

Get the most from your assets

Performance management should be aligned with your charities objectives and be championed from the top, say **Hilary Barnard, Ruth Lesirge and Fiona Ash**

KEY POINTS

- Performance management should be seen as a positive tool
- It doesn't have to be complicated or expensive
- It should apply to all staff
- The board and executive teams should lead the way

Times are hard in the non-profit sector. The shortage of funding has brought uncertainty and a streamlining of national and regional structures. There is a demand to achieve more for less, as well as an expectation that organisations will find cheap innovative solutions and restructuring as part of their coping strategy. Organisations have to grasp new agendas quickly, make difficult decisions about which activities or services to maintain and protect, and manage with fewer and even tighter contracts.

Delivering high performance in a cold climate

The importance of attending to the financial strategy of organisations is well understood. This article argues that there is an equally pressing need to focus on the successes and limitations of your staff and that performance management is a major theme for us all in the period ahead. Some of the themes have already been helpfully covered with some useful examples three years ago in Kate Sayer's article 'Performance management' (*Caritas*, issue, 3, February 2008¹).

In our work with organisations and teams, we see leaders expressing concern about the

ability of managers to 'manage the performance of their staff'. It is striking to note the extent to which the underlining assumptions about this activity are polarised. The term 'performance management' often seems to be pigeonholed, either as a negative and punitive set of measures to deal with poor or substantial under-performance; or as yet another claim on money and time for the professional development of staff.

It seems to us that this polarisation is unhelpful. It fails to capitalise on the opportunity that performance management can offer. At its best it is an integrated approach that enables managers to promote and accelerate the potential and talent of staff and enhance the engagement of both staff and volunteers.

Equally, performance management can help to avoid or contain the worst excesses that can result from poor performance.

Furthermore, performance management is not merely a technical exercise. As with any aspect of people management, plans and actions need to engage hearts and minds if they are to prove beneficial to employees and the employer – everyone needs to get something out of it. A well-planned, long-term approach is essential, rather than a knee-jerk reaction.

Managers with heavy workloads and new challenges should be reassured that putting a performance management strategy in place does not require specialist skills or significant up-front investment before it has an impact.

A modest system, if planned and integrated with the strategic plan, can generate clear team and individual aims and outcomes that are fed by other (for example financial) monitoring and appraisal processes.

Understanding performance management

Armstrong and Baron² describe 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.'

In our view, effective performance management adds value to the organisation, incorporating performance improvement, and development. It can be linked to identifiable behaviours that model your values through the identification of competences³. It should be a joint enterprise between managers and staff, creating the right culture, sharing expectations, and improving working relationships.

Alignment

The implication of this is that performance management is strategic in nature, requiring clarity about broad organisational issues and longer-term goals. Furthermore, it can only improve practice within your organisation if it is integrated – that is linked to key strategic aspects including the organisation's mission and values and embedded within other processes that make up your people management.

The diagram in Figure 1, A Performance Management Framework⁴, illustrates how strategy and individual performance can be aligned.

Principles of effectiveness

The most effective performance management is made up of the following key principles, namely that it⁵:

- applies to all staff and is led from the top;
- translates organisational goals into individual and team goals by the setting of SMART (specific, measurable, achievable, realistic and time bound) objectives which are then reviewed throughout the year;
- relies on consensus and co-operation rather than control or coercion;
- creates a shared understanding of what is required to improve performance;
- is owned and delivered by line managers (and requires both their commitment and capability);
- encourages self-assessment and self management of individual performance;
- is owned and delivered by managers (not HR) and requires their commitment and capability;
- requires a management style that is open, honest and encourages two-way communication between line managers and individual team members; and
- requires continuous feedback (day-to-day and formal one-to-one meetings).

Key questions

All being well, your performance management system and practices will result in your staff being able to answer the following questions:

- What is expected of me in terms of results and behaviour?
- How am I doing?
- How can I improve?

Finding the right approach for your organisation

The approaches organisations take to people management range from limited interest in proactively and creatively managing its workforce to – at the other end – placing great emphasis on improving performance and developing the individual.

It is important to have some understanding of where your organisation lies on this spectrum.

If you are to optimise the effectiveness of your staff, as well as enhancing their sense of job satisfaction, your managers must develop a shared understanding of the culture and behavioural strengths of your organisation.

This applies particularly in the areas of innovation, risk and relationship management, autonomy or delegation.

One often hidden benefit of an effective performance management system is greater 'employee engagement', enhancing motivation through a better understanding of how their job contributes to the organisation's success⁶.

