

Death, taxes...and performance management?

By Mary Ann Masarech, 9/20/2004

Why not? All three conjure up images of unavoidable misery, paperwork, and delicate conversations about money.

It's no secret. Most managers hate annual performance appraisals. Employees dread them, too. HR professionals lament that managers and employees talk about performance more than once a year in theory only.

Chances are that someone (maybe you?) in your organization is trying to figure out how to make your performance management system work better. So here are seven things you can do to move your system away from an administrative nightmare toward a driver of personal and organizational success:

1. Secure ownership by senior leaders

HR may need to take the lead in running your performance management system. But unless your organization's leaders consistently promote performance management as critical to achieving business results, your system will remain a vestige of the personnel department from days gone by. Identify role models at the top who visibly use the system with their direct reports. Actively involve senior leaders in communications about performance management. Build advocates willing to speak about individual and organizational goals in the same breath.

2. Tie individual goals to the organization's business strategy

In a recent workplace survey conducted by BlessingWhite, a mere 18 percent of respondents indicated that "My organization's strategy is well communicated, and everyone's work priorities support that strategy." That means a lot of the performance being "managed" out there may not matter much! Try goal-setting from the top of the organization on down. If your managers' goals are linked to strategy, it will be easier to link all employees' goals. If your system guides managers and employees to write SMART (often defined as "Specific, Measurable, Achievable, Relevant, and Time-bound") goals, add a "Y" for *why* does this goal matter to the organization? And if *you* can't describe how *your* goals link to your organization's strategy, then see #1 above. You may first need to help your senior leaders effectively communicate the direction of the organization.

3. Hold individuals accountable for living the organization's values

Strategy helps prioritize what work must get done. Organizational values guide how the work should be accomplished. Values are the core of high-performance cultures that typify long-term market leaders. They can sustain your employees through rocky times and lead them through exponential growth. So take your organization's values off the wall where they're posted and weave them into your system. Build them into evaluations. Compensate employees for living your values. What about making sure your leaders walk their values talk? Absolutely (but that's fodder for another article).

4. Consider your organization's unique personality

By all means, check out what works in other organizations. Just remember that performance management systems need to be custom-tailored. Every organization is unique. Your system's blend of human/high-tech elements, measurement tools, ratings, and training needs to fit your culture. Take forced ranking, for example, where employees are compared and ranked against each other in a prescribed system. There are arguments philosophically for it and against it. The real question is: Is it right for your culture? Will it help drive performance?

5. Encourage employees to take responsibility for - and visibly take charge of - their individual success, development, and job satisfaction

Face it. Your "talent" doesn't really want to be "managed." An effective performance management system should create a partnership between employees and managers focused on mutual success. Sure, employees need guidance and coaching from their managers on what the organization requires. But to stay motivated and committed to those goals, employees need the chance to tap into their personal motivators and have a say in how their unique capabilities can be leveraged.

6. Hold managers accountable for regular feedback, discussions, and coaching on priorities, performance, and development

Managers can make or break your performance management system. Sometimes they need a rather aggressive nudge to fulfill their role, which has less to do with managing and more to do with unleashing employee potential in the right direction. Consider tracking and compensating them for conducting regular coaching discussions. Hold them accountable for results and for developing their teams. Don't train them in conducting performance appraisals. Provide the skills and tools they need for the discussions you want them to have throughout the year. Once they discover the value of discussing performance without mention of evaluations, rankings, or compensation, they'll have more of these discussions, ultimately paving the way for smoother, less painful appraisals - and better results.

7. Stop changing those forms!

More than half the audience at a recent presentation on this topic had revamped their performance management system in the last year. Most of the rest were planning to do so in the coming 12 months. It's a good idea to build on what works, especially if you've found best practices that encourage continuous dialogue about priorities that matter most to the bottom line. Remember, however, that the critical ingredients of an effective performance management system are the business and cultural drivers - and the conversations - that take place between the people who need to execute the organization's strategy. In the end, performance management needs to be less about the forms or the online systems (which make goal tracking and data sharing easier but for the most part merely automate the dreaded forms). It needs to be more about continuous dialogue and partnership about what matters most to employees and the organization.



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