



PERFORMANCE MANAGEMENT SYSTEMS

Question:

Our organisation is considering purchasing a performance management system. What are the primary considerations when reviewing these systems?

Answer:

Employees are one of the largest costs for many organisations and are also one of their greatest assets. Effective performance management will promote employee engagement and maximise workforce effectiveness. When reviewing systems it is important to consider how your existing processes can be simplified and how an on-line system can make the task less onerous to managers. By automating these processes you can streamline this sometimes cumbersome task and leverage your human capital more effectively.

Many organisations have evolved. Their performance management methodology is no longer considered an arduous annual task but a primary element of their talent management philosophy and a key component of employee lifecycle management. When reviewing systems it is ideal to look for one that supports best practice performance management, rather than a system that can duplicate outdated manual processes. It is imperative that a new system saves time for everyone involved.

There are four main functions underpinning performance management. They are planning, coaching, reviewing and reinforcing – the system you select will add enormous value to your organisation if it can simplify and support all four functions.

Planning – in organisations with paper-based performance management, the planning stage can be cumbersome and time consuming. The planning phase should take into account the career development objectives of each staff member as well as look to align workforce goals with company strategy. A system that supports cascading individual, departmental and corporate goals is ideal to ensure workforce alignment with corporate goals.

Look for a system that allows organisations to create their own user-defined KPIs across different performance categories, as this will increase the likelihood of greater performance across these areas and will further support engagement. A solution that allows ratings for individual and team performance will align your workforce and promote greater teamwork.

During the planning phase, succession planning needs to be considered. Who are the flight risks in your organisation? What skills do they possess that are needed by the company and what are the future skill requirements of the business? Selecting a system that can support succession and career planning will ease the planning burden and ensure you have a constant supply of talent underpinning your business as it evolves and grows.

Coaching – by coaching employees during the review process they will obtain comprehensive feedback which drives future performance. A system that allows changes on the fly will assist managers in capturing useful information during performance review meetings. By uncovering areas for improvement during coaching and feedback meetings, areas for learning will be identified which will further support employee growth.

A system that stores a complete history of previous appraisals will give the manager a comprehensive picture of the employee – particularly if they have recently joined from a different department.

Underperforming employees can be costly to an organisation – the coaching phase can help to transition underperformers into valuable team members. If underperformance is not addressed, a gradual loss of productivity across the entire team may result. A solution that assists to identify and coach these employees may save your company thousands of dollars in lost time as well as help keep team morale at high levels.

Reviewing – regular reviews of performance plans are an ideal way to ensure employees stay on track with their goals.

Regular review meetings allow skills and competencies to be updated, which will ensure your skills framework remains current. Identifying and developing staff potential is one of the goals of performance management systems. A system that provides flexibility with review timeframes and skills updates will support the needs of everyone in your organisation.

Reinforcing – by conducting regular meetings to review objectives and progress assists with reinforcement. The alerts and triggers functionality offered by many performance management solutions will assist by scheduling regular meetings. Positive reinforcement will also occur through pay increases by selecting a system that offers integration with the payroll system; managers should have access to a complete history of salary increases.

In order for performance management to be effective, review meetings must be conducted at regular intervals to demonstrate to staff and management the organisation's commitment to this process. A solution that automates the dissemination of the review forms in predefined company timeframes will ensure company-wide commitment to this important function. In addition, the system needs to follow up with managers and staff when forms are not completed. This will save busy HR departments time.

Finally, by selecting a system that is fully integrated with your payroll and HR software, you will add value to these core functions and support best-practice performance management.

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