



# Performance Management Process

## Learning Outcomes

**By the end of this unit the learner will be able to:**

- ✓ A three-phase model that will help you prepare employees for peak performance, activate their inner motivation, and evaluate their skills.

# Performance Management process

## Phase I (Preparation)

### Overview

Preparation is all about getting the employee ready to do the job. It is a manager's responsibility to:

- Select the right person for the job
- Establish long-term objectives with the employee
- Ensure objectives are clearly communicated
- Ensure that the necessary supports are in place to carry out those objectives
- Identify and satisfy training needs
- Spell out the accountability system related to the employee's performance objectives

Preparation isn't a once-a-year function, nor a once-a-season function, but an ongoing critical responsibility belonging to the manager. Choosing the Right Person for the Job

The most important thing you can do as a supervisor is hire good people. This is easier said than done! Hiring is not yet a science. However, if you are invited to sit in on the interview process, take the opportunity.

You have probably heard that people are an organization's most important asset. Today, this statement is more significant than ever, particularly as many organizations have seen their labor costs rise dramatically while at the same time customers expect increasingly more in terms of service they receive. Don't take the job of hiring lightly and don't go into it poorly prepared.

The cost of improper selection can be very high. When the unsuccessful employee must be terminated, the recruiting and interviewing process must begin all over again, and the successor must first be trained before being put on the job.

These costs, however, are only the more visible ones. The hidden costs are frequently even higher: low quality of work performed by the unsuccessful employee while still on the job, the internal disorganization and disruption the employee may have caused, the ill-will and alienation that may have been generated, and perhaps even the loss of valued customers.

### **So, what can you do to make sure you have the best people working for you?**

Have position descriptions for your employees so you know what the job entails and what skills you are looking for. Make sure that the position descriptions are up to date.

A position description is a legal document. Without one, both employee and employer can be confused about roles and expectations. There is a widely held belief in some organizations that giving employees clear job descriptions will have a detrimental effect on productivity. Research indicates that just the opposite is more likely to be true. Employees who know what their role is will be more willing to work

hard, and to stretch the boundaries of their position when required. In addition, it's impossible to measure someone's performance if they don't know what's expected of them.

An effective position description should include:

- A job title
- Job purpose (Why are they there?)
- Reporting relationships (Who do they report to?)
- Key responsibility areas (What are they specifically to do?)
- Limitations of the position in terms of problem solving and decision making authority
- Competencies expected in performing the job duties (people skills, technical skills, etc.)
- Environmental factors (What culture and environment will they be working in?)

Requirements to perform the job, also known as job specifications, may be a part of the position description as well. This will include the education, experience, training, and competencies required to do the job.

Even if your company is not big on job descriptions, write one up yourself before you sit down at the interview table. Then you will know what you are looking for. And above all, write one up before you talk with a new employee about expectations. Then you will know what you expect that person to do.

Job descriptions should be written out for every employee. There is sometimes a management trend NOT to give people job descriptions, in the belief this will make the employee more flexible. However, what often happens is that employees either go off on tangents or do nothing in case they do the wrong thing. For most employees, the biggest problem when they do not have a job description is not knowing what they are supposed to do and what they will be measured against, rather than feeling they have too many responsibilities.

Here is something else for you to think about: a job description can become a legal document in your organization. It is often the first piece of evidence that judges and arbitrators or human rights investigators ask for when legal challenges crop up.

The job description should be self-explanatory for both employee and supervisor. If they are so fuzzy neither of you know expectations, you are in trouble.

### **Know what behavioral interviewing is all about.**

The goal of the behavioral interview is to predict future job performance by learning more about the candidate's past performance. The interviewers will be looking for past behavior in situations similar to those that will be encountered in the new job. By relating a candidate's answers to specific past experiences, you'll develop much more reliable indicators of how the individual will most likely act in the future.

Behavioral questions ensure spontaneity since candidates can't prepare for them in advance like they can traditional questions. As well, when you are talking about your own past behavior, most people find it hard to lie consistently.

The behavior-based interview uses structured questions on the candidate's past behavior in situations similar to those that will be encountered in the new position. It goes beyond determining whether a person can do the job: it determines if a person will do a good job.

### **Situational interview questions can further communicate job expectations.**

Situational interview questions go beyond behavior and explore specific incidents. Interviewees are presented with a mini-case study and asked, "If you were in this situation, what would you do?"

These questions are only useful if they accurately reflect events that might occur on the job. The closer they are to on-the-job experiences, the more valuable they will be in your hiring process.

