
- SMART objectives require that objectives are stretching yet achievable – which suggests skills gaps will inevitably emerge.
- Providing challenging goals without requisite support can lead to stress, lack of motivation and, ultimately, poor performance.
- It is important for managers to focus on their team members' future goals and career development as well as right now.
- Encouraging an individual to explore new skills enables a company to utilise its training resources efficiently.

In order to identify learning needs, follow the five step process below:

1. Identify the key objectives for the individual for the forthcoming period.

2. Identify what skills and behaviours will be needed for successful delivery of each objective.

3. Assess the individual's capability against each of these skills and behaviours.

4. Identify the critical skills gaps.

5. Agree a way of meeting these skills gaps – remembering that training courses are only one answer. Mentoring, coaching on the job, and on-line learning are all effective ways of bridging skills gaps.

EXERCISE

Each organisation offers a variety of ways in which learning needs can be met. What methods exist within your organisation?

What additional ways could learning needs be met?

Monitoring and reviewing performance

THE THIRD STAGE of the performance management cycle is monitoring and reviewing performance.

Armed with their objectives and a learning and development plan, the employee makes a start on working towards their goal. The manager should then create a schedule of regular reviews which act as a check point for each of the objectives.

Each review should be seen as an opportunity to discuss any problems, ensure work is on track and is relevant to the overall goal. This gives the opportunity to pick up on any difficulties, and, crucially, give feedback on performance to date.

Human beings thrive on feedback – if it is delivered well.

Feedback can help individuals:
- take greater responsibility,
- grow and learn,
- become more independent,
- be more motivated.

When we receive feedback about something we are doing well, we are encouraged to do more of the same, leading to increased performance.

Equally, if we are shown the consequences of poor behaviour we are more likely to change. If it is ignored, we'll carry on regardless.

It is important to plan your feedback session so that it has the desired outcome. Key points to consider:

- Take a moment to review and really understand the original objectives, timelines and the employee's learning and development plan. If the review meeting is taking place before an objective is due to be completed, it is still relevant to discuss it – you just need to be clear what progress you would have expected by the date of the review meeting.
- Prior to the meeting, make sure you have your facts straight regarding the performance of the individual against the objective(s). This is particularly relevant if you do not work with the individual day-to-day, for instance if they work remotely or have a dotted line into another manager.
- Ask the individual to come prepared with an assessment of their own performance against their objectives.
- In the discussion, spend more time asking questions of the employee than you do providing statements. Begin with open questions ("Tell me about the first objective, how are you getting on?" for example). Then, as you are provided with more information, use more closed questions ("When do you think you will finalise this plan", for example). End by summarising the key points including what is working well and what is not working so well.

When it comes to actually delivering the feedback, here are some key points to consider:

- Focus on observable behaviour and skills. What is the person actually doing or not doing? Avoid focusing on personality or values. This is much less changeable and outside of your responsibility as a leader.
- Ensure you operate from an 'adult to adult' mind-set, rather than from a 'teacher to pupil' or 'parent to child' mind-set.
- Be specific rather than using sweeping generalisations such as 'always' and 'never'.
- Be explicit about what good performance looks like, giving clear examples.
- Acknowledge that hearing feedback - whether positive or negative - is emotive. Allow time for messages to be absorbed before checking to see the employee has fully understood.
- Focus primarily on strengths - this is what we can impact the most.
- Aim to leave the recipient feeling 'helped' rather than 'judged'.

For more insight in this area see our workbook Giving & Receiving Feedback.

EXERCISE

Choose one or more objectives that have been set for a team member and create a feedback plan using the above as a guide.

Rewarding and recognising performance

IT IS HUMAN NATURE TO APPRECIATE AFFIRMATION, and most of us appreciate it if that affirmation is genuine and not just flattery.

The fourth and final stage of the performance management cycle is rewarding and recognising the employee for efforts made and goals achieved. This is your chance as a leader to truly motivate an individual.

In reality, rewarding and recognising performance happens all year round - it is vitally important that you give positive feedback as you see good performance in action. Likewise, if you see poor performance, it's essential you nip it in the bud rather than waiting to tackle it in an end of year review.

