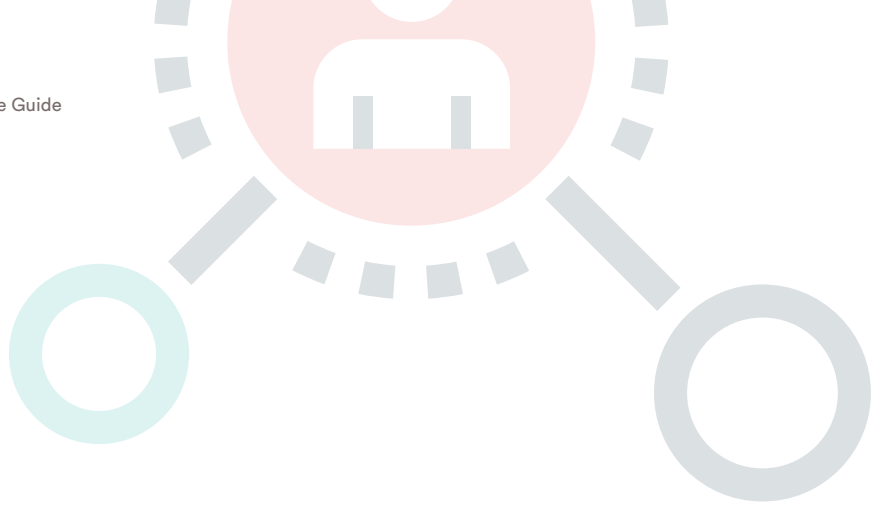


Managing People, Driving Performance: A Good Practice Guide





Introduction

Driving employee performance to improve productivity and effectiveness has always been of great importance to companies. Over the years, particularly in the last decade, performance management thinking and best practice has evolved significantly, with this evolution accelerated even further by the Covid-19 pandemic. The global lockdown and subsequent transition of many employees to remote or hybrid working resulted in many companies having to swiftly review their operating model, adjust their management practices and modify their leadership styles to adapt to the new way of working. One key area of concern for companies has been how to support their employees to continue to deliver performance in this new environment.

The pandemic has caused such disruption to the way we work that it is clear life will not return to pre-Covid times. Recent surveys have, for instance, found an overwhelming preference by employees for remote working, going into the future. As a leader operating in a business environment that is ever-changing, you may be thinking of how to adopt a more strategic approach to driving the performance of your employees - one that helps your business remain agile and at the same time, secures your ability to continue to achieve the results that support your strategic ambitions.

As an employer, you may be asking:

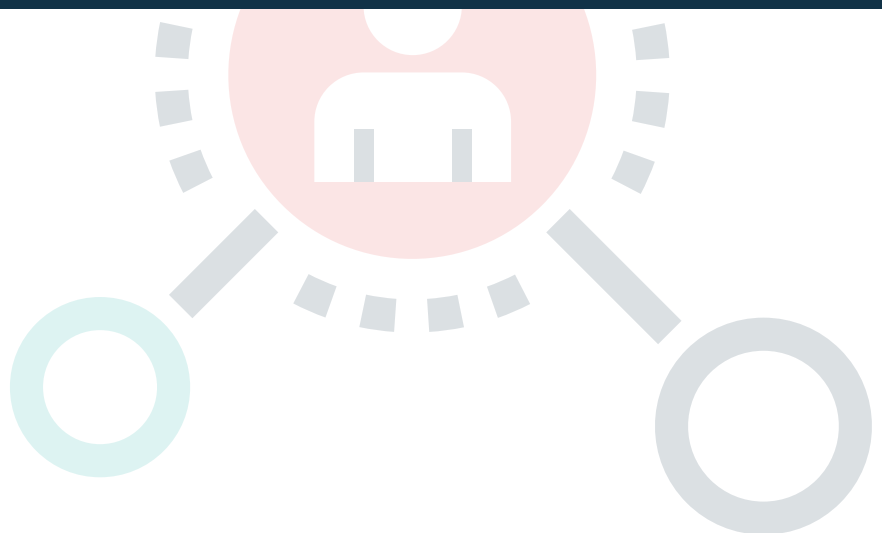
- ? How do we set goals that are relevant and achievable, especially when the environment is constantly changing?
- ? How can we accurately assess performance when our employees are working remotely?
- ? How do we support our managers to have meaningful performance conversations?
- ? How do we ensure a level playing field for both our office-based and remote-working employees?
- ? Is our performance management process still fit-for-purpose or do we need to change it?
- ? Which practices do we need to modify, introduce or discard?
- ? How do we simplify the process without it losing its essence?