### **Testing is important, too.**

While we can get information in an interview, testing is also a helpful way to learn about candidates. It also removes elements of bias that can develop during the in-person interview. Tests need to be pertinent to the job and well designed. Formal tests are common for aptitude and skills testing. Demonstrations are good for practical, hands-on application.

### **Brush up on your communication skills.**

Make sure you ask open questions to gather as much information as possible. Probe for more information so you have the whole story and listen to the candidate's response. Listen to what is said and what isn't said.

Watch your body language. Candidates are watching your every move so make sure you do not convey by facial expressions, hand movements, or tone of voice whether you are favorably or unfavorably impressed by a candidate. Be pleasant and noncommittal to everyone setting Standards.

Standards should be clearly written so that they are easily understood and so that employees can reach them. Standards are also better accepted when the employee helps to set them. Even when the employer sets a standard, the employee can be consulted on how things will be done and to what level. Involving the employees in this way results in a higher degree of commitment than we can obtain by simply setting a standard the employee is expected to follow.

If your team has individuals who all perform separate tasks, the supervisor and employee can consult and set standards together. If there are multiple employees on a team, try assigning the task to the team or a small group of representatives. You might be impressed to find that employees will actually set a better (or higher) standard than you would have. People can really surprise us! Of course, as supervisor, you will have the final say on where the standard falls (in the event that the group is aiming too low).

You could consider setting standards in any of the following ways:

- The group leader (a supervisor, manager, or in the case of a multinational franchise, someone at head office) sets the standard
- Group members (the employees who do the work) set their own standards
- Group members and leaders negotiate the standards together

When we think about how people learn and what motivates them, we know that people probably work harder and are more productive when they can set their own standards. However, it's also true that if employees represent a company that has restaurants around the world, the company wants standards to be consistent wherever customers are. If you go into Restaurant A in Canada, you will get the same greeting, service, and hospitality when you visit the same chain in America, Australia, or England. That kind of business models leaves only a limited opportunity for employees to influence the standard that has been set, although their own behavior and attitude will affect their ability to meet the standard set.

While having your boss set standards for you may seem impossible in terms of engagement and meeting the standard, group leaders and supervisors need to establish an environment where individuals are respected for the work they do and where their contributions are acknowledged. In addition, an invitation to employees to discuss any issues they have with the standards is also helpful from a feedback perspective. After all, what works in one place may not actually be appropriate in another.

The third approach, where employees are involved in setting standards and they take responsibility for their achievements, is the best approach for a productive working environment. They should have a good understanding of their supervisor's expectations, including the needs of the company.

## Effective Training

Organizations need to use a combination of informal and formal training programs, not one or the other, to successfully provide employees with what they need.

Classroom learning immediately comes to mind when we think of training, and for good reason. Classroom learning has the advantage of being:

- Relatively inexpensive
- Flexible
- Responsive to audience requirements
- Interactive

With advances in eLearning technology, training can also be provided for staff with Internet access, including the use of handheld devices.

Some training does not fit well into a classroom or apply to an eLearning platform, but can be very effectively completed on the job. Using production equipment, instruments, and driving a car all have to be practiced in place by using the equipment described, rather than just hearing or reading about it.

## Test Your Knowledge

Write down some effective training ideas here.

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## Coaching 101

Coaching is a conversation (usually one on one, although there is team coaching going on now, too) that helps people develop their skills, achieve success, and reach their goals. Coaching is a way of expressing the truth and confronting tough issues using language that inspires.

Since work related goals are often set by someone else to ensure the company's success, one of the coach's roles is to help the employee link their own motivation to corporate goals.

### What Coaching is Not

Where a coach can help someone perform better, coaching is not a performance management tool. Be careful of people who ask for coaching for what are really disciplinary problems rather than coaching issues. Disciplinary matters such as tardiness, attendance issues, insubordination, breach of contract, or inappropriate conduct are **not** part of the coaching conversation, and should be managed within their own separate context.

### What Coaching is Really About

Coaching has evolved to become an expected competency for supervisors, and as it has evolved, so has the way that we coach. Effective managers at all levels recognize the need to develop the employees they supervise. By helping others expand their capabilities and improve their performance, managers and supervisors have more time to work on the things that will improve their own performance.

Coaching should not be confused with career counseling or performance reviews. Although coaching is related to both these activities, it differs in that it is the day-to-day, hands-on process of helping employees recognize opportunities to improve their performance and their capabilities.

