

Why Improving Performance Management Systems Is So Difficult

PART 1- One of the salient aspects of working with companies wishing to improve performance appraisal and management systems is the simple repetition of a phenomenon. Most companies redesign their performance management systems. Sometimes they attempt total redesigns. Sometimes it's tweaking it, changing the forms and so on. Perhaps the strangest thing is the common result most companies receive. They end up with something that might look a bit different, but actually ends up functioning exactly like the old system. This revamping process has to be one of the largest investments gone for naught, one can find in management arenas.

In this two part article, we'll explain why this occurs, since knowing why most improvement efforts failed miserably.

Starting In The Wrong Place

Typically attempts to "improve" an existing performance management system begin in the middle. Great effort goes into modifying forms, or even choosing a completely different method to manage performance. What is almost never undertaken is a return to the beginning, and asking the basic and fundamental question "What is it that we want this "thing" to accomplish?" Or in other words, what is the purpose or how will this "thing" contribute to the well-being of the company, management and staff?"

Since most existing performance management systems suffer from confused purposes, or worse, multiple purposes that cannot possibly be achieved all at once, any new system, based on confused purposes, is going to function exactly like the previous system.

That's the major reason why I will refuse consulting assignments if the client is unwilling or unprepared to begin at the beginning. Unless senior executives are willing to redefine the entire purpose clearly and reflectively, no amount of twiddling, training or tweaking will mean a tinker's damn.

Performance Management As A Confused Term

You'd think that the term performance management (or appraisal or review) has a very specific universally understood meaning. In one sense it does. If you read books about performance management, you'll find general agreement that the process involves the same basic subparts and is used for the same reasons. If all you did was read about performance management, you'd believe all the meanings are clear.

However, as soon as you go out the door and interact with real people in workplaces, you find that there are dozens if not hundreds of ideas about what performance management is in practice. One person sees performance management as just the appraisal end. Another calls rating employees performance management. Yet another considers 360 feedbacks as performance management. Very few people understand performance management as the entire process I and other writers and consultants map out for them in books and articles. Why? Because regardless of what "we" say, what determines a person's ideas about performance management are formed on the job, via personal experience. As often as not those understandings have provided them with an understanding that is flawed and dysfunctional.

This creates a severe implementation problem. Organizations assume that managers understand things in the same way, or that they buy into the principles and pur-

poses underlying the new improved system (if purpose is even examined). Typically they run managers through some sort of indoctrination or training program, which many managers ignore, because it doesn't match their preconceptions about the process. The result is that they continue to do things according to their preexisting preconceptions, or in a worst case, nod approvingly while secretly entertaining the thought that it will never work. And of course it doesn't because the people who need to make it work haven't bought in or perhaps don't even understand this "new thing".

If companies do not create completely new understandings of performance management, and simply introduce new procedures, nothing will change.

Imposition of Change

Despite a veneer of including managers and employees in the redesign or tweaking of performance management systems, involvement doesn't start at the beginning either. It often works like this. The HR department (or some committee) is charged with improving the performance management system. They move forward with surveys or

interviews, asking what managers and employees want. They get responses like "The form needs to be shorter", or "We need more space or fewer items or..." Based on this information, the changes are incorporated, and again, the cosmetics may change but the fundamental philosophy remains identical, as does the level of understanding of the process on the part of managers and employees.

Involvement must place managers and employees in the positions of performance manager customers. Without meeting their real needs (sometimes hard to tease out) the redesign process fails. Where to start? Ask the right questions. What should this thing achieve? How should it help you get your job done? Once these questions have been answered, then and only then do you begin to outline the nuts and bolts of the system.

If it isn't done this way, the "new system" is perceived as an imposition, coming from the top of the organization (or worse, HR). No buy in. No improved understanding.



PART 2- Where Did The Employee Go?

What amazes me about many performance management "refurbs" is that the employees are almost entirely ignored throughout the process, although sometimes there is token involvement.

