

Executive Briefing:

On the Line: the Manager's Role in Performance

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INTRODUCTION

The challenge presented by effective and strategic performance management has ignited intense interest and debate. Beyond performance reviews, performance management systems and processes are being integrated with hiring, retention, learning, compensation and career transitions initiatives. For performance management solutions to fulfill their potential, they must inform the other critical components of strategic talent management. Strategic and integrated performance management not only drives effective measurement, it aligns hiring and retention efforts with corporate objectives and focuses those efforts where they will produce the greatest returns.

Traditionally, HR spends considerable time trying to improve (and enforce) performance management systems. But if performance in general is considered, it is the line manager, who is fundamentally accountable for the performance of the team. With the availability of technology-driven performance management processes, line managers and HR face a typical predicament. Line managers have conventionally focused on day-to-day business processes geared to producing business results, whereas HR devises programs to enhance and measure such processes. Given this delineation of organizational roles, it is almost always the case that HR chooses and introduces performance management programs and technology and then expects line managers to embrace them. Whether it is paper and spreadsheet driven or assisted by sophisticated web technology, performance management is only effective when line managers see value in the systems in use.

Given the prevalence of broken and dysfunctional performance management processes in organizations, combined with the promise of new technologies designed to ease the pain of performance reviews and performance management in general, the Human Capital Institute assembled an expert panel to delve into this topic. Our intent was to shed some light on best practices and new ideas for effective performance management, particularly through better HR, line manager relationships.

WHAT DO LINE MANAGERS THINK THEY SHOULD DO IN MANAGING PERFORMANCE?

Line managers have very different sets of expectations, aspirations and ideas around performance management. This makes it imperative for HR to know and understand the line manager's perspective. HR cannot expect, however, that managers will agree on the performance process, there may even be a resistance to accepting such processes in the first place. According to Steve Johnston, Vice President, Human Resources at Union Central,

"there are two kinds of line managers who have distinct ideas about managing performance. There are those managers who think about managing performance but want a simplified system and there are those who don't think about performance management and want a system that can justify somebody's behaviour. Such line managers have already worked out in their heads whether they want to give somebody a raise or a promotion and are looking for an application or a process to support their findings. These managers also indulge in inappropriate forms of performance appraisal. So, characteristically speaking, line managers do not generally put a lot of time and effort in managing performance if they can find a way to get around what HR has put in place. "These attitudes can be overcome", says Johnston, "If we give people goals and measure them against these goals rather than normal competencies."

Monika Schmidt, Managing Partner at Organization Metrics, Inc., agrees that many managers use systems to justify decisions they've already made related to promotion, compensation, firing, etc. However things are not all that bleak. Over a period of 3 to 4 years, Schmidt has noticed that "more and more managers are using performance management systems to set expectations for people, monitor their progress against the expectations, and evaluate performance." She also sees a smaller number of managers willing to use the systems to facilitate ongoing performance discussions with their reports.

Bob Angel, Founder of The Gilford Group Limited, reminds us that "line managers work with their people all the time but with HR only or mostly during performance appraisal time. Performance appraisal tends to be something they are told to do [once a year] and so are of the mindset not to do it unless HR insists on it.¹ The only way line managers can be taught to be more attentive to performance management issues is by educating them and making them see the benefits. That performance management is not just about performance appraisal but about the goals of the organization. They should then be able to establish the connection between individual performance and the meeting of business goals."

Lynne Morton, Principal at Performance Improvement (PI) Solutions, also believes that performance management goes beyond annual performance appraisals to managing expectations in terms of aligning

individual and organizational expectations. "If there is an integrated approach to managing performance by creating a mindset around developing talent, accountability among line managers for the success of their team members increases. A continuous process of feedback and development targeted at line managers can take care of the distance between line managers and performance management in organizations."

WHAT DO EXPERTS THINK LINE MANAGERS SHOULD DO AROUND PERFORMANCE MANAGEMENT?

