

Advantage Note 22c

Performance Management Capability Series

Avoiding the pitfalls associated with Performance Management (Part 3 of 4)

By Declan Kavanagh



Performance Management is a critical capability in every organisation yet it is often not very well defined or integrated. In the Digitally mature organisation it becomes more sophisticated and more powerful. How do we get it right so that the performance of Individuals, Teams, Processes, Machines, Information and Materials all contribute to the organisations strategic goals and KPI's This series of short papers provides a guide for enhancing an organisations performance management capabilities and the system overall.

@Note 22a “Critical Success Factors” for Performance Management

@Note 22b “Best Practice Goals, Objectives, KPI's & Measurements” for Performance Management

@Note 22c “The main pitfalls and how to avoid them?”

@Note 22d “Adapting Performance Management for the Digitally mature organisation”

The main pitfalls in performance management and how to avoid them (paper 3 of 4)

What are the pitfalls in performance management?

Below is a list of just some of the things that degrade the effectiveness of a performance management system and some tips on how to prevent.

Pitfall	Prevention (Organisation)	Prevention (Individual)
<i>Over ambition in setting targets</i>	Setting goals and targets is not just about the statement, it must also consider the context, available resources, current performance and history of improvement. It is a team effort at an organisation level, so the combined wisdom and data should be applied to the process. It also requires innovation, competence and capacity analysis, and resource planning. It's not unreasonable to have slightly tougher goals, performance standards and KPI's internally in a group, compared to what gets committed externally or up a level, but within the group this should be transparent.	Different personalities have different approaches from the optimist who sets over ambitious targets, to the pessimist who always low bids, and then the manipulator who sets a target that they know they have capacity to exceed. Though we desire the individual to set their own goals and targets, they also have some customer for their output so those stakeholders must be directly or indirectly involved in the process. The manager/Leader/Coach is a key contributor. Sometimes the fault lies with the managers and stakeholders due to their business pressures and they set the target too high or push the individual beyond their capabilities. Education and training are key not just on the process but also the interpersonal skills for all participants in the process
<i>Poorly stated goals and targets</i>	There must be focus and clarity otherwise misunderstandings will occur, this is why we use SMART ² as a guide and ensure that the plan to achieve the goals and/or target can be broken down and achieved incrementally where possible	There must be focus and clarity otherwise misunderstandings will occur, this is why we use SMART ² as a guide and ensure that the plan to achieve the goals and/or target can be broken down and achieved incrementally where possible
<i>Lack of commitment to targets and improvements</i>	Employee engagement is a critical success factor. The processes for people, process and work management must be aligned. Role and Career management must be a dynamic	At an individual level for the majority of employees empowering them to set their goals and targets, own their processes and enable initiative are central to commitment.

	<p>active process. Leadership must communicate the overall goals and drivers to staff and make the connection to the individuals role and goals. Goal chains can be used to create the connections or performance transformation/continuous improvements program metrics can be used to create the connection.</p>	<p>Enforcing goals and targets on individuals mitigates against commitment. Sharing performance standards can help staff understand what a reasonable goal or target range is for their specific contribution. Performance planning and management can also assure the individuals see there are transparent , fair standards of performance planned and applied.</p>
<p><i>Incongruent (conflicting) goals and targets</i></p>	<p>Having a defined and disciplined performance management policy and process is essential to ensure that goals and targets are aligned up, down and across an organisation. In the event that there is some contention relating to incongruent goals and targets a review is required , the goals may get modified and restated with any changes and the knock on impacts communicated up, down and across the organisation</p>	<p>At an individual level either the leadership has failed to adequately communicate their plans and expectations to the individual or the individual has an unstated agenda which may not align with priorities expected from that role. It's essential to have a career handbook and structure that elaborates the requirements of every role at every level in order that from Day 1 new employees know what is expected of them.</p>
<p><i>Goal posts (Targets) keep moving</i></p>	<p>This is an indication of lack of management discipline. Stick to the process and plan and execute reviews. There can be periods of uncertainty and in these scenarios use a more agile approach with shorter time horizons for managing performance..</p>	<p>At an individual level this can be an indication of lack of capability in the performance process. The process of changing targets must be controlled in order that these scenarios become visible and root cause analysis and corrective action can be taken.</p>
<p><i>Lack of regular quality reviews</i></p>	<p>Top down leadership is an essential element of confirming to the system that performance management is important. The process and information must be available in near real-time in order that the reviews are effective. Reports , Measurement and KPI's must help individuals and teams do their jobs day to day and not just be for higher level review. Progress reviews must just be</p>	<p>Lack of regular reviews at an individual level are found to be caused by time availability and impractical administration. Feedback should be real time as should collaborative performance improvement. By using IT and modern collaboration and communications technology much of the planning and recording of regular formal reviews can be automated thus</p>

