

THE PERFORMANCE MANAGEMENT SYSTEM

Getting Organized

Most organizations have job descriptions, conduct reviews on employees, and provide training and development to the workforce. But in many instances, these activities fail to be tied together in a cohesive relationship. What is lacking is a integrated system to provide the context for human resource functions and activities.

When business operations and systems are not properly co-ordinated or are functioning at cross-purposes in an organization, performance and morale suffer. This has a profound, negative *bottom-line* effect. It makes imminent *good business sense*, therefore, for an organization to take the time and effort to develop and implement the system described below.

The Performance Management System

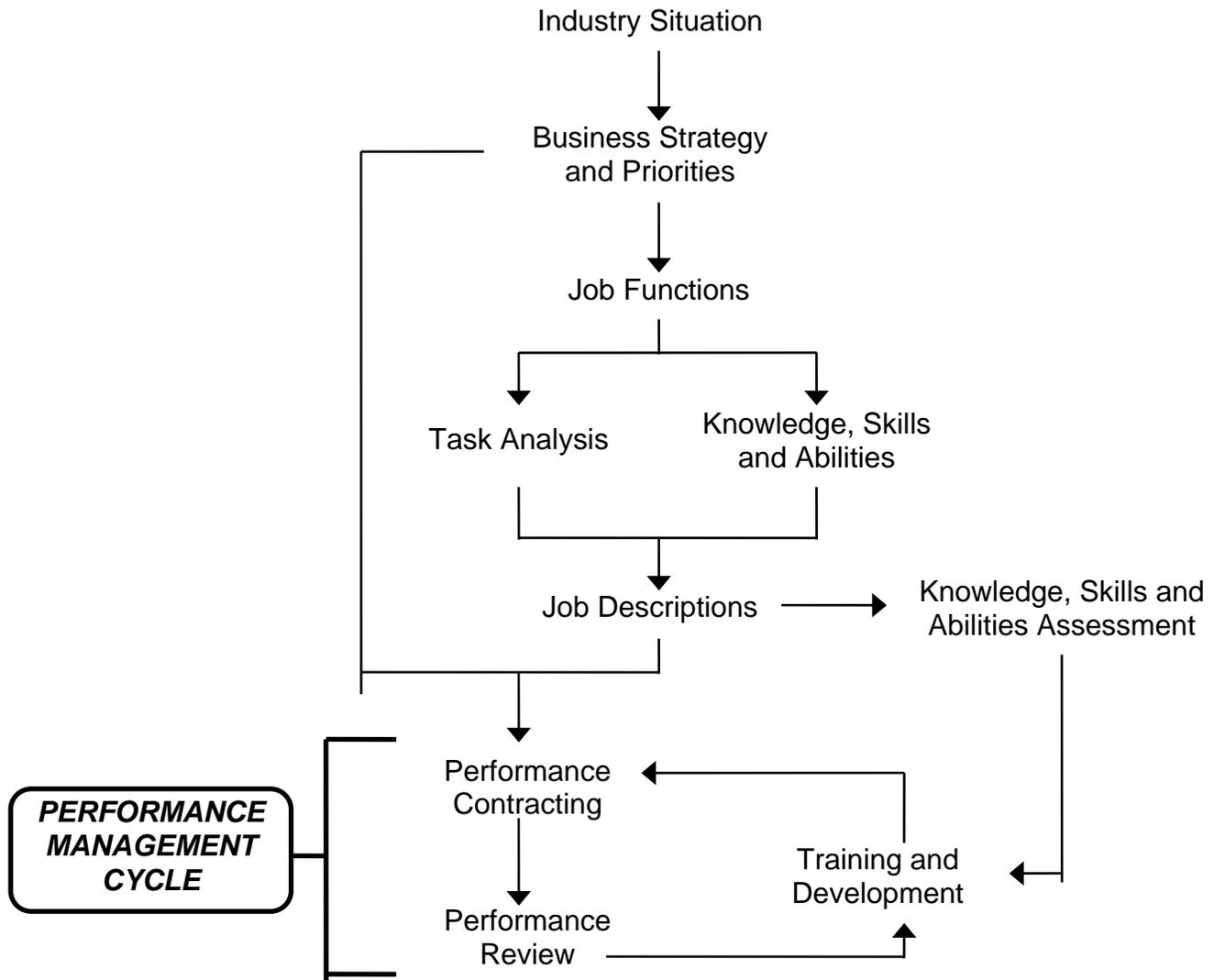
A *Performance Management System* is an intrinsic element of the business systems of every organization. The *Performance Management System* is driven by the organization's strategic business priorities and it functions at the critical juncture where strategy becomes translated into performance. This is the system that manages the *people part* of your business and it needs to be aligned with the others systems that support your organization.

As a system, it is not terribly complex. Because it requires a certain level of attention and precision, however, many organizations fail to manage it effectively, to their own detriment. Organizations which have established and maintain good *Performance Management Systems* function better, and attract and retain high performing employees. Since it impacts and involves every employee, it also provides early warnings that other systems may be out of alignment.



What It Is

The following flow-chart illustrates the overall context of the *Performance Management System*. Note how it links the strategic business priorities to each employee.



How It Works

The development of *Job Functions* is driven by the business's strategy and priorities. As business conditions change, it is important to review the *Job Functions*, in order to ensure that they continue to be relevant and are in alignment with the organization's strategies and priorities.

Once a *Job Function* has been defined, the *Tasks* which need to be performed and the related *Knowledge, Skills and Abilities* can be identified. These, in turn, lead to the development of a *Job Description*. The *Job Description* should include the attributes of both the technical and behavioural (performance) aspects required in the job.

Incumbents or job prospects can have their *Knowledge, Skills and Abilities* (both technical and behavioural) assessed against the *Job Description*. This will facilitate better recruitment practices, as well as identifying *Training and Development* needs.

Performance Contracting is the process of establishing individual goals with an employee. This should be a negotiated process between the employee and his/her supervisor, and the goals should include technical, behavioural and business objectives. It is critical that these goals be developed in a manner that makes them measurable, impartial, relevant, and attainable.

Performance Reviews (both formal and informal) should be conducted on a regular basis in order to assess progress toward achieving the goals, supports or interventions that may be appropriate to helping the employee achieve the required performance standards, and *Training and Development* needs. These reviews also should be a negotiated process between the employee and his/her supervisor.

Employees, with their supervisors, then should develop priority-ranked *Training and Development* plans. These then can be rolled-up to create an organization-wide Training Plan. From this, training can be organized and delivered in a planned and rational manner, always in support of business priorities and individuals' needs.

This is a full *Performance Management System*. It should be applied to the entire organization and to employees at all levels. Implementing a *Performance Management System* will bring cohesion, order and direction to the human resource activities of an organization, in support of its strategic business priorities. An expert consultant can help fast track the design, development and implementation of a *Performance Management System* and quickly get you firing on all cylinders!

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