

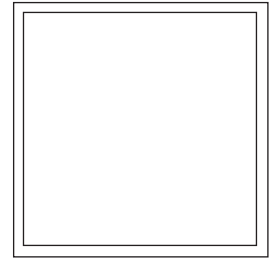
Performance Management

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ISBN 0-7612-1268-X

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Performance Management

Charles M. Cadwell

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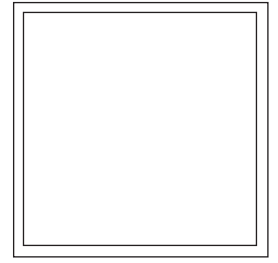
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Printed in the United States of America.

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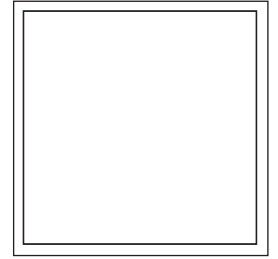
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About This Course

Businesses and industries of all types now acknowledge that their people constitute the real competitive advantage. They also realize that enhancing the performance of their people and, consequently, of the organization depends on the continuous improvement of staff at all levels. An effective Performance Management system is essential to help employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.

Performance Management presents managers and supervisors with a clear model they can follow to plan, monitor, analyze, and maintain a satisfying process of performance improvement for their staff. Designed to encourage students to apply what they are learning to their current job responsibilities, this self-study course offers exercises and assessments to determine their own readiness to implement performance management. It also illustrates strategies for developing the crucial communication skills of coaching, problem solving, and giving feedback while teaching methods for linking organizational and personal goals.

By demystifying the role of various performance management techniques, such as 360° feedback, surveys, and performance appraisals, *Performance Management* provides the knowledge and tools to design and implement a workable system that benefits the organization and inspires employees to manage their own performance.

Charles M. Cadwell is the president of Training Systems +, based in Mulvane, Kansas, which specializes in training system design and development. He has more than 20 years of experience in the training field. Prior to starting Training Systems + in 1986, he held positions as Director of Field Training for Pizza Hut, Inc. and Director of Training for Poppingo Video, Inc.

Cadwell's clients have included Fortune 500 companies as well as a number of small- and medium-sized service, retail, and manufacturing businesses. In addition to developing training materials, he frequently facilitates classroom training sessions.

His first book, *New Employee Orientation*, was published by Crisp Publications in 1988. Since then he has written three audio-cassette programs for

the American Management Association on the subjects of recruitment and selection, orientation and training, and leadership skills. He has also written four issues of the *Trainer's Workshop* for the American Management Association. His most recent books are *How to Be an Effective Facilitator* (AMA, 1997), *Team Up for Success* (American Media, Incorporated, 1997), and *First-Line Supervision, Fourth Edition* (AMA, 1999).

ACKNOWLEDGMENTS

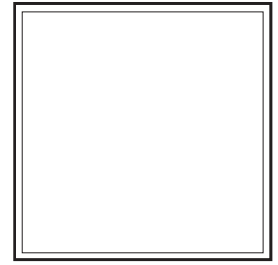
The publisher would like to thank the following people for their review of the manuscript of this course:

Erik J. Van Slyke, EVP Human Resources, Reuters Americas, New York, New York

Diane Arthur, President, Arthur Associates Management Consultants, Ltd. (human resource development specialists), Northport, New York

Mike Deblieux, President, Mike Deblieux Human Resources, and Course Leader, American Management Association, Tustin, California





How to Take This Course

This course consists of text material for you to read and three types of activities (the pre- and post-test, in-text exercises, and end-of-chapter review questions) for you to complete. These activities are designed to reinforce the concepts introduced in the text portion of the course and to enable you to evaluate your progress.

PRE- AND POST-TESTS*

Both a pre-test and post-test are included in this course. Take the pre-test before you study any of the course material to determine your existing knowledge of the subject matter. Submit one of the scannable answer forms enclosed with this course for grading. On return of the graded pre-test, complete the course material. Take the post-test after you have completed all the course material. By comparing results of the pre-test and the post-test, you can measure how effective the course has been for you.

To have your pre-test and post-test graded, please mail your answer forms to:

**Educational Services
American Management Association
P.O. Box 133
Florida, NY 10921**

All tests are reviewed thoroughly by our instructors and will be returned to you promptly.

*If you are viewing the course digitally, the scannable forms enclosed in the hard copy of AMA Self-Study titles are not available digitally. If you would like to take the course for credit, you will need to either purchase a hard copy of the course from www.amaselfstudy.org or you can purchase an online version of the course from www.flexstudy.com.

THE TEXT

The most important component of this course is the text, where the concepts and methods are presented. Reading each chapter twice will increase the likelihood of your understanding the text fully.

We recommend that you work on this course in a systematic way. Reading the text and working through the exercises at a regular and steady pace will help ensure that you get the most out of this course and retain what you have learned.

In your first reading, concentrate on getting an overview of the chapter content. Read the learning objectives at the beginning of the chapter first. They will act as guidelines to the major topics of the chapter and identify the skills you should master as you study the text. As you read the chapter, pay attention to the headings and subheadings. Find the general theme of each section and see how that theme relates to others. Don't let yourself get bogged down with details during the first reading; simply concentrate on understanding and remembering the major themes.

In your second reading, look for the details that underlie the themes. Read the entire chapter carefully and methodically, underlining key points, working out the details of examples, and making marginal notes as you go. Complete the activities.

ACTIVITIES

Interspersed with the text of each chapter you will find a series of activities. These can take a variety of forms, including essays, short-answer quizzes, or charts and questionnaires. Completing the activities will enable you to try out new ideas, practice and improve new skills, and test your understanding of the course content.

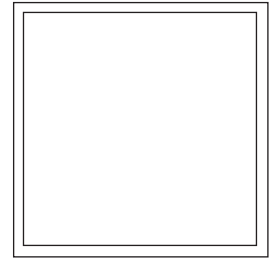
THE REVIEW QUESTIONS

After reading a chapter and before going on to the next chapter, work through the Review Questions. Answering the questions and comparing your answers to those given will help you to grasp the major ideas of that chapter. If you perform these self-check exercises consistently, you will develop a framework in which to place material presented in later chapters.

GRADING POLICY

The American Management Association will continue to grade examinations and tests for one year after the course's out-of-print date.

If you have questions regarding the tests, the grading, or the course itself, call Educational Services at 1-800-225-3215 or send an e-mail to ed_svc@amanet.org.



Pre-Test

Performance Management

Course Code 96033

INSTRUCTIONS: *Record your answers on the scannable answer form enclosed with this course. Please follow the directions on the form carefully. Be sure to keep a copy of the answer form for your records. No photocopies will be graded. When completed, mail your answer form to:*

**Educational Services
American Management Association
Nine Galen Street
Watertown, MA 02472**

1. An effective performance management system seeks to align _____ with the goals, values, and initiatives of the organization.
 - (a) corporate strategies
 - (b) employee contributions
 - (c) organization culture
 - (d) compensation

2. Which of the following is the best way to communicate expectations to employees?
 - (a) Give them more work than they can get done.
 - (b) Provide lots of corrective feedback.
 - (c) Limit the amount of annual pay increases.
 - (d) Help them establish individual goals.

3. An easy way to spot performance trends over time is to use:
 - (a) line graphs.
 - (b) Gantt charts.
 - (c) thermometer type bar graphs.
 - (d) approximate simulations.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.

4. The *first* thing to do when you discover a performance gap is:
 - (a) analyze the possible causes and solutions to the gap.
 - (b) determine why no one told you about the gap.
 - (c) investigate the gap to see whether it is positive or negative.
 - (d) find out whether the employee is trying to eliminate the gap.

5. Coaching can best be described as:
 - (a) a team intervention designed to eliminate poor performance.
 - (b) nondisciplinary attempts to improve performance.
 - (c) a process to help employees achieve their potential.
 - (d) the last resort for solving employee performance problems.

6. Why are expectations an important factor in the success of a performance management system?
 - (a) High expectations can lead to substandard performance.
 - (b) Low expectations provide realistic goals for employees.
 - (c) Most people will meet or exceed known expectations.
 - (d) Big expectations can expand small performance gaps.

7. Corrective feedback should be used to:
 - (a) keep employees from becoming complacent.
 - (b) to teach employees the correct way.
 - (c) recognize positive performance results.
 - (d) reduce the need for setting long-range goals.

8. When taking notes about an employee's performance, you should:
 - (a) periodically review notes and clean out your files.
 - (b) keep notes only on problem employees.
 - (c) never place notes in the employee's personnel file.
 - (d) focus on negative performance you want to remember.

9. Prior to developing individual goals, it is important to:
 - (a) write personal action plans to improve performance.
 - (b) understand the organization's vision and values.
 - (c) ensure there is a sufficient budget for monetary rewards.
 - (d) establish the benchmark for defining performance objectives.

10. The key to an effective performance appraisal is to have a:
 - (a) well-defined form.
 - (b) three-tier rating system.
 - (c) two-way discussion.
 - (d) BARS method to evaluate performance.

-
11. The primary reason to train employees is to:
- (a) reward past behavior.
 - (b) improve performance.
 - (c) reduce overhead costs.
 - (d) remove a task interference.
12. Performance management is successful when there is a _____ partnership between employees and management.
- (a) limited
 - (b) proactive
 - (c) reactive
 - (d) forced
13. Which of the following is important when observing employee performance?
- (a) Observe performance on several occasions.
 - (b) Only observe employees when they aren't expecting you.
 - (c) Tell employees to "pretend" you're not there.
 - (d) Observe just prior to conducting a performance appraisal.
14. When an employee gets rewarded for poor performance, it is an example of:
- (a) an effective employee incentive program.
 - (b) not having specific performance goals.
 - (c) too many task interferences.
 - (d) consequences not matching performance.
15. Which of the following is the best approach to writing job descriptions?
- (a) Have a human resource specialist create a first draft so it meets legal requirements.
 - (b) Develop a template that can be used to write all job descriptions within the organization.
 - (c) Let managers write all the job descriptions for their department's employees.
 - (d) Involve the person doing the job, the supervisor, and an objective third party.
16. One benefit of using nonmonetary rewards is that they:
- (a) can easily be eliminated.
 - (b) can be linked to organization strategy.
 - (c) will be accepted by employees regardless of the reward.
 - (d) reduce the need to give employees positive feedback.

17. Which of the following would be the best way to determine the cause of an employee performance gap?
- (a) Involve the employee in analyzing the performance gap.
 - (b) Use computer-generated reports to identify alternative causes.
 - (c) Rely on your own perceptions about the employee's performance.
 - (d) Review the goal setting process for accuracy.
18. A Performance Action Plan could best be described as a:
- (a) replacement for developing S.M.A.R.T. goals.
 - (b) mentoring tool that develops new skill sets.
 - (c) commitment by an employee to improve performance.
 - (d) strategy to increase employee training and development.
19. Which of the following is most likely to determine the ultimate success of a performance management system?
- (a) Management commitment
 - (b) Employee commitment
 - (c) Organization culture
 - (d) Nonmonetary rewards
20. Using a wall chart to track sales performance is an example of having a:
- (a) S.M.A.R.T. goal.
 - (b) personal action plan.
 - (c) detailed training system.
 - (d) feedback system.
21. Having a successful performance management system requires:
- (a) a long-term commitment.
 - (b) increasing the company salary budget.
 - (c) employees who like to work independently.
 - (d) reducing the time managers spend in meetings.
22. Establishing baseline performance is important because it:
- (a) allows comparison of results between organizations.
 - (b) provides a starting point for measuring performance.
 - (c) ensures goals will only be obtained by hard work.
 - (d) reduces the likelihood that performance will trend downward.
23. The best performance goals are those that:
- (a) are general and have flexible deadlines.
 - (b) are developed in a strategic planning session.
 - (c) enable you to effectively measure results.
 - (d) can be used to control employee pay raises.

-
24. Which of the following would be considered an environment strategy for improving performance?
- (a) Transferring an employee to another job.
 - (b) Adding more management levels.
 - (c) Reorganizing the work area.
 - (d) Using record charts and bar graphs.
25. One of the main reasons for performance gaps is the lack of:
- (a) good employee attitudes.
 - (b) management feedback.
 - (c) performance charts and graphs.
 - (d) time available to properly train employees.

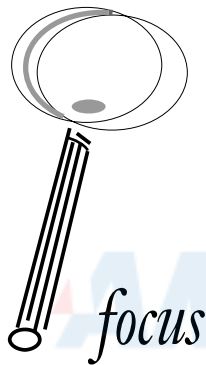


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1

Getting Started with Performance Management



Learning Objectives

By the end of this chapter, you should be able to:

- Define performance management.
- List the benefits of using performance management.
- Determine your readiness to implement performance management.
- Describe the requirements for making performance management work in an organization.
- Explain the performance management model.

Jerry Moss picked up the memo from the top of his in-basket pile. The red and blue letterhead left no doubt that it was from the company president. Its subject was performance management. He read the first paragraph, which said: “Whether you have 1 person or 20 people on your work team, performance management is a systematic approach that can help Weston Products achieve the results we need. We will begin the process of implementing a performance management system this month. It is my expectation that the system will be in place and functioning by November 1.” Even though he knew yesterday had been a holiday, Jerry looked at his calendar to verify it was July 5th.

His eyes returned to the memo to read the second paragraph. “Performance Management is about doing everything in your power to help your employees succeed and encouraging them to manage their own performance. Effective performance management helps employees help themselves. It is my sincere belief that performance management can help Weston Products

meet its aggressive goals for increasing our industry leadership.” The final paragraph of the short memo simply said, “Your supervisor will be meeting with you to explain how performance management works. I’m confident as you learn more, you will be just as excited as I am about your future and the future of Weston Products. You have my best wishes for a successful implementation of performance management.”

Jerry put down the memo. As a second level manager, it certainly had his attention. Memos from the company president didn’t hit his desk every day. Its brief message was clear and direct. However, it did raise the question, “What is performance management anyway?” Jerry picked up the telephone and called Darlene Grant, his supervisor, and asked that very question.

PERFORMANCE MANAGEMENT DEFINED

Darlene was expecting Jerry’s call. In fact, she would have been disappointed if he hadn’t called. Since Jerry was one of her top performers, she planned to involve him heavily in the implementation process. Her reply to his question was direct and to the point, “performance management is defined as a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.”

“Did you just read that or do you have it memorized?” Jerry asked.

“That’s the official definition adopted by Weston Products. If you have a few minutes, I would like to tell you more because I want you to help me with the implementation in our department. How about if I come by your office in about 30 minutes?”

“I’ll be ready and waiting.”

As usual Darlene arrived right on time. She and Jerry talked briefly about their holiday experiences. Then Darlene handed Jerry a one-page definition of performance management and said, “Let’s review each part of the definition and discuss what performance management is all about. As we do, I want you to think about how we might use performance management in our department.” Here’s how Darlene explained the parts of the definition.

“The first key is to have a proactive partnership between employees and management. Performance management doesn’t automatically happen—we have to be proactive. It’s up to us to take the initiative to introduce performance management. We can’t wait on someone else or some other department. Note that employees and management are included together in the definition. Performance management isn’t something you do *to* employees, it’s something you do *with* them—it’s a partnership. Performance management won’t work if you are committed, but your employees are not. And, of course, it certainly won’t work without your commitment. The key ingredient is the partnership. You and I along with all the members of your work team must be committed and willing to work together to reap the benefits of performance management.”

Darlene paused for a moment and then asked Jerry, “What type of relationship do you currently have with your employees? Is it a partnership? Adversarial? Autocratic? What kind of changes may be needed?” Jerry thought for a moment before he responded.



Think About It . . .

If Darlene had asked you the same question, how would you answer it? Use the space below to briefly describe your relationship with your employees.

“Helps employees perform at their best” was the next point that Darlene made. She continued, “performance management is about maximizing the potential of your work team. Its purpose is not to keep close tabs on people or to checkup on their decisions and activities. If you want to control everything your employees do and have them get your permission before they act, performance management won’t work. In fact, performance management is about getting employees to take responsibility for managing their own performance. Effective performance management allows employees the freedom they need to do their best work without worrying that you will second-guess their decisions and actions. In short, they become more self-managed and less supervisor-managed.”

Again, Darlene paused and asked Jerry, “Are your employees doing their best work? What are you doing to help them achieve the desired results? Could they be more self-managed?”



Think About It . . .

If you were in Jerry’s shoes, how would you respond?

“Align their contributions with the goals, values, and initiatives of the organization,” Darlene continued. “This means that employees want to be valued by the organization. They need to know that the best way to create value for themselves and for Weston Products is to help Weston succeed. Performance management is a process that can help us ensure that each individual’s goals, values,

and initiatives are aligned with those of the organization. In other words, you, your employees, and everyone at Weston Products need to all be ‘on the same page.’ When everyone is pulling together and in the same direction more can be accomplished.”

Darlene looked at Jerry and asked the following questions. “Do your employees understand the goals, values, and initiatives of the organization? If so, is there alignment among what you, your employees, and the organization are trying to accomplish?”



Think About It . . .

How would you respond if you were asked those same questions?

BENEFITS

Why should you consider implementing performance management in your organization? Let’s look at some of the potential benefits that Darlene and Jerry discussed. These benefits are summarized in Exhibit 1–1.

1. *Improved performance.* When performance is managed, it tends to be better. Managed performance involves setting clear goals, giving ongoing feedback, and coaching employees to be successful. Employees get better results when they know management takes an interest in them and what they are doing. Employees know whether you are interested in them when you talk to them about what you expect and whether or not they are providing it. They know you are interested when you ask them questions



Exhibit 1–1

Benefits of Performance Management

1. Improved performance
 2. Improved communication
 3. Organization alignment
 4. Organization capability
 5. Reduced management time
 6. Increased employee self-management
 7. Increased employee satisfaction
-
-

about their work and listen carefully to their answers. Using a systematic approach to performance also helps improve results. You can't manage performance by accident. You have to have a plan and a process. Completing this course will help you develop a plan that will work for you and your team.

2. *Improved communication.* A proactive partnership requires communication. People have to interact. One of the most common employee complaints in most organizations usually has something to do with communication. Effective performance management results in more effective communication.
3. *Organization alignment.* When the entire organization focuses on performance management, there is alignment up and down the line. Everyone speaks the same language and goals are in alignment. People and/or departments aren't working at cross-purposes. Employees are more focused on the same major priorities and all have a clear understanding of how they can contribute to the organization's overall success. Alignment helps the organization achieve more because employees are working together to help the organization succeed and vice versa.
4. *Organization capability.* More can be accomplished when everyone is working toward the same goals and objectives. Strong individual performance helps build organization capability. As employees develop their skills and abilities the whole organization is in a better position to achieve its mission and strategic objectives. As the organization's capability increases, it is also more likely to attract highly capable people to its workforce. The result is an upward spiral in performance and capability both at the individual and organization levels.
5. *Reduced management time.* Performance management really does take less time. One of the keys to performance management is up-front planning and communication that occurs between employees and managers. The initial time investment is more than made up with the time saved in the long run by having employees who are actively involved in managing their own performance.
6. *Increased employee self-management.* Performance management is a partnership. This is a critical difference between performance management and other systems that organizations sometimes embark on to improve organizational effectiveness. Many of those initiatives are directed *at employees*. Performance management, on the other hand, seeks to work *with employees* so they take on a significant amount of the responsibility for managing their own performance. It's no longer just the manager who is responsible for performance. Instead, managers shift the emphasis to the employees and provide them with the tools they need to manage their own performance.
7. *Increased employee satisfaction.* Effective performance management yields greater employee satisfaction. Employees like to have clear expectations and get feedback about how well they are performing. Also, the more involved employees are in planning and carrying out their goals, the more satisfaction they have in their jobs. Giving employees a significant voice in their day to day activities can be a big morale boost.

“It sounds like we’re talking about a long-term commitment here,” Jerry stated, “and not just some flavor-of-the-month program.”

“Exactly. Weston Products has taken on various initiatives in the past that were designed to make us more effective internally and more competitive in the marketplace. The problem was that these initiatives often failed to take into account the employee’s role and responsibilities. Consequently, the programs had no real staying power.”

“Do you think top management is really committed this time?” Jerry asked.

“I believe they are committed. But, even if they aren’t totally committed, it is up to our team to get performance management implemented in our area so that we can reap its long-term benefits.”

“So, what’s our next step?”

“Jerry, these benefits may seem obvious to you, but don’t take it for granted that they will be obvious to everyone. Use this list as a tool to help you explain the value of performance management to your work team. Then, as you implement performance management, look for specific examples of how you have reaped these benefits.”



Apply What You Learn: How Can Performance Management Benefit You?

Use the space below to think about how you might explain the benefits of performance management to your team members. For example, you might say: “Improved performance leads to meeting more of our department goals, which in turns helps the company be more successful. When the company is successful, management tends to share the rewards with the employees.”

1. Improved Performance

2. Improved Communication

3. Organization Alignment

4. Organization Capability

5. Reduced Management Time

6. Increased Employee Self-Management

7. Increased Employee Satisfaction

ARE YOU READY FOR PERFORMANCE MANAGEMENT?

You now have a definition of performance management (see Exhibit 1–2) and understand its benefits to you, your employees, and to the organization. The next step is to determine your readiness to embrace and implement performance management. As you consider using performance management, you should be aware that doing so may require a change in the way you think, the way you approach your job, and the way you interact with employees.

Darlene asked Jerry to complete a self-assessment to determine how ready he was to make performance management work at Weston Products. Take a few minutes now to complete the same assessment for yourself.

E

Exhibit 1–2

Performance Management Defined

Performance management is a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.



Self-Assessment: Performance Management Readiness

Read each of the statements that follow. Circle the number that is nearest to your readiness on a scale of 1 to 5 (with 1 being “Not Ready” and 5 being “Very Ready”) to make performance management work.

1. I frequently discuss performance expectations with my employees.

1 2 3 4 5

2. I believe in the power of expectations as a management tool.

1 2 3 4 5

3. I view my employees as partners in achieving the desired results.

1 2 3 4 5

4. I try to help employees understand how they personally can benefit from achieving results.

1 2 3 4 5

5. I believe that taking a systematic approach to performance will yield better results in the long run.

1 2 3 4 5

6. I understand the importance of having an organization culture that supports and values the concept of performance management.

1 2 3 4 5

7. I understand that doing something different can require a significant investment of time and energy.

1 2 3 4 5

8. I look forward to spending quality time with my work team and helping them achieve results.

1 2 3 4 5

9. I am willing to make an ongoing commitment to performance management.

1 2 3 4 5

10. I understand that my level of enthusiasm and commitment rubs off on my employees.

1 2 3 4 5

Add the numbers you have circled for the ten statements.

Total Score: _____

Scoring:

43-50: You are confident in your readiness to make performance management work. Your next step is to translate your mental readiness into action.

35-42: You will have to make a few changes in your thinking and approach to make performance management work.

Less than 35: Your score indicates that you are not ready to make performance management work. Use this course to help you get ready to implement performance management.

In the next part of this chapter you will learn why these readiness factors are important in making performance management work in any organization. The remaining chapters of this course will help you formulate a strategy for implementing an effective performance management system.

MAKING PERFORMANCE MANAGEMENT WORK

There are several requirements that must be met if performance management is going to work in any organization. When met, these requirements serve as the foundation on which to build an effective performance management system. They are:

1. Communicate expectations
2. Involve employees in the process
3. Use a systematic approach
4. Be willing to work hard
5. Make a commitment to success

Communicate Expectations

Expectations are a powerful management tool. Clear expectations provide direction and structure. When people know what is expected, most often they will rise to meet or *exceed* those expectations. On the other hand, one of the

major causes of poor or substandard performance is that people don't know what is expected. If they don't know what the goal is, they won't know when or if they ever hit it.

The employee's lament, "If he had told me what he wanted in the first place, I would have done it that way," is the sound of unclear expectations. In performance management such a comment should be rare. Why? Because our definition of performance management says it is a *partnership*. In a partnership, both parties take responsibility for ensuring clear expectations. In the above example, the employee's lament should have been, "If only I had clarified the expectations, I would have done it that way." Of course, the manager also should have been proactive to ensure the employee had a clear understanding of what was expected.

Expectations play a critical role at every step in the performance management process. For example, when setting goals it is important that both the employee and the manager have clear expectations about what is to be accomplished, by when and if there are any budget constraints. When monitoring performance, there has to be agreement on what will be monitored. Problems occur when the employee expects one thing to be monitored and the manager looks at something else.



What Do You Think Happened?

David, a technology supervisor at Arcadia Industries, has been having difficulty getting his employees to do what he wants. He has had several meetings at which he has stressed the importance of "doing your best" and "working hard." After the meetings, he saw that his employees were trying to do their best, but still not doing the job the way he wanted it done. Even though they were willing to work overtime when necessary, they still didn't consistently meet his expectations. What do you think happened?

A suggested response appears at the end of the chapter.

Involve Employees in the Process

One person working alone does not make for a partnership. Employee involvement is critical to the success of any performance management process. Managers and employees must work together. If they view themselves as adversaries, neither will be successful. Both have to see performance management as a win-win situation.

Even when there is agreement on a partnership, both parties will likely still be concerned about their own self-interests. The WIIFM principle (What's in it for me?) almost always comes into play. A person's commitment to performance management will depend on the answer to the WIIFM question. If the employee only sees what's in it for the manager, the employee won't be very committed. Or, if the manager perceives that the employee is the one who derives all the benefits, the manager is less likely to want to actively participate. Performance management will only work when both the employee and the manager have a positive response to WIIFM.



What Do You Think Happened?

Julie is the manager of the Marketing Department at Wilson Enterprises. On Friday afternoon, her boss asked her to formulate specific goals for the next quarter for her six-person department and have them on his desk by the end of the day the following Monday. Julie worked over the weekend and used the goals from the current quarter as her guide. She was able to meet the deadline. When she turned in the goals to her boss she also gave copies to all the people in her department. However, she was surprised three weeks later when she sat down to informally review everyone's progress and found that many of the people were not working on their goals. What do you think happened?

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A suggested response appears at the end of the chapter.

Use a Systematic Approach

Performance management is a system. It's not just one thing that you do. Performance management is best viewed as a related series of activities that when performed individually contribute to the whole. You can't just choose the activities you like and ignore the rest. Performance management is a process that requires a long-term commitment and effort to be successful.

Like any good system, the whole is greater than the sum of its parts. Each step in the process is designed to accomplish specific goals. By itself, each step will have minimal impact without the others. However, when all the steps are used together, the outcome can be improved work team performance, which in turn, leads to improved results.

Because it is a system, performance management is not designed to be a program of-the-month. If you are looking for the quick fix or something

to motivate people for a while, don't embark on implementing performance management. You'll just confuse and antagonize your employees. If you want long-term success, performance management has to become a part of the organization's culture. Top management has to support and value the concept and activities that make up performance management. The culture and the systematic approach have to work hand-in-hand for performance management to have an impact in the organization.



What Do You Think Happened?

Bob's Big Boy Burgers was a growing chain of fast-food restaurants. Bob Johnson, one of the owners, attended a seminar on performance management that stressed the importance of performance appraisals. When he got back to his office, Bob designed an appraisal form and sent it to all his store managers. He told them that the new form would be used for their upcoming evaluations that were due in two weeks. He asked them to rate themselves and return the form to him by that time. When the first completed appraisals forms started coming back to his office, he was disappointed that the forms were incomplete and that their ratings were different from what he had expected. What do you think happened?

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A suggested response appears at the end of the chapter.

Be Willing to Work Hard

Effective performance management is hard work—at least in the initial stages of implementation. It takes time to have thorough discussions on goals and objectives. Sometimes it can be difficult to transform general thoughts and ideas into specific goals that can be measured. It takes an additional commitment of time and effort to reach agreement on the best ways to monitor and analyze how well the goals are being achieved.

Performance management is essentially a one-on-one process. As such, the more employees on the work team, the more time and effort that will be required. The amount of time spent with each employee will vary depending on the employee's experience and approach to the process. More experienced employees who are committed to the concept will likely require less time than a new employee who is unfamiliar with performance management.

Don't let the initial hard work become discouraging. Once the system is set in motion, it should require less time. Employees will be more self-directed because they know what is expected and will have ways to measure their own results. As a manager, your time should shift from being a troubleshooter or a firefighter to being a coach and advisor to your team members. Most managers find the performance management approach to be more rewarding because they are helping their employees achieve results instead of solving problems that the employees should have solved themselves.



What Do You Think Happened?

Marty Johnson is the manager at Johnson Lumber and Hardware, one of a group of six family-owned and operated retail stores. Six months ago she read a book about performance management and decided to implement it at her store. She has spent a lot of time at the end of her regular work day rereading the book and working on the specifics of a plan similar to the ones in the book. She has designed several tracking forms and put together a packet of forms for each of her employees. She has called a staff meeting next Monday to unveil her system. What do you think will happen?

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A suggested response appears at the end of the chapter.

Make a Commitment to Success

Your commitment will make or break the success of performance management. Just as with anything else you do, a half-hearted commitment will yield half-hearted results. Although performance management is truly a partnership, you, as the manager, have to take the lead in demonstrating a commitment to the process and generating the necessary enthusiasm on the part of the team members. Employee commitment will generally be a reflection of management commitment.

Equally important is maintaining a commitment once the ball starts rolling. Too many managers embrace a new concept with great fervor at the outset only to let their enthusiasm wane as time passes. When performance management is first introduced, many employees may see it as just another program-of-the-month. They are relatively confident that as time passes so will the commitment and eventually things will get back to "normal." Overcoming this view requires a daily commitment to integrating performance management as the way you work with your employees.



What Do You Think Happened?

Three months ago Fairfield Furniture Manufacturing introduced a new performance management system to the company's middle managers. Top management was involved in the implementation meetings and asked everyone to make a commitment to doing their best to make performance management a success. Mike Diller, manager of production, has been spending a lot of time working one-on-one with his employees to develop goals and objectives. They have also had group meetings to ensure everyone understands the system and the expectations. Next month they are planning to "go live" with their system. What do you think will happen?

A suggested response appears at the end of the chapter.

Take a moment to reflect on each of the five requirements described in this section as you look at Exhibit 1–3: Making Performance Management Work. Use it as a checklist that you can refer to as you complete this course. You can also use it to identify the things you must do to make performance management work in your organization.