The result is that 'discretionary energy' – a desire and commitment to always do the best possible job.

Figure 1: A performance management framework

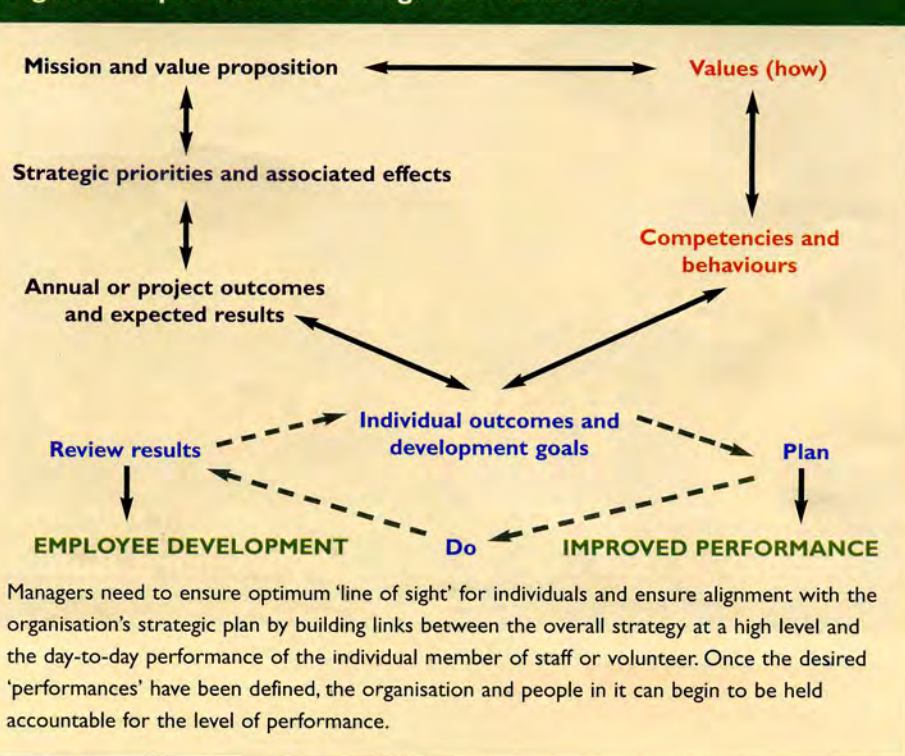


Figure 2: The seven 'musts' of performance management

- 1) It is a continuous process of coaching and feedback.
- 2) Managers are skilled in and held accountable for managing performance effectively.
- 3) The focus is on improving performance and developing talent rather than ticking boxes.
- 4) There is a clear definition of what constitutes performance, and the focus is on mission impact results.
- 5) It is tailored to suit the organisation and its business needs.
- 6) It is a fundamental part of the business planning process.
- 7) It begins at and is prominently modelled by the board and senior management team.

Figure 3: London Help case study

Julie is a middle manager in a social care service delivery organisation and has been with the organisation for five years. She runs the carers' service managing a team of four staff and drawing on a pool of 15 volunteers. Services are run through dedicated centres and in collaboration with other organisations.

For the last 18 months Julie's line manager, Sam, has had concerns about a lack of information regarding the impact of the services for which she is responsible. Other senior managers sometimes contrast Julie's work unfavourably with other middle managers and question whether Julie's service is providing value for money. Sam recognises that he needs to take action but is keen to avoid the disciplinary route if possible.

With support from the HR department he puts in the place the following measures:

- A meeting with Julie in which he makes clear the concerns, illustrating the lack of sufficient evidence (of service effectiveness) despite his repeated requests.
- He ensures that Julie understands the nature of his concern and sees that his requirement is reasonable.
- Sam discusses with Julie how she might provide the data and qualitative evidence required and makes arrangements for her to shadow other managers seen as high performers in this regard.
- A meeting is fixed for one month's time to review progress and decide next steps.
- Sam makes a concise note of what has been discussed and decided.

What do you think are the alternative 'next steps' scenarios that Sam and the HR department should be considering?

Not just 'nice to do'

A coaching culture

Performance management encourages you to revisit your routine processes and systems, asking how they can perform better. It starts at the point where the organisation recruits a member of staff or a volunteer and ends with the exit interview. It takes in headline systems, such as balanced scorecard⁷, which can aid ownership of improving performance. It is intimately linked with organisational design and restructuring.