### The Coaching Toolkit

This skill requires you to have skills that allow you to analyze ways to improve performance, plan mutually acceptable actions, create a supportive and helpful climate, and influence employees to change behavior in positive ways. Critical skills include:

- Interpersonal communication skills
- Helping skills
- Mentoring skills
- Teaching skills
- Challenging skills

## The Coaching Formula



### Checklist for Success

In order to be successful, there are three things that we need to consider:

- **Aptitude:** The knowledge, skills, ability, and talent to reach your objectives.
- **Motivation:** The attitude, confidence, focus, and drive to reach your objectives.
- **Resources:** Having the support (people and things), tools, and time to reach your objectives.

With these three factors addressed, people have the ability to be successful. A coach can help with all of these elements and to reach success at any level. The coach can also help to shift from small successes to moderate ones, and onward to high levels of success.

## Phase II (Activation)

### Overview

The Activation stage concerns itself not with the work to be done, but with the work getting done, with the on-the-job phase. The job, for better or for worse, happens here. The only person who can manage immediate performance is the only person present: the employee. They are responsible for managing themselves. This includes:

- Determining immediate objectives
- Building a performance supportive attitude
- Managing on-the-job activity
- Providing on-the-job motivation
- Identifying barriers standing in the way of getting the job done
- Removing those barriers whenever possible
- Ensuring that the job gets done
- Recognizing on-the-spot opportunities for performance enhancement

It is the employee alone who has the authority, the opportunity, and the primary responsibility for managing immediate performance: the ultimate focus of all performance management systems.

### Motivation

Most aspects of the activation phase will be different for each job, so it's impossible for us to go into specific details here. However, one aspect will be present for every position that you manage: motivation.

Motivation is a tricky subject. As managers, we used to think that the only way to get a person to do something was to offer something they want or help them avoid something they don't want. This discussion used the terms a whip, a carrot, and a plant.

#### The Carrot

This represents incentives and rewards. This could be time off, pay bonuses, or promotional gifts. While this approach may work in some instances, it's been demonstrated that offering carrots often actually reduces productivity. You can see excellent descriptions of repeat experiments (from a range of job types) in Daniel H. Pink's book called, "Drive: The Surprising Truth about What Motivates Us."

#### The Whip

This represents threats and consequences. Although such techniques are often perceived negatively, they do have their place in the workplace for short-term goal achievement. In other words, employees never respond positively to this management style, but if the boss cracks the whip, they will get things done.

Consequences for poor performance may include suspension and termination, of course, but those are big clubs and sometimes we just need a little stick. Smaller reactions might include no recognition, no promotions, or disciplinary interviews. However, we must remember to recognize people when they do something good (and hopefully there is a lot more good work going on than there is poor work). If we continue to ignore people after their good work, our concept of consequences will backfire.

## **The Plant**

This represents a positive environment. It includes all of the items a supervisor should strive for: employees knowing their work is important, an open atmosphere, fairness, training, good lines of communication, a supportive atmosphere, and positive self-esteem.

Some definitions of motivation:

- Motivation is a force that leads people to attempt to satisfy their important needs.
- Motivation is a drive from within that prompts or incites an action.

### **If motivation comes from within, what can a supervisor do to motivate others?**

You may have heard about people who have a hobby and they are fantastic at it. Maybe they like to do carpentry, paint, write, or sculpt. You'll mention, "Wow, you are really good at that. You should do it for a living." And they'll say that doing what they love for money would take all the fun out of it. You might shake your head at them, but what they say is true, and once they lose the passion for it, their results will change.

In his book "Drive: The Surprising Truth about What Motivates Us," Daniel Pink examines the success of sharing through open source projects. He looks at some of the most successful tools around (such as Mozilla, Linux, and Wikipedia) which were all developed by people who were doing the work without being paid. He also looks at pay for performance incentives that gave measurably lower results.

For linear, predictable tasks, incentives can temporarily lead to greater production. However, when we are looking for more creative results, problem solving, or innovation, pay for performance typically backfires. If we pay people to donate blood, we get fewer donations. When we reward a lab monkey to solve puzzles, they solve fewer problems. When we reward children for drawing pictures, they draw less.

High levels of creativity result from tasks that we find interesting, challenging, and captivating. This includes things we often ask from our staff like problem solving, planning, thinking out of the box, and completing projects. Our task is to create a climate where internal motivation will activate their own performance. In order to be successful, supervisors need to know their staff, what motivates them, and how to create a climate that they find stimulating.

The truth is, we can't motivate other people. Motivation is intrinsic (meaning it comes from within). However, what we can do is provide the right atmosphere for employees to identify their own motivations, link into them, and respond.

