

# Measuring Performance Management



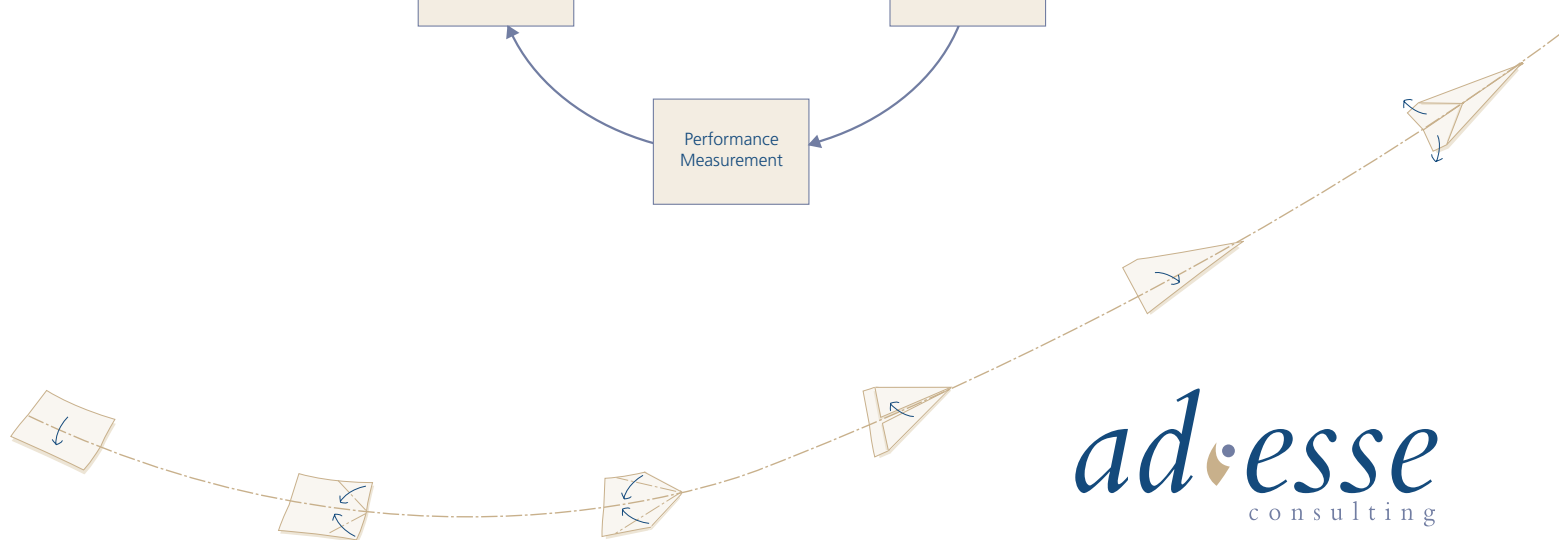
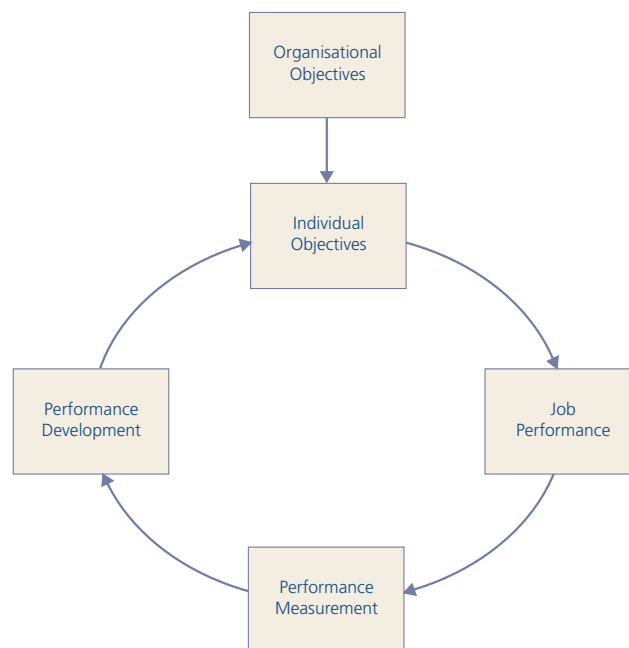
## QUESTION:

*Does anyone else have examples of how they evaluate the effectiveness of their performance management systems?*

## OUR VIEW:

To evaluate the system it's essential to identify "what" you include as part of your performance management system, as this can differ from organisation to organisation.

At its highest level Performance Management starts with organisational Vision, Mission and Values and cascades into goals and standards for everyone. We show this in a very simple process model below.



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Whilst the ultimate test of effectiveness is whether performance is actually improving, demonstrating which parts of the system are having the most positive impact is a little trickier!

**There are two major issues to tackle:**

1. Is it happening?
2. Is it working?

### *1. Are the systems actually being applied?*

We have all seen the “**appraisal process**” which exists on paper but never happens for some staff or is always late! So the first is some form of process review through either audit or measurement and analysis of data. We believe it’s important to break the performance management system down into its “**key processes**” to do this in a meaningful way e.g. complete staff appraisal.

### *2. The second, is it working, should be a combination of a number of measures.*

If we strip it back to basics the Performance Management system exists to focus and change behaviours and actions so they align with achieving key organisational outcomes. If the people who are subject to that system do not find it useful we think you will always struggle to have a truly effective system. So one of the measures would have to be around peoples perceptions of the usefulness of the component parts of the performance management systems. Again, you would have to break the system down into its key processes to make the analysis meaningful, but you might also analyse perceptions of the whole system.

As well as measuring people perceptions, you would have to measure if it is actually working to improve performance. This is of course more tricky! Very often it’s useful to examine this in terms of where is performance improving (and why) and as importantly, where is it not (and why).

**We’ve worked with many organisations to develop and improve performance management systems and common problems include:**

- An over-emphasis on quantitative measures (as opposed to personal competence and development goals)
- Too much reliance on the annual Appraisal for objective setting and review (should be continuous)
- Process includes complex & bureaucratic paperwork (becoming a slave to the process)
- Adopting Performance Management because it is fashionable with inadequate thought to how objectives will be achieved
- Inadequate resources to support achievement of goals (e.g. training in coaching, objective setting & measurement)
- Setting too many, unrealistic goals (non-SMART targets)

We hope this gives you a few issues to consider when reviewing your performance management system.

#### **FURTHER INFORMATION**

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PHONE: +44 (0) 870 458 6162 EMAIL: [seriousfun@ad-esse.com](mailto:seriousfun@ad-esse.com) WEBSITE: [www.ad-esse.com](http://www.ad-esse.com)