PERFORMANCE MANAGEMENT MODEL

You now have a definition of performance management, an understanding of its benefits and the requirements to make performance management work in your organization. Now let's take a look at the performance management model used in this course. Because you will need a complete understanding of each step in the model, a full chapter is devoted to each one:

- *Step 1:* Planning Performance
- *Step 2:* Monitoring Performance
- *Step 3:* Analyzing Performance
- *Step 4:* Improving Performance
- *Step 5:* Maintaining Performance

The relationship among these steps is shown in the Performance Management Model in Exhibit 1–4. Note that each step serves as a building block for the next step. In other words, you can't effectively monitor performance

E**Exhibit 1–3****Making Performance Management Work**

Use this checklist to identify the things you must do to make performance management work in your organization. You may want to mark this page in your book so you can refer back to it often as you complete this course.

1. Communicate Expectations
 - What are my expectations for performance management?
 - What are my work team's expectations for performance management?
 - What can I do to ensure there is agreement on expectations between me and my work team?
2. Involve Employees in the Process
 - What involvement do I need from my employees?
 - What will I do to encourage their involvement?
 - What can I do to ensure their ongoing involvement?
3. Use a Systematic Approach
 - What does using a systematic approach to performance mean to me?
 - What are the benefits to me and my team of using a systematic approach to performance?
 - Have I had programs of-the-month before? If so, how will performance management be different?
4. Be Willing to Work Hard
 - How much time and energy am I willing to invest?
 - How much time and energy do I expect my employees to invest?
 - What are the long-term pay backs to investing my time and energy up front?
5. Make a Commitment to Success
 - How committed am I to performance management?
 - How will I communicate my commitment to my team?
 - How will I sustain my commitment over time?

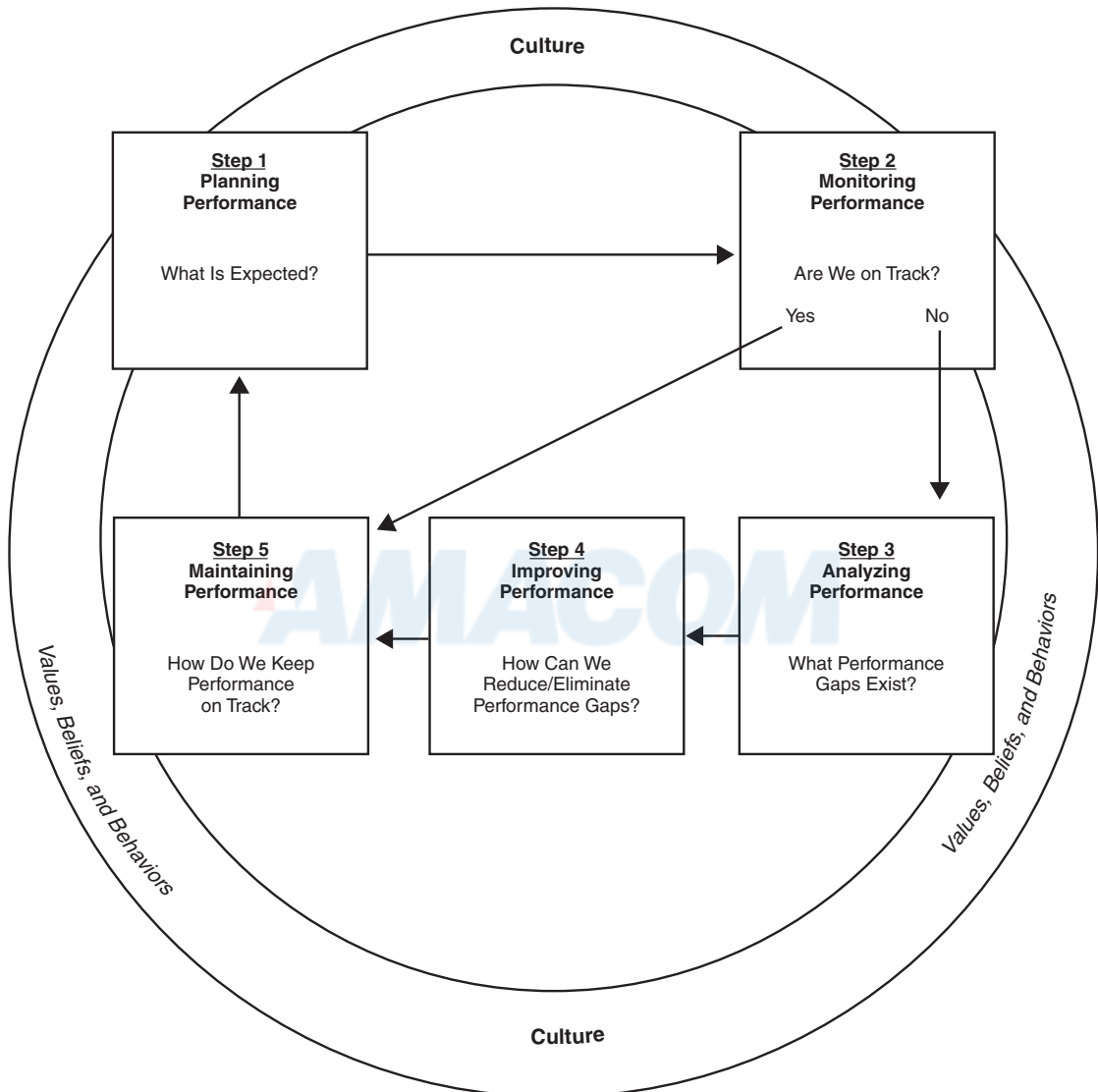
(Step 2) unless you have properly planned performance (Step 1). You will also notice that the whole system is surrounded by the organization's culture. This model assumes a supportive organization culture, and the potential impact of that culture will be discussed in detail in Chapter 7. Now, let's look at each step in the process and how they are interrelated.

Step 1: Planning Performance

Planning performance is all about establishing expectations. The primary question to be answered is: What is expected? Clear expectations provide direction. At the outset, the manager and the employees have to determine what performance is to be directed and how much direction is required. Ideally, through the use of performance management the employees will eventually become self-directed, assume responsibility for their results, and truly manage their own performance.

E**Exhibit 1-4****Performance Management Model**

Performance management is a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.



One tool used to provide direction is the job description that should describe the general expectations for the position. The employee, in partnership with the manager, determines how to link the employee's job responsibilities to the organization's goals, values, and initiatives. The result is another tool—a set of specific goals and objectives that describe what will be accomplished and by when.

During this first step, the manager and the employee must also make a commitment to regularly communicate with each other. In essence, they develop a performance contract that describes how they will work together to achieve the defined goals.

Step 2: Monitoring Performance

Monitoring performance is about ensuring expectations are being met. The primary question to be answered is: Are we on track? Step 2 begins with reaching agreement on how to monitor and measure performance by using various charts and graphs that provide a visual representation of results. Once the method has been determined, the next step is to gather actual performance data that feeds into the charts and graphs. In addition, observing performance is one of the keys to monitoring performance.

Throughout the process of monitoring performance, the partnership between manager and employee is critical. They must be in agreement about what results are to be monitored and how to interpret the findings. This is imperative since determining whether or not results are on track determines where we go next—to Step 3 or to Step 5.

Step 3: Analyzing Performance

Analyzing performance is about determining the cause of poor performance. In Step 2, if the answer to the question, “Are we on track?” is “No,” that leads us to Step 3—analyze performance. At this point the manager and the employee must look at the situation and find out what performance gaps exist. Simply stated, a performance gap exists when there is a difference between desired and actual behavior or results.

Once performance gaps are identified, it is important to determine their cause(s) in order to figure out what can be done to improve performance. Typically such things as a lack of knowledge, a lack of feedback, some task interference, or an imbalance in consequences cause performance gaps. Correctly identifying the cause then leads to determining the best course of action to get performance back on track. This step is critical because if the wrong cause is identified it can lead to taking the wrong action to solve the problem. Once the cause of the gap is identified, the next step is to determine what’s the PIP (Potential for Improved Performance) to determine if the problem, or gap, is worth the investment of time, energy, and possibly money, that will be required to close the gap.

Step 4: Improving Performance

Improving performance is about implementing strategies to reduce or eliminate performance gaps. In partnership, the manager and the employee must agree on what action to take to get performance back on track. Choosing the right strategy can affect how long it takes to improve performance.

Some of the strategies that can be used are making organization and environment changes; providing training and development; coaching and mentoring; or developing performance action plans. Selecting the best strategy

depends on how accurately the cause of the performance gap was identified in Step 3.

Step 5: Maintaining Performance

The last step in performance management is about keeping good performance on track. We get to this point either after Step 2: monitoring performance and determining that all is well; or we get here after Step 4: implementing strategies to improve performance.

One of the tools that can be used to help maintain performance is to develop feedback systems and then to provide employees with either positive or corrective feedback as appropriate. Formal performance appraisals are another tool for maintaining performance. The role of compensation in maintaining performance also must be considered along with the appropriate use of nonmonetary rewards and incentives. Maintaining performance ultimately leads back to the first step, thus restarting the whole performance management process.

A pply What You Learn: Understanding the Performance Management Model

As a quick review, match each step in the performance management system with the key question that must be answered.

- _____ 1. Planning Performance
- _____ 2. Monitoring Performance
- _____ 3. Analyzing Performance
- _____ 4. Improving Performance
- _____ 5. Maintaining Performance

- A.** What performance gaps exist?
- B.** How can we reduce/eliminate performance gaps?
- C.** What is expected?
- D.** How do we keep performance on track?
- E.** Are we on track?

Answers appear at the end of the chapter.



This chapter served as an introduction to the concept of performance management and its use in organizations. First, you learned the definition of performance management, “A proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of

the organization.” Then each part of the definition and its meaning was covered.

The following benefits of using a performance management system were discussed: improved performance, improved communication, organization alignment, organization capability, reduced management time, increased employee self-management, and increased employee satisfaction.

Next, you completed a self-assessment to determine your readiness to implement performance management. The assessment was linked to the requirements to make performance management work in any organization. Managers must be willing to communicate expectations, involve employees in the process, use a systematic approach, be willing to work hard, and make a commitment to success.

Finally, you were introduced to the performance management model that is the basis for this course. The model consists of a series of five steps, each of which sets the stage for the next step. The steps, in order, are Planning Performance, Monitoring Performance, Analyzing Performance, Improving Performance, and Maintaining Performance. Once the final step is completed, the performance management process begins again.



Review Questions

INSTRUCTIONS: Here is the first set of review questions in this course. Answering the questions following each chapter will give you a chance to check your comprehension of the concepts as they are presented and will reinforce your understanding of them.

As you can see below, the answer to each numbered question is printed to the side of the question. Before beginning, you should conceal the answer in some way, either by folding the page vertically or by placing a sheet of paper over the answers. Then read and answer each question. Compare your answers with those given. For any question you answer incorrectly, make an effort to understand why the answer given is the correct one. You may find it helpful to turn back to the appropriate section of the chapter and review the material of which you were unsure. At any rate, be sure you understand all the review questions before going on to the next chapter.

1. Performance management is best described as a _____ between employees and management. 1. (b)
 - (a) contest
 - (b) partnership
 - (c) challenge
 - (d) goal
2. Which of the following is the most effective way to ensure employee performance meets standards? 2. (c)
 - (a) Ask employees to work hard.
 - (b) Frequent follow-up.
 - (c) Communicate expectations.
 - (d) Explain that good performance leads to promotions.
3. Determining the appropriate compensation is part of: 3. (d)
 - (a) Planning Performance.
 - (b) Monitoring Performance.
 - (c) Analyzing Performance.
 - (d) Maintaining Performance.
4. A performance gap exists when there is a difference between: 4. (d)
 - (a) real and imagined behavior.
 - (b) management continuity and capability.
 - (c) employee and management perceptions.
 - (d) desired and actual job performance.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.

5. Which of the following would best describe a manager who has an effective performance management system? 5. (a)
- (a) Coach
 - (b) Firefighter
 - (c) Troubleshooter
 - (d) Problem Solver

The logo for AMACOM, featuring the word "AMACOM" in a bold, blue, sans-serif font. A small red triangle is positioned to the left of the letter "A".

ANSWERS TO EXERCISES

What Do You Think Happened? Suggested Responses

From page 10

Suggested Response: David's expectations have not been clearly stated. Instead of stating specifically what he expected, he relied on platitudes like "doing your best" and "working hard." He made the assumption that his employees knew what he expected. However, that doesn't appear to be the case. When employees don't have clear expectations, it doesn't matter how hard they work. Performance management is most effective when expectations are clearly communicated to employees. David needs to take time to communicate his expectations to his employees and then ensure that his employees understand them.

From page 11

Suggested Response: Julie let the short turnaround time dictate her actions. Rather than involve her employees, she chose to develop the department's goals herself. When she gave the employees the new goals, they weren't able to answer the WIIFM (What's in it for me?) question. She should have explained the situation to her employees and given them the opportunity to get involved—even though it might have required weekend work. If she didn't want to do that, since the goals were not due until the end of the day Monday, she could have at least had her people review the goals *before* she gave them to her boss. In the end, the lack of involvement by her employees turned into a lack of commitment.

From page 12

Suggested Response: Performance appraisal is a part of a performance management system, but it is not the beginning and the end. Having a performance appraisal process is a good thing and it can be used in a positive manner as part of a larger system. However, it appears that Bob failed to provide any explanation or training to his managers on how to use the form. They lacked a common understanding of how to use the form or of Bob's expectations. Even if something new such as this form is complicated and managers don't view it positively, it can still work provided it is part of a system and everyone understands its purpose and use. In the end, the quality of the tools that an organization uses is not as important as having a system and a culture that supports the system.

From page 13

Suggested Response: On the plus side, Marty has taken her time to think about the system she wants and how it will work. Unfortunately, she hasn't taken time to involve her employees in the planning process. Unless she is able to do a terrific selling job at the meeting, she's likely to encounter em-

ployee resistance. It would have been better if she had reviewed her ideas with her peers at the other stores to get their input. She should also have talked to her employees during the planning phase rather than doing all the work herself and then presenting a completed system to them and expecting them to enthusiastically embrace it.

From page 14

Suggested Response: Mike and his team have laid the groundwork for success. If the plan fails it won't be for lack of effort and commitment up to this point. The key now is a continued commitment to success once the plan is implemented. They have to be willing to give the system time to show results. Once results are achieved, they have to have the long-term commitment required to maintain the system so it yields long-term results. As this time the signs point toward success, but only time will tell.

“Apply What You Learn” Suggested Responses

From page 18

Answers: 1. C; 2. E; 3. A; 4. B; 5. D.

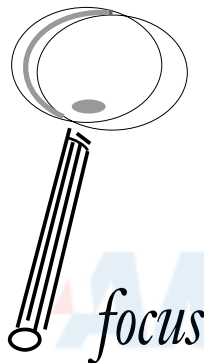


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2

Planning Performance: What Is Expected?



Learning Objectives

By the end of this chapter, you should be able to:

- Describe the importance of providing direction.
- Use job descriptions to help define expectations.
- Link organization goals to individual goals.
- Develop performance plans.

Darlene Grant decided it was time to call Jerry Moss and get started on implementing performance management at Weston Products. As she reached for the telephone to call Jerry, the phone rang. It was Jerry. “When can we meet to get the ball rolling? My employees are ready to give this thing a shot.”

“My hand was almost on the phone to call you, but you beat me to the punch. How does one o’clock sound to you?”

“Your office or mine?”

“Let’s see if there’s a small conference room available. That way we’ll have plenty of room to spread papers out, and . . .”

Why would Jerry be so excited about starting performance management? Why would his employees already be excited about it? Wouldn’t it be great if all employees were that excited about starting something new? Unrealistic? Not necessarily. From the very beginning, Darlene has been enthusiastic in her support for performance management. She hasn’t said anything negative. In fact, she has gone out of her way to be positive whenever discussing the concept. Her enthusiasm and excitement have been apparent to Jerry and, in turn, he has shared that enthusiasm with the people in his department. What Darlene has been doing is to role model the behaviors she wants from Jerry. She knows that if she’s enthusiastic, he is more likely to be

enthusiastic. In fact, her behavior and attitude throughout the implementation process will be an important factor in the success of the company's new performance management system. Darlene will take this positive approach as she provides the needed direction as her team begins to plan performance.

PROVIDING DIRECTION

The first step in planning performance is to provide direction. An organization's direction begins with its strategic or operating plan that states what the organization wants to accomplish. Performance management, as defined in the first chapter, seeks to *align employee contributions with the goals, values, and initiatives of the organization*. Thus, performance management and providing direction are directly linked together. As you think about providing direction to your work team, think about these questions:

- Why is direction important?
- What should be directed?
- How much direction is required?

Why Is Direction Important?

An organization without direction frequently fails to perform up to its potential. Without direction, what success there is, often is at best, haphazard and infrequent. In fact, without up front direction, success can be almost impossible to define or measure. If you don't know where you are going, how will you ever get there or even know when you come close? When clear direction is provided, there are several benefits to the organization, managers, and employees:

- It provides a purpose for doing things and gives meaning to the day-to-day work activities.
- It provides focus for the long-term. Good direction establishes the goals that need to be accomplished for future success.
- It makes it easier to evaluate performance by comparing results with the planned direction.
- It makes it easier to recover when things get off-track. When someone starts going down the wrong path, a reminder of the intended direction can get a person back on course.
- It provides a consistent message to all employees and helps ensure everyone is "on the same page."
- It makes people feel they are contributing to organization success. When people know the long-term direction, they can see how their short-term results are helping the organization move forward.

What Should Be Directed?

"Directing people means identifying and focusing them on the total set of objectives, based on the business plan, that management requires or desires" (Marshall, 1999). That's why it is important to have alignment between employee

goals and organization goals. During the goal setting process, which is discussed later in this chapter, managers ensure that when individual goals are achieved, company goals are also being met. Managers, who want to benefit from performance management, use their employee's goals to direct their performance. When properly aligned and defined, goals also help employees become more self-directed as they assume more responsibility for their own performance.

How Much Direction Is Required?

Finding the happy medium when providing direction can be difficult even for the most experienced manager. Managers who provide little or no direction may be seen as aloof or unconcerned about what their employees are doing. Their detachment may send the nonverbal message that they really don't care, or that the goals and their associated performance aren't really that important. On the other hand, managers who provide too much direction may stifle their employees or place undue stress on them. Employees may become afraid to take action for fear that whatever they do it won't be right.

Most people do better when they have specific goals to shoot for, and are more than willing to set specific goals. After the goal setting process is over, however, they generally prefer to be left alone to accomplish their goals. This is a good sign because one of the objectives of performance management is to get employees to be more self-directed. Employees who want to take responsibility for their own success can be indicative that your performance management system is working.

While there's no sure-fire way to determine how much direction is required, it can be helpful to ask yourself this question: How are the company and my department doing in accomplishing our goals? If things are going smoothly and positive strides are being made, then you are most likely providing the right amount of direction. However, if things are off course and deadlines are being missed, it can be a sign that you need to step in and provide more direction—at least for the short term. If people perceive that you are providing too much direction, they may become aggressive or negative toward you. Or, they may look for ways to avoid you altogether, so they can get on with doing things their own way.

A

Apply What You Learn: Providing Direction

Read each situation below and then answer the accompanying questions. Then compare your answers to the suggested responses. Suggested responses appear at the end of the chapter.

Situation 1: Carlos has seven people on his design team that has been assigned to develop a new accounts receivable software package. All the team members have at least three years of accounting experience with the company. When the team did the conceptual design of the software, Carlos and all the members were working together and they seemed to be making good progress. Two weeks ago they started writing the specific computer code that would be required


Continued on next page.

Continued from previous page.

and provided drafts of the screen images to Carlos for his review. Carlos reviews everything in detail by himself and provides “red-lines” back to the teams telling them exactly what revisions to make. When team members have questions about his red-lines, Carlos says he is too busy to have to take time and explain his comments. He also told them that they should be able to figure out his comments if they just think about what he wrote. Team members are becoming frustrated and spend more time talking about their work than doing it.

If you heard about the situation and you were Carlos’s supervisor, what would you tell him?

Situation 2: Brenda has just be promoted to manager of the computer services department. She will have responsibility for supervising five people, all of whom used to be her peers. Brenda had a 20-minute meeting with her supervisor and he gave her a list of priorities and told her she had three months to get them all done. He told her he would talk to her again next week to see how things were going. If you were Brenda, what would you do and why?



If you had been Brenda’s supervisor, would you have done anything differently and why?

“Jerry, what do you think about the job descriptions for the people in your department?”

“They aren’t as bad as I thought they might be. When I got to looking at them, I was surprised to find that they seemed pretty accurate—at least to me.”

“How about your team members? What do they think?” Darlene asked.

“I don’t know. I haven’t really asked them. I thought I would revise them first, then let them take a look at them.”

“Jerry, do you remember the process we followed when we revised your job description?”

“You gave it to me and asked me for input and then we sat down and discussed it. Then we worked together to revise it.”

“Exactly.”

“So what you’re telling me is I should use the same approach with my team members.”

“I think you just told yourself. Your next step should be to start that process with your team members. And, if you need any help, don’t hesitate to call me.”

USING JOB DESCRIPTIONS

In many organizations job descriptions are developed and then filed for future reference. They only get pulled out when it’s time to hire someone to fill a particular position or at performance appraisal time. In an effective performance management system, job descriptions serve a larger purpose—especially at the beginning of the implementation process. Job descriptions provide an excellent starting point for defining what is expected of employees. A well-written job description should enable the person reading it to get a clear understanding of the expectations for that particular job.

Ideally, everyone in the organization should have a written job description. This section takes only a brief look at the process of developing job descriptions. If you want more detailed information and guidance, consider *Results-Oriented Job Descriptions* (AMACOM) by Roger J. Plachy and Sandra J. Plachy or the software program *Descriptions Now*[®] *Job Description Writer* by KnowledgePoint available through www.amaproducts.com.

Defining Specific Responsibilities

The process of developing job descriptions not only helps define the specific responsibilities for a job; it can also help identify areas of overlapping responsibilities. A good job description also clearly states the results expected when the job responsibilities are carried out. In most cases the best approach to writing a job description is to involve the person actually doing the job, that person’s supervisor, and an objective third party. Often the process of developing the job description can be just as beneficial as the written job description itself. The discussion between the employee and the supervisor will often result in comments such as, “I didn’t know I was supposed to do that.” “I didn’t know you wanted that every week.” “When did that become a requirement?” “I thought Marketing was supposed to do that.” In the end, the discussion helps clear up areas of ambiguity and helps ensure the employee and the manager see the job in the same way.

Format and Content

The format and content of job descriptions is as varied as the number of organizations that use them. Exhibit 2–1 lists some of the common things that are included in many job descriptions. If your organization already has an established format, it may be best to continue using it rather than trying to develop a new format *and* write a new job description at the same time. One way to develop a basic job description is to simply list the primary responsibilities for a position and define the expected results. Exhibit 2–2 shows this type of job description. It provides a pretty clear picture of the job responsibilities and expected results, even though it doesn’t include all

E**Exhibit 2–1****Job Description Format and Content****INCLUDE THE FOLLOWING:****WHICH DESCRIBES:**

Job Identification	Job title, department, who the person reports to, who the person supervises, salary range.
Position Summary	A summary of the basic functions that are performed and how the job fits into the organization.
Primary and Secondary Responsibilities	The specific tasks that are included in the job, usually listed in order of importance.
Budget Authority	How much money the person can spend without approval.
Qualifications	Experience, education, training, and background required to be able to perform the job competently.

the details described in Exhibit 2–1. The other items described in Exhibit 2–1 can be attached to the job responsibilities.

Using Job Descriptions in a Changing Environment

The best time to write job descriptions is when things are relatively stable in the organization. Since things are frequently changing in many organizations, this can easily become an excuse for *not* taking time to write job descriptions. “Why waste the time? It’s all going to change anyhow.” Consider the downside, however. If there are no written job descriptions how do employees know if they are doing what is expected? If they don’t know what is expected, how can they be successful? If your role is to help them, how can you do that if you don’t know what they should be doing? At a minimum, it can be helpful to take time to at least develop a list of the primary duties and responsibilities as shown in Exhibit 2–2.

Limits of Job Descriptions

As you develop job descriptions, keep in mind that they do have their limitations. First, most job descriptions typically define the day-to-day activities that are to be performed by a person and not always specify the end results. This limitation is one of the reasons that developing specific goals and objectives with defined end results (as explained later in this chapter) are a necessary part of performance management. Performance management is about achieving results. The key to an effective job description is to write it in such a way that it will be clear that if the person performs the duties on the job description, the person will attain the desired results.

A second limitation is that a few employees may take exception to assignments that are not clearly listed on their job descriptions. Thus, the written job description becomes an impediment to achieving results. One way

E**Exhibit 2-2****Sample Job Responsibilities****SALES MANAGER**

Primary duties and responsibilities include selling products by implementing national sales plans; supervising regional sales managers.

I. CUSTOMER SERVICE

- A. Achieves annual sales goals by:
 - 1. Maintaining regular contact with current customers.
 - 2. Implementing marketing strategies.
 - 3. Facilitating communication between customers and field sales staff.
 - 4. Communicating qualified sales leads to marketing department.
 - 5. Developing quotation requests for customers.
- B. Ensures effective operation of Sales Department by:
 - 1. Developing and implementing national sales plans.
 - 2. Ensuring employees have necessary resources to achieve their goals.
 - 3. Monitoring results in meeting goals for phone lead qualifications.
- C. Secures new customers by:
 - 1. Following up on all catalog requests, trade shows, and direct mail leads.
 - 2. Helping to identify potential new customer sources.

II. HUMAN RESOURCE MANAGEMENT

- A. Maintains national sales staff by:
 - 1. Recommending changes in department organization structure and/or staffing levels to immediate supervisor.
 - 2. Recruiting and interviewing department candidates.
 - 3. Ensuring employees are oriented and trained.
- B. Maintains national sales staff job results by:
 - 1. Ensuring performance standards are established.
 - 2. Providing regular performance feedback.
 - 3. Providing coaching and mentoring as needed.
 - 4. Conducting annual performance reviews and approving all departmental pay increases.

III. ADMINISTRATIVE

- A. Sets annual department goals by:
 - 1. Getting input from top management.
 - 2. Involving sales staff in goal setting.
 - 3. Ensuring that written goals are prepared.
- B. Ensures department goals are met by:
 - 1. Reviewing performance reports on a regular basis.
 - 2. Supporting staff in attaining their goals.
- C. Contributes to team effort by:
 - 1. Accomplishing related results as needed.

around this problem is to have a statement such as “Other duties which may be assigned” or “Contributes to team effort by accomplishing related results as needed” somewhere in the job description. Despite these limitations, job descriptions can still provide a solid foundation on which to implement performance management.



Apply What You Learn: Evaluate Your Job Descriptions

Get a copy of all the job descriptions for the positions in your area of responsibility, including your own. Review them and answer the questions below.

1. Are all the job descriptions current and complete? If not, which ones need to be worked on?

2. Are the job descriptions written for the position rather than for a specific person? Are any changes required?

3. What changes in format or content are needed?

4. What other job descriptions might be needed in the near future?

5. What's your timeframe for getting all job descriptions up to date?

6. How might you involve your employees in building their job descriptions?

LINKING TO ORGANIZATION GOALS

Aligning the direction of individual departments and their team members with the organization's goals is essential to implement a successful performance management system. As stated in the previous chapter, when everyone speaks the same language and goals are in alignment employees are more focused and have a clearer understanding of how they can contribute to the organization's overall success. In this section you will learn how to link to and align with organizational goals. Most organizations today have a vision or a mission statement as well as a corresponding list of values or guiding principles. The concept is that mission and values provide the broad direction for the organization. It is then up to managers to ensure that their own goals are in alignment with those of the organization.



Apply What You Learn: Organization Vision (or Mission) and Values

Take a moment now to verify that you have access to the most current copy of your organization's vision (or mission) and values. Take time to read each document carefully. Then go back and reread each part and think about what you can do to help the organization attain its stated goals and values. Be as specific as possible.

1. Things that my department or I could do to help make the organization's vision (or mission) a reality:

2. Things that my department or I could do to support the organization's values:

NOTE: If your organization does not have vision (or mission) and values in written form, most likely it has at least some sort of statement of purpose or plan that may not have been made public. Ask your supervisor if such a document is available and use it to complete this exercise.

Involve Your Employees

Now that you have your own ideas, the next step is to involve your employees. The best way to do that is in a team meeting so that you can take advantage of the synergy of the group. However, you could also do it

one-on-one. Either way, it's important to get their input. Their involvement will help them answer the question of WIIFM (What's in it for me?) that we discussed in the first chapter. Your objective is to get your people to start thinking about how what they do everyday has an impact on the organization's success.

Most likely they will think of some of the same things you have on your list, but they may also have some other ideas you didn't consider. You should be able to accomplish this in an hour-long team meeting. The agenda for such a meeting is shown in Exhibit 2–3. The exhibit also includes a sample summary of part of such a meeting to help you in your planning. Note that the meeting uses the same basic format as the exercise you just completed. Use a flip-chart to capture their comments and suggestions. Then after the meeting, have the suggestions typed up and distributed to all department members. Explain that they will be using these lists as they begin to develop individual goals and objectives.

E

xhibit 2–3

Vision (or Mission) and Values Meeting

Meeting Agenda

- Review purpose of meeting
 - To align department goals with the organization's vision (or mission) and values.
- Review company vision (or mission) statement
 - Ask: What can we do to help make the organization's vision (or mission) a reality?
- Review company values
 - Ask: What things can we do to support our organization's values?
- Explain next steps
 - Use results of today's meeting when developing individual goals and objectives.
- Adjourn the meeting

Sample Mission Meeting Summary

Our Mission is: "To achieve consistent upward growth in the quality and quantity of products and services we provide to our customers and in the support we give to fellow team members."

After reviewing the company's mission, the following things were identified by team members that the company could do to help make our mission a reality:

- Expand our west coast sales presence so we have more visibility in the high-technology companies.
- Develop and implement at least two new products in the next year.
- Develop a new advertising campaign focusing on our new products.
- Reduce customer "hotline" wait times by hiring four additional customer service representatives.
- Develop a comprehensive customer database to save both the company and customer time when responding to service requests.
- Improve employee recognition system.
- Make sure all production facilities are Americans with Disabilities Act compatible.
- Investigate the feasibility of expanded use of flex-time.