## Overview

Phase Three of the Shared Management Model is the evaluation stage, the after-the-job phase. This phase focuses on the question of what has been done. The training that occurs in this phase is more subtle than before-the-job training. It comes from review rather than preview, and occurs in light of observing immediate activity and results.

To start, we will look at performance feedback. This is an area that gives managers a lot of difficulty. Performance feedback lets employees know how well they are doing and what aspects of their performance can be improved.

The external manager has the primary responsibility for managing Phase Three. Giving effective feedback and identifying strengths and weaknesses occur in this phase. It is the supervisor's job to:

- Ensure that activities and results are monitored.
- Activate the accountability system so that rewards or their absence are consistent with performance.
- Perform the fine tuning that observation of previous performance permits.

## Characteristics of Effective Feedback

One goal of feedback is for it to contribute to an improvement in future performance. Even when it does not lead to a desired level of performance, the meeting itself provides the platform to discuss expectations, results, motivation, and how to succeed. For employees (or even suppliers) who choose not to perform at an adequate level, the meeting serves as a benchmark within the larger performance management arena. If an employee refuses to comply, has been supported and coached to do well, and continues to refuse, then the supervisor has the necessary means to move into a disciplinary performance management plan.

When feedback is perceived to be negative (because of our own behavior, or perhaps because it is not well delivered), people will naturally try to avoid it, or at least minimize the negative effects. However, we need to let people know that it can be a great tool for personal development, especially when we include information on both the issues and the possible solutions. With this in mind, let's delve deeper into the six major characteristics of effective feedback.

### **In Private**

Feedback should be given in private if your comments can be embarrassing, and a formal feedback meeting should always be held in private. While some people like the attention that comes from sincere praise or celebrating an accomplishment in front of others, some do not, and no one wants negativity shared in front of their peers. (This should be apparent without having to state it, but sometimes we get excited and forget!)

## **Balanced**

Balance in this context is about designing the feedback session so that, even though there may be constructive criticism required, the employee does not feel attacked, or that all you have to say about his work is negative. We recommend that you avoid the older form of “sandwich approach” (by making a positive comment, a negative, and then a positive). However, you should still start any feedback with a positive comment about some aspect of the employee’s work. If you are not comfortable with this, or not good at small talk, write some comments down ahead of time to keep yourself focused. Your employee will appreciate that you get to the heart of the meeting quickly instead of letting any anxiety build. Feedback that is delivered in specific terms and in a sincere manner is usually accepted well, even when we are receiving criticism.

## **Relevant**

Keep the conversation focused on feedback that is relevant and job related, and to things which the employee has control over. For example, complaining about the way a letter looks when the employee only has access to an ancient printer that adds lines to everything, or asking for a sophisticated looking brochure when there is no budget provided for the proper paper and licensed photography, only adds to the employee’s stress and frustration.

## **Specific**

Avoid general statements when you deliver feedback. “You seem unmotivated,” is not nearly as helpful as, “You arrived late to work at least three days a week, your last two assignments were late, and you did not attend the new employee lunch last week.”

## **Documented**

Base your comments on documentation, facts, and your own observation. Don’t rely on what another manager or a colleague told you, or what someone overheard, when you should be available to monitor what is going on yourself.

## **Personal (In the Right Way)**

Compliments or criticisms that are directed generally toward the team are meaningless to an employee. “We just don’t seem able to get out error-free invoices,” is not as constructive as, “Three of the last invoices you sent out had errors in them.” Describe the behavior that is unsatisfactory, rather than judge a person because of it. Base it on their actions, and don’t make a personal attack on the individual.

## **Test your knowledge**

### **Case Study**

Let’s say you are a supervisor for a group of truck drivers. Another manager asks you, “How’s the new employee making out?”

You respond:

- Okay, I guess
- Very personable
- Tries hard
- Wants to do good work

**Is this an account of observable behavior or a subjective evaluation?**

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What if you heard instead:

- Submits his route plan daily
- Delivers 10 loads a day
- Hands in his report at the end of the day

**Is this an account of observable behavior or a subjective evaluation?**

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**Individual Exercise**

**Scenario One**

**Scenario Description**

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**Unfavorable Statements**

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**Favorable Statements**

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**Scenario Two**

**Scenario Description**

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**Unfavorable Statements**

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**Favorable Statements**

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**Scenario Three**

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**Favorable Statements**

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**Scenario Four**

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**Unfavorable Statements**

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**Favorable Statements**

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**Scenario Five**

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**Unfavorable Statements**

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**Favorable Statements**

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**Accepting Criticism**

Accepting criticism from others can be really difficult. We often hear criticism as a very personal attack on behavior that we already may not be proud of. It helps to think about criticism as feedback and as something to help you improve. This is what we refer to as **positive intent**.

