

PERFORMANCE MANAGEMENT TIPS

The following is an extract from *ABL's WorkplaceInfo* - a subscriber-only website that provides daily news, research and opinion for employee relations professionals. This is a sample of a performance management policy of a company. The following information is for ABL members only.

Introduction

[XYZ Pty Ltd] has in place a performance management system to promote the skills and motivation of employees by:

- collaboratively establishing [quarterly] performance plans with each employee;
- helping employees to stay results-focused by setting performance-based objectives and targets in each individual performance plan;
- translating [XYZ Pty Ltd's] strategic plan into achievable personal objectives;
- reviewing employee performance [quarterly] for training and development purposes;
- reviewing employee performance annually for the purposes of recommending salary increment.

Why have a performance management system?

The performance management system provides on-going feedback on individual performance which allows you to monitor your performance and identify aspects of your performance that require further development. The system formally documents and plans:

- individual position descriptions and accountabilities;
- progress towards individual achievement of, and progress towards key result areas;
- feedback on performance;
- identification and progression of individual training and development needs;
- appropriate rewards and remuneration for performance;
- decisions about promotion and progression.

From strategic plan to individual accountability

[You may wish to describe how the performance management system ties in with your organisation's strategic plan.]

Position description

The position description is an integral part of the performance management system. A position description is written for each position in [XYZ Pty Ltd]. The position description includes:

- position concept, statement of the position's direct report and the key position accountability;
- key responsibilities of the position;
- prerequisite skills and qualities of the position.

The [business unit/department manager, or manager's delegate] and the employee agree and sign the position description. A signed copy is filed on the employee's personnel file.

Performance planning

Performance planning is the process of determining the contribution that both the business unit/department as a whole, and individual employees, need to make to help [XYZ Pty Ltd] achieve its mission and objectives. The objectives of the performance management plan are:

- to ensure that all employees receive regular feedback on their work performance;
- to give all employees an opportunity to make known to the management their feelings about their job and their aspirations about job preference or a promotion;
- to systematically review the current performance of individual members of staff;
- identify employees with the potential and willingness to accept different types or higher levels of responsibility;
- to gather information which will assist in setting remuneration;
- to identify the training and development needs of individuals and groups of employees;
- to ensure that individual performance and goals accord with organisational objectives.

The performance plan describes what good performance is. It does not formally document all aspects of the position. All reasonable employment expectations apply whether or not they are documented in the plan. The performance plan includes:

- the key results areas of each job;
- what is good quality performance and how that will be measured (key performance indicators);
- the feedback system which will provide data relevant to each performance indicator;
- objectives of targets which are specific, time-framed targets which apply to each key performance indicator.

The [business unit/department manager] and the employee agree and sign the performance plan. The performance plan is also signed by the employee's Executive General Manager. A signed copy is filed in the employee's personal file.

Development review

All managers of [XYZ Pty Ltd] will meet formally with each member of their business unit/department quarterly to:

- review and document performance over the past quarter;
- agree on short-term and long-term training and development needs;
- discuss and agree on the key-result areas, key performance indicators, measurement method and objective/targets of the employee's performance plan for the upcoming quarter.

The performance review document, and amended performance plan are signed by the business unit/department manager, the employee and the employee's Executive General manager. A signed copy is filed on the employee's personal file.

Salary review

All managers of [XYZ Pty Ltd] will meet formally in [April] each year with each member of their business unit to review the past year's performance in order to:

- review, agree and document the past year's performance;
- recommend salary increment in accordance with the guidelines set from time to time by [the Human Resources Manager], and subject to the terms and conditions of each employee's letter of appointment.

The salary review document is signed by the business unit/department manager and the employee. A signed copy is filed on the employee's personal file. The recommended salary increment for each member of the business unit/department is forwarded to the Human Resources Manager for approval by the Managing Director.

FOR MORE INFORMATION...

- About draft forms such as the one above? The Employers Toolkit CD has more than 200 draft policies, letters and contracts that employers need to manage staff issues. Call **ABL** on **13 26 96**.
- Go to www.workplaceinfo.com.au and sign up for a free 21-day trial or phone **ABL** on **13 26 96** and we'll register you.
- On any legal issues you have concerning your employees with regards to their performance (or lack of) and your rights as an employer, ask for **AB Lawyers** on **13 26 96**.
- On **ABL's Accredited Service Providers** and those organisations that have a particular focus on performance management, contact **ABL's Members Services** on **13 26 96** or speak to the following **Accredited Service Providers**:
 - Pivotal Human Resource Solutions – Ph: (02) 6239 5119 – www.pivotal.com.au
 - MTCA (ACT/VIC) – Ph: (03) 5754 1010 – www.mtc.aust.com
 - Pathways for Success – Ph: (02) 6282 7288 – www.pfsuccess.com.au
 - Effective People – Ph: (02) 6288 2150/(03) 9646 4477 - www.effectivepeople.com.au

KEEPING YOUR STAFF RESULTS-FOCUSED

The following article is taken from ABL's Workplace Management site at www.australianbusiness.com.au. It highlights the importance of having a staff performance management system in place to promote skills, motivate employees and above all, keep staff results-focused.