There are four groups of people that need to be on the same wavelength to make performance management work. Executives, managers, usually the human resources department, and employees. All play important roles in this process. So, here's a question. Which group contains the most people? There are a handful of executives, a handful of HR staff, and perhaps more than a handful of managers and supervisors, but there are tons of employees. For performance management to work, it MUST rest on a foundation of cooperation, based on at least the prospect of benefit for all.

Managers need to know and understand why they are doing performance management, and see how it helps them do

their jobs more effectively. As importantly, so do employees, or else there will be a perception that the "new system" is just about as beneficial as the "old system". Which means it isn't seen as useful at all.

If performance management system improvement does not include all four groups, it is likely to fail. All must have input into the process, and usually, all must redevelop their understanding of the purpose and benefits of the process.

Clearly then, the input of employees must be part of the process. But perhaps most importantly is that there must be a conscious effort to explain...no, demonstrate, how this new system is completely different and beneficial to employees.

When Executives "Take A Powder"

Imagine a situation where a division of a company loses several hundred thousands dollars a year, year after year after year. What are the chances that senior executive aren't going to get around to looking at the situation. What are the chances that sustained problems will be microscoped to death where there is significant financial loss?

It's different with performance management. A com-

pany may spend hundreds of thousands of dollars re-designing a performance management system, and more hundreds of thousands of dollars in time and resources using it, with absolutely no return on investment. Do executives notice? Not usually. Many executives use the "fire and forget" notion. Kick things in gear. Make an appearance or two to speak to the troops. Then forget the entire thing.

It's bad enough that most executives have no clue their existing system is a total failure. It's even worse to recognize it, commission a redesign, and then do nothing whatsoever to make it work. That virtually guarantees failure. Why?

The logic is simple. Start with the assumption that most people in the organization don't have a clear idea of what the "performance management thing" is for, or could be for. That must change for a viable and successful performance management process to emerge.

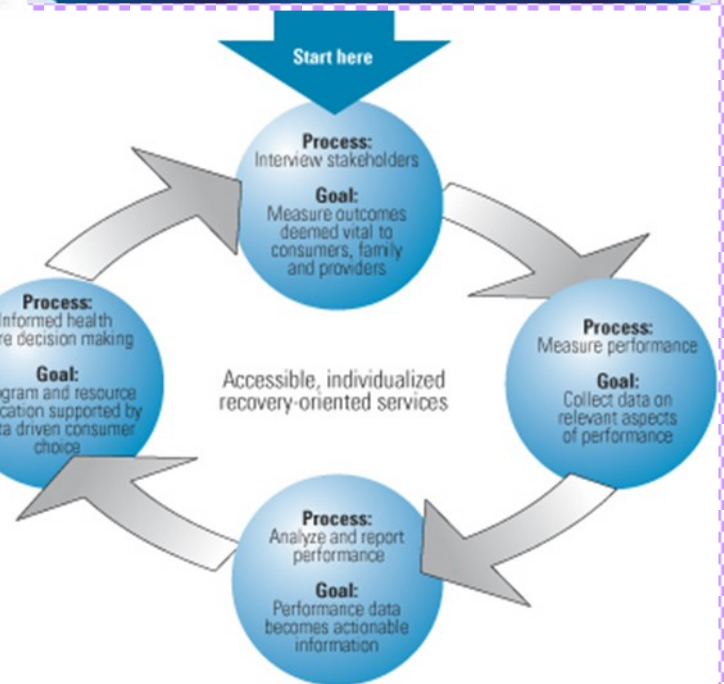
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Apart from showing commitment to the new system, executives need to shepherd the process. Executives must cascade the system downward, working with their own reports to demonstrate directly how the process should work and will work. In addition to demonstrating it, they must coach their reports so that level of management can continue the cascading process. So, apart from championing the process, executives must:

- teach it
- demonstrate it
- require it
- monitor it
- commit to it

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