



PEOPLE PERFORMANCE MANAGEMENT

Perspectives on how to design your
organisational approach to people
performance management



Performance management needs to transform to cater for a complex and changing workforce

Performance management has existed ever since people learnt to organise themselves. We do not have the exact historical reference for that, but glancing through history we can reference Frederick Winslow Taylor's book *The Principles of Scientific Management** from 1911, referring to a concept of continuous development as a consequence of returning challenges. That was his description of engaging people in executing an organisational strategy.

So what is people performance management? It is a strategy to enable business performance, and we believe that there are several approaches to take to enable business strategy through people.

How often do you hear organisations say: **"Our people are our most important asset."** Most organisations want to stand behind this promise, not only for employer branding purposes, but because most executives today realise that the increasing pace and complexity of change require a workforce that can continuously adapt and innovate. In that environment, using an archaic approach to performance management is counterproductive.

Executive leaders today need to reflect on the following questions in order to be efficient and innovative:

- **What is it we really want to achieve through people performance management initiatives?**
- **How do we challenge ourselves to successfully navigate between control, direction and goal setting on the one hand, and autonomy, development and empowerment on the other?**

In this viewpoint, we will introduce a framework – the "compass" of people performance management – which can provide you with guardrails and facilitate conversations on how to define people performance management initiatives that match your organisational context and aspirations.

There is no one-size-fits-all, but rather an iterative process to changing needs.

We hope that this viewpoint will inspire you.



100% of employees are people.

100% of customers are people.

100% of investors are people.

If you don't understand people, you don't understand business.

Simon Sinek

*Taylor: *The Principles of Scientific Management**, 1911

Enabling business performance through human potential

We believe that the purpose of people performance management today is:

To unleash the human potential to accelerate business outcomes.

The differentiators are in the design choices you make when defining how you believe people strive and perform their best in your organisation. The overall purpose of people performance management remains the same though. When reviewing and reconsidering your organisation's people performance management initiatives, ask yourselves: what do you want people performance management to do for your organisation? What is the purpose of this initiative for your business reality?

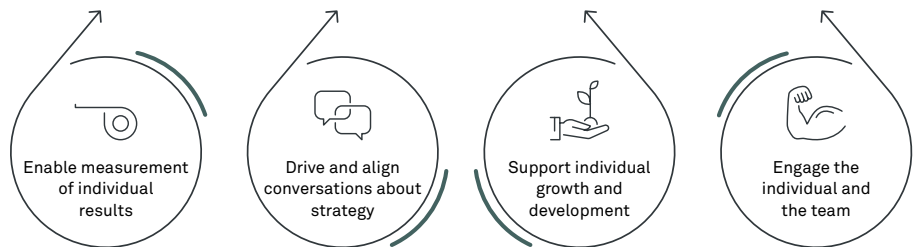
In this viewpoint, we will elaborate on why we believe you should consider your people performance management strategies, we will share various perspectives on what the model could look like, and what people performance management enables your organisation to achieve.

Our perspective on people performance management

1. Seeks the overall objective of driving **business performance**.
2. Plays a **vital** role in **shaping** the **organisational culture**.
3. Has evolved over the years to address the **returning challenge: engaging people** in **executing** an **organisational strategy**.
4. **Originates** from a wish to provide **structure and transparency** to employees' performance.
5. Contains **various perceptions** of people performance that define **different positions** on how to manage people performance.

Why focus on people performance management

People performance management seeks to **unleash the human potential to accelerate business outcomes**.



6 challenges that triggered a need to rethink people performance management

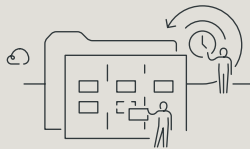
The changes we have identified in the past years with new generations entering the workforce and a stronger focus on flexible and hybrid ways of working have triggered a need to ensure that people performance management initiatives support people in order for them to thrive in their workplace.

We have identified six triggers that drive organisations to review their people performance strategies and ensure that the conditions are in place for people to thrive and perform in support of the organisational strategy.



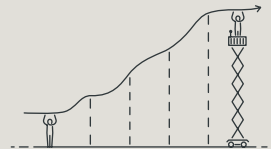
High process complexity

Processes that are complex, time-consuming and overly bureaucratic – and not worth the time spent on them.



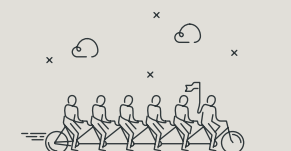
Lack of flexibility and agility

The annual process does not reflect the changing reality for many leaders and employees.



Lack of attention to personal development

Focus on retrospective evaluations (what people have done wrong) rather than on improving performance.



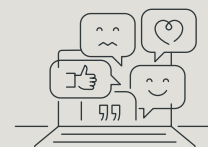
Lack of attention to teamwork

Focus is purely on an individual-to-individual perspective rather than on teamwork and collaboration.



New generation, new expectations

The millennial generation demands a much higher frequency of feedback and development.