“You know, Darlene, this planning performance step sure seems to take a long time. Every time I turn around I’m having a meeting with one or more of my employees.”

“Great.”

“Well, yeah, I guess. I’ll have to admit I’ve gotten some good ideas from my employees. But, isn’t there some way to shorten the process? I’d like to get things done and get them moving.”

“What things do you want to get done?”

“I want to start working on the projects we discussed. The ones that are part of my goals.”

“Have you reviewed those goals with your employees?”

“I gave them all a copy.”

“Great. Now it’s time for you to work with them to develop their own individual goals to support the department goals.”

“You mean have more meetings.”

“Jerry, the time spent in up-front planning is a good investment. Just look at yourself. You’ve always been pretty motivated in your work, but you seem to be even more enthused about your job than you used to be. Why is that?”

“Probably because you have given me the chance to get more involved in planning my own performance.”

“Then doesn’t it make sense that you should involve your employees in planning their performance?”

Developing Performance Plans

You are now ready for the next step in the process of planning performance: creating an individual performance plan for each employee that is linked to the organization’s vision (or mission) and values. A meaningful, measurable performance plan is a key element in establishing an overall performance management system. Most top-notch organizations today put a great deal of emphasis on determining what the key performance measures should be. They are intent on making sure that they are measuring the right things. This is critical because what companies measure tends to be what gets the most emphasis and attention of its employees—as it should be.

In the past, some organizations have put all or most of the focus on one or two areas such as sales or profits. They failed to consider the impact that focusing on just one or two measures could have on the rest of the business. Now these companies measure performance in several areas to ensure that they are taking a balanced look at overall performance and holding their managers responsible for achieving balanced results.

For example, a restaurant that looked only at sales and profits as a performance measure might experience short-term success at the expense of long-term results. In order to get a truer picture of performance they would have to also measure such things as cost of food prepared, employee and management labor costs, supplies, employee turnover, management turnover, customer satisfaction, and table turns (how many times a table is used during a day). Taken as a whole these measures provide a more

balanced look at overall performance. They are also able to see how performance in one area is impacted by performance in another.



Think About It . . .

What are the key performance measures that indicate whether or not you and your department are successful? Consider such things as sales, market share, cost control, returns, errors, down time, and productivity. List your key performance measures below.

Once you know your key performance measures, there are four things that you, as a manager, will do *with* your team members to develop an effective performance plan:

- Set goals
- Follow Up
- Maintain Accountability
- Provide Support

Set Goals

Setting goals should not be a burdensome process—especially if you and your team have done the preparation previously described in the first part of this chapter. However, this doesn't mean that goal setting can be done in 30 minutes. It will require some thought and discussion between you and each employee to ensure that individual goals and objectives are linked to the organization's goals as well as to the ideas generated in your individual and team meetings. Also be sure they focus, as much as possible, on the key performance measures you identified.

Goals will be most effective if they are S.M.A.R.T. (specific, measurable, accountable, realistic, time frame). This means:

- **Specific.** Vague goals such as “improve customer satisfaction” or “reduce errors” can sound good, but they don't really mean much because they are hard to quantify and measure. In order to make your goals specific you

have to define how they will be measured. For this reason, specific and measurable go hand-in-hand. Consider the examples that follow.

- **Measurable.** You need to be able to measure results to determine if you are meeting your goals. And, as mentioned earlier, you need to be sure you are measuring the right things. For example, “reduce errors by 5 percent by the end of the first quarter” is both *specific* and *measurable*, and so is “achieve an average customer satisfaction rating of 97 percent by the end of the year.” Don’t shortchange your efforts in establishing performance measures. The ability to measure specific results is critical in having an effective performance plan. As the goals are being written, look for ways to break long term goals down into smaller, bite-sized goals by setting targets on a quarterly or semiannual basis.
- **Accountable.** It is important to build accountability and ownership into individual goals so that everyone understands the importance of his/her contribution. Employees who accept accountability for achieving goals are much more likely to attain their stated goals. This may be due to self-imposed accountability or knowing that the rest of the team is holding them accountable. Making someone accountable for a particular goal also helps ensure that it gets done. Otherwise, it may never get accomplished because everyone thinks someone else is supposed to do it.
- **Realistic.** Can it be accomplished? Goals should be challenging and stretch people to go beyond what they might ordinarily do. On the other hand, don’t make them so challenging that they become unrealistic. As a manager, as you work with your people, your focus has to be to ensure that goals are realistic—not so low that they have no meaning, but not so unreachable that employees become discouraged that they can’t achieve their goals. It’s also important to be realistic as to the number of goals that are set. It’s better to have five S.M.A.R.T. goals rather than ten goals that are unrealistic and that never get completed.
- **Time frame.** When will the goal be accomplished? An open-ended goal without a specific date is likely never to be done or, at the very least, to be put aside until someone has time to work on it.

NOTE: Some organizations also include budget amounts in their goals. For example, \$10,000 might be budgeted for the development of a new company brochure. This dollar amount would be listed as part of the goal. In other organizations, the budget is a separate document from the goals. There is no right way or best way, but be sure when a particular goal requires funding to include the dollars in the budget.

The form in Exhibit 2–4 can be used to set individual or department goals that will meet the S.M.A.R.T. guidelines. Notice that it also has a column for indicating priority. This can be especially helpful when there are lots of goals to help focus a person on where to start. Use this form if your organization doesn’t already have a standard format or as a model to develop your own. It’s not the form that’s important, it’s what’s written on it.



xhibit 2-4
S.M.A.R.T. Goal Setting Form

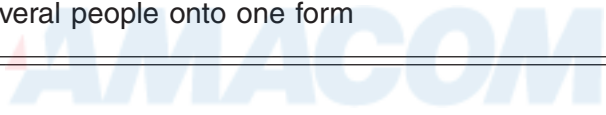
Department: _____

Name: _____

Date Prepared: _____

<i>Priority</i>	<i>Objective</i>	<i>Accountable</i>	<i>Completion Date</i>

NOTE: If the form is used for one person, the accountable column can be eliminated since the person's name is at the top of the page. The form, as shown, can be used when you want to combine the goals of several people onto one form



pply What You Learn: Writing S.M.A.R.T. Goals

Rewrite each goal below to make it fit the S.M.A.R.T. criteria (except for Accountable).

1. Increase Sales

Suggestion: Increase annual sales by 8 percent by the end of the fourth quarter.

2. Develop Policy Manual

Suggestion: Break this goal down into steps each with its own timeline, such as: Write first draft by 3/15, Management review by 5/1, Final draft approved 6/1, and Distribution and implementation 7/1.

3. Improve Company Newsletter

Suggestion: This one may also need several steps and it needs to be more specific about what needs to be improved. For example, Design a new masthead and have it approved by 3/1.

4. Take one of your own goals and rewrite it as necessary to make it S.M.A.R.T.

S = _____

M = _____

A = _____

R = _____

T = _____

Jerry picked up his phone on the second ring. “How’s the goal setting process going with your team?”

“Better than I expected. We had a group session where I reviewed the department goals and explained S.M.A.R.T. goals. Then I worked with each of my team members to help them develop individual goals.”

“That sounds great. By the way, how are you doing on achieving your own goals?”

“Since one of my goals was to have all my employees set goals, I would say I’m making some progress.”

“What about your other goals?”

“I’ve started working on several of them as well. I even have one of them almost completed and quite a bit done on several of the others.”

“How about if we meet so you can bring me up to date?”

“No problem. How’s three o’clock tomorrow?”

“Works for me and I’ll come to your office this time.”

“Good. I’ll see you then.”

Follow-Up

Once goals are established, it is important to have regular follow-up to monitor progress in achieving the goals. Perhaps the best way to follow up is to always have the written performance plans available so that whenever you meet with your employees their goals are part of the discussion. This approach communicates that goals are part of the day-to-day expectations you have for your employees. It also encourages them to take ownership of their performance plans. Over time your employees should begin to take the initiative to discuss their goals during your meeting. This is the ideal situation because this indicates the employees are assuming responsibility for their performance—one of the outcomes of a successful performance management system.

Another approach is to have a specific schedule of follow-up meetings to review progress. Such follow-up meetings should be held at a consistent interval, such as once a month, once every two months or, at the least, once a quarter. This systematic review process helps to communicate the importance of the goals as part of their performance plan and integrate them into the employee’s responsibilities. This type of consistent follow-up should also encourage your employees to take ownership of their goals.

It is important that you regularly discuss goals with your employees. The overriding purpose of “Step One: Planning Performance” is to communicate expectations. You do this when you help the employee develop the goals and when you hold regular discussions to review progress.



Think About It . . .

What types of follow-up do you think will work best with your work team? Why?

Maintain Accountability

Regardless of which follow-up method you use, it is important that you communicate to your employees that they are accountable for attaining their performance plans. You must encourage them to do whatever is required (as long as it’s legal and ethical) to make their goals a reality. That means you can’t take on their goals or do their work for them. You may advise them and offer suggestions, but the employees must understand that they have the ultimate accountability for attaining their goals. Having regular follow-up

meetings is the best way to communicate the importance of the goals and to hold your employees accountable for meeting their performance plans.

“Jerry, it looks like you are making progress on your first four goals.”

“Thanks. I thought I was on track, but it’s always good to get confirmation. I’m glad you took the time to follow up.”

“Goes with the territory. Don’t forget you need to do the same thing with your team members. Follow-up regularly and let them know they are accountable for achieving their goals.”

“Right.”

“Now let’s take a look at that fifth goal on your list. What can I do to help you get going on that one?”

“Well, there are a couple of things you could do. First, . . .”

Provide Support

Once goals are written and approved, your primary focus should be to support your employees as they work to accomplish their performance plans. Support can be provided in several ways. First, you may provide them with the necessary resources to get the job done. For example, they may need access to certain people, need specific supplies, or additional help to accomplish their goals. Second, you may remove obstacles or roadblocks that get in their way. For example, if someone is holding up part of the process, you may talk to that person and explain the situation. Perhaps there is a policy or guideline that needs to be bent a little bit. You may be able to get that done to help your employees.

The key is to recognize the various roles and responsibilities you have in the process. As a manager, you should be involved in helping your employees set S.M.A.R.T. goals, following up to measure their progress, maintaining accountability, and providing support. All of these are important aspects for developing an effective performance plan.



Think About It . . .

What are some things you plan to do to maintain accountability with your work team?

Continued on next page.

Continued from previous page.

What type of support are you prepared to offer your team members to enable them to achieve their goals?



This chapter discussed how to go about Planning Performance, the first step in the Performance Management process. Four areas were discussed: providing direction, using job descriptions, linking to organization goals, and setting goals and objectives.

First, you learned that providing direction was important because without direction, success is almost impossible to define or measure. It is also important to decide what to direct and to ensure that there is alignment between employee goals and organization goals. When goals are properly defined and aligned, they help employees become more self-directed. You also have to determine how much direction is required. One way to determine how much direction is required is to ask yourself this question: How is the company and my department doing in accomplishing our goals? The answer should help you determine the amount of direction that is necessary.

Second, you learned the importance of using job descriptions to describe what is expected. Ideally, everyone in the organization will have a written job description. Different formats were discussed with the emphasis on having, at the minimum, a list of basic job duties and responsibilities that are results-oriented. You also learned that although job descriptions do have limitations, they are still important in providing a foundation on which to build a performance management system.

Third, you learned the importance of linking individual and department goals to the organization's vision, mission, and values. Such alignment is critical to ensure that each person is doing work that contributes to the organization's success. You also learned the importance of involving employees and getting their input on how they can help the organization make its vision, mission, and values a reality.

Finally, you learned the importance of developing performance plans. The S.M.A.R.T. goal setting process was reviewed along with the importance of frequent follow-up. It was also pointed out that written goals are critical to establishing expectations and maintaining accountability. One of your roles as a manager is to provide support to your people that will enable them to achieve the goals for their performance plans.



Review Questions

1. Providing direction is important because: 1. (c)
 - (a) employees need to be told what to do and when.
 - (b) managers get paid to tell employees how to do their jobs.
 - (c) knowing where you are headed makes measuring success easier.
 - (d) it keeps people from doing more than they are capable of doing.

2. Which of the following statements about job descriptions is true? 2. (b)
 - (a) Job descriptions are not worth the time they take to write.
 - (b) Job descriptions need to be updated to reflect job changes.
 - (c) Job descriptions should only be written by trained experts.
 - (d) Job descriptions are only necessary in large organizations.

3. S.M.A.R.T. goals meet the following criteria: 3. (d)
 - (a) specific, measurable, accurate, realistic, time frame.
 - (b) special, meaningful, attainable, realistic, time frame.
 - (c) sensible, measurable, accountable, realistic, time frame.
 - (d) specific, measurable, accountable, realistic, time frame.

4. Having a team meeting is a good way to take advantage of the _____ that often exists when people get together to share ideas. 4. (c)
 - (a) dependency
 - (b) urgency
 - (c) synergy
 - (d) expediency

5. Identifying key performance measures is important because it: 5. (a)
 - (a) helps ensure a more balanced look at performance.
 - (b) leads to increased flexibility in setting goals.
 - (c) tends to reduce the time required to set goals.
 - (d) limits the impact of external factors on performance.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.

ANSWERS TO EXERCISES

“Apply What You Learn” Suggested Responses

From page 27

Suggested Responses for Carlos’s Supervisor (Situation 1): Carlos needs to give team members more “room” to make decisions. Since all team members are experienced, Carlos should tell them to write and test the software before giving it to him to review. Carlos should also explain how much freedom team members have in making their own decisions when developing the software package. Essentially, Carlos needs to do a better job of matching the amount of direction he is providing with the experience level of his team members.

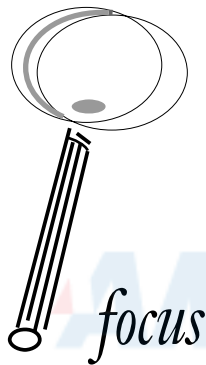
From page 28

Suggested Responses for Brenda (Situation 2): Brenda should review the priorities and make sure she understands what is expected. If she has questions, she should take the initiative to ask her supervisor rather than wait for a week for their next meeting. After that, she should develop a preliminary plan for how the priorities might be accomplished. Next, she should meet with her new staff and review the priorities with them. She should then ask them for recommendations on how to get the priorities done and ask for their assistance in getting them accomplished. She should also share her ideas with them as appropriate. The plan should then be put in writing and distributed to all team members. This will provide them with necessary direction to get them started. Brenda should also plan on individual meetings with each person to determine how much direction and assistance she will need to provide.

Suggested Responses for Brenda’s Supervisor (Situation 2): In order to ensure Brenda gets started on the right foot in her new position, he should have explained how the priorities were aligned with the organization’s objectives. He should have asked her how much direction she thought she might need. It would also have been helpful to tell her that she should contact him with any questions and not expect her to wait a week. As a new manager, she most likely will need additional support and direction in the beginning.

3

Monitoring Performance: How Are We Doing?



Learning Objectives

By the end of this chapter, you should be able to:

- Describe the importance of measuring performance.
- Gather performance data to monitor performance.
- Use observation to monitor employee performance.

Darlene Grant stuck her head in Jerry Moss's office and asked, "How's everything going, Jerry?"

"Great. We've updated the job descriptions, identified ways to link what we do to Weston Products' goals, and all my employees have their own performance plans with S.M.A.R.T. goals and objectives."

"Sounds like you're on a roll."

"I think so. What's up?"

"I'd like to schedule a meeting with you to review your progress on meeting the goals and objectives in your performance plan."

"Already?"

"We don't have to meet right away, but I do want to get a meeting scheduled so we don't forget it. Let's check our calendars and see if we can find a day the last week of the month."

Darlene Grant is maintaining her proactive approach to performance management—the only approach that will ensure success. This is the point where many managers drop the ball. They assume that if they do a good job of planning performance that things will get done. They are probably right—to a point. Things will get done. How well they will be done and whether or not they will meet the agreed upon deadlines is yet to be determined.

Monitoring performance, the second step of the performance management system, is similar to driving to a destination where you haven't been before. Along the way you check the highway signs to make sure you're still on the right road. You look at the gas gauge to see how much fuel you have. You look at the odometer to see how far you have traveled and how much farther you have to go. Perhaps road construction or a detour slows you. You might check the map to see if there are alternate routes available. Likewise, monitoring performance is necessary to answer the questions: How are we doing? and Are we headed in the right direction to meet our performance plans?

The process of monitoring performance is made up of three related activities:

- Measuring Performance
- Gathering Performance Data
- Observing Employee Performance

MEASURING PERFORMANCE

Monitoring performance requires having specific performance measures. It's been said that if you can't measure it, you can't manage it. Even when employees are expected to self-manage their performance, there has to be some standard against which performance is measured. Organizations typically measure things such as sales, profits, expenses, quality, and customer service—in short, just about anything to which a number can be attached.

Why Performance Measurement Is Important

As a manager, your primary job is to get results. It's what you get paid for and it's what upper management expects. When the desired results aren't obtained, changes are made. In sports, when the team doesn't perform, the manager or coach often gets fired. In the workplace, the same thing can and often does happen. Should we expect anything different? Organizations invest a lot of money, time, and effort to be successful. Managers are hired to obtain the results necessary to ensure success. When results don't meet expectations, management changes are usually made.

Performance measurement is important for two reasons. First, it allows the organization and its people to determine whether or not they are on track and how they are doing in achieving the stated goals and objectives. Second, it provides an opportunity to make changes to get back on track before it's too late. For example, suppose the goal is to increase sales by 8 percent for the year. In order to determine how the organization is doing, some ongoing measurement of results is necessary. If sales are trending down at the end of the first month, this provides a signal that the organization is off track. Now the organization has the opportunity to change its strategy to get back on track toward achieving their goal of 8 percent.

Establishing Baseline Performance

Establishing a baseline provides a starting point for measuring performance. The baseline tells us where we are so we can judge how far we have to go to achieve our goal. The previous example of increasing sales by 8 percent can only be measured if we know what the baseline is. If last year's annual sales were \$3,000,000 then an 8 percent increase represents \$240,000. The \$3,000,000 is the baseline—the starting point from which we will measure performance results.

The use of baseline performance data reinforces the importance of setting S.M.A.R.T. goals as described in Chapter 2. A goal becomes meaningful when we look at it in relationship to the baseline performance. That's why fuzzy goals, such as *improve service*, are difficult, if not impossible, to measure. First, there is no number associated with the goal. Second, there is no description of baseline performance against which to measure future performance.

Here's how such a goal might be changed and measured. Suppose a company used customer comment cards to monitor customer satisfaction and they found that 88 percent of the customers liked the service they received. The company decides to use this as a measure of customer satisfaction. They might then set a goal for the year to *increase customer satisfaction by 5 percent as measured by the customer comment cards*. In this new scenario the baseline is 88 percent and the goal would be achieved if the next time the survey was conducted it showed employee satisfaction to be 93 percent or more.



Think About It . . .

Take a moment to review your current S.M.A.R.T. Goals. What is the baseline performance for those goals that have specific number objectives?

Comparing Results to Established Goals

Managers have an ongoing responsibility to compare results to goals. That's why Darlene asked to meet with Jerry. She wanted to find out how he was progressing in meeting the agreed upon performance plan. As stated earlier, employees should also know where they stand in meeting their goals. It could be argued that as a manager you shouldn't have to tell them. "They have a

copy of their goals and they can read,” you might say. But, the reality is that you are responsible for helping them be successful—that’s what being a manager is all about.

As discussed in Chapter 2, you have to follow up on a regular basis. If you wait too long, it may be too late to take any necessary corrective action. In the best performance management systems, the goals drive performance. Managers and employees are responsible for regularly comparing results to goals and then doing what it takes to ensure that performance stays on track.

Reviewing Business Processes

In the end, it’s results that count. Did you meet or exceed your goals? That’s the question upper management wants answered. Looking at the end results, however, only tells part of the story. Managers also have to look at the business processes that led to the end results. Examining the process can give you important information about why the results were what they were. Looking at results alone won’t tell you the whole story.

Consider the following example. A Human Resources Specialist sets a goal to hire three management candidates each quarter. At the end of the first quarter, she has hired only one. As her manager, you want to determine why she missed the goal so you can help her get back on track. The place to start is to determine whether or not the goal was accurate. Was there a real need for three management candidates? If you find that the goal was sound and there was a need for three candidates and only one was hired, then you would need to review the business processes—in this case, the steps required to hire management candidates. There are several questions that might be asked.

How many contacts with outside recruiters did she make? How many people did she personally contact? How many resumes did she receive? How many candidates did she interview? The answers to these questions would reveal something about the process she used and could explain why the goal was not met. If you know that it takes, on average, 10 interviews to get 1 candidate, and only 15 people were interviewed, you have one clue as to why the goal was missed. The answer to the other questions would provide other clues. Identifying process problems and solving them can help her get the desired results.

Even when goals are met, it can still be helpful to review business processes. Sometimes a goal can be achieved by taking a short-term approach that ends up causing long-term problems for the organization. For example, in the above situation the Human Resource Specialist might have hired three candidates just to meet the goal even though two of the candidates were not really qualified. Later when the unqualified candidates don’t work out, the company has to invest the time and expense of replacing both of them as well as hiring two more qualified candidates. As a manager, therefore, it’s important that you take time to look beyond results and to spend some time analyzing the business processes your employees use to achieve their goals.



Think About It . . .

Look again at your current S.M.A.R.T. goals. Are there clearly defined business processes that you can follow to meet your goals? If not, what will you do to get them defined?

Using Charts and Graphs

Visual representation of results can be very helpful when measuring performance. At a glance, employees can see how they are doing at meeting their goals. Some examples of the types of charts and graphs discussed here are shown in Exhibit 3-1. This is not meant to be a comprehensive list, but it will serve as a starting point when considering whether or not to use charts and graphs to help measure performance. Depending on the goal, you may choose to use more than one graph to measure performance.

Bar Graphs

A simple bar graph can resemble a thermometer and show how you are doing in reaching an established goal. Or bar graphs can be used to compare actual results to planned results. In both cases, the visual aspects make it easy to see the difference between planned and actual results.

Gantt Charts

Gantt charts are useful when a project has specific steps and a definite timeline. Begin with the ideal timeline for accomplishing the task. Then superimpose the actual time line to see how results compare to plan. This visual representation shows you quickly if you are missing key deadlines that could ultimately affect the outcome of the project.

Record Charts

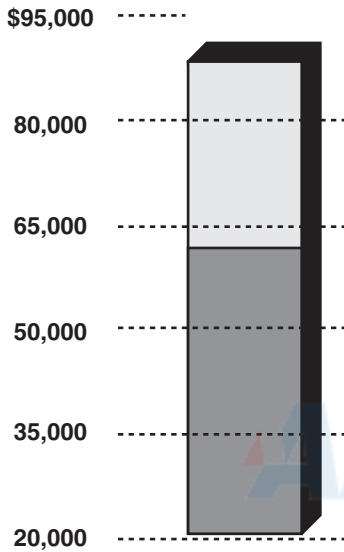
A record chart, as its name implies, compares the record of actual performance to planned performance. At any point in time, you can quickly see how you are doing both for the current month and year-to-date. Knowing where you stand currently lets you know if adjustments will be needed to keep on track as the year progresses.



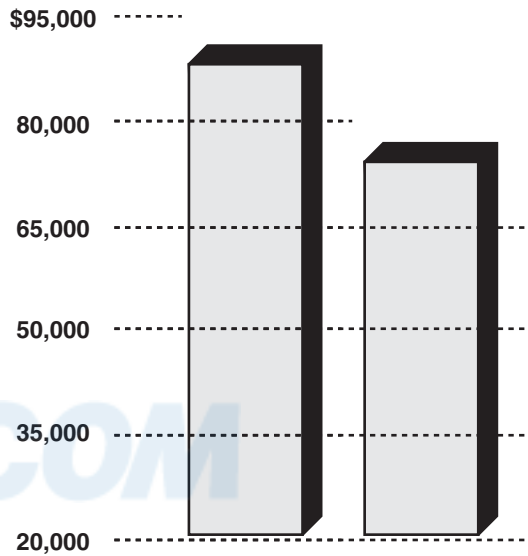
Exhibit 3-1
Using Charts and Graphs

A. Bar Graphs

Thermometer type

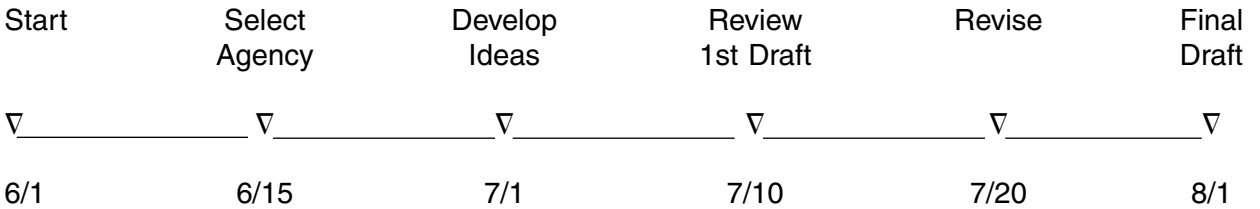


Side-by-side bars



B. Gantt Charts

Developing New Magazine Advertisement
Planned Schedule



Actual Schedule

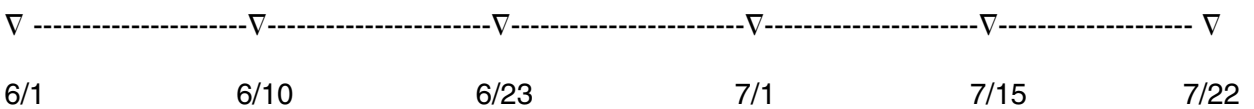
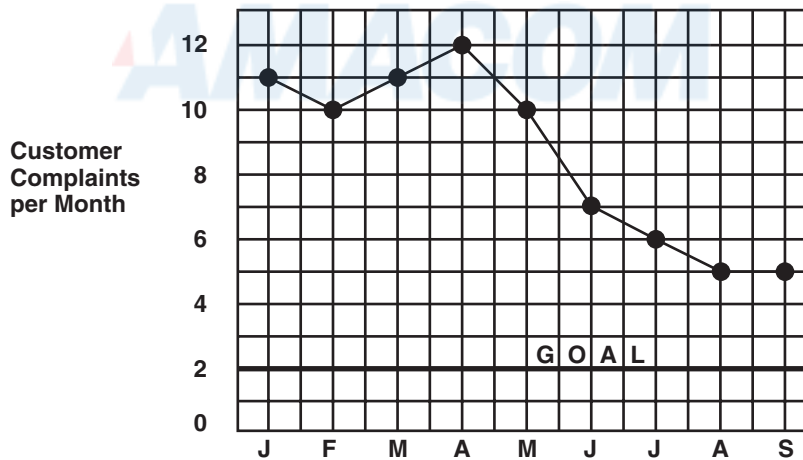


Exhibit continued on next page.

Exhibit 3-1 continued from previous page.**C. Record Charts**

New Sales Calls—Comparison of Plan to Actual

<i>Month</i>	<i>Plan</i>	<i>Actual</i>	<i>Difference</i>	<i>YTD</i>
January	30	27	-3	-3
February	30	31	+1	-2
March	35	37	+2	0
April	40	38	-2	-2
May	40	43	+3	+1
June	35			
July	35			
August	40			
September	40			
October	45			
November	40			
December	35			
Totals	445			

D. Line Graphs***Line Graphs***

Line graphs are useful in measuring results over time. They allow you to spot trends in performance and quickly see how you are doing against the goal or the baseline depending on how the graph is designed. The line graphs are also helpful in seeing huge swings in performance that may not be as noticeable when simply looking at a record chart.

Apply What You Learn: Getting Ready to Measure Performance

Take a few minutes now to determine how you will measure your own performance for two of your goals. Then repeat the process with two goals for one of your employees. You may find that you need additional information or need to rewrite your goals so they are measurable. If so, don't wait, do it now. A sample is provided to get you started.

Goal: Reduce employee turnover to 45 percent by the end of the year.	
Baseline Performance	Current turnover is 68 percent.
Business Processes to Review	Are we recruiting the right people? Are we hiring the right people? How are we orienting and training new employees? new employees? How are employees treated after they are hired? What reasons are given on the exit interviews when employees terminate?
Charts or Graphs to Use	<input checked="" type="checkbox"/> Bar <input type="checkbox"/> Gantt <input type="checkbox"/> Record <input checked="" type="checkbox"/> Line <input type="checkbox"/> Other ()

Your Goals:

Goal #1:	
Baseline Performance	
Business Processes to Review	
Charts or Graphs to Use	<input type="checkbox"/> Bar <input type="checkbox"/> Gantt <input type="checkbox"/> Record <input type="checkbox"/> Line <input type="checkbox"/> Other ()

Goal #2:	
Baseline Performance	
Business Processes to Review	
Charts or Graphs to Use	<input type="checkbox"/> Bar <input type="checkbox"/> Gantt <input type="checkbox"/> Record <input type="checkbox"/> Line <input type="checkbox"/> Other ()

Employee Goals:

Goal #1:	
Baseline Performance	
Business Processes to Review	
Charts or Graphs to Use	<input type="checkbox"/> Bar <input type="checkbox"/> Gantt <input type="checkbox"/> Record <input type="checkbox"/> Line <input type="checkbox"/> Other ()

Goal #2:	
Baseline Performance	
Business Processes to Review	
Charts or Graphs to Use	<input type="checkbox"/> Bar <input type="checkbox"/> Gantt <input type="checkbox"/> Record <input type="checkbox"/> Line <input type="checkbox"/> Other ()

Jerry Moss completed the above exercise during a meeting with his team members. As he was reviewing the results, Darlene called.

“How did your planning meeting go this morning?”

“Pretty good. Everyone has identified their baseline performance and business processes for each of their goals.”

“Great. Were you able to identify some different types of charts or graphs you could use to measure performance?”

“We got started on that, but kind of bogged down a little bit. We know what kind of graphs we would like and even identified a software program that could do them for us. We were all pretty excited and then Kobe asked, ‘How are we going to gather the data when need to develop the charts and graphs?’ I didn’t have an immediate answer so I threw the question out to the whole team. They came up with some ways that we can gather performance data. They seem pretty good to me, but I’d like to review them with you.”

“I’d like to hear what you came up with because that’s the next step in monitoring performance.”

