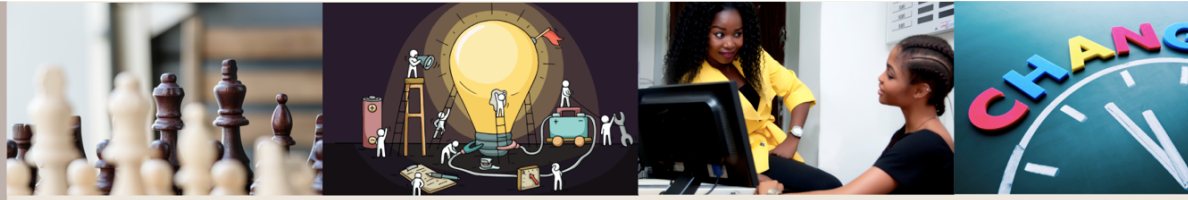




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Why Performance Management?

By Omagbitse Barrow

Performance Management consists of all the systems, policies, tools, frameworks, and policies used by organizations to ensure that employees **PERFORM** and that the strategic goals of the organization are **ACHIEVED**

The primary objective of an effective performance management system is therefore to ensure that performance happens – that the goals and objectives for which the organization exists are met. It is therefore considered to be the most important tool for organizational effectiveness – because it is the one tool that organizations use to ensure that they deliver on the expectations of their stakeholders.

So, there is absolutely no contest to the important role that performance management plays in an organization.

To achieve this broader objective of ensuring that the organization **PERFORMS**, performance management systems also help to carry out some important functions that build up to the ultimate performance as follows:

- **Aligning Work with Strategy:** One important goal that performance management supports is ensuring that there is alignment between the work that employees do each day and the strategic priorities of the organization. Alignment ensures that employees are engaged in the activities that really make a difference and that the collective effort of activities that are aligned will ensure that the organization is heading in the right direction.

Well aligned employees are motivated, self-starters, requiring little or no supervision, they take ownership and hold others accountable for performance.

The popular story is told of John F Kennedy, the 35th President of the United States, visiting the National Space Agency (NASA). During his tour of the facilities, he runs into a man with a mop stick and a bucket cleaning the floor. The charismatic JFK stops, introduces himself to the gentleman and asks him what he does at NASA (like it wasn't obvious that he was a janitor). The janitor responds – "I send people to space". JFK and his entourage are surprised by this response and inquire further – "how do you send people to space". The janitor's response remains a legend till this day. He says "Mr. President, the US Government spends millions of dollars each year on its space program, training astronauts amongst other things. If the astronauts walk down this corridor and their water or a banana peel on it, they will slip, fall, break their legs, and deter the US space mission for years. I ensure that this doesn't happen", he says and beats his chest "I send people to space"

If you have a well-functioning performance management system, then there will be a clear line of sight between the work that employees do each day and the strategic goals of your organization.

This type of alignment is often the result of effective leadership; engaging communication; clear performance goals and hiring the right quality of people in the first place.

- **Providing the Capacity for Performance to Happen:** An Effective Performance Management System also ensures that employees are equipped with the right competencies, tools, and resources to do their work. The system identifies the capabilities that employees require to carry out their various responsibilities and the other tools and resources that will ensure that they do so. Without the capability and tools to performance, the desired results will not be achieved.
- **Monitoring and Improving On-going Performance:** All through the year, an effective performance management system ensures that the organization can track and report on performance goals, exchange feedback with their employees and put in place initiatives to improve and sustain performance. You cannot wait till the end of the year to measure performance without reviewing it intermittently during the

year. Effective performance management systems proactively manage performance and mitigate the risks and challenges as they occur.

- **Incentivizing the Right Behaviours:** Another important reason why performance management systems exist is to evaluate performance outcomes against the goals that have been set for the purpose of making important decisions regarding the career and growth of employees. Without such a system, organizations are unable to determine the actual contributions that employees have made towards the attainment of set objectives.

Without a good performance management system, employees cannot be differentiated and the proper incentives to sustain and improve performance will not be put in place. Human beings are driven by incentives and a proper performance management system ensures that the right incentives are in place to reward the right performance and deter inappropriate performance.

While creating such incentives through rewards and sanctions is an important goal of performance management, it is NOT the primary objective. In Nigeria, many organizations in the public sector have well-defined promotion policies and systems, but very little of anything else. Focusing on promoting people when they are “due” for promotion as we do in the public service without dealing with the broader issue of PERFORMANCE only ensures that people get rewarded, sometimes regardless of whether there is any actual PERFORMANCE at all.

- **Improving Poor Performance:** Sometimes, even the best employees fail to meet performance expectations. A good performance management system helps employees to identify and overcome performance challenges and bolster their performance when it wanes. It gives employees opportunities to get feedback, receive support, take ownership and turnaround their underperformance.
- **Create the Right Culture:** A good performance management system challenges organizations to be circumspect about their hiring and placement decisions; to foster a culture that is aligned with the goals of the organization and very importantly, helps organizations to rid themselves of employees whose results and behaviours are not aligned with the expectations of the organization. The best organizations in the world are “puritan” – they are only interested in attracting and retaining employees who are well aligned. Effective

performance management systems help to ensure that organizations can stay “puritan”.

Some years ago, I came across an advert from Netflix in a magazine and I paraphrase what it said: “At Netflix we don’t do performance management, we just hire great people”. I was greatly distressed for two reasons. Firstly, I have dedicated most of my professional life to helping organizations improve their productivity by developing and implementing performance management systems – if more organizations figured out a way to achieve results without performance management, then I may have to reconsider my career options.

Secondly, I too did a lot of “performance management” in my own organization and perhaps I would do much less of it if only I had great people working with me.

Well, after many months of reflection and research, I found out that Netflix, Amazon, Intel, Microsoft, Tony Blair Institute, Bill & Melinda Gates Foundation, and many of the greatest organizations in the world have come to recognize that beyond a system of performance management, organizations need to hire and deploy the right people.

These great people, described as “A Players” by Bradford Smart in his book “Topgrading” are square pegs in round holes who are experts in their jobs, ready to hit the ground running and require little or no supervision to achieve superlative results.

With such A Players, you certainly need a performance management system, but it will essentially be on autopilot, because you will not do all the pushing and prodding that most organization and leaders do to get results through the performance management system.

Essentially, therefore, I still believe that a performance management system exists at Netflix, but the difference is that it does not require line managers and Human Resources professionals “chasing” and “harassing” people “bumper to bumper” to achieve results. Rather, it relies on the “A Players” that it has employed to drive the system themselves and take ownership of their own performance.

This is the future of performance management – Top graded organizations with A Players who take ownership for and drive their own performance. Successful soccer teams in Europe have achieved such feats in the past and all our organizations will be better off when we have such teams and a more effective performance management system.