



10 COMMANDMENTS OF PERFORMANCE MANAGEMENT

(Drake Business Review)

Human resources managers who view performance appraisals as a necessary evil should re-examine the ten fundamental principles of effective performance management.

Even the simplest performance appraisal program could work if it is built around the important (but frequently forgotten) fundamental principles of effective performance management. I call these guidelines the ***Ten Commandments of Performance Management***. Let's look at how each one contributes to the success of any performance program.

1. Involve your employees in the design of the performance management program.

By giving employees the opportunity to play a meaningful role in designing their own performance management program, you build commitment and support into the program. Employees can be directly involved in a variety of ways: designing forms, drafting instructions, and reviewing communication and training materials. Management can address the broader issues: articulating the organizational mission and values, defining annual goals and objectives, and approving performance standards.

2. Make a strong effort to recognise top performers.

Performance ratings often fail to make clear distinctions between the exceptional and the ordinary. If your company has a clearly articulated notion of excellence and all or most of your employees are achieving it, then there's not enough "stretch" in your goals. So an organisation with many excellent employees will have many "excellent" employees who are average. How do you avoid discouraging such employees or losing them to companies where they can be bigger fish in smaller ponds?

There are two strategies that you can follow. First, show people that being average in such an organisation is itself an accomplishment. Second, remember that achieving excellence in an excellent organisation calls for a stretch. Measure excellent people on a different scale; expect more from them, and when they deliver, be prepared to offer commensurate rewards.

3. Allow your employees to fail.

Even the best of us experiences a setback now and then. Each person will react in one of three ways to failure: by learning from his or her mistakes, by continuing to fail, or by becoming reluctant to try again. The challenge for management is to remove the punishing effects of failure to help employees avoid the reluctance to take further risks. By helping employees visualise success and the means to achieve it, a manager can channel them toward learning and success and away from additional failures.



4. Tie a large part of your managers’ performance appraisals into how well they plan for, encourage & assess the performance of their employees.

A company depends on its managers for the performance of the entire business, while employees trust these same managers for much of their professional development, financial security, and future success.

Here are several activities that contribute to good management and provide a healthy environment for employee development:

- Articulating goals.
- Developing standards.
- Monitoring progress.
- Providing feedback and support.
- Coaching, counseling, and motivating.
- Appraising performance.
- Promoting staff.
- Directing activities.
- Assisting with professional development.
- Teaching skills and techniques.
- Conferring rewards.

5. Base performance decisions on actual work results, not personality traits.

Most performance appraisal systems actually measure factors that are more reflective of our personalities than they are of our accomplishments on the job, like commitment, enthusiasm, attitude, co-operation, responsiveness, responsibility, motivation, discipline, follow-through, ambition, and leadership.

Within certain bounds, what really matters is results, not the style that is used to achieve them.

Once results are coupled with specific desired levels of achievement, success is no longer subjective. Each individual knows what is expected of him or her; what’s more, each individual can plan his or her performance. This kind of control is both satisfying and reassuring.

6. Link each individual’s goals to the organisation’s overall goals.

The real goal of effective performance management is to improve performance, not merely to measure it; further, such improvement must be related to overall company goals. Without the perspective of a uniform set of these goals, a company tug-of-war will occur; employees may be pulling as hard as they can, but in opposite directions.

Plan your goal-setting from the top down, and link each individual’s goals to those of the overall organisation. In this way, you as managers can make sure in advance that everybody is pulling in the same (and the right) direction.



7. Explain to managers and employees what a salary range is and how to use it.

Whoever decided to start using salary ranges to pay different individuals different amounts based on their job performance must have intended that better performers would be paid more. However, they probably never intended for them to receive higher percentage increases. The higher percentage increase is merely the means to move better performers to higher pay levels.

This simple fact has got lost over time, and now top performers are upset if they don't get the highest percentage increase, regardless of their current pay level. Few employees stop to realise that they should compare the actual dollar difference between their salary and the salaries of others, not the difference between the percentage increases.

8. Don't succumb to the temptation to simply design a form and call it a performance management program.

Many managers spend far too much time trying to design the ideal form. Of course, the form needs to be comprehensive, clearly laid out, professional in appearance and appropriate to the levels and types of positions for which it will be used. But it is the care taken in implementing the program, not the design of the form, which assures the program's success. In particular, it is important to:

- Communicate the plan's purpose and intent.
- Acquire agreement and support at all levels of the organisation.
- Train managers and supervisors (see Commandment #9).
- Provide guidance and support during program roll-out.
- Monitor early activities to make sure they are appropriate and consistent.
- Pilot the program to iron out the bugs before going "live".

9. Train managers to give and receive meaningful performance feedback.

Performance feedback gives a person essential information about how someone else perceives the effectiveness of his or her work. Managers use feedback to refocus or redirect employees' behaviour and to help them achieve desired results.

To be effective, feedback should be:

- **Clear.**
- **Descriptive**, not judgmental. Offering examples instead of unsubstantiated opinions will help prevent defensive reactions.
- **Constructive.** Suggesting ways to improve performance – rather than just listing what's wrong – will make the discussion future-orientated and productive.
- **Positive and negative.** Telling both sides of the story makes feedback more credible, palatable, and useful.

To help your managers hone their feedback skills, have them practice in non-threatening situations – ideally in the presence of a knowledgeable individual who can critique them.

Practice sessions can be recorded on videotape in order to show managers what kind of impression they are making on their employees.



10. Treat employees as adults and with respect; don't lose sight of the fact that they are people, not just human resources.

The surest way for a business to fail is to suggest, through its actions or statements, that people are nothing more than useful commodities. As managers, we must never forget that we are dealing with people – real human beings who deserve to be treated with fairness, honesty, and respect.

In thinking through your approach to performance management, apply this simple test: How will this new program affect the quality of work life for all employees? If the answer is “positively”, and you're confident that the program is in the business' best interest, go ahead and implement it. But if the answer is “negatively”, you should reassess the plan and your need for it. Other motives for implementing a program may out-weight employee dissatisfaction, but you should think long and hard before setting such a program in motion.

The commandments, after all, represent little more than old-fashioned common sense. Combined with your own good judgment, they can help make the difference between success and failure in your company's performance management program.

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