Developing and maintaining a staff performance management system for your business makes sound sense. It provides on-going feedback on individual performance which allows both the employer and the employee to monitor the individual employee's performance and identify aspects of the performance that require further development.

Having a staff performance management system in place in your organisation promotes the skills and motivation of employees by:

- Collaboratively establishing (say quarterly) performance plans with each employee;
- Helping employees to stay results-focused by setting performance-based objectives and targets in each individual performance plan;
- Translating your organisation's strategic plan into achievable personal objectives;
- Reviewing employee performance (say quarterly) for training and development purposes; and
- Reviewing employee performance annually for the purposes of recommending salary increment.

The performance management system formally documents and plans:

- Individual position descriptions and accountabilities;
- Progress towards individual achievement of, and progress towards, key result area;
- Feedback on performance;
- Identification and progression of individual training and development needs;
- Appropriate rewards and remuneration for performance; and
- Decisions about promotion and progression.

You should also describe how each individual's accountability ties in with your organisation's strategic plan.

FOR MORE INFORMATION...

- About workplace management and specifically performance management, refer to **ABL's** website – www.australianbusiness.com.au - under 'Workplace Management'.
- On **ABL's Employers Toolkit CD** and its Awards, Contracts, Policies and Correspondence, much of which relates to performance management, contact **ABL's Member Services** on **13 26 96**.
- On **ABL's Accredited Service Providers** and those organisations that focus on performance management issues contact **ABL's Member Services** on **13 26 96**.

OBSTACLES TO COMMUNICATION

This document published in *Australian Business News* examines three major obstacles to communication. Good communication at all levels is vital. This can only be achieved by recognising diversity and increasing an organisation's ability to deal with diversity.

We see communication as a one-way process going from those people who designed the system to those people who implement the processes, to persons expected to function within the system.

The drawback is that this one-way view often sabotages the implementation of a performance management system. Communication should be a two-way process between a sender and a receiver. It is both verbal (20 percent) and non-verbal (80 percent) so, in reality, actions do speak louder than words. The following article examines three major obstacles to communication.

Language

In work situations where staff all speak English, language barriers can still exist, particularly when you consider how the English language differs between English speaking countries. The same happens between departments or units in organisations. We get so immersed in our own jargon, that we forget other departments may not speak our "language".

Preconceptions and stereotypes

We all hold preconceptions and stereotypes. They may be about people from a different cultural or racial background or people who work in different professions or departments. Having preconceptions is not the worry: conversely, it is the information we glean about people who we deem different (and who we think are stereotypes) which can be a problem. You need to take time to check the validity of this so-called "information" so that you do not slot people into a stereotypical role. The same applies to preconceptions that are based on "information" received and interpreted within a specific context. When applied blindly and in a different context, they too can cause trouble.

Non-verbal communication

People from different cultures (and departments) usually inhabit different non-verbal sensory worlds, that is the unspoken rules, the unspoken codes, the way we do things.

We abstract what we see, hear, feel, smell into our personal world of recognition and then "filter" this information through our own frames of reference. In doing so we often misattribute this information or send the wrong signal or miss signals all together. Some of the non-verbal signs and signals such as gestures, postures and vocalisations can be learned. Other signs such as time and special relationships, signs of respect or formality, for example, are more difficult.

Tying the above-mentioned obstacles into performance management means that people often have different perceptions of what "performance management" means.

Most people refer to performance management in terms of performance appraisals and disciplinary action, however, it is important to make sure that everyone understands performance management from both an organisational as well as a personal context.

Performance management is about linking the objectives and Key Result Areas (KRAs) of an

organisation to an employee's personal motivators, or Key Personal Indicators (KPIs). While the biggest motivator is salary, a well-designed performance management system need to include these personal motivators. It is important to get insights into the diversity of the organisation and the different needs, wants and aspirations of employees.

FOR MORE INFORMATION...

- Or suggestions for articles including case studies of your organisation and how it deals with productive diversity, contact the Managing Editor of **Australian Business News**, Ron Krueger.
- On Diversity in the workplace, call **ABL's Members Services** on **13 26 96**.
- On Diversity and how it can benefit your workplace, refer to the **ABL** website on www.australianbusiness.com.au