

How to Humanize Performance Management

By: Juliana Stancampiano

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A lot of companies preach today how their most important asset is their people. We are seeing this more and more as organizations realize that having happy, engaged EMPLOYEES creates innovation, speed to market, improved customer service and all those aspects in between to generate a strong bottom line.

Performance Management initially was about companies identifying and protecting their most important asset: superstar performers. Unfortunately “performance management” has been twisted, through many systems and ratings and metrics, as a way to punish or eliminate underperformers. Thank you Industrial Revolution for the gift of measuring WORKERS” by output!

Having leaders as coaches

That brings to mind one of our clients, HGST, a Western Digital Company who develops and manufactures advanced data storage solutions with more than 41,000 EMPLOYEES worldwide. HGST has relied on a traditional approach to performance management which included bi-annual written performance evaluations and a numbers-based rating system to provide feedback to employees on their performance. This process also feeds into decision-making on employee compensation.

HGST realized that their methods of evaluation and fixation on performance ratings had become an activity that occurred twice a year and a distraction from the performance-based conversations and relationship between leader and EMPLOYEE. This led to an evaluation of internal processes to see which supported that philosophy and those that could be changed or eliminated.

They found the biggest overhaul was needed in the way they managed performance management, which was based on ranking EMPLOYEES in a bell curve; this generic approach fostered little in the way of mentoring, or putting employees on a path toward better performance.

The decision was made to remove the rankings and culturally change the company to have leaders as coaches. This is not a small undertaking.

Performance reviews as a handicap

These changes impact how a person receives feedback, what their CAREER trajectory may be and how they will be compensated. All of these aspects are very important to any individual and it’s imperative that the management, all of the management, is clear on how to implement the new way of

working/managing/mentoring/setting expectations. This underscores why in general, performance reviews aren't about promoting a high performer or documenting the lows; instead they have become a handicap for managers because, when looked at as a negative exercise, and similar to the case of HGST, the "review process" eliminates what it was intended for in the first place: coaching, managing and helping to grow people inside the company!

It's true though that daily mentoring, discussions, and providing feedback are hard. It takes real thought, INVESTMENT and time, likely time that a lot of managers feel they don't have. That said, with just a little bit of tweaking companies certainly can turn performance reviews from the pejorative to the positive, especially if mentoring is done in an ongoing manner. When mentoring is ongoing, then there aren't big surprises, people expect the RAISES or the performance improvement plans they receive because the conversations are happening.

Then why do BUSINESSES still rely on dated performance management processes that have proven to be ineffective? A recent report by Deloitte found that 58 percent of corporate executives believe that current performance processes do not drive high performance and are not an effective use of "anyone's time."

Time for a change

It's time to rethink traditional methods of conducting annual or bi-annual reviews that are mostly ineffective, and serve only to foster disconnect between manager and EMPLOYEE, with the added confusion of both parties not really sure when a RAISE may be denied or granted, or that a performance improvement plan should be put into action.

If the above sounds familiar then it's probably a time for change. Each day you're losing ground. Start thinking about how you can implement a Performance Management program that truly can put your EMPLOYEES on a better path to high performance, and do it on your team.

The Barbados Employers' Confederation understands that the compensation challenge comes when the employer has to design rewards that enhance job performance. The traditional questions have been and continue to be: How do we attract and retain good employment prospects? How do we get employees to develop skills for current and future jobs? How do we get employees to perform well while they are here? This is becoming even more critical as companies go through changing environments and as a result of such are changing their strategic plans to adjust. They would therefore need employees who can continuously develop skills that may be vital to the company's strategic forecast.