GATHERING PERFORMANCE DATA

Once performance measures have been defined, you are ready to gather performance data to answer the question, “How are we doing?” Keep in mind that any data gathered should be available to both you and your team members. Since we want employees to assume responsibility for their performance, it is logical for them to have access to the data used to evaluate their own performance. Therefore, it would be wise to involve them in designing the data gathering process.

In order to be effective in gathering performance data, you will need to address the following questions:

- What data should be gathered?
- How and when will the data be gathered?
- How will the data be documented?

What Data Should Be Gathered?

In most cases, if you have developed S.M.A.R.T. goals the data you need to gather may seem to be self-evident. For example, if the goal is to reduce errors by 4 percent this year, you need to gather data on error rates. If the goal is to improve productivity by 5 percent this year, you will need to gather data showing productivity rates. As you gather actual performance data, you may also want to gather data about business processes. This additional data can be helpful when you and your employees get ready to analyze why they did or did not achieve specific goals.

Consider the goal *to hire three management candidates each quarter* that was discussed earlier in this chapter. Knowing how many candidates were actually hired is important. But, so is having data available about the number

of contacts with outside recruiters, personal contacts, resumes received, and candidates interviewed would be good to have. You may also want to gather *qualitative* data as well as the quantitative data. Were the outside recruiters ones with a successful track record? Who were the personal contacts? Did we interview candidates who were not qualified and should have been screened out prior to the interview process?

Deciding what data to gather is not something you do alone—it must be done in partnership with your employees. Involving them in the process will increase their ownership and enable them to be more self-managing—one of the goals of a performance management system. As you work together to decide what data to gather, keep in mind that whatever you decide will impact the other data gathering decisions discussed in this section. Be sure you give careful thought to the data that you need and how it will be used. Also, be sure that you only gather data that you will use. A great deal of time can be wasted gathering data that, in the end, won't be used to review performance. It's better to have a few pieces of useful data than to have so much data you can't possibly use all of it.



Think About It . . .

What kind of data will you need to gather to monitor your own performance? You'll need this information for an exercise later in this chapter and now is a good time to start thinking about what you'll need.

How and When Will the Data Be Gathered?

Data gathering should be an ongoing process because performance discussions should be an ongoing process. Waiting until the last minute to gather data can lead to frustration because the data is no longer available or there is no time to gather the data. In this section, we will examine five ways to gather performance data:

- Computer-Generated Reports
- Employee Surveys
- Customer Surveys
- Note Taking
- 360° Feedback

Computer-Generated Reports

Most companies have a multitude of computer-generated reports on everything from sales to profits to everything in between. In some cases they fall victim to report overload—they have so many reports that no one has time to digest them all. Don't add to the load. Begin by reviewing what computer-generated reports are currently available and how you can use them. Before you create a new report ask yourself these questions: Is the information available somewhere else? How much time will it take for someone to create this new report? How much time will it take to maintain the report? How much time will I spend reviewing the report? If you are honest with yourself, you may find that you can live without the report.

Most computer-generated reports are produced on a regular basis, such as monthly sales reports. The timeliness of the reports affects their usefulness because reports are, by definition, based on results that have already happened. If the time period between reports is too long, by the time the report gets reviewed performance trends may have changed. For example, a monthly sales report that is not available until the middle of the following month contains information that is as much as six weeks old—almost ancient history in today's fast-paced world. In general, the more frequently reports can be generated, the more useful they will be in analyzing performance.



Think About It . . .

What computer-generated reports might you use to gather performance data?

Employee Surveys

Some companies conduct employee surveys to gather data about morale, benefits, work environment, the quality of supervision, and other issues. Survey results are often broken down on a department by department basis. The results may be helpful in analyzing performance as well as identifying underlying issues that may be impacting performance. In some cases, you might develop your own surveys that are geared specifically to the performance data you need to gather. As with computer-generated reports, think about how much you need the information compared to the time required to gather it.

Typically employee surveys are completed on an annual basis or even less frequently due to the time required. First the survey has to be developed, then conducted and then the results compiled and analyzed. Then it takes time to implement changes, if needed, and more time to see any impact of those changes. For example, it can easily take three months to

conduct a survey, evaluate results, and implement action plans for change. Then you need to allow 9–12 months for the change to be implemented before you survey again to measure results compared to the previous survey. So, if you are looking for a quick method to gather performance data, employee surveys may not be your best choice. However, when time permits, employee surveys can be a very useful tool if done on a regular basis so that results and trends can be compared and analyzed over an extended period of time.



Think About It . . .

What kind of performance data could you gather by using employee surveys? Do you have the time and resources needed to make it worthwhile?



Customer Surveys

Customer surveys can be another great source of performance data. In most cases customers are more than willing to give you feedback if you just ask for it. There are several different approaches you might consider. Some companies hire and train *mystery shoppers* who fill out reports on their customer service experiences. Since employees do not know who these customers are, the customers are able to provide feedback about typical customer service. Another method used frequently is *customer comment cards*. These preprinted cards ask customers for specific opinions about the quality of the service and/or product they received. Some companies use *telephone surveys* to follow up with customers who have received service or purchased a product. The caller is able to ask specific questions and also follow-up on comments made by customers. Many companies today have *Web sites and/or e-mail addresses*, which they use to encourage customer feedback about products or service. Other approaches include having *1-800 numbers* or maintaining a *customer complaint log*.

You may want to just use one method or you may find that a combination of two or more of these methods will help you determine what your customers think about your products or service. In today's competitive marketplace, customer surveys can be a great way to measure how you are doing in the eyes of your customers and to get their input on ways you can improve your product or service.



Think About It . . .

What benefits could you derive from surveying your customers? What method(s) would be most helpful in gathering performance data?

Note Taking

Making and keeping notes about performance is a good way to gather data that you want to remember but that doesn't show up on some type of formal report. Encourage your employees to keep notes about their performance. Such notes can help both of you during performance discussions. A common mistake many managers make is to keep notes only regarding negative performance. It is also important to note examples of good performance so you have a balanced view of performance. Simply write the date on the note, the person's name and a brief performance description.

Here are some considerations about note taking. First, let your employees know that you are keeping files and that you are willing to share the contents with them if asked. Tell them what kind of information you are keeping—the positive as well as the not so good. Second, keep notes on all employees. Otherwise, you could be seen as being biased against some employees if you only have notes on some employees performance and not on all. Third, periodically review the notes and clean out your files. In most cases, once the notes have been discussed with the employee and contents reflected in the employee's annual performance appraisal they can be discarded. Fourth, decide whether any of the information should be included in the employee's permanent personnel file. In most cases, this is not necessary and many managers are against doing so. Other managers disagree and say that the decision depends on a variety of factors such as the company's policy on personnel files, the seriousness of the issue, and the long-term implications of placing the information in the employee's permanent file.



Think About It . . .

What type of note taking do you plan to do? Why?

360° Feedback

The term 360° feedback refers to the process of gathering and processing feedback on an individual and feeding back the results to that individual. Normally the process involves obtaining feedback from the boss, peers, and direct reports. Their feedback is then compared to the individual's own evaluation. Some benefits of using this method to gather data are that it creates high involvement, identifies barriers to success, assesses developmental needs, and identifies performance capabilities.

The 360° feedback process can be used anytime you want to obtain performance feedback. You can develop your own specific feedback form or you can purchase generic forms that have been developed for use in different organizations. Whichever route you take be careful about over using this method to gather data. You will find it takes time to prepare, complete, and analyze the results. Be sure you are willing to invest the time and energy necessary to make it a useful tool. Also, don't ask people to take time to give feedback unless you intend to give their feedback serious consideration.



Think About It . . .

How helpful would 360° feedback instruments be in monitoring performance? Do you have the time and energy necessary to make using 360° feedback worthwhile?

How Will the Data Be Documented?

Perhaps the best way to document data is to use the charts and graphs discussed earlier in this chapter. Each one provides a visual method for documenting performance. Here are a few other methods that can be used to document performance results.

Exception Reports

These reports identify when performance is not as it should be and needs attention. Normally a threshold for variance to the goal is established. For example, the sales target for the month is \$50,000 and a 2 percent variance is identified as an exception. When sales go below \$49,000 or above \$51,000, an exception report is generated. Some companies use what they call "alerts," which let management know when performance is not meeting expectations. Some use sophisticated computer programs with pop up messages to alert management that something is out of alignment with established goals.

Written Reports

Some people prefer a written report that describes results. The report may include a combination of some of the methods previously discussed. The advantage of the written report is that it requires some thought and analysis to prepare. It may begin with a report of the current situation using charts and graphs to show results. Next, the report writer gives an analysis of why the results are what they are. Finally, there is a description of what action is planned next based on the results and analysis.

Oral Reports

In some organizations, the above written reports become the basis for oral reports or presentations made to one's boss and/or peer group. Others rely just on the oral report. These reports may be accompanied by visuals, such as overhead transparencies or electronic slides. Their purpose is to document performance and to update those who are affected by the performance results.



Apply What You Learn: Gathering Performance Data

Take a few minutes now to determine what data you need to gather to monitor your own performance as well as that of one of your employees.

Your Goals:

Goal #1:
What data should be gathered?
How and when will data be gathered?
How will the data be documented?

Goal #2:
What data should be gathered?
How and when will data be gathered?
How will the data be documented?

Employee Goals:

Goal #1:
What data should be gathered?
How and when will data be gathered?
How will the data be documented?

Continued on next page.

Continued from previous page.

Goal #2:
What data should be gathered?
How and when will data be gathered?
How will the data be documented?

OBSERVING EMPLOYEE PERFORMANCE

“So, Jerry, are you ready for your 2:00 p.m. staff meeting?” Darlene asked.

“Just about. I have a couple of loose ends to tie up. Are you sure you really want to attend my meeting?”

“Definitely. One of your goals is to improve the effectiveness of your staff meetings so the only way I can determine how well you are meeting that goal is to observe one of your meetings. Right?”

“I guess so. What are you going to observe?”

“The things you indicated in your goals that you wanted to improve: clearly stating meeting objectives and then sticking to those objectives, using brainstorming to generate ideas, limiting time spent on nonagenda items.”

Observing performance is another way to answer the question, “How are we doing?” Some bosses are reluctant to take this essential step and even more employees are reluctant to have their bosses observing their performance. A big negative to the concept of observing performance is that people may feel that the boss is “spying” on them or that the boss doesn’t trust them. The degree of concern will be diminished to the degree that you have developed a partnership with your employees so that they understand that your primary reason for observing is to help them maintain or improve their performance. Despite the best relationship, however, there are likely to be some concerns generated just by the fact that one person is observing someone else. These concerns can be lessened, however, if you:

- Prepare to observe
- Explain why you are observing
- Prepare an observation checklist

- Observe more than once
- Evaluate the end result
- Recognize the effect of your observation
- Remain neutral during the observation

Prepare to Observe

The boss who just shows up without warning or explanation to observe an employee's performance can easily gain the reputation of someone who is "always checking up" or "doesn't trust people to do their job." The best way to avoid this perception is to prepare the employee and yourself for the observation process.

Explain Why You Are Observing

When observing, it's important that you have a reason for being there. Begin by telling people why you are observing and what you will be looking for during your observation. Darlene explained to Jerry that she was going to observe to see how well he was doing in meeting his goals. Her explanation lets Jerry know why she's there and gives her a reason for being there. She's not just dropping in for some unknown reason. Since Jerry knows why Darlene is there, he can then explain her presence to his team when they gather for the meeting, because most likely they too will wonder why she's there.

You may assume from what you have been reading that the employee should always know about the observation in advance. That's not the case. You need to also do unannounced observations if you want to get a true picture of what's happening. These unannounced observations will be more effective, however, if they follow one or two announced observations during which you establish the ground rules covered in this section. Helping your employees get comfortable with having you observing performance will make your unannounced observation more valuable. You'll be more likely to get a true picture of what's going on because the employees will see your observation as just a part of your job and be less nervous when you just "show up to see what's going on."

Prepare an Observation Checklist

Be sure you know specifically what you want to observe and then be sure to observe it when the time comes. Exhibit 3-2 is a sample observation checklist. You might want to develop a simple observation checklist that contains the items you want to make sure you observe—especially if you will be observing a series of multiple or complex tasks. If, like Darlene, you are going to observe specific things that are on the employee's written goals, all you may need is a copy of the goals. If you are only observing one or two items



xhibit 3-2

Sample Observation Checklist

Type of Meeting: _____ Date: _____

Conducted by: _____

Observer: _____

- Yes No Did everyone receive an agenda?
- Yes No Were the objectives for the meeting clearly stated?
- Yes No Did the meeting accomplish the stated purpose?
- Yes No Did the meeting start on time?
- Yes No Did the meeting end on time?
- Yes No Was there enough time allowed for the meeting?
- Yes No Was brainstorming used to generate ideas?
- Yes No Was a clear list of assignments made at the meeting?
- Yes No Was there follow-up on previous assignments?
- Yes No Was everyone present who needed to be there?
- Yes No Were the necessary materials available?
- Yes No Was the meeting environment acceptable?

Comments/Suggestions

you may be able to get by with a mental checklist so that you don't have to take written notes while you observe. Whatever form your observation checklist takes, the important thing is that you know what you want to observe.

Observe More Than Once

A one-time observation is unlikely to tell the whole story. That snapshot of performance you get that day may not be typical. The employee may be having a great day or a terrible one. What you are interested in is performance trends. What's happening over a period time? What is the typical performance? You can't find that out by just observing one time. The more observations you can make, the more information you will have about the employee's performance.

Evaluate the End Result

Sometimes one can spend too much time observing the details and forget the big picture. Be sure you step back and evaluate whether or not overall per-

formance is meeting the goal as well as the individual pieces. For example, if Darlene focuses too much attention on the details of the meeting she may not get a true picture of the meeting as a whole. Always ask yourself, “Is the final performance meeting the agreed upon standards?” If you can answer that question, your observation is probably at the right level of detail. Earlier in the chapter you learned about looking at business processes as well as end results. Observation is a balancing act of looking at both the end results and the steps along the way. The key is to observe both and not forget one or the other.

Recognize the Effect of Your Observation

Your very presence can make a difference in performance. Some employees will tend to get nervous or experience “performance anxiety” when they know someone is observing their performance. They may feel under so much pressure to perform well that performance actually suffers. One way to put people at ease is to empathize with them. You might say something like, “If someone was watching me, it would make me nervous. Do your best and don’t worry about making mistakes.” On the other hand, saying something like, “Just pretend I’m not here” isn’t realistic. Once you are there, in the mind of the employee no amount of pretending will make you go away. Recognizing the effect of your observation is another reason for doing multiple observations. Over time a person should become more comfortable with your presence.

Remain Neutral During Your Observation

This is a tough one for most bosses. You may feel like you just have to get involved. If you see something happening that isn’t the way you would do it you may be tempted to provide on-the-spot corrective feedback. Although this may be appropriate in some instances, in most cases you’re better off to wait until the observation is over and then talk to the employee in private about what you observed. Some obvious exceptions to this rule would be if an employee, a customer, or anyone was going to be harmed by the performance or the company’s reputation would be damaged. Then, it would be appropriate to get involved.

Consider Darlene’s observation of Jerry’s meeting. If she gets overly involved, Jerry’s employees may see her as taking over and/or assume that Jerry is not doing a good job. She would diminish Jerry’s standing with his employees. So, rein in that tendency to put in your two cents worth, unless you truly believe it is critical.

A

Apply What You Learn: Observation Exercise

Think about the performance that you want to observe and develop your own observation checklist. Use the sample observation checklist in Exhibit 3–2 as a guide. The checklist you develop should be unique to your organization in what it covers and how it will be used.



Step 2 in the Performance Management System is Monitoring Performance, which is designed to answer the question, “How Are We Doing?” Like the other steps in performance management, monitoring performance should be approached as a partnership between the manager and the employee with the ultimate goal for the employee to assume more re-

sponsibility for performance.

First, you learned that having specific performance measures is important so the organization and its people can determine how well they are doing in meeting established objectives. Then, if they find they are off track, they can make necessary adjustments to get performance pointed back toward the original targets. Also discussed was the importance of establishing baseline performance data, comparing results to goals, reviewing business processes, and the use of charts and graphs as monitoring tools.

Next, several methods for gathering performance data were covered. Prior to gathering data, decisions have to be made about what data to gather, how and when it will be gathered, and how the data will be documented. You learned about using computer-generated reports, employee surveys, note taking, and 360° feedback to gather data. Once the data is gathered, the results have to be documented. Some methods discussed were using charts, graphs, exception reports, written reports, or oral reports.

Finally, you learned about using in-person observation as a way to monitor performance. Although employees are often reluctant to have managers observe, these concerns can be overcome by preparing to observe, recognizing the effects of observation, and remaining neutral during observations. Also covered was the importance of using both announced and unannounced observations of performance.



Review Questions

1. A tool for involving peers in monitoring performance is: 1. (c)
 - (a) Gantt chart.
 - (b) bar graph.
 - (c) 360° feedback.
 - (d) sales records.

2. Which of the following would be the best way to gather performance data about how a company is doing in the marketplace? 2. (b)
 - (a) Computer-generated reports
 - (b) Customer surveys
 - (c) Employee surveys
 - (d) Observation checklists

3. The starting point for measuring performance is called the: 3. (d)
 - (a) focal point.
 - (b) trend sign.
 - (c) differential.
 - (d) baseline.

4. Measuring business processes are important to: 4. (c)
 - (a) get feedback from several people.
 - (b) determine how long a task takes.
 - (c) ensure the right steps lead to desired results.
 - (d) evaluate the number of steps required to achieve a goal.

5. A useful tool for measuring timeliness in meeting deadlines is a: 5. (a)
 - (a) Gantt chart.
 - (b) record chart.
 - (c) baseline graph.
 - (d) staggered bar chart.

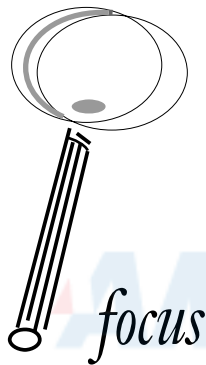
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4

Analyzing Performance: What Performance Gaps Exist?



Learning Objectives

By the end of this chapter, you should be able to:

- Describe when performance gaps exist.
- List possible causes of performance gaps.
- Identify the potential for improved performance.

Darlene answered her phone on the second ring and Jerry asked, “Darlene, do you have a minute?”

“Sure. What’s up, Jerry?”

“Unfortunately it’s not performance. That’s why I’m calling.”

“Go on.”

“It’s Bob, or I should say it’s Bob’s performance. He doesn’t seem to be motivated anymore.”

“What makes you say that, Jerry?”

“He’s not meeting his quota for new customer contacts and I can’t convince him he needs to make more calls. The more I talk, the more he doesn’t seem to listen.”

“Maybe that’s part of the problem.”

“What do you mean?”

“Maybe you’re talking too much.”

Performance, or the lack of it, seems to be a common complaint. You may have heard one or more of these comments: “He’s not doing what I want.” “She has a bad attitude.” “People just don’t want to work anymore.” “He’s not committed to his job.” “People have no loyalty.” All of these statements have one thing in common—there’s something wrong with *them*. If

you hear statements like these frequently, your performance management system may not be functioning as it should.

In this chapter we'll look at some of the reasons why people might make some of these statements. No one will dispute the fact that people don't always perform the way they should or that they sometimes seem to lack motivation. However, that doesn't let managers off the hook. Remember the definition of performance management: "A proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization." A partnership means working together to solve performance problems—not placing the blame on the other person.

PERFORMANCE GAPS

A performance gap exists when there is a difference between desired performance and actual performance. For example, if an employee is expected to generate \$2,500 in telephone sales each week and her sales are only \$2,100 there is a performance gap of \$400. Although this may be a blinding case of the obvious, you would be surprised at how many managers and employees aren't always aware that such performance gaps exist. If they do know that performance gaps exist, they may not agree on either the size or the cause of the gaps or the seriousness of the problem.

Usually this disagreement can be traced to the fact that they didn't do what we discussed in the previous two chapters. Performance gaps are relatively easy to identify and get agreement on when the manager and employee have done a good job of planning performance (Chapter 2) and determining how to monitor performance (Chapter 3). If both parties know that generating \$2,500 a week in telephone sales is the standard and when they monitor performance find that only \$2,100 is being generated, it's hard to disagree that a performance gap exists.

Just because a performance gap exists it doesn't mean that you, as a manager, have to take immediate action to eliminate the gap. Before you act, what you need to do is ask yourself the following questions:

- Is the employee doing anything about the performance gap?
- Is the performance gap important enough to fix?

Is the Employee Doing Anything About the Performance Gap?

One of the primary goals of performance management is for people to take responsibility for their own performance. If you have worked with your employees on defining the desired performance and agreed on the best methods to monitor performance, employees should know before you do that their performance is out of whack. Ideally, they will recognize that there is a

performance gap and take steps to reduce or eliminate it. Think about it in terms of your own performance. If you knew that your goal was a 10 percent sales increase and your reports showed that you were only achieving a 3 percent increase you would know that there was a performance gap. Your boss wouldn't have to tell you and you would begin to take action to get your performance back on track. Similarly, if you've done a good job of planning and monitoring performance, employees should recognize the gap and take action on their own.

So, when you notice an employee's performance gap, your first objective as a partner is to find out if the employee has identified the performance gap and taken any steps to reduce or eliminate it. Your second objective is to provide any assistance the employee may need to get back on track. During this process you should also be asking the following question.

Is the Performance Gap Important Enough to Fix?

Just because there is a difference between desired and actual performance it doesn't always mean that action has to be taken. Some gaps aren't worth fixing. For example, if an employee is supposed to generate \$2,500 in telephone sales each week and only generates \$2,400 you have to determine whether or not missing \$100 is having a negative impact on overall performance. You may decide that in the long run generating \$2,400 in telephone sales is really sufficient and readjust the goals accordingly or live with the fact that occasionally there will be a performance gap.

There are several reasons why a performance gap may be important and *should* be addressed:

- it affects other areas of the business
- it keeps others from reaching their goals
- if it's not addressed now, the gap will continue to increase
- ignoring the gap may send a message that the goal isn't that important
- it could be the warning sign of a larger performance problem

If one or more of these is true, then action is required to reduce and/or eliminate the performance gap.

A

Apply What You Learn: Analyzing Your Own Performance Gaps

Are you meeting or exceeding all your current performance goals? If you are, congratulations! You can skip the first part of this exercise and go directly to Part two. If not, take a moment now to analyze one of your own performance gaps.

Continued on next page.

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Part One:

What's the desired performance?

What's the actual performance?

What's the performance gap?

What have you done about the performance gap?

What assistance do you need from your immediate supervisor?

Is the performance gap important enough to fix? Why?

Part Two:

Now that you've done some introspection about your own performance, take a look at one of your employees. Are there any performance gaps that need to be analyzed? If so, involve the employee and use the space below to analyze the gap.

What's the desired performance?

What's the actual performance?

What's the performance gap?

What have you done about the performance gap?

What assistance do you need from your immediate supervisor?

Is the performance gap important enough to fix? Why?

THE CAUSES OF PERFORMANCE GAPS

Once you have determined that there is a performance gap and that it is worth fixing, you are ready to begin the process of identifying the possible causes of the performance gap. You need to isolate the real cause in order to determine the appropriate solution. Otherwise, you won't solve the problem. For example, your car won't start. You decide that the battery is dead so you buy and install a new battery. It still won't start. Later, you find out the real cause was that the alternator wasn't charging the battery. You put in a new alternator and it starts immediately. If you had correctly identified the cause of the problem the first time, you would have saved yourself time and money.

It's the same way when analyzing performance gaps that, in most cases, it will be a lot more complicated than any car problems you have experienced. That's because there are several factors that affect performance. Exhibit 4-1 provides a series of questions to ask to analyze the causes of unacceptable performance. Because the analysis process requires responses to the questions, it is important to involve the employee in the discussion. Don't try to answer the questions based on your perception alone, involve the employee as a partner to get his or her viewpoint. With that in mind, let's examine each question in Exhibit 4-1 and some of the conclusions that might be drawn from the responses.

Does the Performer Know What Is Expected?

The first question goes directly back to Step 1 in our performance management model—planning performance. As you begin the analysis process, ask the following additional questions:

- Have S.M.A.R.T. goals been set?
- Was the employee involved in setting the goals?
- Does the employee agree with the goals?
- Are the goals are still relevant?

E **xhibit 4-1**
Analyzing Performance Gaps

Asking and answering the questions below will give you some good clues as to why there is a performance gap. Keep in mind that in some cases there may be more than one cause of poor performance, and thus, no single solution.

Does the performer know what is expected?	YES	NO	→	Plan performance by setting goals and standards.
	↓			
Is the performer receiving feedback about performance?	YES	NO	→	Provides feedback and give additional direction as needed.
	↓			
Does the performer have the necessary knowledge and skill to perform?	YES	NO	→	Provide mentoring, coaching, training and skill development.
	↓			
Is the performer willing to do the required job?	YES	NO	→	Change the performer or reassign to another job.
	↓			
Is there a task interference that prevents doing the job?	NO	YES	→	Remove the task interference.
	↓			
Do consequences match the performance?	YES	NO	→	Rearrange the consequences.
	↓			
Does the performer have the capacity to do the job?	YES	NO	→	Change the person doing the job or provide coaching and training to the performer.
	↓			
Develop a Performance Action Plan. Reevaluate your previous analysis. You may have missed something along the way.				

If the answer to one or more of these is “no” then take time to revisit the planning step. Reviewing or modifying the plan may be all it takes to get performance back on track. If the answer to all of these questions is “yes” then you need to continue the analysis process with the next question.

Is the Performer Receiving Feedback About Performance?

One of the main reasons people don't perform as desired is a lack of feedback about their performance. When they do what is expected, nothing is said. When they do what is wrong, nothing is said. The performer may interpret this lack of feedback as an indication that the performance standards aren't really that important because no one notices anyway.

Or, perhaps the feedback they do receive is not effective. Simply telling someone that something is wrong may not correct the performance. Additional direction may be required to offer suggestions as to what they should do to improve performance.

The feedback given must be useful to the performer, which means that it should be:

- Timely—the closer the feedback to the performance the better.
- Specific—generic feedback, such as “that’s not right” usually isn’t very helpful. Be specific about what is wrong.
- Constructive—the feedback should provide help on how to improve performance.
- Easy to understand—if the performer doesn’t understand what you are saying, it won’t be of much help. Get to the point and don’t beat around the bush.

For example, here’s some feedback Darlene gave Jerry about his staff meeting yesterday.

“Jerry, how did you think the meeting went today?”

“For the most part I thought it went better than normal. I’m still concerned that not everyone is participating in the discussions.”

“Do you know why that is?”

“I’m not really sure. I know I told everyone I wanted their participation, but some still seemed reluctant to get involved. Do you have any suggestions based on your observations?”

“I think one of the reasons not everyone participates in your meetings is that Shauna tends to dominate the discussions. I suggest you talk to her before the next meeting and ask her to wait until other people have given their ideas before she gives hers.”

“She does seem to have lots of good ideas, though.”

“I’m not suggesting you limit her participation—just control it. I think other people aren’t speaking up because they may be intimidated by Shauna because she does have so many good ideas. I think if you explain the situation to her, she’ll understand.”

Darlene’s feedback was specific (Shauna tends to dominate the discussions) and constructive (talk to her before the next meeting and ask her to wait until other people have given their ideas before she gives hers). Darlene not only helped Jerry identify the problem, but she gave constructive suggestions on how to solve the problem. Her feedback was simple and easy to understand, and because she spoke to Jerry immediately after the meeting, her feedback was timely.

However, if the performer is receiving consistent, quality feedback and is still not performing, you need to move on to the next question.



Think About It . . .

What are some situations you know of in which performance was less than it should have been because of lack of feedback? How would feedback have improved the performance? How often do you think lack of feedback impacts the performance of your team?

Does the Performer Have the Necessary Knowledge and Skill to Perform the Job?

The best goals in the world are not attainable by someone who lacks the necessary knowledge and skill to do the required work. This doesn't make the person a poor performer, but it does mean the person has been asked to do the impossible. How do you determine whether or not a person has the necessary knowledge and skill? The best way is to ask them in a nonthreatening way. Don't ask, "What are you doing?" or "Why are you doing that?" Instead, take a more positive approach and say something like, "Please, tell me how you are going to achieve that goal." The response will give you clues as to what the person is planning to do and help you identify any areas in which the person lacks the knowledge or skill required.

If the person lacks the necessary knowledge and skill, you will need to provide training and skill development. You may be able to do this yourself or you might have another person in the organization provide the necessary training. In some instances, the person may need to get some formal training or education such as attending a seminar or a continuing education class.

If the person does possess the knowledge and skills necessary to do the job, you are ready to ask the next question.

Is the Performer Willing to Do the Required Job?

You have now reached a critical juncture in analyzing performance. If you (and the performer) have answered "yes" to the three previous questions, it's time to ask this revealing question. Some people just aren't willing

to do the work that's required. Perhaps when the goals were set, the person didn't realize just what was going to be expected. Even though the person gets regular feedback and has the knowledge and skills required, there might be a lack of willingness to do the job. At this point, if you still want the job to get done you will need to find someone else who is willing to do it. This doesn't necessarily mean you have to terminate the current employee. Perhaps a job reassignment may be necessary. Or you might want to consider changing the goals to ones the employee is willing to pursue.

Some people might contend that willingness should have been determined when the original goals were set. If the person wasn't willing to do the job, why did the person agree with the goals in the first place? As previously mentioned, it could be that the person didn't realize what would be required. Another reason may be that the person might have been willing when the goals were set, but since then priorities have changed. There now may be something else that the employee or the organization considers more important than the original goals. When this occurs, the solution may be to revise the goals to reflect the new priorities.

Is There a Task Interference That Prevents Doing the Job?

A task interference can take several forms. Sometimes it is the result of simply having too many things to do. A person may set too many goals and wind up being overwhelmed by the amount of work required to complete them all. Sometimes it's a matter of conflicting priorities. There seem to be too many "A" tasks and it's hard to decide where to start. Other times, a new task or job requirement may be added that gets in the way of doing the original task. A common task interference is poor workflow that causes a person to repeat steps when doing a job, or the job may require extra movement that slows down getting the job done. Sometimes policies or procedures can create a task interference when a person has to follow an outdated or unnecessary procedures to complete a task.

