



# Performance Management Framework

Evolving Performance Management to Fit the Modern Workforce

by Stacia Sherman Garr  
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## Take-Aways

- Performance management's main goal is to administer talent and enhance superior achievement within organizations.
- It includes continuing "goal setting and revising, managing and coaching, development planning, rewarding, recognizing," and "performance appraisal events."
- Use the "Performance Management Framework" to structure these activities and optimize your staff's work.
- You should make performance management an ongoing activity, not just an annual employee review.
- Employee appraisal is the only part of performance management you should schedule.
- To be effective, a performance management system needs full executive support.
- It should evaluate individual and corporate performance, and its own functioning.
- Align your system to fit your firm's culture, talent management and business strategies.
- Tailor the system to suit various subgroups among your personnel.
- Create formal career development paths for all employees.

## Rating (10 is best)

Overall  
**8**

Applicability  
**9**

Innovation  
**8**

Style  
**7**

## Relevance

### What You Will Learn

In this Abstract, you will learn: 1) How to apply an efficient performance management system in your organization, 2) What the “Performance Management Framework” requires, and 3) How to use it to manage talent and improve performance.

### Recommendation

When Stacia Sherman Garr, a senior analyst at Bersin & Associates, compiled this foundational performance management report, she drew from interviews with leading talent management experts at companies of all sizes in different industries. Although its explanations can be a bit repetitive at times, this invaluable tool can certainly help executives improve organizational performance by providing employees with ongoing direction and support. *getAbstract* recommends this insightful, hands-on report to human resources and learning and development managers, as well as CEOs, business owners, and ranking executives.

## Abstract

### Continuous Performance Management

Performance is the essential internal engine of any organization that wants to achieve a notable impact in its industry. A performance management system encompasses everything managers do to “lead, manage, assess, and develop employees,” such as establishing objectives, planning individual career development, and various assessments, including “self-assessment, manager assessments,” and “360-degree assessments.”

Despite this broad range of activities, many leaders treat performance management as an annual event, like a trip to the dentist – a single, highly circumscribed appraisal with some goal setting thrown in for good measure. This is the wrong strategy. Performance management should be an ongoing activity, part of the warp and woof of your organization, as essential as unlocking the doors every morning. Performance management is the bedrock of meaningful management.

### A Strategy, Not an Event

“High-impact performance management” includes daily, continual “goal setting and revising, managing and coaching, development planning, and rewarding and recognizing,” along with periodic “performance appraisal events.” Deployed properly, performance management is the basic essential tactic a firm uses to make sure its people are working to accomplish its goals. Companies that update goals quarterly (a constant performance management activity) control costs more effectively and perform better financially than those that do not.

To begin instituting constant performance management, make it a human resources (HR) department imperative. HR should clarify that performance management goes far beyond assessment. In fact, its primary purpose is to “support and improve performance,” a goal that should become part of everyone’s responsibility. HR’s role is to move performance management along smoothly using a planned structure, such as Bersin & Associates’ “Performance Management Framework.” This system helps firms transform performance management from a sometimes event to an ongoing activity. It outlines the major elements

*“High-impact organizations know that the benefits provided by ongoing performance management will more than repay the investment.”*

*“Performance management is management.”*

*“Most organizations think of reward and recognition as something that occurs on an annual basis. This is a mistake.”*

*“Organizations should think of performance management primarily as a number of ongoing activities that a manager and employee engage in regularly.”*

*“Organizations which have employees revise or review their goals quarterly (or more frequently) have stronger financial performance and are better at managing costs than those that do not.”*

*“Do not let technology drive your organization’s performance management processes.”*

of a performance management program and explains how to make the pieces work together by using the following strategies, activities, and support structures:

### **“Performance Management Strategy and Audience”**

To make a notable impact, performance management needs clear support and strategic direction from the highest level of the company. Executives must ensure that the performance management strategy aligns with the firm’s culture, talent management and business strategies. Senior leaders must see that HR follows the agreed upon playbook and standardizes performance management throughout the firm. Executives can show commitment to performance management by rewarding good work, discussing coaching and objectives, and “delivering relevant and insightful feedback” to staff members.

To exercise executive oversight, establish a “performance steering committee,” recast inefficient performance management activities, demonstrate desirable performance management, reward top workers, routinely communicate with all employees about the firm’s performance objectives and make everyone personally responsible for developing junior employees so they meet their goals.

Some organizations use performance management primarily to comply with government regulations and internal business policies. Others use it to embed equitable pay and benefits policies. These are good reasons, but the primary rationale for performance management should always be to improve business results. Tailor your system to your firm by asking what purpose performance management fulfills for your organization. Also ask:

- “In what environment” do you find that your staff performs at peak quality?
- Which managerial “activities and behaviors best support that environment?”
- How can performance management “support and reinforce that environment?”

As you identify and implement the best tactics for improving your firm’s performance, heed the secret to great performance management: “sustainability.” For performance management to last over time, continually re-evaluate your program to ensure that it remains relevant. Too often, outdated practices linger and must be updated. As you phase out old practices, design new, specific performance management processes with a clear understanding of how they will affect various subsets of personnel in your company: executives, managers, professional and salaried employees (that is, those exempt from overtime provisions), hourly workers, union employees, and contract workers, as well as employees in special work or project subgroups.

One useful technique in creating tailored programming is to develop “composite characters of each talent segment,” for example, operations department manager “Maya Smith.” Determine how proposed performance management activities – such as “ongoing goal setting” – would affect this imaginary figure, and how much support “she” would need from HR and management.