When it comes to performance management there is no one-size-fits-all solution, and what works for one company may not necessarily suit another. Consequently, companies need to rethink how they implement performance management to ensure it is effective, particularly in light of the new ways of working.

This guide aims to inform, equip and support you to identify the necessary changes to how you drive employee performance, so that you can implement and embed the culture and practices that suit your business. Where appropriate, we have included a range of practical tips, tools and templates that you can take and apply within your business, to deliver sustainable and measurable performance improvements.

In addition to the guide, Enterprise Ireland offers a range of supports our client companies can avail of as they seek to improve their performance management process. These supports include one-to-one guidance from our [People & Management Specialists](#), access to external HR consultants, eLearning solutions and [Leadership & Management Development Programmes](#). To find out more, please speak with your Development Advisor or Enterprise Ireland contact.

Lola Ade-Onojobi
People & Management Specialist
Enterprise Ireland





Context and Overview

Good performance management is at the heart of every successful business. While many companies strive to have a thoroughly engaged and productive workforce, and believe that their employees are their greatest asset, managing performance is rarely easy. Managing people is an art, rather than a science. There is no set rule book or formula which companies can apply to best manage their employees or their performance.

Views on how best to manage employees and their performance have been shifting over the past decade. Performance management thinking and best practice were already evolving before the Covid-19 pandemic struck in early 2020, as documented by the Harvard Business Review article [The Performance Management Revolution](#), and by Our Tandem in their white paper [The Future of Performance Management](#). Many companies were already questioning whether traditional performance appraisals and a top-down approach to managing performance really worked. The pandemic has made companies question what they could or should change to keep pace with the latest thinking. Whatever stage a company is at in its growth journey, now is a good time to consider how to manage employees and their performance.

The pandemic has also had a profound impact on employees and workplaces. Some companies switched to remote working when the pandemic struck, affecting how they needed to manage, motivate and communicate with their staff. Other companies relied on their employees travelling to the normal workplace throughout the pandemic, and had to put in place additional processes to safeguard the safety and welfare of all.

This guide aims to:

- Define good performance management and outline the key attributes
- Explain the evolution in performance management best practice and thinking over time
- Outline the impact of the pandemic on organisations from different perspectives (leaders, managers, employees and HR), as well as the shifting impact on performance management perceptions, and practices
- Describe all the foundations of good performance management including goal setting, check-in conversations, fluid feedback, formal performance reviews, and reward and recognition
- Provide practical and informative advice for business leaders, managers, employees, and HR to build awareness and understanding, and provide 'how to' guidance to enable companies to make the necessary changes
- Explain why organisations should establish a performance culture, how to do it and how a coaching leadership style can enable this
- Outline important change management considerations for employers so they can develop a plan to implement and embed their new performance management practices
- Provide practical tips and tools to build communication to ensure the changes are successful and that they take hold

This guide is informed by a deep knowledge of good performance management best practice and latest business theory. It is also informed by deep expertise in how SMEs operate performance management in practice. The guide will be useful to companies of any size or stage of maturity, but it has been written with particular reference to an SME audience.



1. Foundations of Good Performance Management

1.1 Definition of performance management

Performance management is an integrated and developmental approach to driving high performance by maximising employee potential and growth.

This is a great definition because it highlights these key words:

‘integrated’ – it is important to take a coordinated approach to managing both company and employee performance. Your approach and practices should make sense to employees and managers and fit with your company circumstances and culture.

‘high performance’ – there is a proven linkage between good performance management, happy, productive employees and bottom-line results. As McKinsey have pointed out, “organisations that get performance management right become formidable competitive machines”.

‘employee potential and growth’ – effective performance management is the ultimate win-win. Everyone benefits from employees bringing their best self to work every day, constantly growing their skills, experience, contribution and potential.

1.2 Key attributes of good performance management

Good performance management has certain key attributes with which you can assess your current performance management system in order to identify areas where improvements can be made.

KEY ATTRIBUTES OF GOOD PERFORMANCE MANAGEMENT	HOW THIS TRANSLATES INTO GOOD PERFORMANCE MANAGEMENT PRACTICE
Employees know what they are expected to contribute and have clear business goals. Employees also have clear development goals which guide constant personal growth.	Business and Development Goals
Employees and managers have frequent, constructive performance conversations and have a trusting, adult-to-adult relationship. The manager takes the role of ‘performance coach’ (not judge).	Check-in Conversations
Feedback flows freely across the company downwards, sideways and upwards. People give honest but constructive feedback in the spirit of maximising growth and performance.	Fluid Feedback Culture
Employees know where they stand and how their performance is perceived by their manager.	Performance Reviews and Ratings
Employees feel valued and recognised for their contribution.	Reward and Recognition

1.3 How to choose an appropriate performance management approach

There is a variety of factors that could influence a company in choosing an appropriate performance management approach. Three key factors a company may wish to consider include:

- Nature of sector and environment
- Nature of workplace and size (for example, office-based or not office-based, no HR department or with an HR department)
- Nature of decision-making (for example, are decisions made centrally by an owner-manager, or devolved?)