	<p>part of normal day to day tasks that get done at all levels. Formal reviews should be frequent within reason, informal reviews should be day to day.</p>	<p>allowing for the interaction and engagement to be more productive. (This is the biggest single factor that causes a good performance management system to be perceived as not working)</p>
Poor measurement	<p>This can mean a lot of things from measuring the wrong things the wrong way or a poor perception of accuracy and credibility of the measurements. Only measure what is important to drive performance in the key performance areas. Only measure if the cost of measurement it outweighed by the benefits derived. Only measure if there is someone identified who uses the measurement day to day or periodically to achieve the stated goals, Every measurement should have a stated specification so assure its integrity.</p>	<p>Normally at an individual level unless there is mutual value in a measurement you will run into problems. It's essential that all stakeholders get value from a measurement. The points outlined for an organisations measurements are equally as valid for individuals.</p>
Disagreement about performance level	<p>Assuming there is integrity in the measurement process and agreement on the goals and targets. Then disagreement will come about because there has been a move in the performance standard that has not been processed and communicated properly or there can be Machiavellian politics at play. Stick to the process and facts for the discussion. Carry out root cause analysis on both the actual measurement and the performance standard.</p>	<p>Firstly we need to ensure there is neither a recency or halo effect ongoing. The leader has prime responsibility here. The importance of adhering to the performance management process and having a well-defined career management process is also essential here. Performance planning and active management is essential recognising for any group of similar roles, or employee teams a normalised distribution of performance is required with most meeting requirements and only a few exceptions at the extremes. In addition where there is performance based pay and incentives its essential they are not incongruent with staff performance development needs and business outcomes required.</p>
Poor recording of progress	<p>This is mostly down to process</p>	<p>Automation is key here,</p>

	<p>effectiveness and the use of technology to make it easy to record and view progress. Make it easy for participants to be disciplined and measure levels of performance management process compliance as well as effectiveness.</p>	<p>effective and regular reviews require planning, consistency, meetings and recording. If the employee feels they have control and empowerment, they will be committed to the process as well as the desired behaviours and outcomes best performers (as regards performance management systems) have the individuals motivated to drive the process and improvements.</p>
<p><i>Insufficient time for all the reviews</i></p>	<p>Organisation design and role responsibility for performance reviews becomes part of capacity planning. There are many considerations that determine how the reviews are planned and executed. Leveraging technology can greatly assist in making the available time more productive. In certain circumstances team and peer review processes can be very effective.</p>	<p>The goal of the system is to help employees improve their performance and all the knock on benefits available. It's a false economy to just do informal on the fly feedback as the primary approach. ROI on productive time spent on periodic performance planning and appraisal is very high.</p>
<p><i>It's a once a year process</i></p>	<p>Fundamentally this is about discipline, compliance and value. The design of the performance management system must enable the participants to see and experience the value of participation. That coupled with process controls and KPI's and walking the talk should ensure that the acknowledged value of regular quality reviews of performance are experienced, and the tools provided remove overhead from the process. At an organisation level a very effective process when setting annual goals and reviewing them is to focus on 30 Day & 90 Day goals and KPI's in the context of the overall annual goals and objectives. Monthly reports and reviews and quarterly higher level reports and reviews can then become embedded in the system.</p>	<p>Similar comments as for organisation but also training for participants in the process in order that they can leverage it for maximum value. Participants include stakeholders involved in individual reviews (Reviewer, reviewed, contributors e.g. 360° f/b). Also those involved in group/team reviews, process, systems, method reviews</p>

<i>Measuring the wrong thing</i>	Measuring the wrong thing leads to inappropriate behaviour and action, and it dilutes the performance management systems. The prioritization process, process modelling and other tools should assure that the right things are measured and reviewed at the right frequency.	Measuring the wrong thing leads to inappropriate behaviour and action and dilutes the performance management systems. The prioritization process, process modelling and other tools should assure that the right things are measured and reviewed at the right frequency.
<i>Too many goals and objectives</i>	Too many goals and objectives dilute the performance across an organisation. The key is having good guides ensuring that Goals , Objectives, Projects and tasks are differentiated and understood. Good PM practice adopting standards such as PMI and using appropriate automated tools can assist in ensuring no group or team sets too many goals and objectives	For an individual it's important to ensure that the work team goals they lead and any additional project team goals are recognised and aligned. In the main their individual goals become these goals , along with one or two individual contribution goals and a personal development goal. Depending on the role and the individual a good average number for annual goals is 5 with a maximum in exceptional circumstances of 10.
<i>Poor performance not addressed</i>	Performance management is both a technical process and a soft skill that participants must engage with . Training & Development can be a big aid in facilitating the process. Equally as important are the high level governance, organisation and individual policies, procedures and supporting systems. Performance must be seen as important, helping each individual improve performance is the focus, recognition of good performance is visible and a performance improvement process (pip) that gives special attention to poor performers must be in place and used. Consequences of continued or persistent poor performance must be visible.	At an individual level the goal is to optimise performance and turn around the performance of a poor performer. The process should also allow for reassignment/termination should it be necessary within a Performance Improvement Policy. A procedure is required. This is also necessary to assure compliance with good employment practice and employment law in most countries.
<i>Improvement rate not as expected</i>	In the first instance its necessary to ensure that the capability existed or exists to achieve the target performance level. Root	The most important contribution here is the face to face meetings to understand why the rate of improvement is

	<p>cause analysis using available data and tools then must be used to identify the limitations on rates of improvement. Metrics and dashboards should signal poor rates of improvement, leveraging BI tools where necessary. Sometimes bringing in 3rd party expertise to independently assess the performance can provide additional views and apply new perspectives on the process.</p>	<p>not as expected. 9 times out of 10 the employee will have the answer.</p> <p>These reviews can be 1-1 with leaders, subject matter experts, peers. Or they can be group based.</p>
<i>Continuously missing targets</i>	Strategic Review is required to identify the causes.	Reassignment or termination once due process has been followed.
<i>Complexity of the total system</i>	The adoption of industry standards, frameworks, best practices and models can help manage complexity. These can include maturity models and related tools. There are too many to mention but some examples might be ISO standards, Product standards, SPC, CMMI, ITIL, IT-CMF	The adoption of standards can also assist with individuals working in a complex system. Education and training certifications whether academic, professional bodies, vendors or internally developed and applied can help with consistency and approach.