What people find rewarding they tend to do more of, and therefore what they find unrewarding they tend to do less of. Managers can have a real influence on this as they have a variety of 'rewards' available to them that can help shape behaviour and habits, cause people to perform well (or not) and help people to develop and grow. Rewards are a tangible expression of whether people are on course or not; they let them know where they stand and how they are doing, and they provide a context in which effort will be applied or withheld.

What gets rewarded gets done

The important thing for a leader to do is to apply a reward that is appropriate to the person – remember that what motivates and is seen as a reward for one person, may be regarded differently by another.

There is a human tendency to pay greater attention to what isn't working, rather than to what is working. In performance management terms, this means that a leader is likely to spend more time giving feedback to poorer performers than to those performing well. By catching people doing something right, a leader can encourage individuals to keep doing what they are doing well, and so create stronger performance.

Catch people doing something right

EXERCISE

Work with your team to identify what motivates them so that you can target your efforts of recognising and rewarding good performance more effectively.

Name:
Motivators:

Name:
Motivators:

Name:
Motivators:

Name:
Motivators:

Name:
Motivators:

SECTION 3.
TOOLS FOR MANAGING PERFORMANCE

Tools for managing performance

SET OUT BELOW are a number of tools you can use to manage performance more effectively.

REVIEW	MOTIVATE	SET TARGETS
PAST	PRESENT	FUTURE

A good performance management meeting looks at past performance, motivates in the present and sets targets for the future.

The structure of past, present and future is simple and easy to remember when holding a meeting, and will help you stay on track.

How to give feedback effectively

There are a number of acronyms and models that you can use to help you structure the words you use when providing feedback. These models are designed to help you focus on the behaviour and not on the identity of the individual, to provide balance in what you say, and also to ensure that feedback leads to action. Remember, you don't need to look for examples of poor performance if there aren't any!

To help you structure a feedback session with a team member you may want to think about what worked well over the last three months, what worked less well and what you would like to be done differently in future.

An even better use of this feedback model is to use it to ask questions to the individual being reviewed.

One way to tackle this is to ask exploratory questions. For example: "Looking back over your performance on this objective, what do you think worked well? What else? And what else? And what do you think worked less well? What else? And finally, if you did this objective over again, what would you do differently?"

Another useful model is this simple one of saying (or asking) what the person could do more of or less of in order to bring about higher performance.

Stop, start and continue is a further variance on this.

It is particularly useful to use this tool at the end of a review session to summarise key points. Again, this can be turned into a question.

"Based on what we have discussed, what will you stop doing? And what will you start doing? And what will you continue to do?"

SECTION 4.
YOUR PERFORMANCE
MANAGEMENT
ACTION PLAN

Your performance management action plan

IT IS TIME TO REVIEW your skills as a performance manager.

Use the table below to record your strengths in carrying out each of the steps in the performance management cycle, and to identify your areas for development. From this, identify some key actions that will help you become even more proficient at managing performance.

	Strengths	Areas for development	Action to be completed (give a timeframe)
Agreeing SMART objectives			
Identifying learning needs			
Monitoring and reviewing			
Rewarding and recognising			

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This workbook has been produced and edited by everywoman, with content commissioned from associate expert Kate Turner. It is part of the everywoman portfolio of resources that have been specially created to support and develop women as they advance their careers and businesses.

everywoman Expert

Kate Turner is an expert in the field of enhancing personal performance. In her work as a leadership development coach, Kate has gained valuable insights into the mind-sets of high performers, their motivators, and the impact of these factors upon personal success.

Her qualifications include numerous personal effectiveness tools and psychometrics, and people management (MCIPD). She is passionate about helping people 'get out of their own way' and embrace their full potential.

Further reading

- *Michael Armstrong, Armstrong's Handbook Of Performance Management: An Evidence-Based Guide To Delivering High Performance (Kogan Page, 2009)*
- *Robert Bacal, Performance Management (McGraw-Hill, 1999)*

Go to everywoman.com/development for more personal development workbooks, tools and a schedule of our online seminars.