A lack of the necessary tools, resources, time, or staff can also be a task interference. For example, compiling a computer report can be impossible if you don't have the necessary software or hardware. Getting a job done without the necessary human or financial resources can interfere with the ability of the person to get the desired results. An unreasonable deadline can also turn out to be a task interference because it puts undue pressure on the person to get the job done.

Your role is to remove, or at least reduce, any task interferences that affect an employee's performance. Because it is a partnership, you should expect your employees to come to you when they encounter some type of task interference. Together you can determine the best way to deal with the task interference and get performance back on track.



Think About It . . .

What are some performance problems you have seen eliminated by addressing the issue of task interference? What can you do to prevent task interference from having a negative impact on your team's performance?

Do Consequences Match the Performance?

A consequence is what happens as a result of particular performance. Determining the relationship between performance and consequences can be difficult. This is also tricky if you don't involve your employees because you have to look at the consequences from the performer's point of view. What may seem like a positive consequence to you may be a negative consequence to an employee or vice versa. There are at least five different scenarios that can occur, some of which are good and some that are not. First, we will look at two situations where the consequences match performance and then we will examine three situations where there is no match.

Positive Consequences for Positive Performance

The person does the job correctly and gets rewarded. For example, the report is done on time and the manager says, "I really liked your report and the fact that it was on time. Keep up the good work."

Negative Consequences for Negative Performance

The person doesn't get the job done correctly and negative consequences follow. For example, the report is late and the manager says, "If your report is not ready, you will have to stay until it is finished. I need that report before you leave."

Positive Consequences for Negative Performance

This is where problems begin. For example, the report is late and the employee is excused from doing it. Instead of having to finish the report, the manager says, "That's okay. I can get along without it." The next time the report is due, the employee is likely not to worry about it because the message is that the report isn't that important. In this case, the employee gets rewarded for not doing the job.

Negative Consequences for Positive Performance

The employee stays late and gets the report done. Then later, learns that the report wasn't really necessary or it could have been turned in later the next day. The next time the report is due the employee is less likely to be

concerned about getting it done on time because he or she doesn't see any particular benefit in staying late and doing the report.

No Consequences Regardless of Performance

This is the silent message discussed earlier. There is a lack of feedback or nothing happens regardless of the type of performance. The result is that the employee may decide that performance doesn't really matter that much after all.

A manager is responsible for ensuring that consequences and performance match. This may mean rearranging consequences to ensure that positive performance results in positive consequences and that negative performance results in negative consequences. Keep in mind, *the consequences have to be viewed from the employee's perspective*. For example, you might consider that an employee party after work is a positive consequence, but the employee may view it negatively because it cuts into personal time. So before you try to rearrange consequences, talk to your employee partners and find out how they view the consequences.



Think About It . . .

How well do consequences match performance for members of your work team? What changes might be needed to ensure that there is a better match?

Does the Performer Have the Capacity to Do the Job?

If you have reached this point in your analysis and performance is still not acceptable, it may be that the person lacks the capacity to do the job. Capacity may be physical, emotional, or mental. Perhaps the job requires heavy lifting that the person cannot do without straining. Or the job may require handling multiple priorities at one time, which is not the employee's strength. In some cases, the person may not have the education or background required to perform the job. For example, the person must be able to use and interpret statistical results but does not have the capacity to do so.

At this point you have a mismatch between the person and the job. The best solution is to change the person doing the job. Again, this may mean transferring the employee to another position or it may mean changing the job expectations to fit the employee. Either way, in your partnership with the employee you have to find the best solution to reduce the performance gap.

If you are at the last step in the analysis process and still are not sure why performance is unacceptable, you would be wise to reevaluate your previous analysis. Perhaps you have not really looked at the issue from the employee’s point of view, or worse yet, tried to solve the issue for the employee without his or her involvement.

You may be wondering why the word attitude does not appear in the analysis process. We are often quick to say someone has a bad attitude when we really don’t know that for sure. Attributing poor performance to attitude can be tricky. What’s your reaction when someone says to you, “You have a bad attitude.” Do you have a bad attitude or is something else affecting your performance? In most cases, our attitude at work is affected by job-related factors. For example, I might have a bad attitude about my job if I don’t agree with the goals that I am being asked to achieve. In this case, the best way to address my attitude is to address the real problem—what I consider to be unrealistic goals. The point here is that attitude comes from within, but whether it is good or bad is usually the result of something else. If I haven’t been trained to do my job, I may have a bad attitude toward my job. However, if I’ve been given all the necessary training, I may have a good attitude toward my job. Don’t be too quick to attribute attitude as the cause of performance gaps. Instead, begin by looking at the other causes we’ve just discussed.

A

Apply What You Learn: Analyzing Performance Gaps

Earlier in this chapter you did a preliminary evaluation of one of your own performance gaps and that of one of your employees. Answer the questions below to determine the cause of the performance gaps you decided were important enough to fix.

Part One: Your Own Performance

Performance Gap: _____

- | | | |
|---|-----|----|
| 1. Do you know what is expected? | Yes | No |
| 2. Are you receiving feedback about performance? | Yes | No |
| 3. Do you have the knowledge and skill necessary? | Yes | No |
| 4. Are you willing to do the required job? | Yes | No |
| 5. Is there a task interference to doing the job? | Yes | No |
| 6. Do consequences match performance? | Yes | No |
| 7. Do you have the capacity to do the job? | Yes | No |

Based on your answers, what do you think is causing your performance problem?

Part Two: Employee Performance

Performance Gap: _____

CAUTION: Do not attempt this alone. Involve your employee partner and get his or her response to each question.

1. Do you know what is expected?	Yes	No
2. Are you receiving feedback about performance?	Yes	No
3. Do you have the knowledge and skill necessary?	Yes	No
4. Are you willing to do the required job?	Yes	No
5. Is there a task interference to doing the job?	Yes	No
6. Do consequences match performance?	Yes	No
7. Do you have the capacity to do the job?	Yes	No

Based on your answers, what do you think is causing your performance problem?

POTENTIAL FOR IMPROVED PERFORMANCE

“Jerry, how’s Bob doing these days?”

“Much better, thanks. He and I met and talked about his performance—and I listened more this time like you suggested.”

“And . . .”

“And, it turns out he wasn’t sure how to answer some of the questions he was getting from new customers so he was reluctant to make the calls.”

“So what did you do?”

“We made a list of the most frequently asked questions he gets. Then we started work on some suggested answers so he’ll be ready for the questions in the future.”

“Do you think the time you spend to develop that list of questions and answers will be a good investment?”

“I guess so—I really hadn’t thought about it.”

“In this case, I would tend to agree. But, that’s not always the case. Sometimes the cost of solving a problem can be greater than the cost of the problem itself.”

Once the causes of performance problems are identified, the next step is to determine what’s the PIP (Potential for Improved Performance). Analyzing the PIP involves determining the:

- cost of eliminating the performance gap and the
- benefits of eliminating the performance gap.

What’s the Cost of Eliminating the Performance Gap?

We are now concerned about determining the cost of eliminating the performance gap. This means comparing what the performance gap is costing the organization in terms of lost sales, lost profits, or lost productivity, with the cost of fixing the performance gap. Thus, you need to compare the *cost of the performance gap* with the *cost of fixing* the performance gap.

Some performance gaps may be better ignored because the cure may be worse, or more expensive, than the problem. How often have you seen someone invest hours of time to find a \$10 error? If that person is making \$15 an hour, was the time well-spent? Probably not, because the cost of finding the error (\$15+) outweighed the cost of the error itself (\$10). However, if the \$10 error were to be repeated several more times because it is not corrected now, then there would be a benefit to improving performance. In the long run the cost of eliminating the gap would be less than the cost of the performance gap itself.

Benefits of Eliminating Performance Gaps

Suppose we decide that the cost to eliminate the performance gaps is manageable. What next? Before you dive headlong into fixing the gap, you need to ask yourself, what are the benefits of eliminating these gaps. Here are some of the benefits you should realize when you eliminate performance gaps:

- improved performance
- improved morale
- improved alignment

Improved Performance

This is the most obvious benefit of eliminating performance gaps. Performance gets back on track and goals and objectives are achieved. Often, good performance tends to result in more good performance and the creation of a continuing cycle of positive performance results.

Improved Morale

People feel better about themselves and their jobs when their performance is on track and they are achieving the desired results. Look at just about any athlete or team. You can see the difference in the way the winners approach their sports compared to the way those who are losing approach theirs. Look around at the people you work with and you'll probably be able to notice a difference between those that are meeting their goals and those that are not.

Improved Alignment

This goes back to that part of our definition of performance management that says employees "align their contributions with the goals, values, and initiatives of the organization." Assuming the original goals were aligned, eliminating the performance gaps should get the alignment back between individual and organization goals.



Apply What You Learn: Do You Know What Your PIP Is?

It's time again to look at the two performance issues you have been analyzing in this chapter—your own performance gap and that of one of your employees. Use the worksheet below to determine the PIP for each performance gap.

Part One: Your Own Performance

Performance Gap: _____

What's the cost of eliminating the performance gap?

- What's the cost of the gap? _____
- What's the cost of the fix? _____

Is the cost of the fixing the gap less than the cost of the gap itself? Yes No

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How will performance be improved?

Will morale be improved?

How will alignment be improved?

Based on your responses, do you believe there is a PIP? Yes No

Part Two: Employee Performance

Performance Gap: _____



What's the cost of eliminating the performance gap?

• What's the cost of the gap? _____

• What's the cost of the fix? _____

Is the cost of the fixing the gap less than the cost of the gap itself? Yes No

How will performance be improved?

Will morale be improved?

How will alignment be improved?

Based on your responses, do you believe there is a PIP? Yes No



The third step in the performance management model, analyzing performance, was discussed in this chapter. The first part of the chapter provided a definition of a performance gap—when there is a difference between desired and actual performance. You learned that just because a performance gap exists it doesn't always mean that you have to

take action to eliminate the gap. First you need to do is ask yourself: "Is the employee doing anything about the performance gap?" and "Is the performance gap important enough to fix?"

If you decide the gap is important, the next step is to analyze the cause of the performance gap. You were given a method of analyzing performance gaps that uses a series of questions to determine why a person isn't meeting expectations. The answers to the questions help to determine what action should be taken to solve the problem. The importance of involving the employee in the process was stressed for two reasons. First, because in an effective performance management system you are in a partnership with your employees. Second, it is important to look at performance from the employee's point of view.

Finally, you were given a method to determine the PIP—Potential for Improved Performance. Determining the PIP involves examining whether or not the cost of fixing the problem outweighs the cost of the problem itself. In addition to looking strictly at the financial impact, you also learned the importance of making sure there were tangible benefits such as improved performance, improved morale, or improved alignment between employee and organization goals.



Review Questions

1. A performance gap exists when there is a difference between: 1. (c)
 - (a) expectations and goals.
 - (b) standards and expectations.
 - (c) desired and actual performance.
 - (d) results and rewarded performance.

2. Which of the following should be considered *first* when fixing a performance gap? 2. (a)
 - (a) Is the performance gap important enough to fix?
 - (b) Who caused the performance gap in the first place?
 - (c) When will the performance gap go away?
 - (d) How long has the performance gap existed?

3. A silent message occurs when: 3. (d)
 - (a) employees are given written feedback about performance.
 - (b) managers give feedback without adequate explanation.
 - (c) employees send e-mails to managers about performance gaps.
 - (d) managers do not provide feedback about performance results.

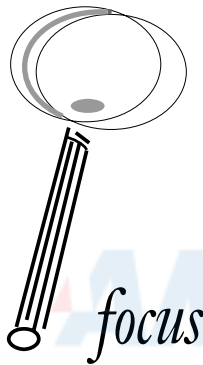
4. If an employee lacks the knowledge to do the job, your first action should be to: 4. (c)
 - (a) look for a task interference and remove it.
 - (b) rearrange the performance consequences.
 - (c) provide training or skill development.
 - (d) reassign the employee to another department.

5. In which of the following situations would you consider reassigning an employee to another job in the organization? 5. (b)
 - (a) The employee doesn't know what is expected.
 - (b) The employee is unwilling to do the job.
 - (c) The employee needs additional training to be successful.
 - (d) The employee gets positive feedback for negative results.

Do you have questions? Comments? Need clarification?
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5

Improving Performance: How Can We Make It Better?



Learning Objectives

By the end of this chapter, you should be able to:

- List system strategies to improve performance.
- Describe how to use training and development to improve performance.
- Explain how to use coaching and mentoring to improve performance.
- Develop performance action plans to improve performance.

“How’s Alberto doing these days?” Darlene asked.

“I’m starting to see some improvement and he seems more energized about his job.” Jerry responded.

“Great. What do you attribute the change to?”

“Alberto and I met and discussed his performance. In the course of our discussion, Alberto said he thought that a little bit of assistance from one of the more experienced team members would help him improve his performance. So I asked Tanya if she would be willing to work with Alberto and she agreed.”

“What is Tanya doing?”

“She’s making herself available to answer Alberto’s questions and give him some feedback about his performance.”

“Isn’t that your job?”

“Sure, but sometimes it helps to have a peer to talk and work with. Remember when you had me work with Maria last year when I was having trouble learning the new software program? It’s kind of like that.”

“But, you’re still involved, right?”

“Absolutely. Alberto and I meet formally at least once a week and I follow up in between meetings to make sure everything is going okay.”

Jerry has implemented a plan to improve performance which is the next step in our Performance Management Model. The plan is one that he and Alberto came up with after analyzing Alberto’s performance in the previous step of the performance management process. It’s important to note that Alberto and Jerry developed the plan together as part of their partnership in the company’s performance management system. Also, Alberto’s suggestion that he have a mentor showed he was taking ownership for his own performance. In this chapter you’ll learn some of the methods you and your employees can use when it becomes necessary to improve performance.

SYSTEM STRATEGIES TO IMPROVE PERFORMANCE

Sometimes there is a simple solution to improving performance. Other times, the solution will be more complex and may be beyond the control of the performer. In such cases a system strategy may be necessary in order to improve individual performance. We’ll examine two separate, but related, system strategies that will address some of the causes of performance problems that were identified in the previous chapter. These strategies are:

- Organization strategies
- Environment strategies

Organization Strategies

Sometimes the way a work group is organized can create or contribute to performance problems. Think about your own organization as you consider the following questions.

Does the Organization Structure Make Sense?

Sometimes people get assigned to work in one department, but their supervisor is in another department. For example, a marketing assistant might be assigned to work in the operations department to develop the operations department’s marketing plans. Instead of reporting to the head of the operations department, the person’s supervisor is in the marketing department. This matrix type reporting relationship can inadvertently create performance problems due to conflicts in priorities or deadlines. Differences of opinion about how to get the job done can also lead to performance problems.

Are There an Appropriate Number of Levels in the Hierarchy?

A few years ago it was common to find organizations moving to flatter structures to reduce head counts. As the economy has expanded and organizations have begun to staff up again, some have not paid enough attention to their structure. Some managers may now have more people in their work groups than they can effectively manage. Others, in the same organization, may be

understaffed. It's important as organizations grow and shrink that they continually reevaluate their structure.

Are the Lines of Communication Clear?

Like reporting relationships, communication can get muddled when a person has allegiances to more than one department. Even within a department, communication lines can be a problem. Sometimes a person gets left out of the communication loop because someone else doesn't think the person has a "need to know." Or when a person misses a meeting, there are no minutes distributed and no attempt is made to let the person know what went on in the meeting. Likewise, the employee may not remember to keep everyone informed of what's going on if there are several people who have a need to know.

Is There Appropriate Interaction Among Departments?

Sometimes departments can be working on similar projects and never know it. Or a person needs information from someone in another department, but the people in the other department don't understand the necessity of providing the information. Some organizations create such a competitive environment that it encourages people not to interact with or assist each other. When people can't get the resources they need to do the job, their performance will likely be affected.

Is Everyone Aligned with the Organization's Goals, Values, and Initiatives?

This is one of the cornerstones of effective performance management. If some parts of an organization are heading in a different direction than other parts, it increases the likelihood that there will be performance issues. Making sure everyone is "on the same page" can help identify sources of possible performance issues so they can be addressed.



Think About It . . .

What organization strategies need to be addressed to improve performance in your work area? What specific changes will be required? Which changes will need approval from someone else in the organization? How will you go about presenting your proposal for making the changes?

Environment Strategies

When thinking about the work environment, the natural tendency is to think about the physical layout of the work area. While this is important, consideration also needs to be given to other aspects of the environment that can

affect performance. Again, think about your own organization as you consider these questions.

Is the Work Area Laid Out Properly?

A person's work area can affect productivity and performance in numerous ways. Poorly positioned desks, files, phone, or computer can result in wasted movement. The lighting and heating or cooling of the work area can be an issue. The amount and location of storage space can be a factor. The location of the office in relation to other people the person works with can also impact performance.

Are the Necessary Tools Easily Accessible?

The location of printers, copiers, fax machines, and office supplies can keep work from getting done efficiently. Consider how people obtain their supplies. Do they have to fill out paperwork to get supplies, get permission from someone else, or can they just go pick them up? Remember, the employee's perception of how easy it is to get the job done can be based on such seemingly simple things as how one obtains extra paper for the copier.

Can People Concentrate and Have Privacy When Needed?

Sharing work space or being next to people who are on the phone a lot can be distracting to some employees. Being located near a conference room, break area, or heavy travel area can interfere with getting the job done because people are talking and moving about while others are trying to work. When people moving through the travel areas stop and "drop-in" on those nearby, it further disrupts their work. Likewise, a telemarketing unit that is located near workstations where people need to concentrate can be very distracting.

Privacy is also an important factor to consider. Some departments such as research and development may need to be located in more private areas, or even in restricted areas, where there is limited access. Employees who work with confidential matters should also be located away from heavily traveled areas so they can maintain security of their files. They may also need easy access to conference rooms where they can meet in private to discuss their work.

Are Schedules and Deadlines Realistic?

Sometimes deadlines are arbitrary and bear no relationship to the amount of work actually required. Deadlines can be both too short and too long. An extremely short deadline can create undue pressure while an extended deadline can result in lost productivity. Deadlines that managers give to employees without getting employee input can also lead to frustration and the feeling that the manager doesn't understand the real nature of the task.

Do Consequences Match Performance?

As discussed in the previous chapter, sometimes people get negative consequences for positive performance or vice versa. Other times there are no consequences regardless of the level of performance. People like to know how

they are doing from the manager's perspective and they want feedback about their performance. The absence of follow-up by the manager can create anxiety or insecurity on the part of some people.



Apply What You Learn: Identifying System Strategies to Improve Performance

Make copies of this questionnaire for the members of your work team. Have them complete it on their own or during a team meeting. Complete the questionnaire yourself. Compare your responses to the trend for the team's responses. Discuss the results with your team and determine what changes in system strategies could help improve individual and overall performance.

Performance Strategies

Name (Optional): _____

Date: _____

INSTRUCTIONS: Read each of the statements that follow. Circle the number that best describes how you feel about our department on a scale of 1 to 5 (with 1 being "Strongly Disagree" and 5 being "Strongly Agree"). Comments and suggestions are encouraged.

1. Our organization structure makes sense.

1 2 3 4 5

2. There are an appropriate number of management and supervisory levels.

1 2 3 4 5

3. The lines of communication are clear.

1 2 3 4 5

4. There is appropriate interaction among departments.

1 2 3 4 5

5. All departments are aligned with the organization's goals, values, and initiatives.

1 2 3 4 5

6. My work area is laid out so I can work productively.

1 2 3 4 5

Continued on next page.

Continued from previous page.

7. The department area is laid out so I can work productively.

1 2 3 4 5

8. The necessary tools and supplies are easily accessible.

1 2 3 4 5

9. People can concentrate and have privacy when needed.

1 2 3 4 5

10. Schedules and deadlines are realistic.

1 2 3 4 5

11. Consequences match performance (e.g., positive for positive, negative for negative).

1 2 3 4 5

Comments/Suggestions (Be as specific as possible.)



Summarized Survey Results

INSTRUCTIONS: Enter the score you gave for each item in the first column. Use the other spaces to enter the scores given by your employees and then determine the average of all employee responses.

	My Score	Emp. Avg.	Emp.	Emp.	Emp.	Emp.	Emp.
1. Our organization structure makes sense.							
2. There are an appropriate number of management and supervisory levels.							

	<i>My Score</i>	<i>Emp. Avg.</i>	<i>Emp.</i>	<i>Emp.</i>	<i>Emp.</i>	<i>Emp.</i>	<i>Emp.</i>
3. The lines of communication are clear.							
4. There is appropriate interaction among departments.							
5. All departments are aligned with the organization's goals, values, and initiatives.							
6. My work area is laid out so I can work productively.							
7. The department area is laid out so I can work productively.							
8. The necessary tools and supplies are easily accessible.							
9. People can concentrate and have privacy when needed.							
10. Schedules and deadlines are realistic.							
11. Consequences match performance.							

USING TRAINING AND DEVELOPMENT TO IMPROVE PERFORMANCE

“How’s it going, Shania?”

“Hi, Jerry. Well, not too bad.” (Pause) “Do you really want to know?”

“Sure.”

“Well, I’m having some trouble learning this new word processing software. It seems like every time I think I’ve got it figured out, I find something else I didn’t know.”

“Have you used the tutorial that comes with the program?”

“I’ve been through part of it and it was helpful, but with all the work we have I haven’t had time to finish it.”

“Shania, I know how you feel. It seems like we’ll never get caught up. But, I also know from experience that if we don’t take time to learn to use our tools properly the work can get frustrating and also wind up taking even longer than necessary. So, I want you to put that project aside for the next hour—I don’t need it until late tomorrow anyway—and take time to finish the tutorial.”

“Okay. I think that will help. Thanks, Jerry.”

One of the reasons people fail to meet performance expectations is that they have not been properly trained. They are asked to do things they don’t know how to do or for which they have only limited experience. As a result, there are performance gaps that need to be eliminated. Some managers tend to assume that training will solve most every performance problem. In fact, training will only solve problems where people lack the knowledge or skills necessary to do the job. For example, if a person is not willing to do a job, a large dose of training won’t improve performance. Sometimes people don’t do what we want because we failed to communicate our expectations up front. In such cases they need feedback, not training.

Robert Mager (1992) says that training is only appropriate when “there is something one or more people don’t know how to do, and they need to be able to do it.” He goes a step further and says that “if they already know how, more training won’t help.” On the other hand, if you are convinced that a person lacks the necessary knowledge and skills to improve performance, then training and development can be helpful.

What Is Training?

Training is an activity used to develop or improve a person’s knowledge, skill, or capability so it will ultimately impact performance. Usually all of these are interrelated. For example, suppose you have an employee whose performance is less than expected because of an inability to use a computer software program. In order for the person to learn how to use a new computer program he or she has to develop the knowledge of how the program works and develop the skill to use the program the way it was designed. As the level of knowledge and skill increases so does the capability of using the program to the fullest extent possible. The end result is that performance improves as a result of developing knowledge, skill, and capability.

Some training, however, may be designed to pinpoint only one thing, such as knowledge. Perhaps you want to expand a person's knowledge about the variety of ways that spreadsheets can be used. It may not be necessary for the person to develop the skills or capability to actually develop spreadsheets.

Why Do We Train?

In a word: performance. We train because we want people to be able to accomplish the desired results. So we provide training when the person lacks the necessary knowledge and skill to perform to expectations. The assumption is that if we provide the necessary knowledge and skills that performance will improve.

Matching Training and Development with Performance Needs

Before you do any training yourself or send an employee for training, be sure you have done a training needs analysis. Simply stated, a training needs analysis ensures that the training an employee receives matches the performance needs of the employee. Otherwise you may wind up treating a symptom rather than curing a problem.

For example, an employee who is unable to complete assigned projects on time is sent to a time management course by her supervisor. After completing the course, she continues to have problems completing her projects on time. Further investigation reveals that she doesn't understand and can't apply the basics of project management. Instead of sending her to a time management course, the supervisor should have provided training on project management.

In this example the supervisor failed to properly analyze the training need. Training is an expensive solution to improving performance so be sure you invest wisely. Too many people are sent to training that does not meet their specific needs.

When more than one person needs a particular type of training, group training can be a useful way to address the common needs. Having a special group training session for several members in your department can be less expensive than sending individuals to different training at different times.

Sources for Training and Development

Once you have determined what the real training need is, the next step is to find training that will meet those needs. Exhibit 5-1 list several training sources you might consider. Regardless of which training source you decide to use, be sure you know the content and quality of the training. Make sure it will meet the training needs of your employee and be sure the quality meets the standards for your organization.

E**Exhibit 5-1****Training Sources**

- *Self-Study Programs.* There are literally hundreds of self-study programs available on the market similar to the one you are completing now. Topics included range from the general to the specific and include everything from communication skills to customer service to manufacturing to foreign languages.
 - *Public Seminars.* Many training companies, colleges, and universities offer public seminars in most major U.S. cities as well as international locations. They also cover a wide range of topics such as executive education, leadership skills, marketing, strategic management, and project management to name a few.
 - *In-house Training.* Your organization may provide specific programs to address company-wide training needs. Internal programs can be good because all participants have a common ground and the course material can be tailored to the organization's culture and way of doing things. If you don't have your own internal training department, you may be able to get an outside vendor to customize a program to meet your needs.
 - *One-on-One Training.* You or another person may provide individual training to help a person develop their knowledge or skills. Such individualized training can be effective because it allows you to concentrate on the specific training needs of the employee and skip over things that are not needed.
 - *Computer-Based Training.* Many programs are available that allow people to work at their own pace to learn new subjects and develop skills. Some programs are quite sophisticated and allow the learner to interact with the material as it is being presented.
 - *Online Training.* The Internet and the intranet are rapidly becoming new sources for training. These services provide an array of services such as self-directed learning and tracking of individual training results.
 - *Simulation.* Some companies, such as airlines, have developed sophisticated simulations that allow a learner to experience the realities of the job in a safe environment. Other examples include interview situations, performance appraisal, and customer service in which trainees interact with characters in the simulation.
 - *Video.* Many companies offer videos for use in training. These can be an effective and entertaining way to learn as long as they address identified training needs.
 - *Job Rotation.* The best way to learn anything is to do it. Job rotation puts people in a new job situation so that they learn about it with the help of someone else.
 - *College courses.* An individual college course or a complete program may be the best way to meet an individual's needs. One person might take an individual course on marketing while another pursues an MBA to develop a complete set of business skills.
 - *Books.* There are hundreds of books on management, leadership, and other business-related topics. Having a person read a book, and perhaps even doing a report or review of the content, can help develop understanding of new concepts.
-
-



Apply What You Learn: Identifying and Meeting Training Needs

Take a moment now to think about any employees that you think could improve their performance if they received some training and development. As you make your decisions, be sure to involve the employee as a partner in analyzing specific training needs. Consider group training when appropriate. Use the worksheet that follows to plan the training. A sample is shown.

<i>Training Need</i>	<i>Possible Training Sources</i>	<i>Specific Training Selected</i>
Learn how to handle multiple priorities at one time.	Seminars Books Self-Study	Self-Study program "How to Manage Your Priorities"

Employee(s): _____

<i>Training Need</i>	<i>Possible Training Sources</i>	<i>Specific Training Selected</i>

Employee(s): _____

<i>Training Need</i>	<i>Possible Training Sources</i>	<i>Specific Training Selected</i>

USING COACHING AND MENTORING TO IMPROVE PERFORMANCE

“Jerry, it looks like you’re moving in the right direction to get the performance management system going in your work area.”

“I think so. It’s going a lot smoother than I thought it would.”

“Well, you’ve really taken the initiative to do whatever was needed to be done.”

“But, I sure needed someone to help me figure out what needed to be done. You’ve been a good coach and I appreciate your help.”

“Just doing my job, Jerry. Just doing my job.”

Sometimes formal training and development programs may not be the best strategy to improve performance. For example, there may not be an exact training event available to address specific performance issues. Or, in some cases, the employee may benefit more from a one-on-one intervention that addresses specific individual performance issues. Other times, training and development may be part of the solution, but will not address the whole scope of the performance issue. In such situations, coaching and mentoring can be viable alternatives or supplements for improving performance.

Coaching

Coaching is the process of helping employees achieve their full potential by developing their skills while providing feedback and supporting their performance. Some key points to consider are that coaches:

- *Help* their employees. Coaches don’t do the job for them. Instead they help employees help themselves.
- *Develop skills* through training and development. They also provide one-on-one direction as needed to improve skills.
- *Provide feedback* about performance—both positive and corrective. They know that regular, consistent feedback is critical to long-term employee success.
- *Support* their employees by providing resources. They have access to the tools or can find the person who does. Their support is also positive in that effective coaches don’t embarrass or put employees in situations they can’t handle.

In simple terms a coach pushes, pulls, and helps employees so that they can be successful. An effective coach is willing to provide corrective feedback when the employee’s performance is off-track. It may temporarily make the employee feel bad, but in the long run it should improve performance.

The coach, as defined here, is also the employee’s immediate supervisor who has a vested interest in improving the employee’s performance. First and foremost, successful coaches understand that their success is tied to the success of their employees. They know that when the employee’s performance improves, their own performance will also improve. They understand the importance of having a partnership with their employees. Second, there is the

satisfaction of watching an employee improve performance. Third, as the employee's performance improves, the coach's reputation for developing people improves. Fourth, as employee performance improves, the employee becomes more self-managing and the coach, in turn, has more time to spend on the other aspects of performance management.

Employees who are coached also benefit because they develop the skills that help them become contributing team members. In turn, they benefit from more involvement in the workings of the whole team. Their improved performance also leads to greater visibility and exposure for the employee when their performance impacts the organization's success.

Coaching begins with a certain mindset. How well you succeed depends on how you approach your role as a coach. A successful coach:

- has a positive attitude toward employees and their performance,
- assumes people want to do their best, and
- assumes that performance problems can be corrected.

Keep in mind that coaching is all about performance. A coach's goal is to help employees perform their best. This doesn't mean employees will always be successful, but they will give it their best effort if they know that the coach is truly concerned about helping them improve their performance.

A

pply What You Learn: Rate Yourself as a Coach

An important part of your job as a manager is to be a coach for your employees. Read each statement that follows and circle the number that best describes your readiness to be an effective coach (with 1 being "Not Ready" and 5 being "Very Ready").

1. My goal when coaching is to help employees improve their own performance.

1 2 3 4 5

2. I believe that employees want to do their best.

1 2 3 4 5

3. I believe that coaching can help correct performance problems.

1 2 3 4 5

4. I have the ability to help employees help themselves.

1 2 3 4 5

5. I am good at providing one-on-one training and development.

1 2 3 4 5

Continued on next page.

Continued from previous page.

6. I am willing to provide necessary positive and corrective feedback.

1 2 3 4 5

7. I know where and how to obtain resources to help people get their work done.

1 2 3 4 5

8. I understand that my own success depends on my ability to coach my employees.

1 2 3 4 5

Add the numbers you have circled for the statements.

Total Score: _____

Scoring:

32–40: You are confident in your readiness to be an effective coach.

24–31: You will have to make a few changes in your thinking and approach to be an effective coach.

Less than 24: Your score indicates that you are not ready to assume the coaching role. If you still feel this way after completing this course, you may want to ask for some additional training on how to be an effective coach.



Mentoring

Often associated with coaching is the concept of mentoring, but they are different. One difference is that coaching is based on a manager–employee relationship. A mentor, on the other hand, may be a peer or another person in the organization with whom the employee has no direct reporting relationship. The mentor’s role is to provide guidance, answer questions, and help the individual develop new skills and a better understanding of how things work. Mentors have to rely on their ability to influence the other person without the benefit of a supervisory relationship.

Second, assigned mentors are often volunteers in the process who have been asked and agreed to mentor another person. Mentors normally give of their time and knowledge without expecting any compensation in return. They mentor because they like to help other people and they are skilled at doing so. They like the challenge and the opportunity to help someone grow and develop in the organization. Often their only reward is the intrinsic good feeling that comes from helping others.

Another difference is that the mentor is most concerned with how the other person will benefit from the experience. Although the mentor may also benefit from the relationship, that is not the primary focus. Effective mentors put the needs of the person they are mentoring first and foremost. Mentors provide help, encouragement, guidance, information, ideas, and different ways of looking at things.

When selecting a mentor to assist with performance improvement initiatives, there are several attributes to consider. A mentor must be:

- an authority—The mentor should have sufficient knowledge and skills to be considered an authority on the subject being mentored. In other words, if you assign a mentor to help someone develop their skills at project planning, select a recognized expert in project planning.
- influential within the organization—A person who is influential within an organization gives credibility to the mentoring relationship. The person being mentored also realizes that the assigned mentor is someone others consider successful.
- sincerely interested in the professional development of others—The mentor must be someone who enjoys working with and helping other people. Good mentors take satisfaction from the progress of the people they mentor.
- willing to commit the time and energy necessary—Mentoring takes time and could potentially conflict with the mentor's regular job responsibilities. Be sure the person selected is willing to be actively involved in the mentoring process.



Think About It . . .

How could you benefit from having a mentor? Who are some of the people you think would be good mentors for yourself? Are there any of your team members who could benefit from a mentoring relationship? Who are some of the people you could ask to mentor your team members?

Coaching and Mentoring Goals

Regardless of whether you coach an employee or have someone else serve as a mentor, the overall goals should be to help the person:

- Appreciate their strengths and weaknesses
- Establish goals for improved performance
- Identify problems that affect their ability to be successful
- Generate alternative solutions and action plans for improving performance
- Realize their full potential
- Accept responsibility and ownership for their own performance.

When these goals are accomplished, employees will become partners who are aligned with the organization’s goals.

A pply What You Learn: Coaching and Mentoring

Take a moment now to identify one or more employees who you think could benefit from coaching or mentoring. Complete the worksheet to help clarify your thinking.

<i>Employee</i>	<i>Knowledge and Skills Needed</i>	<i>Coach Yourself? Someone to Mentor?</i>

Performance Improvement Coaching

“Darlene, I have a question.”

“What’s that Jerry?”

“How do you get people to do something you know they can do, but just won’t do?”

“Do have someone in mind?”

“Yeah. It’s Emilie. I know she can produce great looking visuals to support her presentations. But, the ones she had the other day just weren’t up to standard. I’m sure you noticed since you were there when she did the presentation.”

“I agree. I thought they could have been better.”

“That’s true, but I know she can do better because I’ve seen what she’s done in the past.”

“Have you discussed the problem with her?”

“Not yet, because I wasn’t sure where to start.”

“Jerry, it sounds like you’re ready to learn about performance improvement coaching.”

So far we have been talking about coaching and mentoring as methods to address performance issues when employees lack the necessary knowledge

and skills to do their jobs. In some cases, however, you may have employees who do have the necessary knowledge and skills, but are not meeting performance expectations for some other reason. When you find yourself facing this dilemma, here's a four-step process you can use:

1. Get agreement that a problem exists
2. Decide on a solution
3. Follow up
4. Give recognition when the problem is solved

Exhibit 5–2 shows the performance improvement coaching process in more detail.

Get Agreement That a Problem Exists

Getting agreement that a problem exists can sometimes be the hardest step in the process. Few employees want to admit that they have a problem. But until you can get the employee to agree that there is a problem, there's no point in going further in the process. You can't help a person solve a problem if he or she doesn't think there is one.

Begin by focusing on the performance measures and the expected performance. Rather than doing all the talking yourself, ask questions to see if the employee knows that there is a performance problem. Your questions should help the employee understand the impact and consequences current performance is having. For example, some questions you might ask are:

- What are the performance expectations?
- How does your actual performance compare to the expected performance? (What's the performance gap?)
- Why do you think there is a difference between desired and actual performance?
- How do you think your current performance affects the rest of the department?
- How do you think your current performance affects your long-term success?

Listen to how the employee responds to each question. At some point in the discussion the person should begin to understand what the performance gap is, understand how it impacts others, and agree that the gap is a problem. Once you get agreement, you're ready to move on to the next step.

Decide on a Solution

When dealing with performance gaps, your role as a coach is to help people solve their problems—not solve the problems for them. This coincides with one of the main goals of performance management—to get employees to assume more responsibility for their own performance. Therefore, in the second step of the process your goal is to get the employee to come up with an acceptable solution. As before, begin by asking questions. For example, you might ask, “What are some things you could do to improve performance?”

E**Exhibit 5-2****Performance Improvement Coaching Process***Get Agreement That a Problem Exists*

- Ask questions to see if the person is aware of the problem.
- Ensure that the person understands the consequences of the problem.
- Get agreement from the person that a problem exists.

Decide on a Solution

- Ask questions to involve the person with the problem.
- Generate as many alternatives to the problem as possible.
- Help the person think through the problem.
- Agree on the solution(s) that will be implemented.
- Agree on a timetable for implementation.

Follow-Up

- Check to see whether the solution is implemented.
- Determine whether the solution is implemented on schedule.
- Determine whether the solution is working.

Give Recognition When the Problem Is Solved

- Give specific feedback.
 - Be sincere when you give feedback.
 - Remember that recognition strengthens performance.
-

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Your questions should make the employee think of several different things that could be done to eliminate the performance gap. Once several solutions have been identified, select the one(s) that will be implemented. In some situations, there may only be one solution; sometimes there will be several. Then set deadlines for implementing the solutions. It will be better if you let the employee identify the solutions. However, as the manager you have the “right of first refusal.” This simply means that if you don’t think the employee’s solution will adequately address the performance gap, you have the right and obligation to make additional suggestions.

Follow-Up

All the time you spend getting agreement to a problem and deciding on a solution will be wasted if you don’t follow up. If you don’t check to see whether or not the solution is implemented, you send a signal to the employee that the problem wasn’t all that serious. Go out of your way to verify whether the employee implements the agreed solution(s). Then, determine whether the solution is reducing the performance gap.

If things go as planned, the performance gap should be eliminated or at least significantly reduced. If things haven’t changed, you probably need to schedule another meeting with the employee to reconsider the original plan.

Give Recognition When the Problem Is Solved

Now is your opportunity to reinforce the employee's improved performance. Go out of your way to give the employee positive feedback. Be sincere and let the person know you appreciate the improved performance.

There's a saying that sums up this step: "Recognition strengthens performance." When you tell people you like the way they do things, you increase the chances that they'll continue to perform in the same way. Your recognition communicates to the employee that eliminating the performance gap really was important, and the employee is much more likely to maintain the improved performance.

A pply What You Learn: Coaching for Improved Performance

Take a moment to think about any performance gaps that exist in your department that may need to be addressed through the four step coaching process. Use this worksheet as a planning tool before you meet with the employee and then keep it handy during and after the meeting to make sure you complete all the steps in the performance improvement coaching process.

Employee _____ Date _____

Desired Performance: _____

Actual Performance: _____

Performance Gap: _____

1. Getting Agreement That a Problem Exists

What questions might you ask the employee?

Continued on next page.

Continued from previous page.

What consequences do you need to communicate to the employee?

Key Point: Don't continue until you get agreement that a problem exists.

2. Decide on a Solution

What questions might you ask the employee?

•What are some possible solutions you have in mind?



What's an acceptable timetable for solving the problem?

3. Follow-Up

When will you follow up to see if the solution is implemented?

How will you determine if implementation is on schedule?

How will you determine if the solution is working?

4. Give Recognition When the Problem Is Solved

What specific feedback can you give the employee?

What other types of recognition might be appropriate?

USING PERFORMANCE ACTION PLANS TO IMPROVE PERFORMANCE

“You know, Darlene, that performance improvement coaching really seemed to help Emilie. We really had a good discussion and I learned some things I could do to help her.”

“Good. Now, let me ask you a question. What if her performance really doesn’t improve as expected? Then, what will you do?”

“I’m pretty sure she will improve. She sounded really sincere.”

“Knowing Emilie, I think you’re probably right. But, you need to be aware that sometimes you have to do more than just discuss performance problems. You may run into situations in the future where written documentation is required because the employee won’t respond to your other actions to improve performance.”

“What should I do if that happens?”

“Let’s talk about the concept and use of Performance Action Plans.”

So far we have looked at five methods of improving performance: system strategies, training and development, coaching, mentoring, and performance improvement coaching. In each case the goal has been to take a positive approach to helping the employee improve performance. A sixth method of improving performance is the use of Performance Action Plans. Although they should not be viewed as negative, Performance Action Plans sometimes have that connotation because they require employees to document and commit to specific actions that will be taken to get back on track. The fact that there is a more formal, written plan may make the improvement process seem more like a disciplinary action than a helpful action, such as coaching or

mentoring. Normally, managers only get to this step when their previous attempts to reduce or eliminate performance gaps have not been successful.

In many ways developing a Performance Action Plan is similar to Step 1 in the Performance Management System: Planning Performance. The difference comes from the fact that the action plan is necessary because the original planned performance is not being met. In many cases the performance gap continues to get bigger and the written action plan is seen as the last resort to get the employee back on track. The mere fact that there is a written plan puts added pressure on the employee to improve performance.

Developing a Performance Action Plan

The key to an effective Performance Action Plan is not the format, but the commitment between the employee and the manager to improve performance. With that in mind, Exhibit 5–3 shows a sample format for a Performance Action Plan. Feel free to develop a format that works best for you. The sample plan includes the following parts:

Heading

Include the current date, the manager's name, the performer's name, and the department or location. Notice that the heading looks similar to a standard memo. Also, note that the Performance Action Plan is not written by the manager and given to the employee. Instead, the action plan is written by the employee and addressed to the manager. A key to getting commitment from the employee is to have the employee write the plan and submit it to the manager for approval.

Performance Gap

A clear, written statement of the performance gap helps ensure that the manager and employee both know what problem is being addressed. A clear description is also necessary in order to formulate a plan of action. Also, as you learned earlier, until there is agreement that there is a performance problem, it's pointless to move on to the next step.

Performance Plan

This is the substance of the Performance Action Plan. It details what will be done, when it will be done, and how the results will be measured. In other words, write S.M.A.R.T. goals like those described in Chapter 2. It's important that the plan be realistic. It's also better to have one detailed goal that the employee is committed to achieving than to have several goals that will likely never be accomplished.

Commitment and Signatures

The employee's signature verifies the employee's commitment to carrying out the plan and indicates an understanding of the consequences for not carrying out the plan. The manager's signature indicates agreement with the plan developed by the employee.

E**Exhibit 5-3****Performance Action Plan**Date: *August 15, 2000*To: *Eldon Foster*From: *Robert Johnson*Department: *Operations*

Desired Performance

New store openings will be made with a fully trained assistant manager.

Actual Performance

New stores are opening without trained assistant managers.

Performance Gap

Assistant managers are not being identified, placed, and trained prior to openings.

<i>Action</i>	<i>Deadline</i>	<i>Measurement</i>
<i>Assistant managers will be identified 60 days prior to opening.</i>	<i>Oct. 1</i>	<i>District Manager reviews candidate selection.</i>
<i>Assistant managers will be relocated within two weeks of opening date.</i>	<i>Nov. 15</i>	<i>District Manager reviews relocation schedule.</i>
<i>Assistant managers will complete their training prior to store opening.</i>	<i>Dec. 1</i>	<i>District Manager on-site visit during first week open.</i>

I am committed to successful completion of this action plan. I will keep you informed weekly of my progress. I understand that the results of this action plan will be used in evaluating my overall job performance.

Robert Johnson

Employee Signature

Eldon Foster

Manager Approval

Some Practical Considerations

A frequent question about Performance Action Plans is, "Does the action plan replace the employee's original goals and objectives?" The answer is, "It depends." If the employee's overall performance is off track then it may be wise to use the action plan as a substitute for the original goals and objectives. Otherwise the employee may become even more overwhelmed by the added demands and performance may continue to suffer. However, if performance is only slipping in one area, the action plan can be used to supplement the goals and objectives. In such cases, the plan may focus on one area of performance that, when improved, will lead to improvement across the

board. For example, a Performance Action Plan that calls for an employee to improve the way in which he interacts with his peers can, when accomplished, lead to better overall performance.

Don't use Performance Action Plans as a club being held over the employee's head with the threat of termination if the plan is not successfully implemented. Likewise, action plans shouldn't be used as a substitute for avoiding disciplinary action. Remember the goal of using action plans is to improve performance. If your goal is to get rid of the employee, do it. Terminate the employee rather than going through a transparent process that you know won't lead to improved performance.



Apply What You Learn: Writing a Performance Action Plan

Hopefully, you can skip this exercise because all of your employees are meeting their original goals and there are no significant performance gaps. If you do have an employee who could benefit from a written plan, schedule a meeting with the employee to discuss the process. Give the employee a copy of the sample action plan in Exhibit 5–3 as a starting place for developing his/her own format.

AMACOM



This chapter discussed several strategies that a manager can use to improve performance—Step 4 in the performance management system. Regardless of the strategy used, it is important that the employee be involved in the process. Performance improvement is not something managers do to employees; performance improvement is something you do in

partnership with employees.

In some cases the solution may be complex and beyond the control of the performer. We looked at organization and environment strategies that can affect individual performance. You learned that the way a work group is organized can create or contribute to performance problems. You were also challenged to think about the work environment in terms of both the physical layout and the mental aspects that can affect performance.

Second, you learned that one of the reasons people fail to meet performance expectations is that they have not been properly trained. We discussed the situations in which training was the appropriate solution to improving performance. Once you have determined training would be helpful, you need to conduct a training needs analysis to be sure there is a match between the what the person needs to know and the training to be provided. Several different sources of training and development were identified.

Next, you learned about using coaching and mentoring to improve performance. A coach is also the employee's immediate supervisor who has a vested interest in improving the employee's performance. A mentor, on the other hand, is usually someone else in the organization that has the ability and willingness to help an employee improve performance. You also learned a four-step process to use when coaching for improved performance: get agreement that a problem exists, decide on a solution, follow-up, and provide recognition when the problem is solved.

The last part of the chapter discussed how to use Performance Action Plans. The key to effective action planning is not the format; it is the commitment of the employee to implementing the action plan. Action plans are prepared by the employee and submitted to the manager for approval. Action plans are not a substitute for discipline rather they are another strategy that managers can use to help employees improve their performance.



Review Questions

1. Training is an appropriate strategy to improve performance when: 1. (c)
 - (a) you want to reward people for outstanding performance.
 - (b) you want to punish people for poor performance results.
 - (c) there is something the person needs to know how to do.
 - (d) there is not enough time for individual coaching.

2. Mentoring differs from coaching in that: 2. (b)
 - (a) mentors have no responsibility for what they do.
 - (b) mentors usually are not the immediate supervisor.
 - (c) coaches are more likely to have a negative attitude.
 - (d) coaches often have expectations that are too high.

3. The most important step when coaching to improve performance is to: 3. (a)
 - (a) get agreement that there is a performance gap.
 - (b) tell the employee how to improve performance.
 - (c) tell the employee how you will reward improved performance.
 - (d) explain why you might have to terminate the employee.

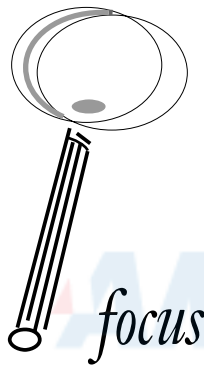
4. Which of the following is an example of a factor in the *work environment* that could have a negative impact on performance? 4. (b)
 - (a) An inadequate organization structure to get the job done.
 - (b) Not having the necessary tools to get the job done.
 - (c) Having too many bosses and not enough employees.
 - (d) Cross-functional reporting relationships.

5. Which of the following best describes a Performance Action Plan? 5. (d)
 - (a) A substitute for terminating an employee for just cause.
 - (b) A method of telling an employee exactly what you expect.
 - (c) The process of selecting a mentor to improve performance.
 - (d) A way to obtain employee commitment to improve performance.

Do you have questions? Comments? Need clarification?
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6

Maintaining Performance: How Do We Keep Performance On Track?



Learning Objectives

By the end of this chapter, you should be able to:

- Describe the role of feedback in maintaining performance.
- Explain how performance appraisal can be used to maintain performance.
- Describe the importance of a pay for performance system.
- Explain the use of nonmonetary rewards to maintain performance.

“Juan, I really appreciate the way you were able to get those reports done in time for today’s meeting. They definitely helped us sell the concept to the management team.” Jerry said.

“Thanks. I was just glad I was able to get them organized in time.”

“Emilie, the visuals you created were perfect. They really got everyone’s attention and helped me keep their attention.” Jerry continued.

“They weren’t that hard to do and besides it was kind of fun.”

Jerry has learned the power that positive feedback has in an effective performance management system. When people do what they commit to do (Step 1: Planning Performance) and get measurable results that meet agreed to standards (Step 2: Monitoring Performance), the manager’s job is to take the necessary steps to maintain performance and keep people on track (Step 5). Positive feedback is just one of the methods that effective managers use. In this chapter, you will also learn how to use performance appraisal and monetary and nonmonetary rewards to maintain performance.

USING FEEDBACK TO MAINTAIN PERFORMANCE

Feedback may be the most powerful management tool ever invented. An overstatement? Think for moment about some of the feedback you have received over the years and how it has shaped who you are. You have probably heard one or more of the following positive statements. “You can do it.” “You’re a winner.” “That was great.” “Thank you.” “I’ve never seen anyone do it that well before.” When you hear something like that you remember it and it affects not only your performance, but also your attitude about your performance. And, in a positive way.

Consider the flip side. Have you ever heard any of these comments? “That’s not what I wanted.” “Can’t you do anything right?” “What’s wrong with you?” “When will you ever learn?” Such statements also have an impact. Rather than build a person up, they put the person on the defensive and may even raise doubts in the person’s own mind about his or her abilities.

Perhaps just as destructive is the total lack of feedback. You go all out to meet a deadline, put in extra hours, and go above and beyond the call of duty. Then, no one says a word. You wonder why you even bothered.

As a manager, feedback is the best tool you have available to help employees maintain performance. There are three important ways that you can use feedback within the context of performance management. They are:

- Feedback Systems
- Positive Feedback
- Corrective Feedback

Feedback Systems

Effective feedback systems assist you in providing feedback about performance. They are not meant to replace personal, one-on-one feedback. Properly designed feedback systems let employees know whether or not they are meeting their objectives. The systems help them self-manage themselves—one of the goals of having a performance management system in the first place.

The process of developing feedback systems really begins in Step 2: Monitoring Performance. When you decide how you will monitor performance, you are in effect creating systems to provide feedback on performance. Chapter 3 discussed the following methods of monitoring performance:

- Bar graphs
- Gantt charts
- Record charts
- Line graphs

You may want to take a few minutes now to go back and review that information.

Like any other management tool, to be effective, feedback systems must be used. That’s part of your responsibility. Not only should you be involved in developing the systems with your employees, you have to be sure they use them. They will use them—especially if you use them. If you look at the results frequently and talk to your employees about what the systems are telling you, they will get the message that they should be doing the same thing. When they begin to take the initiative, they begin to be more self-managing and assume responsibility for their performance.

Another way to demonstrate the importance of feedback systems is to post them on the wall where everyone can see them. Some companies, for example, have big graphs that show trends for sales, profits, customer service, turnover, and so forth. If it can be measured, they measure it. They post the results so everyone can see what’s happening. In doing so they also are saying, “we value feedback systems and what they tell us.” When posting performance results make sure they are team results, not individual results. Posting individual results can be demotivating and create hard feelings—just the opposite of what you want to accomplish.

Feedback systems also set the stage for positive and corrective feedback. Clearly seeing the results provides common ground for the manager and employee to view performance and for the manager to provide feedback about performance.



Apply What You Learn: Feedback Systems

Take a moment now to think about the feedback systems that you currently have available and how they can be used.

<i>Current Systems:</i>	<i>What Is Measured?</i>	<i>How Are They Used?</i>

Continued on next page.

Continued from previous page.

Do you need to develop any new feedback systems?

<i>New Systems:</i>	<i>To Measure:</i>	<i>Used to:</i>

Positive Feedback

Positive feedback can be music to our ears. Most people like to get it and most people don't think they get all they deserve. The following question was asked of hundreds of seminar participants: "How many of you think you get all the positive feedback you deserve?" Only two people ever raised their hands. Less than one-tenth of one percent. Before the participants started criticizing their bosses for not giving them enough positive feedback, they were asked another question: "If your employees were here today instead of you and were asked the same question, how many would raise their hands?" At that point it became obvious that not only were most of them not getting all the positive feedback they thought they deserved, they weren't giving very much positive feedback either.

Are people afraid to give positive feedback? Some managers seem to think that if they give employees positive feedback it will make them (the managers) appear weak. Or they say, "If I don't say anything, they know they are doing a good job." Or they may say, "They get a regular paycheck that let's them know how they are doing." These managers would argue that the paycheck is the ultimate feedback system. Nothing could be further from the truth. Money is important. Most people won't work without getting paid. But, they want more than money. They want to be appreciated and they want their bosses to notice what they do and to consider it important.

Finding reasons for giving positive feedback is not difficult in a performance management system. They are everywhere you look—from the goals that have been set to the monitoring/feedback systems that are in place to the everyday job performance that contributes to the organization's success. If you want to maintain performance, positive feedback is the best and least expensive way to do it.

The idea is to "catch your employees doing something right" and to recognize them when they do. Telling people they did a good job increases the likelihood that they will do a good job the next time they do that same task. Here are a few things to keep in mind when giving positive feedback.

Be Personal

Use the person's name. It may not seem like much to you, but it communicates to the person on the receiving end that you value them as a person. In a group setting, using the person's name ensures that the message is getting to the right person.

Be Positive

Let the employee know that you really appreciate their work. Smile and make eye contact. Be sincere. Don't turn it into a joke. Leave the employee feeling good about themselves and the performance.

Be Specific

Be sure the employee knows exactly what performance you are talking about. Vague statements, such as "good job" are better than nothing, but the more specific you can be, the more effective your feedback will be. Recognition strengthens performance, so be specific so you get more of the performance you want.

Be Thankful

Adding phrases such as "thank you" or "I appreciate it" help reinforce the importance you place on both the behavior and the employee. People like to know that their efforts are appreciated.

Do It Immediately

The closer the positive feedback occurs after the performance, the better. Positive feedback about something that happened a month ago will have only limited impact. When you catch employees doing something right, tell them at that moment; don't wait.

Do It in Public

Whenever possible, recognize people in front of others, especially their peers. First, public recognition makes the person feel good about their performance. Second, it sends a message to the rest of the group that you put a value on positive performance. However, you need to be aware of individual differences. Because of their background or other factors, some people may not like public recognition. Be sure you don't embarrass these people by recognizing them in public.

Doing everything just described takes only a few seconds and can have a lasting impact on maintaining performance. For example, "John, I really liked the colors and the layout on that new brochure. It will deliver a clear message to our customers. I appreciate all the time and effort you spent on it." In less than ten seconds John has received feedback that was personal, positive, specific, and thankful. Hopefully it was also immediate and public depending on the circumstances.

Giving regular positive feedback is not difficult once you get into the habit. You'll probably find that you like it after you've done it a few times because your employees will be more positive about their work. And, you are a lot more likely to see even more positive performance in the future.



Apply What You Learn: Giving Positive Feedback

How are you doing at catching your employees doing something right? Have you missed opportunities within the past 24 hours to provide positive feedback? If so, make some notes here and then give those people some recognition. (If you go back more than a day, it may seem to your employees that you're trying to play "catch up.")

<i>Employees</i>	<i>What They Did Right</i>

If positive feedback is something you don't do very often or very well, start making a more concentrated effort to catch your employees doing something right and tell them about it using the techniques described in this section.

Corrective Feedback

Corrective feedback is a management tool that you should use when you notice your employees are getting off track and they need a "nudge" back in the right direction. The key to using corrective feedback as described in this chapter is to give the feedback as soon as you notice a performance gap is starting to develop. If you wait too long, the performance gap will be too wide and simple corrective feedback won't be enough. Then, you'll have to use one or more of the methods described in the previous chapter to improve performance.

Corrective feedback is sometimes necessary because despite the best intentions of your employees or yourself, performance starts to slip. Sometimes the slippage is so small that it's barely noticeable. For example, an employee skips a small section of a required report so he can get it done quicker and no one says anything. Later, he skips another section. He does it a third time. Then, someone finally notices there is a problem with the report. By then, the employee is used to his "new" way of doing the report.

In the same way, performance gaps, if not addressed when they are small, can soon get out of control. The goal of corrective feedback is to get employees back on track—not to punish them. If employees are in a self-managing mode, they normally will correct their own performance. Sometimes, however, they may not realize that performance has slipped. That's when you have to push or pull them back in the right direction. Here are a few things to keep in mind when giving corrective feedback.

Begin with a Specific Statement of the Performance Standard

Don't beat around the bush. Up front, let the employee know exactly what you consider to be a problem. Explain what standards are not being met. Focus on the specific performance that you think is causing the problem. Tell the employee what he or she is doing, or not doing, that you consider unacceptable.

Do It Immediately

If you let a performance gap go, it will grow. As soon as you notice performance is not meeting standards, you need to talk to the employee. If you wait too long, it will be difficult to get the employee back on track and you may have to use a more formal method of corrective feedback, such as Performance Action Plans.

Be Consistent

You can't ignore something one day and then provide corrective feedback the next day. If you do, you'll confuse your employees as to what you consider to be important. By the same token, if you provide corrective feedback one day and then the problem reoccurs, you must provide corrective feedback again.

Be Impartial

Consistency leads to impartiality. That doesn't mean that you have to treat everyone exactly the same. Good managers take into account the needs of their employees and work with each employee in the way that gets the best performance. However, you can't be impartial when it comes to standards that apply to all employees. If you ignore it for one, you have to ignore it for all. If it's a "hot button" for you when one employee does something, all employees should expect the same treatment.

Use as a Teaching Moment

Don't just tell employees what is wrong, also show and/or tell them how to fix it. In many cases, they already know something is wrong, but they don't know why or they don't know how to fix it. Seize the moment to teach your employees the correct way to do things. This helps ensure that you know that they know what is expected.

Be Positive

Just because you are giving corrective feedback, doesn't mean you can be rude or antagonistic toward employees. Treat them with respect. Keep in mind that your goal is to get employees back on track, not to punish them. Focus

on the behavior that you want changed and show them how to change it. Have a positive tone as you discuss ways to get performance back on track.

Do It in Private

Don't embarrass employees with public criticism. Talk to them individually, off site and out of hearing range from other employees. Providing corrective feedback can sometimes result in emotions running high. If they do, a private discussion can save everyone involved from unnecessary embarrassment.

Corrective feedback that "nudges" an employee back on track should take only a few seconds and have a direct impact on performance. For example, "John, the first draft of the brochure does not meet our standards. That's why we developed this template. Let me show you how to use it so the next draft will meet our quality standards." In just a few seconds John has received corrective feedback that started with a statement about the performance standard. The manager has also decided to use it as a teaching moment so that may add some time to the corrective feedback process. However, this investment in time should pay off in the long run. Use corrective feedback whenever you need to get performance back on track. Take care of performance gaps as soon as you recognize them so your employees can maintain the desired performance.



Think About It . . .

Do you use corrective feedback to "nudge" your employees back in the right direction before performance gaps widen? Does your corrective feedback focus on the performance standards? Is your corrective feedback consistent, impartial, used as a teaching moment, positive, and done in private? What improvements, if any, do you think you need to make in giving corrective feedback?

Do you want feedback about your use of feedback systems, positive feedback, and corrective feedback? Use the questionnaire in Exhibit 6-1 to get your employees' perspectives on the subject.

E**Exhibit 6-1****Giving Feedback**

How well do you think you use feedback to maintain performance? How does your perception compare with that of your employees? Complete Part I yourself. Make copies of Part II for your employees and have them complete it individually. Use Part III to compare perceptions.

Part I: My Feedback to Employees

Read each statement below and circle the number that you think best describes the feedback you give to your employees.

I believe that I:

	Rarely				Always
1. use feedback systems.	1	2	3	4	5
2. encourage employees to use feedback systems.	1	2	3	4	5
3. provide enough positive feedback.	1	2	3	4	5
4. use recognition to strengthen performance.	1	2	3	4	5
5. try to catch employees doing something right.	1	2	3	4	5
6. provide immediate feedback.	1	2	3	4	5
7. provide specific feedback.	1	2	3	4	5
8. let employees know I appreciate their work.	1	2	3	4	5
9. praise in public when possible.	1	2	3	4	5
10. provide corrective feedback in a consistent, impartial manner.	1	2	3	4	5
11. use corrective feedback to improve performance.	1	2	3	4	5
12. use corrective feedback as a teaching moment.	1	2	3	4	5
13. provide corrective feedback in private.	1	2	3	4	5

Part II: The Feedback My Manager Gives Me

Read each statement below and circle the number that you think best describes the feedback you get from your manager.

