

Practical people management, step by step



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Help your managers to understand why performance management is important to your business

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Help your managers to understand why performance management is important to your business

“I guess I really should focus more on managing my staff members performance, but there are so many other things I need to do it just doesn't seem a high priority.”

Do your managers need help in understanding the value of managing performance? Do they need to understand why effective performance management is a critical commercial issue and how effective P&S management impacts business success? Only through getting this clarity can a manager gain the confidence that there will be some real business benefit derived from their efforts.

So what is the commercial imperative for managing P&S? Well you'll have heard the well worn statement 'people are our most valuable resource'? Hackneyed, yes but also true. Here's a way of looking at it;

The Business Case for Managing P&S

Let's assume that your organisation exists for one purpose only. The only purpose of your organisation is to meet its corporate goals. These goals might be profitability, stakeholder value, to provide innovative solutions to client problems, to promote healthy living. Whatever they may be, corporate goals are the 'raison d'etre' of any organisation. So far so good.

The only way any organisation can meet its corporate goals consistently and effectively is through the high performance of the people within the organisation. The individual people who make up the business. I guess that's obvious?

Then it might also be obvious that in order for our business to be successful we need to:

- a) Ensure everyone in the business understands how their performance contributes to meeting the corporate goals – they understand in detail what they need to do to make that contribution
- b) Ensure that everyone in the business is performing effectively and so fully contributing to the corporate goals
- c) Identify and give the support and encouragement people need to perform effectively and fully contribute
- d) Recognise and reward high performance and contribution
- e) Recognise and address low performance and contribution.

In short, manage people's performance.

The consequences of not managing performance

Here are just a few:

- High performers leaving the business because they don't feel recognised or rewarded
- High performers 'dumbing down' their performance because frankly no one seems to care so why make the effort?
- Potentially high performers never reaching their potential
- New recruits never 'getting off the ground'. Either grinding their way alone to average performance or leaving to join a competitor
- Low performers continuing to struggle to make a valuable contribution.

And of course the chances of the business achieving its corporate goals consistently and in the most effective way are slim.

Here's what the research says

Proudfoot Consulting's (www.proudfootconsulting.com) annual Productivity Survey for 2007 shows that in the UK 33.3% of the time spent in work is unproductive. Taking into account that they estimate that the optimum 'labour utilisation' time is considered to be 85% this means that UK businesses are wasting just over 18% of working hours.

Here's what they say about the reason:

"Whatever business you're in, pay particular attention to the calibre and capabilities of those who directly supervise frontline workers. Poor worker supervision has always been a prominent reason for wasted working time in our Business Reviews and in the last two years has risen to become the dominant factor"

That's just short of a day a week, then, lost to poor supervision. And if Supervisors aren't supervising, can we also assume that not all managers are managing? I'd have to say yes. And it's costing the business.

Practical Action Options

- a) Analyse your business – you could use the bullet points above along with exit interview information, performance review statistics / information, feedback from staff – identifying the costs to your business of not managing performance. Share the results with your managers, focusing on developing together strategies to reduce the costs.
- b) Hold a briefing with your managers outlining the ideas above (feel free!). Explore how any reluctance to manage performance could be negatively impacting your business and / or how a focus and commitment to performance management could improve business results
- c) Circulate this report, or this section, to your managers asking for comments
- d) Insert a short item to your next management team meeting agenda on the lines of 'Managing our staff's performance – what exactly is the point?'
- e) Contact me to explore the options.