

Make Your Performance Management Work

We hear all the reasons why performance management doesn't work and wonder "are there companies that are doing this well?" I am happy to report that there are companies that take the process seriously and have an effective program in place.

There is an insurance company headquartered in the Midwest that has an effective program in place. It started with the promotion of one of its officers to the CEO role and one of his first initiatives was to meet with the new head of human resources (CHRO) to get feedback on how to make the process an integral part of management. The CEO and CHRO along with the management team wanted a system that:

- Delivers fair, honest, and defensible performance feedback that could be used for all human resources decisions, and
- Drives organization performance

They knew that the difference in adequate and great performance management systems is not in the techniques. To achieve a great system they understood that the program would require:

- High level of active leadership support and championing,
- Real differentiation in performance and giving meaningful feedback , and
- Alignment with business strategy

The process that was implemented is championed by the senior leadership team and supported with ongoing communications and training for participants. This organization has done an excellent job at communicating the different performance levels and the expectation that not all employees will exceed expectations. Finally their program is built around the company's strategic plan.

Human Resources is an active participant; each review is read by human resources and questionable reviews are discussed with the manager in the spirit of understanding not "gotcha." There is an expectation that most ratings will be "meets expectations" and any review that results in a different rating is read by the CEO, the CFO, and the CHRO. One of them meets with the manager in question to discuss the review and the rating. It is very clear that senior management takes the process seriously.

Research from the Institute of Corporate Productivity suggests the best practices for effective performance management:

1. Includes developmental plans
2. Managers are trained on conducting the performance evaluation meeting.
3. The quality of performance appraisals is measured.
4. There is a system to address and resolve poor performance.
5. The review includes information other than that based on the judgment of managers.

6. The process is consistent across the organization.
7. Employees can expect regular feedback
8. Multi-rater (360 reviews) input is used to support the process.
9. Includes ongoing goal review and feedback

You can make performance management more effective and in further articles we will provide suggestions.

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