Nature of Sector and Environment

When reflecting on the appropriate performance management approach to select, you should consider the sector and environment you operate in. This will help you adopt the approach that suits and aligns to your needs.

Some companies will find it easier than others to adopt a continuous approach to performance management. This approach is often easier to adopt where there are no legacy issues or employee expectations of how the process should operate. These companies should use this guide to move towards a continuous performance management approach for managers and employees. We recommend starting by introducing fluid feedback, agile goals or check-ins. Build on success by adding other parts of the process every few months to maintain momentum but not overwhelm people.

Some companies operate in more traditional sectors or have been in existence longer. When managing their people, they may take a more traditional approach, for instance because the nature of the work, working hours and compensation are fixed and transactional. Trade unions and work councils may play an important role. Supervisors and managers may tend to take a more directive and structured approach to managing their employees which may lead to greater rigour and discipline but reduce flexibility and agility.

Companies operating in traditional settings, or with a long history, should consider taking a step-by-step approach to continuous performance management, for example:

- Introduce a feedback culture. Encourage multi-directional feedback – communication should flow sideways (from peer to peer) and upwards as well as downwards.
- Educate your managers or supervisors to take on the role of 'performance coach' to their teams, teasing out ideas from their teams in a collaborative fashion.
- Introduce quarterly check-ins to discuss performance, personal development, employee well-being and career aspirations.



Nature of Workplace and Size

You should consider the nature of your workplace when deciding how best to manage performance. Companies where employees are co-located may find it easier to adopt a consistent and progressive approach to performance management. When employees work alongside their managers and leaders every day it can be more straightforward to build close working relationships. For companies whose employees work shifts, work remotely or in dispersed teams, managers will need to work harder to set and monitor goals and check in regularly.

Sharing tools, templates and best practice across your company helps to ensure that your performance management approach is consistent and transparent across all teams. Some companies choose to invest in specialist performance management software which host goals, feedback, check-ins and engagement data on a single platform which can be very beneficial to drive high engagement and performance.

It is critical for every company to assign responsibility to someone to take ownership for the process and ongoing success of performance management. In smaller organisations this may be a Chief Operating Officer or head of the back-office function. Where a company has an HR specialist or team, they should assume ownership for performance management, guiding managers and employees in the process and practice of good performance management.



Nature of Decision-Making

Companies should adopt a performance management approach which matches where and how decisions are made. For example, in owner-manager companies, key decisions may be made by one individual or a small leadership team. In such companies, performance management processes should be kept light and simple so as not to add unnecessary bureaucracy or complexity.

Other companies may have more devolved decision-making. They should consider giving managers a degree of freedom to manage employee performance within certain parameters. The concept of 'freedom within a framework' can be very valuable for more dispersed companies to allow managers an appropriate degree of devolved accountability.



5. Conclusion

Consider your culture and what approach will work best for your company

When building a performance management framework that works for your company, the focus should not be about building the perfect process because ultimately there isn't a one-size-fits-all solution. The nature and manner of how you design and implement your chosen approach should be reflective of what best fits your existing culture while also taking into account how you would like your culture to evolve over time.

While your performance management approach should include a range of key elements such as fluid real-time feedback, regular check-ins, goal-setting, development, recognition and reflection or review, you should consider carefully how to embed these practices into your company. What is right for one business will not necessarily work for another, so proceed with caution when making decisions on areas such as goal frameworks (SMART versus OKR versus Agile) or whether to use rating scales. If your culture is highly reliant on strong collaboration and teamwork it may be better to use a more informal approach to performance management, built around check-in frameworks and regular feedback and touchpoints. Whatever approach you choose will ultimately depend on what will serve your greater purpose and culture.

Support your managers to build the necessary skills for effective performance management

Introducing new performance management interventions is a leadership journey as much as a cultural one. Consider upskilling your leaders in coaching techniques and helping them with guided discussion tips or prompted feedback to get them started. Over time, your leaders and managers will build a greater 'muscle' around these activities and they will come naturally. However, in the early days, like all new activities, it may not feel natural to have these more structured conversations or feedback practices - so don't expect overnight skill in this regard. The key to success here is to create discipline and habits around these practices, so be very clear about what is expected and how often it should happen. This will help normalise the practices and develop capability around them over time.