While you may hesitate in doing this, it can be an outstanding opportunity for you to grow. It also means that you are going to follow up a feedback session by asking the other individual if your feedback was helpful, sensitive to their needs, and respectful.

Here are some tips on accepting criticism.

**Listen attentively.**

Make sure you understand the criticism and what needs improvement. You may even want to paraphrase the other person's remarks.

**Ask for details.**

Find out as much as you can about the incident(s) described. Ask lots of open ended questions to gather all the information that you can.

**Find something to agree with.**

You don't need to say that you were wrong if you weren't, but it does do a lot for your own integrity for you to say that you were wrong if you were. Of equal importance, you need to acknowledge the person's right to criticize and to recognize the importance of the person's concerns. If you cannot agree with the other person about any aspect of the criticism being offered, you could be perceived as rejecting the person as well.

**Try not to take their comments personally.**

If they've learned anything about offering feedback, they will know they need to speak to your behaviors and not your personal self, but not everyone knows this. Consider that they are being brave and offering feedback (not an easy thing for most people to do) as an opportunity to improve yourself. Phase III, Part B (Formal Evaluation)

## Overview

The next part of Phase Three that we will look at is the formal evaluation process.

Informal employee evaluation efforts may include weekly meetings with each employee to see how things are going, quarterly informal performance reviews, and creative ways of recognizing employees when their work is well done.

Formal evaluation can include:

- Performance reviews
- On the job testing
- Team reviews

A good question for managers and supervisors to ask their employees is: "What can I do to help you? To make your job easier? To make you more successful?" Giving employees the tools and training they need goes a lot way to ensuring employees can do their job.

**What are the possible causes of poor performance?**

- Lack of motivation

- Not enough training
- Conflicts with co-workers
- Home problems
- Substance abuse
- New equipment with which they are not yet comfortable
- Not enough resources to do the job

**What are some techniques you can use to help employees open up and talk about their performance?**

- Give them an opportunity to complete a self-assessment prior to the review.
- Put them at ease at the beginning of the review.
- Allow enough time for the review.
- Make sure you have already developed a good rapport with the employee before the review meeting.
- When employees are reluctant to talk, encourage them by asking open questions and allowing enough time for them to answer. You can be silent for up to 20 seconds before the other person will become uncomfortable.

**What are some behaviors you do not want to use when discussing performance?**

- Negative comments about the employee or the company
- Sarcasm
- Arguing with the employee
- Appearing unprepared

## About Performance Reviews

In some companies, performance reviews have a bad reputation. We still know managers who do not do performance reviews, companies who do not establish a process, and employees who do not know how well they are doing, or how they will be measured. In the right circumstances, performance reviews are an anticipated event, with benefits for the employer and employees.

In most organizations, processes are established and every employee gets reviewed at least once per year. In order to be effective, it's important for supervisors and managers to keep track of completed projects and milestones, as well as challenges, throughout the review period. We all have great memories, but those memories are short. The only way we can really remember performance is to document it.

Remember: **“Document what you do. Somebody is sure to ask.”**

This statement does not imply that every possible detail must be documented, but it does mean significant events are recorded, including feedback on performance issues such as timeliness, accuracy, and how detailed tasks were. This type of information should actually be shared throughout the review period and offered continually though face to face or written communication. It also is documented if performance is not up to the predetermined standards.

A performance review is a formal feedback session, which is usually the accumulation of all the feedback the employee has been getting on a regular basis. Performance reviews are usually done annually, although occasionally these are done twice yearly and in a few cases quarterly.

## Common Questions

### How can you prepare for a challenge against your performance review?

- Prior to the review meeting, carefully consider how each employee might react to a negative comment or review so you won't be taken by surprise.
- Document incidents (both positive and negative) so you have proof of what you are saying.

### What can you do to prepare for an employee review?

- Read through their file, in which you have collected documentation over the review period.
- Decide which positive comments you want to make and which changes in behavior you would like to see.
- Don't suggest changes in more than two or three areas. This way the employee won't feel overwhelmed.
- While you want any plan for changed performance one that the employee suggests, give some thought to what you are looking for. This way, you can guide the employee if they have no ideas of their own.

### What can you do to follow up after a review?

- Meet to review progress.
- Recognize any positive change in behavior.
- Provide additional training when required or requested.
- If you have suggested some other resource, check with the employee to see if they are following through.
- If there are no changes in behavior, meet to discuss possible consequences.

## Further Reading:

