

# Performance Management Checklist 180



## Introduction

Performance management is an integrated approach to helping an organisation to achieve its aims and objectives by monitoring and improving the performance of individuals, departments and the organisation as a whole. This checklist aims to provide an understanding of the key principles of performance management. It outlines key issues to be considered in the introduction and operation of a performance management scheme at organisational level, and provides guidance for individuals on how to take advantage of performance management to improve their personal performance and develop their potential. A performance management system uses agreed targets and objectives to enable managers to measure and review performance, giving a clear indication as to whether the activities undertaken by individuals are contributing to the achievement of organisational goals.

Current levels of performance are not always what the organisation and its employees would like them to be. Individuals can work to narrow this gap by becoming more productive, developing their skills, or becoming better informed; organisations can improve processes, systems and procedures. To be effective, performance review must be conducted in the context of the organisation's overall strategic plan, with the aim of generating the momentum required to achieve corporate goals.

Effective performance management should always include pre-planned elements supported by informal reviews as appropriate. At times, it may be helpful to bring in external assistance, or to consider 360 degree feedback for individuals and groups. Performance management should always be a shared process between employees and managers.

Performance management involves:

- understanding current practice
- identifying future or intended practice
- recognising the processes and driving forces which will improve performance
- agreeing targets and objectives to meet organisational goals
- using tools, techniques, support from managers and colleagues and training and development activities to develop capabilities and achieve the desired progress
- measuring and monitoring changes, improvements and progress towards goals
- reviewing progress, renewing goals and moving on.

## Definition

Armstrong and Baron define performance management as “a process which contributes to the effective management of individuals and teams in order to achieve high levels of organisational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved”. They stress that it is “a strategy which relates to every activity of the organisation set in the context of its human resource policies, culture, style and communications systems”.

## Action checklist

### At the organisational level

#### 1. Align objectives with organisational strategy

The purpose, values and goals of each unit or department of the organisation should support or relate to the purpose, values and goals of the organisation. This will create a situation where each time that a departmental goal is achieved, the organisation moves forward.

#### 2. Set standards, criteria, indicators

Competitiveness requires organisations to stay in touch or benchmark with best practice, or best in class. Benchmarking will enable you to compare your key processes with similar processes in other industries. For example if prompt telephone answering is a key process, then look to organisations in the service industries such as the AA, or another high profile organisation that excels in that process.

All standards and indicators should be SMART - Specific, Measurable, Achievable, Realistic, Time-bound.

As individual performance management grades are often linked to salary levels, organisations need be very clear about the standards that will apply to each grade. It can be de-motivating and counter-productive, for example, if an unqualified achievement of agreed objectives does not lead to the award of the highest grade, because the company has pre-determined the percentage who will be awarded the highest grade in any particular year. Honest management of expectations is fundamentally important for the credibility of the process.

#### 3. Choose evaluation methods

Output-based evaluation is more useful than a ranking or rating system with criteria which are vague, or subjective. While performance management is about helping people to improve, there may come a time when, after all possible support and encouragement have been given, performance is simply unsatisfactory. In this case remedial or even disciplinary action may be necessary. When selecting evaluation methods, keep the purpose for which they are to be used clearly in mind. This is particularly important when performance management is used to inform decisions on pay.

#### 4. Assess the suitability of quality/customer care programmes

When implementing performance management, take account of the quality management programmes currently in place and review their suitability. For example, ISO9000 quality systems, are perhaps best suited to stable operations which are not undergoing radical change. Kaizen, as a continuous improvement scheme, is a more philosophical approach to improvement rather than a prescriptive system. The Business Excellence Model provides an adaptable framework for setting realistic and challenging standards.

#### 5. Build performance appraisals into the business planning cycle

As performance management is dealing with personal objectives which feed into the organisation's strategy for achieving its corporate objectives, performance appraisals should become an integral part of the business planning cycle, particularly in relation to the delivery of products and services.

#### 6. Ensure clear communication

Successful performance management depends on the engagement and involvement of all employees, so good communication about all aspects of the scheme - what it is seeking to achieve, how it will operate, how objectives will be set, what criteria will be used for evaluating performance and whether there is a link to pay or bonuses - is essential. A culture of open communication across the whole organisation is vital. This will provide feedback to enable management to detect and prioritise, realistically, where and when performance criteria need to be adjusted.

## **7. Monitor and review**

Continue to monitor and review the operation of the performance management scheme. All organisations operate within dynamic environments and changing circumstances may make adjustments necessary. Take note, also, of any problems which arise and make amendments to improve the operation of the scheme.

### **At the individual level**

#### **1. Identify where you are**

An objective assessment of how you are currently performing forms the starting point. This means that you must have a clear idea of what you are expected to deliver, to what standard, and by when. A personal SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats) can help here, but a regular communication process with line managers is the best approach. Colleagues and peers can also help in assessing your performance. Make a clear record of your current position so that later on you can assess what improvements have been made.

#### **2. Identify where you want/need to be**

This may be to perform a task better, faster, or to carry out a new task. It may mean learning new skills or acquiring knowledge, capitalising on present strengths or tackling an individual weakness. This position needs to be describable, and preferably measurable. Be mindful that there may be some degree of divergence between what you as the individual 'want' to do and what the organisation 'needs' you to do, for example, in terms of skills for the current job role, versus skills for your career in the longer term.

#### **3. Agree objectives and indicators**

Objectives should be agreed between you and your line manager, in line with organisational and departmental goals and the criteria by which performance will be judged should be agreed not imposed. Make sure that you will be able to measure progress towards the agreed objectives and that the indicators set will give you a direct insight into whether you are improving your efficiency or effectiveness. For example, if a plan to deliver outputs is agreed with your line manager, an indicator for efficiency would be the extent to which you stick to the plan; an indicator of effectiveness would be the level of success in delivering the outputs. Setting standards or indicators for some tasks can be straightforward and based on time, accuracy and productivity. Other, 'softer' areas such as personal skills development are not so easy to quantify.

#### **4. Make use of relevant tools and techniques**

A number of tools can be used to monitor progress, identify shortcomings, and even measure how well you are performing. Fishbone (Ishikawa) diagrams, and input-output diagrams are useful for qualitative progress; Pareto analysis, moving averages and the CUSUM technique are more suited to quantitative measures. But don't forget that an honest open discussion between you and your line manager remains an effective way to assess your progress. Record the key elements of the conversation on an official appraisal/review form, and jointly agree and sign it off.

#### **5. Test and trial**

Having worked out the causes of shortcomings in your performance, consider whether to opt for the simplest, cheapest, most efficient, most easily understood solution, the solution which will elicit the most support, or the one likely to have the greatest impact. The latter is not necessarily the best; take things one step at a time and reflect and adapt as you go.

#### **6. Evaluate performance**

The evaluation of performance is a key stage, making all the effort worthwhile. What and how you evaluate depends on the standards and objectives agreed. Meeting a budget or sales target will be easy to identify. Hitting a target objective - or progress towards it - is also measurable. In softer skills acquisition, sometimes gut feeling will tell you how near or far you are from the targets. Performance evaluation should be carried out on a regular basis and both line manager and report must be aware of or agree on the timeframe at the

beginning of each reporting year. Mid-year reviews will also be helpful to improve the quality of work throughout the year and to make any necessary adjustments.

## 7. Carry out performance appraisals

Performance appraisals should cover the points covered in points 1 to 6 above. Learning and development needs should also be addressed. A personal development plan can be helpful in identifying development needs, making plans to meet these, recording development activities and demonstrating what has been learnt.

### Managers should avoid

- taking an 'all or nothing' approach - build incrementally on knowledge and experience
- being rigid or adopting a 'command and control' approach to goal setting
- looking for a quick fix
- giving employees 'surprises' related to poor performance – problems need to be addressed at an early stage
- neglecting 'soft' issues such as building relationships and giving feedback.

### National Occupational Standards for Management and Leadership

This checklist has relevance to the following standards:

B: Providing direction, unit 6

D: Working with people, unit 6

### Additional resources

#### Books

**Beyond performance management**, Jeremy Hope and Steve Player  
Boston Mass.: Harvard Business Review Press, 2012

**Handbook of corporate performance management**, Michael Bourne and Philippa Bourne  
Chichester: John Wiley, 2011

**Practical and effective performance management: how excellent leaders manage their staff and teams for top performance**, Steve Walker  
Bury: Universe of learning, 2011

This is a selection of books available for loan to members from CMI's library. More information at:  
[www.managers.org.uk/library](http://www.managers.org.uk/library)

### Related checklists

Performing a SWOT analysis (005)  
Conducting a performance appraisal (036)  
Personal development planning (092)  
Introducing performance measurement (129)  
Setting up a performance related pay scheme (143)

**This is one of many checklists available to all CMI members. For more information please contact**

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