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Organizations still struggle to implement their performance management systems

Whether formal or informal, sophisticated or simple, the new system must define your objective

Coach managers on how to talk with employees about their performance

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While most human resource professionals and line managers agree that performance management is an important key to managing and leveraging the human resources of an organization, organizations continue struggling to implement effective performance management systems. Organizations often spend a great deal of time developing and revising their performance appraisal forms and process in hopes of improving the system's effectiveness. Rather than focusing on the mechanics of a performance management system, organizations would be better served by spending the time and energy required to 1) clarify the objectives of a performance management system, 2) confirm the fit between an organization's culture, financial capacity, and the system, and, 3) provide performance management training and coaching to managers.

The first step in implementing a new performance management system or revising an existing system should be to clarify the objectives of the performance management system. Possible objectives might be making pay decisions, identifying training and development needs, weeding out poor performers, or identifying individuals with high potential. While an organization may want a performance management system to do all this and more, the implementation of a new performance management system should realistically evaluate the capabilities of the system.

In addition, some objectives may conflict with each other. For example,

a system established to reward employees for strong performance may result in employees (and managers) being unwilling to identify training and development needs, because doing so might reveal a weakness. For an organization new to the performance management process, a realistic objective may be for managers to set performance goals with their employees, and to measure employees' progress toward the goals. Another organization which has already established goals and measured employee performance may find it appropriate to tie compensation to the results of a performance management system.

Before rolling out a performance management system, organizations should confirm that the objective(s) of the system are aligned with the organization's culture and financial capacity. For example, an organization may have limited financial resources allowing just a 2.5% average increase in annual compensation. Culturally, the organization believes that all employees deserve at least some increase. Implementing a performance management system to make pay decisions may not be worth the time and effort since the difference in increases for those identified as high performers and those identified as average or low performers will be minimal. In another example, the purpose of the performance management system may be to identify training

continued on next page

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FOX LAWSON & ASSOCIATES LLC
COMPENSATION AND HUMAN RESOURCES SPECIALISTS

Offices:
1335 County Road D. Circle East
St. Paul, Minnesota 55109-5260
Phone: 800-383-0976
Fax: 651-635-0980
E-mail: jfox@foxlawson.com

P. O. Box 32985
Phoenix, Arizona 85064-2985
Phone: 602-840-1070
Fax: 602-840-1071
E-mail: blawson@foxlawson.com

and development needs. But if the majority of training opportunities are mandated by law the impact of the performance management system will be very limited.

Before a performance management system is implemented, time and effort should be put into coaching managers on how to talk with employees about their performance. This effort needs to start with senior management modeling behavior that is expected of middle and line managers. Training and development opportunities should provide ample opportunity for discussion and coaching, so that managers are learning not just the mechanics of a system, but gaining the skills necessary to effectively establish expectations, discuss performance, and coach employees to develop their skills and abilities.

Whether a performance management system is formal or informal, sophisticated or simple – the effectiveness of the system can be

improved by defining the objective of the system, ensuring the system is consistent with the resources and culture of the organization and providing training and coaching on the soft skills necessary to effectively implement the system.

Once the purpose of a performance management system is defined and aligned with the resources and culture of the organization, the next step is to develop an appraisal form and system that is easy to implement and maintain and supports the goals of the system. While a great deal of time is often spent creating unique, sophisticated, detailed forms, and defining a complex process, no form or process, regardless how brilliantly conceived, will result in an effective system unless time has been spent defining objectives of the performance management system, confirming those objectives align with the organization's resources and culture, and coaching managers in effective performance management.

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Fox Lawson & Associates, LLC
1335 County Road D. Circle East
St. Paul, MN 55109-5260