Building a performance culture is a journey so consider both the new practices to introduce and the process of introducing them

When developing a new framework for your business, spend as much time considering how you embed these new activities, as you do considering the process itself and the practices. Change management is key to successfully embedding these new practices and ensuring that your managers have the right capability and technologies to enable them to deliver your new practices effectively. When done well, you will see the rewards for yourself, through heightened engagement, greater levels of trusted relationships, clear understanding and accountability, and ultimately higher levels of performance.

Building a performance culture is a journey and it shouldn't be considered an overnight one. Consider phasing in new interventions over time, as opposed to a 'big-bang' introduction that could overwhelm your business with too many new interventions introduced all at once. Your employees' capacity to take on additional change should also be a key consideration so, as always, timing is everything here. Initially, you may face resistance and challenge in introducing new practices, but commit to your end goal and when your people build their capability and skillset over time, they will thank you for a better working environment.

Adapt the practices you introduce to suit the requirements and maturity levels of the different teams in your business

Your organisation's maturity in any of the performance management practices will dictate the speed at which you embed your practices and their effectiveness. Bear in mind that not all areas of your business will carry the same levels of maturity or requirements and you may need to adjust your practices to suit differing parts of the business.

While we recommend that there is a consistent baseline across the business to your performance management framework, it may at times make sense to adjust certain cadences to suit departmental needs (for example, salespeople on the road may not want regular face to face check-ins, and may be more comfortable with real-time feedback practices). While you should consider the day-to-day realities of the business don't let it be a factor that stops you from taking your performance management framework forward.

The right performance management framework for your business can deliver real benefits and help you drive bottom-line results

Ultimately, people like to know where they stand, and having regular performance conversations and feedback, with real clarity on goals, helps them achieve that. It is an innate human need to want to grow, evolve and develop so ensuring there are appropriate processes in place can make a real difference to the engagement and ultimately the retention of your people.

With the right performance management framework, you can not only manage employees' expectations, but manage high performance, low performance and everything in between. The right performance management framework for your business can deliver real benefits in terms of employee engagement, retention and team spirit and will help you drive the bottom-line results of your business.

6. Glossary of Terms

Agile Goals

Setting near-term business goals with an expectation that goals will be updated, amended, replaced, and even deleted quite frequently.

Calibration

An optional step in the process where you can compare and contrast individual ratings, sometimes according to a predefined bell curve, to create an aligned perspective on what high performance means for your organisation and ensure a consistent rating philosophy among your managers.

Change Management

A deliberate process and tools to lead the people side of change to achieve a desired outcome.

Check-in Conversations

Check-in conversations provide a framework for frequent performance discussions to keep communication open and free flowing at all times between an employee and their manager.

Coaching Leadership

A leadership style that involves recognising team members' strengths, weaknesses and motivations to help each individual improve.

Feedback Culture

A strong feedback culture can help companies to improve performance, improving the levels of trust and communication, and strengthening bonds between employees and managers.

Performance Management

Performance management is an integrated and developmental approach to driving high performance by maximising employee potential and growth.

Goal Alignment

Alignment is both a 'bottom up' and 'top down' process that ensures linkage between overall business priorities and employee goals.

Goals or Objectives

Some companies may choose to use the term 'objectives' or 'priorities' rather than 'goals'. Throughout this guide we always use the term 'goals' but these terms are interchangeable.

Objectives and Key Results (OKRs)

A methodology which breaks goals into Objectives and Key Results.

Performance Reviews

A vital part of the performance management process, proving an opportunity for the employee to understand how their performance is viewed by their manager and their company.

Personal Development Goals

Personal development goals help an individual to grow and perform to their maximum potential and help employees to maximise their strengths and mitigate their development areas.

SMART Goal-Setting Framework

A useful acronym used to ensure goals are Specific Measurable Achievable Relevant and Timebound. On occasion 'A' stands for Actionable and 'R' stands for Results Oriented.

Sprint Goals

Sprint goals clarify the purpose of the next stage in a development process.

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Our Tandem

In conjunction with
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About Enterprise Ireland

Enterprise Ireland is the government organisation responsible for the development and growth of Irish enterprises in world markets. We work in partnership with Irish enterprises to help them start, grow, innovate and win export sales in global markets. In this way, we support sustainable economic growth, regional development and secure employment.

About Our Tandem

Our Tandem is an award-winning Continuous Performance Management platform, trusted by enterprise organisations in 53 countries, on six continents around the world. Our Tandem helps organisations deliver a human centric approach to performance management with a platform that is designed to inspire, with simplicity and ease of use. We help you transform performance management from a process to an experience. Designed to accelerate leadership coaching capability and provide the tools for employees to own and drive their own development. Our Tandem, where performance management meets employee experience.

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