The notion that performance management is only a performance appraisal ritual is ingrained in most line managers' minds. The idea is so pronounced in organizational thinking that experts today call for a demarcation between performance management as simply appraisal and Performance management in terms of getting more out of the team. Appraisal, of course, is only one part of the process.²

Jason Corsello, Senior Analyst at The Yankee Group, believes that performance management is mainly about aligning business goals with individual objectives. He maintains that, "the one reason performance management has not taken off in a significant way among line managers is the absence in the past of good tools and technology." Past tools and processes, says Corsello, "have had a negative impact on line managers in terms of pushing them away from performance management initiatives." Now companies have a wide variety of tools apart from appraisal tools – such as goal alignment and succession planning – that they can choose from in order to leverage technology in a better way. "If the companies keep in mind the needs

¹See Robert Bacal's "Ten Stupid Things Managers Do To Screw Up Performance Appraisal" at <http://performance-appraisals.org/Bacalsappraisalarticles/articles> for an account of what can go typically wrong with any appraisal process.

²See Robert Bacal's "Seven Stupid Things Human Resource Departments Do To Screw Up performance Appraisals" at <http://performance-appraisals.org/Bacalsappraisalarticles/articles>. Bacal however, does not believe in making the appraisal process more technological, suggesting that it robs the program of its interpersonal character.

of line managers while shopping for solutions and then motivate them to use them, it will not be difficult to get line managers to fall in line." Advises Corsello.

The panel agrees that alignment issues are the most important for line managers in performance management. Managers must be able to see their goals and the goals of their team within the bigger picture of the organization and they must understand how they will be measured against achieving those goals. Steve Johnston recommends the use of cascading goals to manage alignment. He feels HR is still not effective at showing people exactly how their objectives fit within the overall objectives and goals of the organization. Worse, goals defined by HR are often ambiguous when it comes to measuring whether they've been met.

Bob Angel strongly recommends visible alignment between corporate objectives and individuals' goals, on the one hand, and an alignment between the cascading goals and what the individual wants to do, on the other. "It is the mismatch between the two," he says, "that is often the cause of under-performance." For example, if people are becoming busier as the economy improves, they may have to spend more time at work and less at home with their family. That is a potential point of conflict. Another potential area of conflict takes place when people are asked to do things that they feel go against their personal sense of ethics.

"If line managers refuse to bite the HR bait, then there are many challenges for HR managers in store", says Monika Schmidt. It is imperative for HR to provide not only the training and tools to line managers so that they can adopt performance management processes, but also to unambiguously communicate the culture or context in which they are expected to arrive at their goals. "There are individuals in every organization," says Schmidt "who meet their numbers but who alienate everyone in the organization."

Lynne Morton believes that "giving and receiving feedback is at the core of performance management initiatives and HR cannot assume managers will do it. There is an urgent need for a big culture change, she says, to ensure that managers understand the importance of this element of performance management."

WHAT DO LINE MANAGERS WANT FROM HR?

Chief among what line managers expect from HR is training to transform performance management into an open communication process. Line managers, our experts maintain, are reluctant to join in whole-heartedly unless there is something in it for them. And that something, according to Bob Angel is "alignment between what they want personally from the goals, and the goals of the organization. There are three levels here", says Angel, "comprising the supervisors above and the employees below the line managers. The line managers treat their subordinates the way their supervisors treat them. So performance management has to take into account those considerations as well during goal setting and measuring."

Normally, HR is responsible for implementing performance management systems. Invariably such processes go through an adoption cycle. Line managers and employees have their own motivation for using performance management systems. Jason Corsello fears that "in most cases after a performance management system is put in place, the intent of the system is never properly communicated. Things like the rationale or objective behind bringing in a system are not always communicated and that creates a sort of fear among the staff."

Steve Johnston believes that managers want HR to help them set good goals that are measurable and that the manager, as well as the employee, can identify with. But there is no changing the perception that line managers generally don't expect much from HR in terms of making life easier for them. Lynne Morton suggests that such impressions can be overcome if HR does not inundate a line manager's desk with more papers

to fill out with no apparent benefit. "The managers," she says, "want tools that will give them better business results and help them to work more effectively with their people."

