

PERFORMANCE MANAGEMENT

Winston Churchill wryly observed that: *"it is no use saying we are doing our best. You have to succeed in doing what is necessary."*

Performance Management Systems enable organisations to do just that: they enable organisations to set goals, monitor achievement against these goals, motivate superior performance, provide employees with feedback and take corrective action where employees are not contributing to organisation's results.

Critics may argue that an ever-changing operating environment renders performance management a futile exercise, however, even the harshest critics are generally silenced by the caveat, "measure what really matters", and the adage, "What gets measured gets done."

Performance Management Systems are often misunderstood: many mistakenly view performance management as a punitive system. Nothing could be further from the truth. The rationale for their existence is a desire to ensure that fairness, objectivity and transparency prevails in the quest to ensure consistent, sustainable business performance. Undoubtedly one of the greatest strengths of a Performance Management System is the fact that required performance levels, remuneration and incentives are documented upfront. There can, therefore, never be any "grey areas" or allegations that the goal posts have shifted. In this respect, the system protects employer and employee alike.

Performance Management Systems also play a very important role in talent management and succession planning. "Star performers," those who have met their goals, and non-performers are easily identified. The system plays an invaluable role when managers are seeking to identify candidates for promotion. Informed by the system, promotion decisions are objective and can be substantiated by quantifiable facts. If challenged, the employer can objectively justify why certain candidates may have been given preference over others, dispelling any notions of favouritism.

The management of non-performers is undoubtedly one of the most unpalatable aspects of the manager's role. It is, however, a necessary evil. Management guru, Peter Drucker contends: *"Executives owe it to the organization and to their fellow workers not to tolerate nonperforming individuals in important jobs."*

Performance Management Systems spell out the employer' expectations upfront. This means that whenever a manager is compelled to deal with a non-performer there is perceived fairness and absolute transparency because the manager is measuring actual achievement against predetermined goals. Since Performance Management is a corrective, and a developmental management system, the desired outcome is always to transform a non-performer into a good performer. For this reason, organisations are required to interrogate the reasons for non- performance and then implement the necessary remedial action to rectify the situation.

Best Practice corrective measures include coaching, training and mentoring. Having exhausted the best practice measures for remediation, if non-performance remains a problem, a disciplinary hearing can be held. Based on the transparent and corrective actions that have been taken in the past to correct non-performance, an organisation has a legal basis for defending the termination of employment of non-performers.

Ideally, a Performance Management System should form an integral part of an Intellectual Capital Management System. While the latter, enables organisations to hire, empower, retain and develop the best people, and mitigate business risks by ensuring that proper succession planning is in place, the former, ensures that the organisation remains firmly focused on results and measures performance, and take corrective action on an ongoing basis.

The words of American Businessman and former CEO of ITT are timeless: “It is an immutable law in business that words are words, explanations are explanations, promises are promises but only performance is reality.”