W.L. Gore, a global technology and manufacturing company, uses performance management to support its highly collaborative corporate culture. It compensates associates according to their individual contributions as assessed by their customers and by peers who grade their performance. The company does not use conventional managers, but associates work with sponsors who assist in their development and performance management. “WL Gore believes that the culture creates energized employees who are part of effective teams which achieve higher-than-average business results.”

*“Sustainability enables the organization to keep performance management activities and processes aligned with what the organization needs.”*

*“High-impact organizations have much higher levels of integration between performance management and talent management than do other organizations.”*

*“Senior leaders set the tone for the organization’s performance management philosophy and the entire culture.”*

*“There is more to performance management communication than emails from business leaders.”*

## “Performance Management Activities”

Do not see performance management as a set of steps supervisors must take in addition to their normal work. Instead, embed the following activities – along with performance appraisal – as part of an integral process that enables managers to help workers improve:

- **Goal setting and revising** – Change occurs rapidly in business, so set goals every quarter. Research indicates that the more frequently organizations revise their objectives, the more successful they will be. Make sure all goals cascade downward through the organization. Individuals’ objectives should align with the firm’s goals.
- **Managing and coaching** – Managing is a command-and-control function, while coaching is a “best performance” function. Managing and coaching involve assigning management responsibilities, developing work plans, providing feedback, and, of course, coaching, a hands-on activity that helps employees perform better.
- **Development planning** – Create formal career development paths for all employees. For real operational impact, give individual development plans a high profile.
- **Rewarding and recognizing** – Make honoring performance a regular, not an annual, event. Rewards can be financial or not, but they should be motivational. Without proper acknowledgment, top performers will lose motivation, and it’s possible some of them will leave.

## The Performance Appraisal Process

Performance appraisal means both looking ahead to the future and examining past performance for lessons learned from both failures and successes. Make appointments for performance appraisals because the review process takes preparation and time. Formally scheduling appraisals protects managers from having workers claim to be surprised or ambushed by an evaluation.

Whether you conduct performance reviews every quarter, twice a year, or annually – or you use some combination of those time slots – regularly assess each employee’s work and personal progress. Base your report on the staffer’s self-appraisal, managers’ summations, and “multirater feedback...provided by skip-level managers, peers, direct reports, colleagues, internal clients and/or external customers.” Performance appraisal should straightforwardly cover “how” employees work, how their results compare to their colleagues’ results, and how underachievers must improve based on “measurable metrics” and outcomes. Appraisals also should evaluate “what” employees achieve, in terms of activities the organization measures differently for each person, including work responsibilities and goals, “competencies,” “behaviors,” individual capabilities, and promotion considerations.

## “Performance Management Supporting Structures”

Your HR unit provides the basic framework or structure – like the steel skeleton of a high-rise building – for performance management. HR gives performance management its “organization” and “governance” based on using the most appropriate “technology and infrastructure.” Today, technology is vital to talent management. In recent years, numerous high-tech systems have become available to support the overall human resources management system (HRMS). These systems boost various HR functions, such as “talent acquisition, onboarding, performance and succession management, development planning,...and workforce planning.” These applications enable HR personnel to evaluate and assess metrics with great sophistication.

High-tech performance management systems should be capable of monitoring and

*"A 'high-potential employee' is an employee who has been identified as having the potential, ability and aspiration for successive leadership positions...often, these employees are provided with focused development as part of a succession plan."*

*"Some best practices will work at some companies, but not at others. Each organization must use practices that align with its strategy and culture. Otherwise, the activity will be something driven by HR that business leaders fail to adopt."*

*"Performance management is not something that high-impact organizations 'do,' but is instead a way that works gets done."*

reporting on "goal setting, including cascading and aligning goals; goal revising; employee development planning; and performance appraisals." Normally, a performance management program will also include a dashboard with relevant measurable metrics, for example a "critical skills attainment."

### How Human Resources Departments Support Performance Management

The human resources department usually takes one of four forms:

1. **"Centralized"** – One central HR office manages the HR function for the organization.
2. **"Federated"** – Regional or "business-unit HR" offices operate autonomously, but according to general guidelines set by a central HR office.
3. **"Geographically centralized"** – An HR central office operates through regional HR offices, sometimes located in different countries.
4. **"Decentralized"** – The corporate HR office is not in charge; most HR decisions emanate from the business-unit HR groups.

To equip leaders for performance management, HR may provide "checklists, coaching how-to materials, examples of individual development plans, goal libraries, performance management FAQs, reference cards and [a] web portal to house performance-management-related materials." Leading organizations often designate "cross-functional performance steering committees" to govern performance management. This group sets a direction, assesses the effectiveness of its work, recommends changes as necessary and manages decision-making authority. HR may play either a central role, supporting and analyzing all relevant activities, or, more customarily, a "client-facing" role connecting to leaders, managers, and employees.

Using the right kind of communication can make performance management more effective. A senior executive should establish the environment for performance management by being the one who tells employees how the firm is going to handle it. Such communiqués should "implicitly set the expectation that managers are engaged in performance management activities every day." Leaders should discuss "performance management as a distinct process."

### Applying Aligned Performance Management

To apply the Performance Management Framework so it works best for your organization, bring senior managers and HR leaders together to explore how to align it with your business goals and talent management activities. Evaluate each potential performance management activity by asking if it "actually improves the individual's performance." Then, use it or not accordingly. To achieve top results, make performance management a self-perpetuating, daily activity, not a pill you swallow once or twice a year. Your goals are to support profitability, build talent, engage and empower employees, and give leaders up-to-date, in-depth knowledge about their workforce.

## About the Author

**Stacia Sherman Garr**, a senior analyst at Bersin & Associates, is an expert in leadership development, performance management, succession management and employee engagement. Other Bersin & Associates guides include *The High-Impact Learning Culture*.