I believe that my manager:

	Rarely				Always
1. uses feedback systems.	1	2	3	4	5
2. encourages employees to use feedback systems.	1	2	3	4	5
3. provides enough positive feedback.	1	2	3	4	5
4. uses recognition to strengthen performance.	1	2	3	4	5
5. tries to catch employees doing something right.	1	2	3	4	5
6. provides immediate feedback.	1	2	3	4	5
7. provides specific feedback.	1	2	3	4	5
8. lets employees know their work is appreciated.	1	2	3	4	5
9. praises in public when possible.	1	2	3	4	5
10. provides corrective feedback in a consistent, impartial manner.	1	2	3	4	5

Exhibit continued on next page.

Exhibit 6-1 continued from previous page.

11. uses corrective feedback to improve performance.	1	2	3	4	5
12. uses corrective feedback as a teaching moment.	1	2	3	4	5
13. provides corrective feedback in private.	1	2	3	4	5

Part III: Feedback Perceptions

Enter the score you gave yourself for each item in Part I. Use the other spaces to enter the scores from your employees from Part II. Then, determine the average of all employee responses. Finally, compare your score with the average. Differences of .8 or more indicate areas where improvement may be needed. Also, any items with averages of 3.3 or less indicate improvement may be needed.

	<i>My Score</i>	<i>Emp. Avg,</i>	<i>Emp.</i>	<i>Emp.</i>	<i>Emp.</i>	<i>Emp.</i>	<i>Emp.</i>
1. uses feedback systems.							
2. encourages employees to use feedback systems.							
3. provides enough positive feedback.							
4. uses recognition to strengthen performance.							
5. tries to catch employees doing something right.							
6. provides immediate feedback.							
7. provides specific feedback.							
8. lets employees know their work is appreciated.							
9. praises in public when possible.							
10. provides corrective feedback in a consistent, impartial manner.							
11. uses corrective feedback to improve performance.							
12. uses corrective feedback as a teaching moment.							
13. provides corrective feedback in private.							

USING PERFORMANCE APPRAISAL TO MAINTAIN PERFORMANCE

“Jerry, it’s time to talk about the use of performance appraisal in our performance management system.”

“Do we have to?”

“Why do you say that?”

“I’ve just never been very comfortable with doing appraisals. When we meet and you do my appraisal it seems okay, but when I meet with my employees for their appraisals it’s a whole different story.”

“Part of the problem is that in the past we haven’t had very many specific goals and performance measures. With our performance management system that changes quite a bit.”

“That’s true. Still, it seems like it’s always a big job.”

“I don’t know if I would call it a big job—but it definitely is an important one. Jerry, let’s schedule a meeting so we can discuss performance appraisal in the context of our performance management system.”

“Okay—if you insist.”

Jerry is not alone in his feelings. Managers and employees alike tend to dread the performance appraisal process. One of the main reasons for such dread is the way that appraisals are viewed. Managers don’t like to act as judges and employees don’t like to be judged. Together they quickly reach agreement that the process is loaded against them so they just grit their teeth and, if they can’t avoid it, they do it.

Another reason performance appraisals are disliked is that the result of the appraisal is often tied directly to the employee’s pay. Employees who get low ratings get smaller pay increases. Knowing this up front can lead employees and/or managers to respectively exaggerate or diminish accomplishments in order to control the amount of a pay increase.

Third, performance appraisals are sometimes viewed as being bigger and more important than they really are. While they are important, within the context of a performance management system outlined in this course they are just part of the big picture. They are not the beginning or the end. Instead the appraisal is a tool to help both managers and employees maintain performance. When used properly, this tool can have the following benefits.

- *In-depth performance discussion.* The appraisal process requires some dedicated time be set aside for managers and employees to discuss performance. During this time, they can discuss performance in more detail than they have time to during a typical busy workday. The discussion should focus on both the positive aspects of performance as well as areas that may need improvement.
- *Maintain positive performance.* The manager should use the appraisal meeting to reinforce all the positive accomplishments of the employees. As discussed earlier, recognition strengthens performance. Performance appraisal should not focus just on performance that needs improvement. If the manager has failed to address performance gaps on a regular basis, this annual meeting won’t make much difference.
- *Develop a positive working relationship.* Managers and employees should both approach the appraisal meeting with the attitude that its purpose is to discuss total performance. The manager’s key thought should be “How can I help this employee maintain or improve performance?” The employee’s key thought should be “What can I learn to help me maintain or improve my performance?” Having the common goals of maintaining and improving performance will go a long way to ensuring a positive working relationship.

- *Ending and starting point for the performance management process.* The annual appraisal meeting provides an analysis of previous year's results that can then be used as the basis for setting goals (planning performance) for the new year. In effect, performance appraisal closes the loop on one year. Employees know how their performance was viewed for the year just finished and should then have a clearer idea of the expectations for the coming year.



Think About It . . .

How do you currently view the performance appraisal process? Why? If your view is positive, what can you do to keep it that way? If your view is not positive, what could you do to take advantage of the benefits just described?

Obtaining the previously stated benefits depends, in part, on the answers to these questions:

- What makes the process work?
- What should the appraisal cover?
- What rating system should be used?
- What performance categories should be used?
- How should the appraisal meeting be conducted?

What Makes the Process Work?

The secret to making the performance appraisal process work is not a secret if you've read the first five chapters of this book. Simply stated, performance appraisal must be part of the total performance management system. A performance appraisal process that exists by itself is not likely to meet with much success. When performance appraisal is seen a part of the bigger picture, people are more likely to get on board and be supportive of the concept. First, if you work with employees in planning performance, there will be no surprises about what performance will be evaluated. Second, if you communicate with your employees on a regular basis, the performance appraisal meeting will just be another part of the process as opposed to a special one-time meeting.

You are in partnership with your employees. As partners, you should have common goals and expectations. As partners, you should work together to see that the goals and expectations are achieved. As partners, you should discuss performance on a regular basis and keep it as a central focus. A discussion between partners should not be painful; it should be constructive and helpful in moving on to the next level.

What Should the Appraisal Cover?

An effective performance appraisal can be directly linked to the first step in the performance management model—planning performance. The employee's job description and established goals should be the basis for the appraisal. This may seem obvious, but in some organizations the items on an appraisal form bear little or no resemblance to either the person's job description or goals. When such misalignment occurs, it's like changing the rules of a game to fit a predetermined outcome—and the players aren't very happy.

When a manager sits down with an employee to discuss performance they should talk about how the employee is doing in meeting the requirements of the job description and progress toward meeting the established goals on the appraisal form. Those two documents should form the centerpiece of any appraisal discussion. Most organizations use an appraisal form to document the discussion. When you look at such a form, there should be an obvious link between the items on the appraisal form and the person's job description. There should also be a reference to the person's goals. The sample appraisal form shown in Exhibit 6–2 is based on the job description shown earlier in Exhibit 2–2. This consistency clearly establishes the link between planning performance and appraising performance.

A word of caution: Don't get bogged down in trying to design the perfect appraisal form. The important thing is the discussion of performance, not the design of the form. There are two reasons for having a form. One, to ensure both you and the employee are looking at the same things when evaluating performance. Second, the form provides a method for documenting the discussion. The form is only a tool in the process, so don't let it become the reason for the process.

What Rating System Should Be Used?

There are numerous rating systems used in organizations to appraise performance. Some use a single system and some use a combination of one or more systems. Each organization has a reason for the system it uses. Here are some of the more common ones.

Job Accountabilities and Goals

The sample form in Exhibit 6–2 is based on the job accountabilities and goals. As previously discussed, this format considers the key items on the job description and the established goals as the starting point for the performance management system. Therefore, these should be the basis of the appraisal. It is easy to develop once the job description has been developed and performance goals have been established. It also ensures continuity within the performance management system. What you expect is what you measure. And what you measure is what gets results.

Personal Traits

This approach attempts to identify the traits, characteristics, qualities, and personal attributes that are assumed to result in good job performance. Some of the typical traits you might see on such an appraisal form include initiative,



Exhibit 6-2

Sample Performance Appraisal Form

Sales Manager Performance Appraisal

Name: _____ Date: _____

Supervisor: _____ Appraisal Period: _____

Rate each item using the following scale:

3 = Significantly Above Expectations

2 = On or Above Expectations

1 = Below Expectations

_____ I. CUSTOMER SERVICE

_____ A. Achieves annual sales goals by:

1. Maintaining regular contact with current customers.
2. Implementing marketing strategies.
3. Facilitating communication between customers and field sales staff.
4. Communicating qualified sales leads to marketing department.
5. Developing quotation requests for customers.

_____ B. Ensures effective operation of Sales Department by:

1. Developing and implementing national sales plans.
2. Ensuring employees have necessary resources to achieve their goals.
3. Monitoring results in meeting goals for phone lead qualifications.

_____ C. Secures new customers by:

1. Following up on all catalog requests, trade shows, and direct mail leads.
2. Helping to identify potential new customer sources.

NOTE: Only the first section of the appraisal form is shown. This same format would be included for all parts of the job description. The next section of the form would be a review of previously established goals. The last two sections are used to summarize the discussion and document that the review took place.

_____ MEETING ESTABLISHED GOALS

1. Achieve \$250,000 in product sales for the year.
2. Make five in-person calls per month to current customers.
3. Prepare quotation requests for customers within 24 hours of receiving the request.
4. Develop and implement a new national sales plan by March 1.
5. Follow-up on all new customer leads within 7 days of receiving the lead information.

Exhibit continued on next page.

Exhibit 6-2 continued from previous page.

<p>Overall Performance Summary</p> <p>_____ Significantly Above Expectations</p> <p>_____ On or Above Expectations</p> <p>_____ Below Expectations</p> <p>Recommendations for Pay Increase and/or Bonus:</p>

<p>Signatures</p> <p>I acknowledge that this review has been discussed with me and that a copy has been offered to me. My signature indicates neither agreement nor disagreement with the results.</p>	
<p>_____</p> <p>Employee Signature</p>	<p>_____</p> <p>Date</p>
<p>_____</p> <p>Supervisor Signature</p>	<p>_____</p> <p>Date</p>

drive, attitude, discipline, neatness, promptness, honesty, and loyalty. While these are all admirable traits, they don't necessarily translate into performance. Using this approach, a person could dress well and work hard, but never achieve desired goals. On the other hand, a high performer who tends to antagonize fellow team members or displays a bad attitude would not be welcome long either. Using personal traits, therefore, is not a good idea because the focus of the appraisal needs to be on performance and accomplishing goals.

Behaviorally Anchored Rating Scales (BARS)

The BARS approach is a more sophisticated, and somewhat complicated, method of evaluating performance. Psychologists working in the nursing field in the early 1960s developed the BARS system. It is based on identifying the most important dimensions of a particular job and then coming up with behavioral descriptions of the job to coincide with a rating scale. So if you used a rating scale from 1 to 5 you would have five descriptions of performance. For example, a customer service representative might be rated a 5 (highest) if he "answered the phone on the first ring, spoke in a clear voice, gave the proper greeting, established rapport with the customer, and used a friendly tone." At the other end of the scale, a 1 rating might be "answered the phone after three or more rings, mumbled, didn't greet the customer, and was not friendly." Ratings of 2-4 would be described in similar fashion.

Some of the benefits of such as system are that it provides clarity to both the person doing the evaluation and the person being evaluated; focuses on specific job and behaviors required to be successful; and is easy to understand. Some of the downsides, are that it takes a lot of work up front; it has to be done for just about every job; and it requires a lot of documentation of performance to arrive at one description that fits overall performance.

Rankings

A ranking system involves comparing people with one another and ranking them in order of their performance. The method assumes there is a best and a worst performer in every group. Even if you have a team of great performers, you have to designate one of them as the worst of the team. Conversely, if all performers are doing poorly, you still have to select a top performer from the group. A ranking system can also create unhealthy competition among employees when they know that they will be ranked according to the performance of others. In the short run, rankings can encourage some people to work harder. In the long run, however, they usually turn out to be more destructive as an employee tries to determine how they can come out on top. For these reasons, ranking systems aren't recommended, even though some organizations do use them.

What Performance Categories Should Be Used?

Closely related to a rating system is the process of identifying performance categories to use for rating. The BARS example discussed above uses a five point scale and the sample form in Exhibit 6-2 uses a three point scale. Other companies use a four point scale and some even go so far as to use a ten point scale. One fact is evident: the bigger the scale, the more room for disagreement. On a scale of 1 to 10 you say an employee's performance is a "6" and she says it's a "7." What's the basis for the difference between your "6" and her "7"? If you use a ten point BARS you would have to have ten descriptions of behavior for each time of the appraisal.

Many organizations use three categories similar to the ones shown in Exhibit 6-2. It's not too difficult to get agreement as to whether or not a person exceeds, meets or falls below expectations—especially if you have established goals and measured performance before the appraisal meeting. If there are differences of opinion, they can be resolved more quickly because of the smaller number of categories.



Think About It . . .

What rating system do you currently use? What are its strengths and weaknesses? What changes, if any, do you think could be made to improve the rating system?

How Should the Appraisal Meeting Be Conducted?

Having an effective discussion about performance is the real key to using performance appraisal within a performance management system. It's not the form. It's not the rating system. It's not the performance categories. All of these are of little value unless there is a discussion of actual performance. The important concept here is that it's a discussion. It's not a lecture about performance. It's not your opinion and your opinion only. In order to be beneficial, the performance appraisal meeting has to be an open dialogue between the manager and the employee. Exhibit 6-3 provides an outline for the appraisal process.

E

xhibit 6-3

Performance Appraisal Discussion Process

Step 1: Control the Environment

- Schedule the meeting when and where you won't be interrupted
- Put the employee at ease

Step 2: State the Purpose of the Discussion

- Explain the purposes and benefits of the discussion
- Explain what information is being used for the discussion

Step 3: Ask for the Employee's Opinion

- Ask the employee to rate his or her own performance first
- Encourage participation by letting the employee know you are interested in their perspective
- Practice "active listening"

Step 4: Present Your Assessment

- Explain your assessment
- Explain your rationale for your assessment
- Provide positive feedback
- Provide corrective feedback

Step 5: Build on the Employee's Strengths

- Ask the employee to name his or her strengths
- Share your opinion of the employee's strengths
- Recap the strengths and relate them to performance goals

Step 6: Ask for the Employee's Reaction to Your Assessment

- Listen openly to the employee's responses
- Reach agreement on the rating

Step 7: Set Specific Goals

- Identify areas for improving performance
- Identify current training and development needs

Step 8: Close the Discussion

- Summarize the discussion
- Have the employee sign the appraisal form
- Thank the employee
- Explain what will happen next

Adapted from *The Human Touch Performance Appraisal* by Charles M. Cadwell (American Media, Inc., 1994).

When you sit down with your employees and focus on the specifics of their performance there will be a real opportunity to discuss performance, what's good, what's not so good, and how it could be improved. Don't avoid this opportunity or short-change the process. An effective discussion will probably last for at least an hour and require at least another hour or two of preparation. Before you talk to the employee, be sure you also talk to your supervisor. It's important that your boss is in agreement with you on how you view performance results.




Apply What You Learn: How Does Your Performance Appraisal System Measure Up?

Take a moment now to think about the performance appraisal system your organization uses. Use the worksheet that follows to evaluate your system and to identify any improvements that might be needed. Use the following scale:

3 = Exceeds requirements

2 = Meets requirements

1 = Does not meet requirements

- 
- _____ 1. The appraisal process is part of a total performance management system.
 - _____ 2. I use performance appraisal to maintain performance.
 - _____ 3. I have regular discussions with my employees about their performance.
 - _____ 4. I use performance appraisal to reinforce positive performance.
 - _____ 5. Our performance appraisal form doesn't get in the way of an effective discussion.
 - _____ 6. My employees and I are in agreement about what the appraisal will cover.
 - _____ 7. Our rating system is straightforward and easy to use.
 - _____ 8. We have clearly defined performance categories.
 - _____ 9. I can conduct an effective appraisal meeting.

Use the space below to briefly describe what action is needed for any of the items that you marked as a “1.”

PAY FOR PERFORMANCE SYSTEM

“Jerry, I want to talk to you about something I think you’ll be interested in.”

“What’s that?”

“Pay.”

“Now you’re talking. How big of a raise am I going to get?”

“That depends.”

“Depends on what? (pause) Let me guess—the answer to my own question is performance.”

“Absolutely right. Performance is the most important factor. But there’s more to consider about pay. Such things as organization strategy and having a plan for how we go about paying our employees.”

“Sounds like it’s time for me to learn about how pay fits into our performance management system. You’ve got my attention. What do I need to know?”

Pay can be one of the most controversial and emotional issues in the workplace. First, payroll costs are usually one of the largest, if not the largest, expenses of a company. Depending on the type of business, pay may range from one-third to two-thirds of total expenses. On top of base pay, there are benefits and payroll taxes that can be anywhere from 20 to 50 percent of base pay. This means that an employee making \$20,000 a year in base pay may cost the company \$30,000 in total compensation. In some cases, the company looks at pay as an expense to be controlled, whereas employees look at pay as something they have to extract from the organization. These opposing views can create tension and conflict.

Second, perceptions about individual pay differ. Many bosses think pay is the most important thing to an employee, while employees tend to view pay as important, but not necessarily the most important thing. They place a great deal of importance on less tangible things such as recognition, advancement opportunities, and frequent communication about what’s going on in the workplace. Perceptions about pay are also affected by knowledge (or beliefs without direct knowledge) about how one’s pay compares to others in the organization. Am I getting paid what I’m worth? How does that compare to what Joe is making or what Sally is making? How does it compare to what people in other departments are making? The bottom line is that people will respond favorably as long as they believe they are treated fairly when it comes to pay.

Third, a recent survey of 770 major North American organizations (cited in *Management Review*, March 2000) found that base pay and benefits were not always crucial factors when recruiting employees for high-performing companies. Instead, challenging work, promotion opportunities, work climate, and the quality of primary leadership are among the top reasons employees join and stay at these companies. This would seem to indicate that simply increasing pay will not lead to an equivalent increase in performance. Managers have to look beyond the paycheck to motivate their employees.

Fourth, most managers and employees have limited influence on the pay systems of their organizations. Their responsibility is to understand the system, administer the system and work within the system. Typically, compensation strategies and policies are set by Human Resource Departments and Executive Management. If you happen to be part of a nationwide or international organization, the people who establish the system may not even be accessible to you.

Given these factors, there are several considerations that you need to be aware of in order to understand how pay is part of a total performance management system.

- Pay and organizational strategy
- Pay as a reward for performance
- Planning for pay

Pay and Organization Strategy

It has been said numerous times in this course that an effective performance management system must be in alignment with an organization's goals, values, and initiatives. The same can be said of compensation—there must be alignment between compensation and the organization goals. Thomas Wilson in *Rewards That Drive High Performance* says that reward systems are “processes that translate strategic goals and values into actions and define how people will be reinforced for these actions” (Wilson, 1999). His book profiles the compensation systems of 39 different companies. One of the common threads of his research is that in the best organizations people are compensated in a manner that is in alignment with the organization's strategy.

The message is that people should be paid based on what they contribute the organization achieving its goals and mission. When employees see some people in an organization getting big raises or large bonuses when the company is not doing well, they may feel resentment that can have a negative impact on their performance. Similarly, when the organization is doing great and employees perceive individual rewards to be smaller than they believe are warranted, it can also have a negative impact on performance.

As a manager, your role is to ensure consistency between performance and rewards. How? First, make sure your performance appraisals are an accurate reflection of employee performance. Second, be sure to use the non-monetary rewards at your disposal, such as positive feedback and recognition. Third, make recommendations for pay increases based on actual performance. Fourth, explain the relationship between pay and performance up front.

Pay as a Reward for Performance

What does it mean to pay for performance? This sounds simple, but it can be tricky. Performance is really made up of three components: job accountabilities, goal achievement, and personal contributions. The first two were discussed earlier in the section on performance appraisal. It was pointed out that the first part of a performance appraisal should be based on how well an employee meets the defined job responsibilities. If your job is to be the marketing director for your company, the first area of performance that your boss should look at is how well you met your responsibilities. Second, how well did you do in meeting the goals and objectives you set for yourself? Did you miss, meet, or exceed your goals? These are two critical factors in your performance.

The third area is personal contributions. It's harder to quantify, but it does impact performance. Personal contributions include such things as being a team player, having effective communication skills, knowing the business, adding value to the organization, and going beyond the job requirements. While such contributions may not have a direct and immediate impact on performance, they are usually recognized as important intangibles that contribute to long-term success.

Your role as a manager is to do what you can, within the latitude of your position, to ensure that pay is based on job accountabilities, goal achievement, and personal contributions. When you do, you help ensure that your organization does indeed pay for performance.

Planning for Pay

An effective way to link pay to performance is in the beginning. Think back to the first step in performance management—planning performance. This is the best time to talk about pay. For example, if your company has a bonus system, it could be tied to achievement of job accountabilities and employee goals. Let people know up front how much they can earn to communicate the relationship between pay and performance.

Another way is to establish the relationship among various job accountabilities and overall performance. For example, if a job has four major areas, a certain percentage of overall performance could be assigned to each area. Here's how this might look for a retail store manager:

1. Manages Customer Satisfaction	30%
2. Manages Employee Performance	30%
3. Controls Costs and Maximizes Profits	30%
4. Completes Required Reports	10%

Then, when it comes time to evaluate overall performance each area is considered based on the assigned percentage. Determining the breakdown up front also lets the employee know where to place the most emphasis.

In summary, pay for performance is a goal, not a final destination. The best organizations are constantly reviewing and analyzing their compensation systems and looking for ways to improve them. The organization's primary goal should be to keep as much of a link between pay and organizational

strategy as possible. Your role as a manager is to ensure, to the best of your ability, that people are paid in accordance with their performance.



Apply What You Learn: Are You Paying for Performance?

Read each statement below and rate your knowledge or ability using the following scale:

3 = Yes

2 = Not Sure

1 = No

- _____ 1. I understand the basis for my organization's compensation system.
- _____ 2. I know what percentage of overall costs can be attributed to payroll.
- _____ 3. I understand the link between organization strategy and pay.
- _____ 4. I know who to talk to when I have questions about the pay system.
- _____ 5. My performance appraisals accurately reflect my employees' performance.
- _____ 6. People are paid based on job accountabilities, goals, and personal contributions.
- _____ 7. I plan for pay when I plan for performance.
- _____ 8. I understand how the bonus system works (if applicable).

Use the space below to describe what you will do to change any of your 1 or 2 ratings into a 3.

NONMONETARY REWARDS FOR PERFORMANCE

“Darlene, I just wanted to let you know that my team thought that was a great party you had last Friday afternoon.”

“I’m glad they liked it. What did they have to say?”

“Well, Antonia was really thrilled about the getting the team shirts. And Townsend said he had heard about people getting recognition like that at other companies, but he never thought it would happen here.”

“That’s encouraging. I know we haven’t done a very good job in the past with recognition and nonmonetary rewards. But, I think that’s going to change and last week’s get together was just the beginning. What did you think of the whole thing?”

“I liked how the recognition that individual people received was based on their performance. I think most people like to be recognized for their contributions. And, it really drives home the point about the importance of performance.”

“Jerry, you’re starting to sound like me.”

“I guess I’m really starting to get into the idea of having a performance management system. And, I’m liking what I’m seeing.”

Earlier in this chapter you learned the importance and power of providing positive feedback for employees. It’s something that any manager can do that takes only a few seconds and costs nothing. Successful organizations, however, don’t just rely on their managers to provide positive feedback and assume that as a result employees will feel good about themselves and their jobs. They design and implement other formal and informal systems for reward and recognition.

When we talk about providing nonmonetary rewards for performance we’re not necessarily talking about something that is free to the organization. In fact, some nonmonetary reward programs can be quite expensive. Nonmonetary rewards are defined as rewards for performance that are separate from base pay and bonus. As a manager, your job is to ensure that nonmonetary rewards that you use or implement on behalf of the organization are in alignment with organization strategy and that they complement base pay. You also need to be aware of some of the various types of nonmonetary rewards that can be used.

Alignment

A key to making nonmonetary rewards work is the same as with pay—the rewards need to be tied to the organization strategy. Employees need to see the direct link between the reward and the organization’s goals. This goes beyond the official reward systems of the company. It also applies at the individual department level. As a manager, if you reward an employee for doing something that isn’t in alignment with the company’s direction, it can be counterproductive for both the organization and the employee. For example, an employee who is recognized for saving the company money in the short-term by reducing customer returns may have a negative impact on the

company's long term goal of improving customer relations. The key, then, is to be sure that any nonmonetary rewards you use are in alignment with the overall organization strategy.

Complement Base Pay

Nonmonetary rewards should be over and above base pay, and complement, not replace, base pay. Employees won't be fooled if you try to replace monetary rewards with nonmonetary rewards. You can't reduce the amount of a pay increase and then say to the employee, "Wasn't that free Thanksgiving turkey great?" Also, you may have some employees who think that the money being spent on nonmonetary rewards would be better spent if it were used to increase pay.

The employee must also view the nonmonetary reward as being valuable. This doesn't mean it has to be expensive, but it does have to have at least some intrinsic value in the eyes of the employee. The perceived value of a nonmonetary reward will likely be different among employees. What seems valuable and appropriate to one employee may seem cheap and inappropriate to another. That's why most companies that give employees nonmonetary rewards for longevity will let the employee choose an item from among several options. Another way to address this issue is to involve employees in the process of identifying and selecting the nonmonetary rewards the organization offers.

Low Cost Nonmonetary Rewards

In some companies managers are given more discretion with nonmonetary rewards than with pay—especially since some nonmonetary rewards really are free in themselves, such as providing positive feedback. Here is a partial list of several low cost nonmonetary awards you might want to consider:

- Taking an employee to lunch
- Tickets to a sporting event, movies, or the theater
- Free passes to an amusement park
- Special parking places
- Club membership
- Paying dues to a professional organization
- Gift certificates
- Thanksgiving turkeys
- Recognition banners
- Birthday celebrations
- Anniversary parties
- A personalized thank you note
- Recognition in the company newsletter

When using one of these nonmonetary awards, keep in mind the criteria previously mentioned. First, the award should be linked to organization strategy; second, it should complement base pay; and third, it should be seen as valuable to the employee. Remember, too, that nonmonetary awards don't

have to be extravagant. Just the fact that you take time to recognize and reward an employee's performance can have significant impact on maintaining and even enhancing future performance.

A word of caution about nonmonetary rewards. There can be consequences of discontinuing their use once you start. That's because in some cases a reward that is given several times can eventually become to be viewed by employees as an entitlement. Thanksgiving turkeys or Christmas hams are good examples. After giving them out for several years, a company would be hard-pressed to discontinue their use without an outcry from their employees. So choose your rewards carefully, and if you decide to discontinue one, be prepared to explain why or offer a replacement. Keep in mind that some nonmonetary rewards, such as positive feedback for doing a good job, never go out of style and should never be discontinued.

Unique Approaches to Nonmonetary Rewards

Some companies have taken the lid off when it comes to nonmonetary rewards to create recognition and reward programs that really energize their employees. At the corporate headquarters of Pizza Hut, Inc., one of the most prized and powerful forms of recognition is the "Big Cheese" award: an oversized triangular shaped piece of yellow foam that fits on an employee's head. It's awarded by the company president to those employees who have made a significant contribution to the organization's success. Pictures of employees proudly wearing their cheese heads can be seen on the walls up and down the halls of the office as well as in the employee's work area.

Southwest Airlines has numerous programs that are designed to reward and recognize individuals, teams, and entire departments. Each program has its own unique title and set of goals. Some of the titles include "Together We Make It Great," "Ticket to the Future," "Stuck on Service," "Helping Hands," and "Winning Spirit." Many of these programs are designed and managed by teams of employees. This helps ensure they connect with employee needs and perceptions.

Allied Signal uses a "green light" to recognize all the employees who work in a plant that is either at or above goal. Each employee in that particular plant receives a green light each time that plant achieves or exceeds its goals. At the end of the quarter, employees can trade in their green lights for gifts or save them up for an even greater award later in the year. Gifts include such things as VCRs, CD players, televisions, and other electronic items.

These recognition programs all have one important thing in common—they are linked to corporate goals and strategies. The recognition employees receive reflects specific contributions they have made that help the organization achieve its goals. Reward programs aren't developed just for the sake of having rewards or because they are fun to do. When people get recognized, they know it's because their performance made an important and specific contribution to the organization's success. Such alignment is critical whether you are dealing with base pay, bonus, or any type of nonmonetary reward. Without this alignment, rewards can turn into "flavor of the month"

programs that are constantly changing because they never seem to quite work. On the other hand, when reward systems are directly linked with corporate goals, their impact can be substantial and long lasting.



Apply What You Learn: Thinking About Nonmonetary Rewards

Take a few minutes now to think about the nonmonetary rewards you use and those that are part of your organization's overall compensation package. What changes or improvements, if any, are needed?

1. Briefly describe nonmonetary rewards (not required by the company) that you use within your area of responsibility.

2. What other types of nonmonetary rewards do you want to consider using in the future?

3. What types of nonmonetary rewards does the organization use? How are they linked to organization strategy and goals?

Rewards:

Links:

<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

4. What changes, if any, could improve the organization's nonmonetary reward systems?



This chapter focused on the fifth, and final, step in the performance management system: Maintaining Performance. The question that must be answered is “How do we keep performance on track?” We looked at four methods for maintaining performance.

First, you learned that there are three important ways that you can use feedback within the context of performance management. One is to use feedback systems that let people know how they are doing. Feedback systems can be similar to the methods used to monitor performance and include such things as bar graphs, Gantt charts, record charts, and line graphs. Another way is to give positive feedback to your employees when they meet performance expectations. This feedback should be personal, positive, specific, thankful, immediate, and in public when appropriate. You must also be willing to use corrective feedback to get employees back on track when their performance begins to slip. To be effective, corrective feedback should begin with a specific statement of the performance standard, be immediate, impartial, consistent, used as a teaching moment, be positive, and be done in private.