"If line managers find themselves accountable for the use of the tools," says Monika Schmidt, "they are likely to use them." Schmidt is of the opinion that the impetus for implementing tools and processes around performance management must also come from executives – a top down directive or the stick to go along with the carrot. Senior management must motivate line managers to use the applications and tools but, at the same time, individuals must be enticed to participate because they are a part of developing a process that they believe will be beneficial. When everybody is represented and everybody has a say in what is important to them, they feel more impelled to participate and contribute. Morton terms this 'the partnering approach', and agrees that in practical terms, it is necessary very early on in the performance management process. Consequently, performance management begins to be seen as a business process, executive driven and supported, rather than just another HR initiative.

It is important to note that while the above is typical, in some cases, line management has actually lead in the push toward performance management technology and performance management systems. David Creelman points out that he has witnessed this when managers come into organizations from ones where they have had good experiences with performance management technologies and systems. In such situations, they are likely to approach senior management and/or HR to suggest changes in processes or technology.

WHAT DOES HR WANT FROM LINE MANAGERS?

Steve Johnston says "HR wants line managers to accept performance management processes as their own rather than see them as an HR driven process." He believes that this can be accomplished by partnering with the top performers – champions, in the organization.

Bob Angel thinks that HR wants to feel they are playing a role in total organizational performance just as line managers would like to see the employees under them performing and producing desired results. Ideally, therefore, between the three of them and the organization, all are committed to show some results. Lynne Morton also supports Angel's idea and says that basically, HR wants some attention and credibility from the line managers. That should encourage more participation from line managers.

Monika Schmidt sums up the expectations of two different kinds of HR staff, when she says: "In the best organizations, HR wants to partner with line managers and in the worst organizations, HR wants the managers to take the whole thing over." She also cautions HR against playing a policing role, as that will have a negative effect on mobilizing support of employees and line management.

PULLING THIS TOGETHER: HOW DO HR, LINE MANAGERS AND SENIOR MANAGERS COLLABORATE ON RUNNING AN EFFECTIVE PERFORMANCE MANAGEMENT SYSTEM?

In the best of organizations, performance management processes are intertwined with talent management programs. Morton strongly advocates this organizational practice. She says: "Senior leadership should actively and visibly build a talent mindset as talent is essential to organizational success. A Performance management process is one of the many tools available for the development of talent."

In the trio consisting of senior management, line managers and HR, Steve Johnston says, HR is a strategic partner. Angel feels the challenge for HR is how to review performance in order to take the company to a 'high performance culture'. Schmidt does not rule the powerful role senior leadership can play in early adoption of performance management processes. "Everything starts from the top, she says, and flows from there."

A basic problem encountered all too often by HR pertains to the setting of goals. Goals are not easily definable in industries that have a bulk of software, electrical and mechanical engineering personnel. This is because in such organizations, given the background of the managers, goals are very precisely and scientifically defined, but not

so much the context in which these goals are to be realized. In such situations, tools and applications should be flexible enough to support different populations and their different needs. Training requirement accordingly, will be different for say, engineering, operational, or sales personnel. The team leader, who in most cases is the line manager, plays the key role of bringing engineering and non-engineering staff together to meet targets. Morton states the specific nature of the problem in industries that have a large staff with professional scientific grounding, when she says: "We are struggling with people who are more comfortable with numbers than behaviour." In order to align such employees HR needs to establish the critical relation between behaviour and business result and give them some coaching on how to give feedback.

Far too often HR has been charged with not following a collaborative process when it comes to auditing of employee performance. A radical approach to such problems now lies in allowing line managers an audit role in measuring their performances, their goals. A basic requirement here is to have fewer goals – that are important and not soft, as they are difficult to monitor.

SUMMARY

In conclusion, it may be said that line managers have a pivotal role to play in the adoption and deployment of processes and tools that impact performance management. While HR can initiate programs, it cannot impose. Line managers have a range of expectations from HR just as HR has an equally diverse set of aspirations from line management. While line managers have been slow to react to the performance based initiatives of HR, HR has at times, been unable to communicate the rationale or logic driving their interventions. In the absence of real, immediate benefits, line managers cannot be expected to follow HR directives. With contradictory sets of expectations and directions, both line managers and HR personnel can find themselves very easily at the opposite end of the discussion table. To make the process of performance management truly collaborative and synergistic, line management, HR, and senior leadership should find a lot of common ground to walk on. One way of attracting line management to the managing of performance is by making line managers accountable for the early adoption of processes and technologies. This however, is possible only with the training and support that HR is ready to provide. HR must also clearly establish the link between the achieving of individual goals and the accomplishment of key business results. Once employee level goals are aligned with those of the organization, line management's role in performance will be centralized.