As the need for increasingly adaptive staff increases, supervision becomes vital in shaping the understanding and interpretation of roles, skills and behaviours. However, we often hear the excuse: "I don't need to meet my staff as I see them every day", and there is a danger that in these pressured times supervision is too postponed or at worst, cut completely. We would argue that this denies both parties the opportunity for proper tracking and dialogue about performance.

In all of this, the chief executive plays a key part by modelling the way, encouraging a coaching culture, communicating effectively so that staff and volunteers understand how their role contributes to future organisational success, and ensuring that a climate of honest and constructive feedback operates in the organisation.

Schein⁸ suggested that 80-90 per cent of behaviour is determined by what leadership routinely attends to, measures, rewards and controls, as well as the reaction to critical incidents.

London Help case study

The case study set out in Figure 3, although fictitious, is a typical scenario in many small and medium-sized local charities and demonstrates how the performance management can be used in a positive way to solve a problem.

Your performance management system, along with its cycle of activities (see Figure 4), provides an opportunity to record, and therefore keep on top of issues and head off performance problems at an early stage.

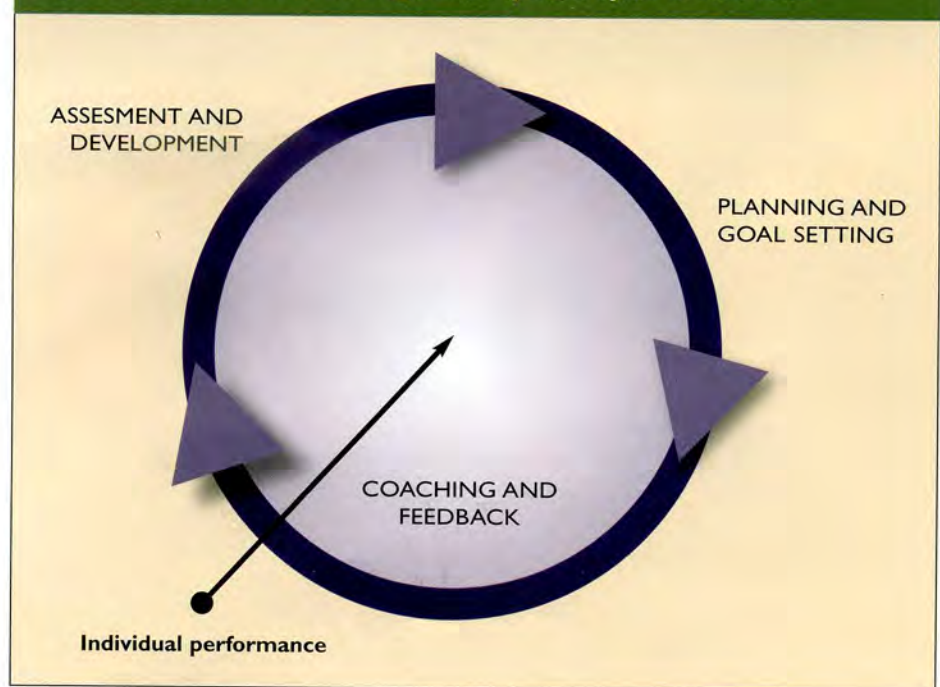
Leading from the top

Armstrong and Baron's definition of performance management (see note 1) highlights the contribution of leaders and in particular the chief executive to the effective management of individual and team performance.

With reference to poor performance in particular, the effective chief executive remains consistent and ensures that performance issues are addressed and are not allowed to fester at any level within their organisation. This signals that poor performance is not acceptable and

www.charitiesdirect.com/caritas-magazine

Figure 4: Performance management system cycle of activities



that firm and fair action will be taken.

The chief executive should be a role model who champions the process, vigilant in seeing that performance management is active and progressive. Additionally, an effective leadership team clearly links all the performance management processes to the performance review scheme (appraisal), which in its turn reflects the organisation's needs and objectives.

1. Available at: www.charitiesdirect.com/caritas-magazine/article.php?ArticleID=208
2. *Managing Performance in Action*, Armstrong M and Baron A, CIPD (2004)
3. See Bob Jack's article, 'The right people' in *Caritas*, issue 11, October 2008 at www.charitiesdirect.com/caritas-magazine/the-right-people-137.html
4. Designed by Caroline Copeman, Centre for Charity Effectiveness, Cass Business School (2010)
5. Adapted from *Performance Management*, Incomes Data Services (1997)
6. See also Dilys Robinson's article 'It's because they care' on page 21 of this supplement
7. See www.balancedscorecard.org for some useful background on Kaplan and Norton's management tool.
8. *Organisational Culture and Leadership*, E Schein, Jossey-Bass (1992)



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