Second, you learned several things about using performance appraisal to maintain performance. The first point was that to make the process work it has to be part of the total performance management system and it has to be done in partnership with the employee. Next, you learned that the appraisal should cover both job responsibilities and goals. A number of different rating systems were also discussed, such as BARS, personal traits, rankings, and the use of accountabilities and goals. Various performance categories from three point to ten point scales were discussed with smaller scales being recommended. Finally, guidelines were described for conducting the appraisal meeting to ensure the employee participates in the discussion.

Third, pay as part of a total performance management system was discussed. You learned that the best compensation systems are those that have a direct link with the organization’s strategy. This ensures alignment between the goals of the organization and the goals of the employee. You also learned that pay for performance should take into account performance of job accountabilities, meeting goals, and personal contributions. It was also pointed out that a key to paying for performance is to talk about pay during the planning process so the employee can see the direct link between pay and performance.

Fourth, you learned about the importance of using nonmonetary rewards. Several key issues were addressed. The most important aspect of nonmonetary rewards is to be sure that they are aligned with corporate strategy and goals. If such alignment is missing, the nonmonetary awards can prove to be counterproductive. Another important point is that nonmonetary rewards should complement, not replace base pay. Employees should view nonmonetary rewards as important additions to the total compensation package. You also were given a list of numerous types of low cost nonmonetary rewards that can be used to recognize employee contributions. Finally, you read about some unique programs used by different companies and how they were aligned with corporate strategies and goals.



Review Questions

1. The purpose of having feedback systems is to: 1. (c)
 - (a) reduce the amount of time required to manage performance.
 - (b) make employees graph all areas of their performance.
 - (c) assist in providing feedback about performance.
 - (d) make use of the most current computer technologies.

2. Positive feedback should be: 2. (b)
 - (a) personal, thankful, and monetary.
 - (b) immediate, personal, and specific.
 - (c) tangible, personal, and positive.
 - (d) general, public, and immediate.

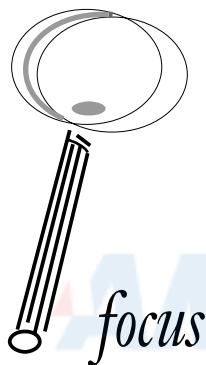
3. Which one of the following appraisal methods could cause negative employee competition? 3. (d)
 - (a) Personal Traits
 - (b) Accountabilities and Goals
 - (c) BARS
 - (d) Ranking

4. An effective pay for performance system: 4. (a)
 - (a) is linked to overall organization strategy.
 - (b) pays higher level employees more for their performance.
 - (c) pays all employees the same regardless of performance.
 - (d) uses performance appraisal as the sole determinant for pay.

5. Nonmonetary rewards should be used to: 5. (c)
 - (a) reduce the need for bonuses.
 - (b) reduce the need for positive feedback.
 - (c) complement the rewards of base pay and bonus.
 - (d) reward employees who receive limited pay raises.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.

Implementing Performance Management



Learning Objectives

By the end of this chapter, you should be able to:

- Describe the relationship between organization culture and performance management.
- List the keys to a successful performance management system.
- Reevaluate your readiness to implement performance management.
- Develop an action plan for implementing performance management.

“Well, Jerry, what do you think about performance management now?”

“I think it has great possibilities. When I first got that memo about implementing performance management, I was somewhat apprehensive because I really didn’t know what it was all about. I knew I had a lot to learn.”

“I’d say you’ve learned a lot and learned it pretty well.”

“Thanks. Of course, it wasn’t always easy. It took a lot of hard work to learn each of the steps in the process. But, I think I have a pretty good handle on things now.”

“So are you ready to continue?” Darlene asked.

“I thought we had already covered all the steps.”

“We’ve covered all the details of each individual step. Now, we have to put all the steps in action. That’s what makes performance management a system. It’s not just knowing the individual parts—it’s about putting them all together.”

“In other words, now that I have all the pieces of the puzzle I have to put it together.”

“Right.”

“I’m ready to get started. Do we need to meet?”

“We can if you want, but I think you’re ready to take a trial run without me. There are just a couple of things I want to mention and then I’m going to turn you loose. If you need help, I’ll be available.”

Like Jerry, you should now have a good understanding of each step in the performance management model that was introduced in Chapter 1. Likewise, the definition of performance management should now make more sense to you. Next comes the hard part, turning your understanding into action. This chapter will help you do that by giving you the opportunity to build on what you have learned and develop a specific plan to follow as you begin to implement performance management.

Take a moment now to review Exhibit 7–1, which contains both the model and definition of performance management that we have used throughout this course. You’ll notice that culture surrounds the five steps in the performance management model, so let’s discuss the role of culture as it relates to developing an implementation plan.

ORGANIZATION CULTURE AND PERFORMANCE MANAGEMENT

An organization’s culture is a combination of the values, beliefs, and behaviors that are exhibited by the people in the organization. The culture starts at the top of the organization and permeates the organization until it touches all the employees. Although all employees may not be able to explain the culture in specific detail, they know it exists. Their knowledge is based on the day-to-day interactions between management and employees, which they either observe or in which they are active participants.

The importance of organization culture was underscored in a performance management benchmarking study conducted in 1999 by Linkage, Incorporated and the American Productivity and Quality Center (APQC). They found that, although there are differences in how organizations approach performance management, the commitment and execution of the performance management system is what makes it successful. Commitment and execution start at the top and are critical ingredients in having a culture that is supportive of the performance management system.

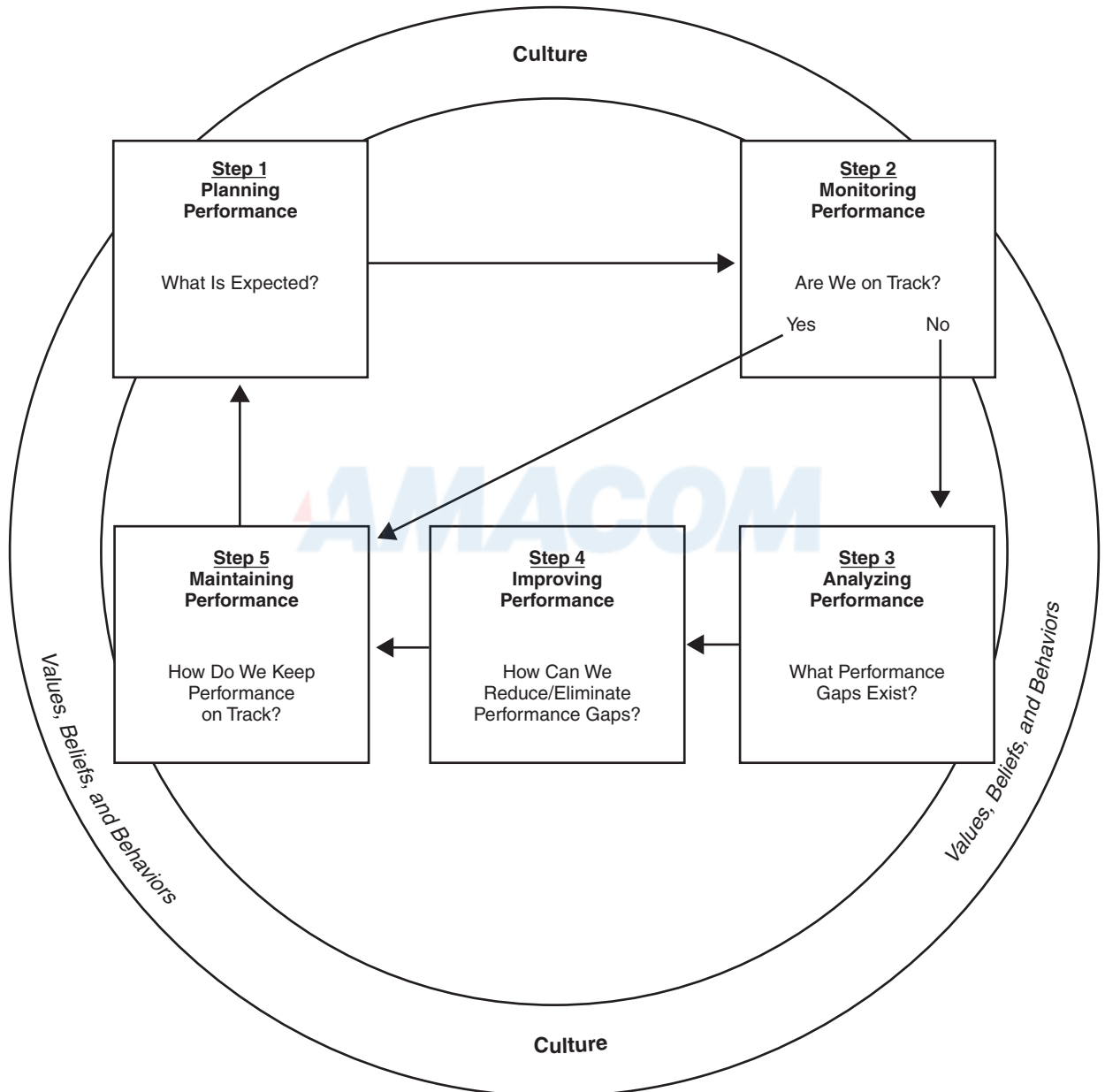
Joe Bosch, Chief People Officer for Pizza Hut, Inc., a part of Tricon Global Restaurants, Inc., says “what really makes Tricon’s performance management unique is our culture.” He adds that for performance management to be successful it has to be “leader led.” This means two things. First, performance management has to start at the top and, second that managers at all levels throughout the organization have to role model the values, beliefs, and behaviors that make up the organization’s culture. When the leaders lead, performance management will be successful.

Look again at our definition of performance management. The concepts of partnership and alignment between employees and management are key



Exhibit 7-1 Performance Management Model

Performance management is a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.



ingredients to success. A strong culture where partnership and alignment are viewed as important and truly exist in the organization is a must. Long-term results will only come from long-term commitments by top management. These commitments must be communicated in word and deed to all employees in the organization. In other words, the culture most likely will be the determining factor in the ultimate success of any organization's performance management system.



Think About It . . .

How would you describe your organization's culture? How supportive do you think the culture is for implementing a performance management system? What can you do to take advantage of a supportive culture?

STRATEGIES IN A NONSUPPORTIVE ORGANIZATION CULTURE

If you are in a culture where performance management is the accepted norm, great! But, what do you do if you find yourself in an organization where the culture does not seem to support the performance management concept described in this course?

You could do nothing, of course, but you have come too far to stop now. Although the path of least resistance may be the easiest course, it is not the best course. At this point you are aware of the many benefits of having a performance management system. So why drop the ball now? A little work and some perseverance can get you started. Don't let the organization's lack of readiness be a stumbling block. Take the initiative to put some or all of what you have learned into practice. So, disregard this option, and select one or some combination of the options that follow.

- Implement a "local" performance management system.
- Implement parts of the system.
- Build support from within for a performance management system.

Implement a "Local" Performance Management System

What's the culture within your department or area of responsibility? If you believe the concepts of performance management are the best way to work with your people, why not implement your own "local" system. Get your people started on planning for performance by having them set goals and

objectives. Review job descriptions and make sure they fit or revise them as needed. Determine methods for monitoring performance and start using them. Encourage your people to take the initiative to become more self-managing. In other words, implement performance management within your area of responsibility. Be a pioneer and lead the way so others in the organization can see the benefits of a performance management system.

If you choose this option, be sure you inform your supervisor about what you're doing and why. If you think you have a better way, discuss it with your supervisor before launching it full scale. Also, be aware that you may run into some stumbling blocks within the organization. You may get flak for deviating from the accepted ways of doing things. For example, you may not be able to develop your own forms for performance appraisal without approval from the Human Resources department. However, without deviating from company policies or procedures, do what you can within your own area of responsibility.

Anytime you try to do something different there will likely be some people who will tell you that you're trying to swim upstream and won't be successful. Don't let them get you down. Use the planning process described in this chapter and you will be prepared to make the best possible effort at implementing performance management. You may also find that you get limited support for your efforts at first, until you start to show some results. Once you are successful, however, don't be surprised when more people get on your bandwagon.

Implement Parts of the System

If you're not quite ready to implement the whole performance management system, begin by selecting a few concepts and slowly building on them. For example, you might set as a goal that within the next six months you will have formal, written S.M.A.R.T. goals for yourself and all your employees. Once those are in place and effective, you can begin developing some monitoring systems. Use the goals as a starting place for implementing a performance appraisal process.

There are also some things you can do almost immediately. If you are not already doing so, begin using positive and corrective feedback to keep your employee's performance on track. Begin to analyze employee performance gaps using the concepts presented in this course and help your employees to reduce or eliminate the gaps. You can also encourage and help your employees to take responsibility for their own performance. It may take awhile, but eventually you will begin to see the fruits of your labor.

Build Support from Within

Involve your supervisor in the process. If your supervisor is not up to speed on performance management, take time to explain the concept and why you think it's important. You might also have your supervisor complete this course. Get your supervisor's agreement to support your efforts and suggest he or she implement a "local" performance management system. You might also find another manager at your level who too is interested in implementing

performance management. This will give you someone to work with, to talk to, and to bounce ideas off as you implement performance management. Together you can demonstrate your results to others and begin to build support from within the organization.

You might also do some benchmarking by asking friends and colleagues in other organizations about their performance management systems. Find out what they have found to be the best practices with regard to performance management. Ask if they would be willing to share some of their information with you. If practical, go a step further and have them help you as you implement your own system. You might even ask them to make a presentation to some of the people in your organization about the benefits they have derived from their performance management system. Use this information to build support within your own organization.



Apply What You Learn: Choosing Your Best Option

You have been presented with three options for implementing performance management in a nonsupportive organization culture. Hopefully these ideas have you thinking and developing more options of your own. Add your own options in the space provided and then place a check next to each one you are currently considering.

_____ Implement a “local” performance management system

_____ Implement parts of the system

_____ Build support from within for a performance management system

Now list the steps you might take to put these options in place. Think about what you would need to do first, second, third, etc.

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____
7. _____
-
-

KEYS TO A SUCCESSFUL PERFORMANCE MANAGEMENT SYSTEM

Before you develop your action plan in detail, let's look at five key things, in addition to culture, which serve as a foundation for a successful performance management system:

1. Communicate expectations
2. Involve employees in the process
3. Use a systematic approach
4. Be willing to work hard
5. Make a commitment to success

Communicate Expectations

People want to know what is expected of them. A great way to start is to verify that job descriptions are accurate and to help your employees establish S.M.A.R.T. goals. As you interact with your employees on a regular basis, use the goals as a tool to keep employees focused on the expectations. Keep in mind that your ultimate goal is for employees to take responsibility for their own performance. They are more likely to do this when they work with you in partnership to clarify performance expectations.

Involve Employees in the Process

Employees always want to know the answer to the question, WIIFM, or what's in it for me? Your employees' commitment to performance management will depend on how they perceive the answer to that question. In order to have a true partnership, you have to involve your employees at each step in the performance management process: planning, monitoring, analyzing, improving, and maintaining. When you involve your employees in the process you are on your way to establishing performance management as a win-win system.

Use a Systematic Approach

The performance management model in Exhibit 7-1 shows the relationship among the various steps in the process. Performance management is not just setting goals. It's not just doing annual performance appraisals. It's not providing occasional performance feedback. Performance management is a system that encompasses all of these things and much more. The system works best when managers and employees are actively engaged in each step in the process. Then, the whole becomes greater than the sum of the individual steps.

Be Willing to Work Hard

Implementing performance management takes time and effort. There will need to be lots of one-on-one meetings with employees as well as some team meetings. You and your employees may even experience “brain strain” if you are setting goals and objectives for the first time. As you and your employees become more experienced, however, the process should require less time up front so that more time can be spent in doing the work required to achieve the goals. Don’t forget that performance management is a partnership. You don’t do the work for your employees. They have to work hard too, if the system is going to work.

Make a Commitment to Success

Are you really committed to implementing performance management? If not, then success will be limited or even nonexistent. You have to take the lead in communicating your commitment to your employees. They will know whether your commitment is total or half-hearted. In the end, their commitment will be a reflection of your commitment. Your commitment must be maintained throughout the process. If you don’t conduct a performance review on time, you are delivering a message about your level of commitment. If you don’t follow up on established goals, employees will take this as a sign that you lack commitment to the goals. If performance management is to have long term success, you have to have long-term commitment.

NOTE: Each of the five keys is covered in more detail in Chapter 1. You may want to go back and reread those sections before you continue with this chapter.

REEVALUATE YOUR READINESS FOR PERFORMANCE MANAGEMENT

In the first chapter you completed a self-assessment of your readiness to implement performance management. Now that you have worked through the first six chapters, it’s time to reevaluate your readiness. Hopefully you are more ready now than you were at the outset. You have learned about the specifics of performance management and had numerous opportunities to think about ways to apply what you have been learning. As a result, you should be just about ready to implement the performance management system. The ten items in the exercise that follows are identical to the exercise you completed in Chapter 1. However, don’t look back at your earlier responses. This time you’ll be using the results to help develop your performance management implementation plan.



Self-Assessment: Performance Management Readiness

Read each of the statements below. Circle the number that is nearest to your readiness on a scale of 1 to 5 (with 1 being “Not Ready” and 5 being “Very Ready”) to make performance management work.

1. I frequently discuss performance expectations with my employees.

1 2 3 4 5

2. I believe in the power of expectations as a management tool.

1 2 3 4 5

3. I view my employees as partners in achieving the desired results.

1 2 3 4 5

4. I try to help employees understand how they personally can benefit from achieving results.

1 2 3 4 5

5. I believe that taking a systematic approach to performance will yield better results in the long run.

1 2 3 4 5

6. I understand the importance of having an organization culture that supports and values the concept of performance management.

1 2 3 4 5

7. I understand that doing something different can require a significant investment of time and energy.

1 2 3 4 5

8. I look forward to spending quality time with my work team and helping them achieve results.

1 2 3 4 5

Continued on next page.

Continued from previous page.

9. I am willing to make an ongoing commitment to performance management.

1 2 3 4 5

10. I understand that my level of enthusiasm and commitment rubs off on my employees.

1 2 3 4 5

DEVELOP AN IMPLEMENTATION ACTION PLAN

“So, Jerry, are you ready to develop an implementation plan?”

“It’s already started. Once I completed that readiness assessment you gave me that seemed like the logical next step. I’ll show you my plan when I’m finished—if you’d like to review it.”

“Absolutely. In fact, I’m looking forward to it.”

“It should be done early this afternoon. Oh, Darlene, there’s just one more thing. I think we’re going to have to update my S.M.A.R.T. goals.”

“Why is that, Jerry?”

“Because once this performance management system is up and running, my people will be more self-managing and that means I’m going to have more time to work on some of those goals we’ve been putting off.”

“That’s funny, I was just thinking the same thing.”

The Implementation Action Plan Jerry is working on is shown in Exhibit 7–2. Use it to develop your own plan. Start with Section A: *Readiness* and identify those areas that you rated as 3 or less in the Readiness Self-Assessment. These are items that will require additional thought and work before you implement performance management.

Use the “Action Required” section to identify the specific action(s) you need to take to improve your readiness for implementing performance management and the date by which you want to be ready. A sample is provided for your reference.

Section B: *Implementation Target Dates* provides a breakdown of each step in the performance management model and a chapter reference in case you want to review more about that item. Use the “Target Date” column to develop your implementation plan. If you are embarking on a limited implementation at this time, write N/A (Not applicable) as the target date for that item. Take your time and carefully consider the target dates. Your readiness, the number of employees you have, and their familiarity with performance management concepts all should be taken into account. You will be better off with a longer implementation timeline and doing it right, than “hurrying up to get it done” and then having to go back to patch the cracks later on.

You now have an Implementation Action Plan for performance management. Now, make the words on paper come alive and put the plan into



Exhibit 7-2
Implementation Action Plan

Section A: Readiness

<i>Score</i>	<i>Item</i>
3	8. Spending quality time with my work team.

<i>Action Required</i>	<i>Target Date</i>
Arrange my schedule so I can set aside time each week week with each employee to discuss goals and performance.	8/10/xx

Section B: Implementation Target Dates

<i>Chapter Reference</i>	<i>Performance Management System</i>	<i>Target Date</i>
2	Step 1: Planning Performance <ul style="list-style-type: none"> • Provide Direction • Review/Update Job Descriptions • Alignment with Organization Vision, Mission, and Values • Set S.M.A.R.T. Goals 	_____ _____ _____ _____
3	Step 2: Monitoring Performance <ul style="list-style-type: none"> • Performance Measurement Tools • Gather Performance Data • Observe Performance 	_____ _____ _____

Exhibit continued on next page.

Exhibit 7-2 continued from previous page.

4	Step 3: Analyzing Performance <ul style="list-style-type: none"> • Identify Performance Gaps _____ • Identify Causes for Gaps _____ • Potential for Improved Performance _____
5	Step 4: Improving Performance <ul style="list-style-type: none"> • System Strategies _____ • Training and Development _____ • Coaching and Mentoring _____ • Performance Action Plans _____
6	Step 5: Monitoring Performance <ul style="list-style-type: none"> • Feedback Systems _____ • Positive Feedback _____ • Corrective Feedback _____ • Performance Appraisal _____ • Pay for Performance _____ • Nonmonetary Reward Systems _____

action. Gather the data you need, schedule the meetings necessary to get the ball rolling, outline your plan for communicating performance management to your employees, and make a commitment to yourself to carry out your plan. Let your boss know what you are doing and how she can support your efforts. Review your plan weekly to make sure you are making progress in achieving your goals. Remember that your plan is not static, it may have to be adjusted from time to time. It will take time and effort to get all the pieces into place, but in the end it will be worth the effort. Taking the small steps needed now will yield long-term results in the future.



The purpose of this chapter was to provide you with an opportunity to think about what you need to do to implement performance management. First, you learned the important relationship between culture and performance management success. You were given several alternatives to consider if your current organization culture doesn't fully support the type

of performance management system described in this course. You can choose to implement a "local" performance management system, implement parts of the system, or work to build support from within for a performance management system.

Next, you briefly reviewed the five keys that serve as a foundation for a successful performance management system: communicating expectations, involving employees in the process, using a systematic approach, being willing to work hard, and making a commitment to success. The importance of each one and its impact on overall success was also discussed.

Then, you were asked to reevaluate your readiness to implement performance management and identify any specific actions that are required so your implementation will be successful. The reevaluation served as a preliminary step in developing your implementation action plan.

Finally, you were given a format to develop an implementation action plan based on what you learned by completing this course. It was stressed that your action plan should remain flexible so that adjustments could be made as necessary to ensure long-term success as you implement your performance management system.



Review Questions

1. Which of the following would provide you with the most insight into an organization's culture? 1. (c)
 - (a) The way employees dress for work.
 - (b) The organization's written policies and procedures.
 - (c) The way management interacts with employees.
 - (d) How frequently employee surveys are conducted.

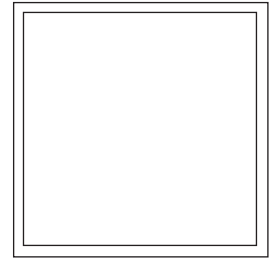
2. If you think that your organization's culture is not totally supportive of performance management, what would be your logical first step? 2. (d)
 - (a) Send your supervisor a position paper.
 - (b) Seek employment elsewhere.
 - (c) Contact a performance management consultant.
 - (d) Implement some parts of performance management.

3. Why is it important to do an assessment of your readiness to implement performance management? 3. (a)
 - (a) To determine what you need to do to get started.
 - (b) To determine what your employees need to do.
 - (c) To provide your boss an update on your performance.
 - (d) To find out how long it will take to be successful at performance management.

4. Why is it important to involve employees in the performance management process? 4. (b)
 - (a) To avoid having them make excuses for poor performance.
 - (b) To give them a sense of ownership for their performance.
 - (c) To eliminate the need to give them performance feedback.
 - (d) To reduce the amount of time you spend with your employees.

5. The most effective action plan is one that: 5. (d)
 - (a) never changes until it is 100 percent implemented.
 - (b) allows you an "out" if something goes wrong.
 - (c) separates individual performance from team performance.
 - (d) is adaptable as goals and performance issues change.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.



Post-Test

Performance Management

Course Code 96033

CREDIT: *On successful completion of this post-test, you will receive 2 CEUs.*

INSTRUCTIONS: *Record your answers on the scannable answer form enclosed with this course. Please follow the directions on the form carefully. Be sure to keep a copy of the answer form for your records. No photocopies will be graded. When completed, mail your answer form to:*

**Educational Services
American Management Association
Nine Galen Street
Watertown, MA 02472**

1. An effective performance management system seeks to align _____ with the goals, values, and initiatives of the organization.
 - (a) corporate strategies
 - (b) employee contributions
 - (c) organization culture
 - (d) compensation

2. Which of the following is the best way to communicate expectations to employees?
 - (a) Give them more work than they can get done.
 - (b) Provide lots of corrective feedback.
 - (c) Limit the amount of annual pay increases.
 - (d) Help them establish individual goals.

3. An easy way to spot performance trends over time is to use:
 - (a) line graphs.
 - (b) Gantt charts.
 - (c) thermometer type bar graphs.
 - (d) approximate simulations.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.

4. The *first* thing to do when you discover a performance gap is:
 - (a) analyze the possible causes and solutions to the gap.
 - (b) determine why no one told you about the gap.
 - (c) investigate the gap to see whether it is positive or negative.
 - (d) find out whether the employee is trying to eliminate the gap.

5. Coaching can best be described as:
 - (a) a team intervention designed to eliminate poor performance.
 - (b) nondisciplinary attempts to improve performance.
 - (c) a process to help employees achieve their potential.
 - (d) the last resort for solving employee performance problems.

6. Why are expectations an important factor in the success of a performance management system?
 - (a) High expectations can lead to substandard performance.
 - (b) Low expectations provide realistic goals for employees.
 - (c) Most people will meet or exceed known expectations.
 - (d) Big expectations can expand small performance gaps.

7. Corrective feedback should be used to:
 - (a) keep employees from becoming complacent.
 - (b) to teach employees the correct way.
 - (c) recognize positive performance results.
 - (d) reduce the need for setting long-range goals.

8. When taking notes about an employee's performance, you should:
 - (a) periodically review notes and clean out your files.
 - (b) keep notes only on problem employees.
 - (c) never place notes in the employee's personnel file.
 - (d) focus on negative performance you want to remember.

9. Prior to developing individual goals, it is important to:
 - (a) write personal action plans to improve performance.
 - (b) understand the organization's vision and values.
 - (c) ensure there is a sufficient budget for monetary rewards.
 - (d) establish the benchmark for defining performance objectives.

10. The key to an effective performance appraisal is to have a:
 - (a) well-defined form.
 - (b) three-tier rating system.
 - (c) two-way discussion.
 - (d) BARS method to evaluate performance.

11. The primary reason to train employees is to:
 - (a) reward past behavior.
 - (b) improve performance.
 - (c) reduce overhead costs.
 - (d) remove a task interference.

12. Performance management is successful when there is a _____ partnership between employees and management.
 - (a) limited
 - (b) proactive
 - (c) reactive
 - (d) forced

13. Which of the following is important when observing employee performance?
 - (a) Observe performance on several occasions.
 - (b) Only observe employees when they aren't expecting you.
 - (c) Tell employees to "pretend" you're not there.
 - (d) Observe just prior to conducting a performance appraisal.

14. When an employee gets rewarded for poor performance, it is an example of:
 - (a) an effective employee incentive program.
 - (b) not having specific performance goals.
 - (c) too many task interferences.
 - (d) consequences not matching performance.

15. Which of the following is the best approach to writing job descriptions?
 - (a) Have a human resource specialist create a first draft so it meets legal requirements.
 - (b) Develop a template that can be used to write all job descriptions within the organization.
 - (c) Let managers write all the job descriptions for their department's employees.
 - (d) Involve the person doing the job, the supervisor, and an objective third party.

16. One benefit of using nonmonetary rewards is that they:
 - (a) can easily be eliminated.
 - (b) can be linked to organization strategy.
 - (c) will be accepted by employees regardless of the reward.
 - (d) reduce the need to give employees positive feedback.

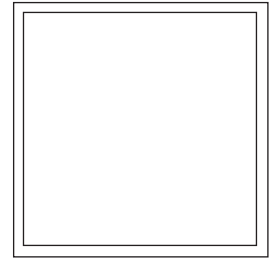
17. Which of the following would be the best way to determine the cause of an employee performance gap?
- (a) Involve the employee in analyzing the performance gap.
 - (b) Use computer-generated reports to identify alternative causes.
 - (c) Rely on your own perceptions about the employee's performance.
 - (d) Review the goal setting process for accuracy.
18. A Performance Action Plan could best be described as a:
- (a) replacement for developing S.M.A.R.T. goals.
 - (b) mentoring tool that develops new skill sets.
 - (c) commitment by an employee to improve performance.
 - (d) strategy to increase employee training and development.
19. Which of the following is most likely to determine the ultimate success of a performance management system?
- (a) Management commitment
 - (b) Employee commitment
 - (c) Organization culture
 - (d) Nonmonetary rewards
20. Using a wall chart to track sales performance is an example of having a:
- (a) S.M.A.R.T. goal.
 - (b) personal action plan.
 - (c) detailed training system.
 - (d) feedback system.
21. Having a successful performance management system requires:
- (a) a long-term commitment.
 - (b) increasing the company salary budget.
 - (c) employees who like to work independently.
 - (d) reducing the time managers spend in meetings.
22. Establishing baseline performance is important because it:
- (a) allows comparison of results between organizations.
 - (b) provides a starting point for measuring performance.
 - (c) ensures goals will only be obtained by hard work.
 - (d) reduces the likelihood that performance will trend downward.
23. The best performance goals are those that:
- (a) are general and have flexible deadlines.
 - (b) are developed in a strategic planning session.
 - (c) enable you to effectively measure results.
 - (d) can be used to control employee pay raises.

-
24. Which of the following would be considered an environment strategy for improving performance?
- (a) Transferring an employee to another job.
 - (b) Adding more management levels.
 - (c) Reorganizing the work area.
 - (d) Using record charts and bar graphs.
25. One of the main reasons for performance gaps is the lack of:
- (a) good employee attitudes.
 - (b) management feedback.
 - (c) performance charts and graphs.
 - (d) time available to properly train employees.



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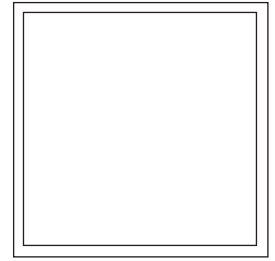
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