ABOUT THE PANEL PARTICIPANTS:

The guest moderator for this open session was John Chaisson.

BOB ANGEL THE GILFORD GROUP LIMITED AND TPS PERFORMANCE CANADA LTD

Bob has built a reputation as a consultant and pioneer in customer strategies, performance management and risk management since founding The Gilford Group Limited in Toronto in 1985. He helps major organizations put innovative strategies into practice, defining and implementing business requirements to understand customers as individuals. He specializes in performance measures, scorecards, service delivery, culture change management, process improvement, and business cases.

JASON CORSELLO THE YANKEE GROUP

Jason Corsello is a senior analyst for the Yankee Group's Business Applications & Commerce advisory service. He focuses on a range of enterprise infrastructure and application strategies including human capital management, supply chain management, and business integration tools and technologies. His current areas of research concentration include: workforce lifecycle management, employee performance management, trading partner enablement, business integration, and business process outsourcing.

MICHAEL GEORGE KNOWLEDGEPOINT

Michael George is a performance management product strategist with Recruitmax Software and the driving force behind the Company's next generation performance management solutions. He has been involved with technology applications for more than 15 years and is passionate about helping organizations utilize technology to attract and retain top talent, increase employee engagement through performance management and build a more strategic workforce.

STEVE JOHNSTON UNION CENTRAL

LYNNE MORTON PERFORMANCE IMPROVEMENT (PI) SOLUTIONS

Lynne Morton is President/Principal of the US-based consultancy, Performance Improvement (PI) Solutions, a firm that consults globally with prestigious public and private sector organisations. With over 25 years experience addressing organisational development and change-related issues, her practice focuses on talent management and leadership development. Lynne is a globally recognized thought leader on talent management and frequent speaker. She is the author of many articles, two reports for The Conference Board - Integrated and Integrative Talent Management (2004) and Talent Management Value Imperatives (2005)- as well as Differentiating Talent Management (CRF Publishing, 2005). Her background includes senior management positions at PricewaterhouseCoopers and Marsh&McLennan Companies, plus volunteer work on public policy and management issues. Lynne serves on the Board of Directors of the ODNetwork of Greater NY and the Talent Management Thought Leaders panel for HCI.

MONIKA SCHMIDT ORGANIZATION METRICS INC.

Monika Schmidt is Managing Partner of Organization Metrics Inc., an internationally recognized provider of HR management software and best practice consulting. With more than 20 years of HR and strategic planning experience in both the public and private sector, Monika has shared her experience and research with some of the world's largest and most successful organizations.

About the Author



John Chaisson is a Senior Director with the Human Capital Institute and leads the Talent Acquisition thought leadership panels and webcast activities for HCI. He is also the Chief Purpose Prophet and Principal Qualitative Analyst for The Prophet Group based outside New Orleans and is responsible for uniting the leadership perspectives, approaches and tools for building leaders and leading enterprises. John has built a career founded on the “purpose” of fostering sustainable workforces, businesses, services and products. After completing Stanford Law School, he worked as a corporate attorney for leading law firms including internationally-renowned Wilson, Sonsini and later began his Silicon Valley business career as General Counsel and VP Business Development for Resumix, also supporting public software and HR services giant Ceridian Corporation. He later co-founded several market-leading technology and management consulting groups focused on ERP software and Human Capital solutions, before launching TPG. Among other roles, he is a Member of the National Advisory Board of the Human Capital Institute and a Board Member of consumer electronics incubator, Sector Labs.

ABOUT THE HUMAN CAPITAL INSTITUTE



The Human Capital Institute is a catalyst for innovative new thinking in talent acquisition, development and deployment. Through research and collaboration, our programs collect original, creative ideas from a field of top executives and the brightest thought leaders in strategic HR and talent management. Those ideas are then transformed into measurable, real-world strategies that help our members attract and retain the best talent, build a diverse, inclusive workplace, and leverage individual and team performance throughout the enterprise.

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