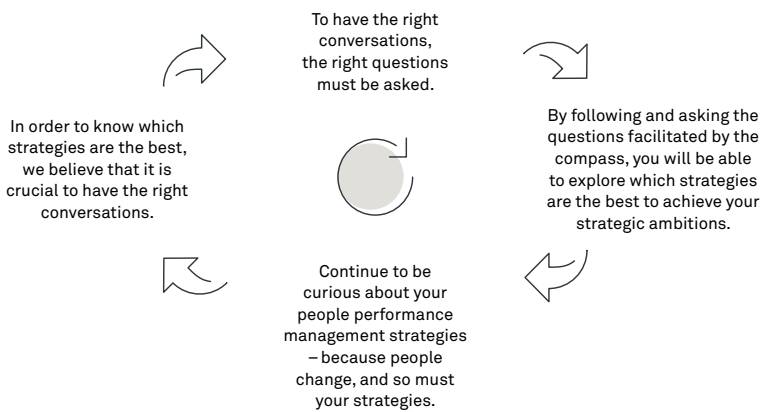
The process is not perceived as fair

Evaluation (ranking) and calibration are perceived as black boxes that can lead to disengaged colleagues.

Organisations need to be conscious about these changes, reflect on how to address these challenges and potentially rethink their people performance management approach

We invite you to challenge your organisation to start having conversations about what your people performance management initiatives aim to bring for your business and people.

We have developed a compass to enable organisational considerations regarding the key goals for the people performance management initiatives. Additionally, the compass drives conversations about design choices on how to enable people performance management and which core beliefs are the pillars of the organisational approach to people performance management. The compass provides reflections and strategic guidance to design the people performance management initiatives that are best suited for your organisation.



The “performance management compass” enables organisational conversations and allows for reflections on core beliefs on motivational levers

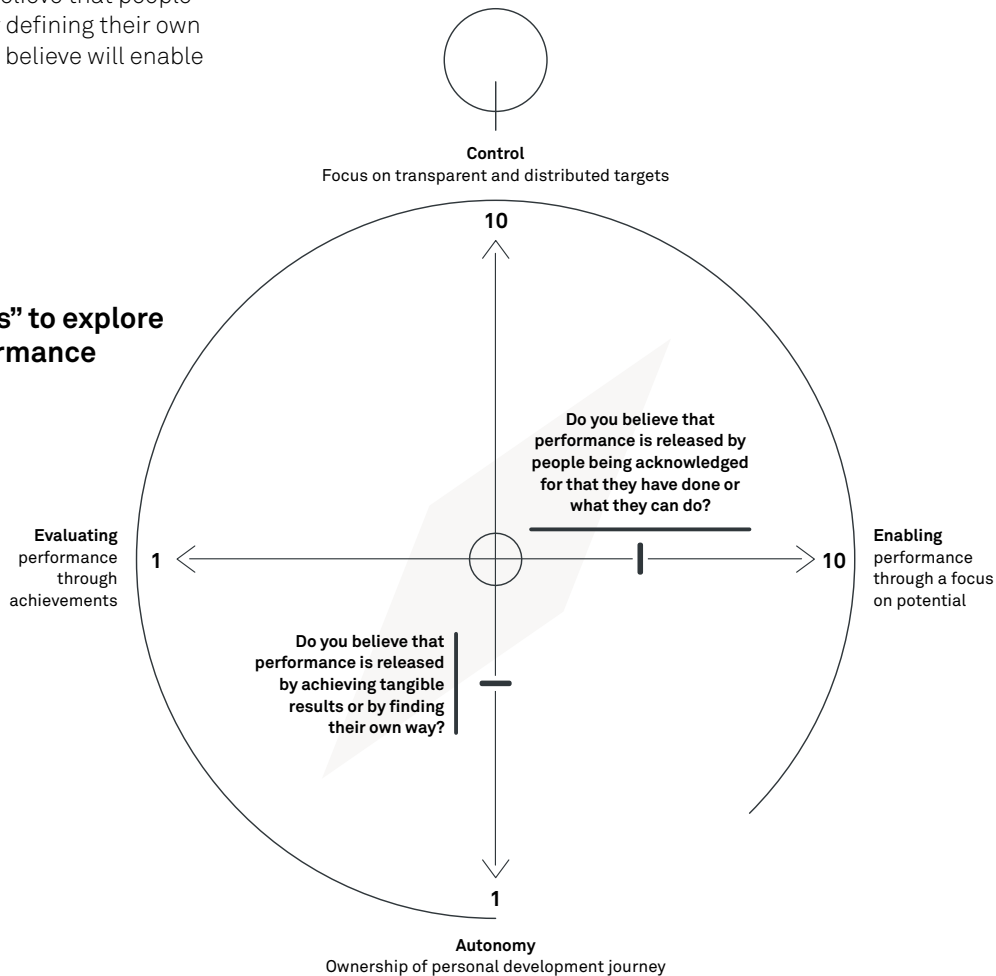
We propose to use the performance management “compass” to guide you through conversations to help you navigate to define your way to the performance management approach fit to your organisation based on **your beliefs of how people are motivated.**

The **vertical axis** indicates whether you believe that people are motivated by achieving tangible results, which you can track and define cascaded goals, or whether you believe that people are motivated by defining their own goals which they believe will enable performance.

The **horizontal axis** indicates whether you believe that your people are motivated by looking back at achievements or focusing on the potential which they believe they can achieve. Through a facilitated dialogue, the compass will support you and your organisation to find a direction towards how your people performance management strategies should be designed. Based on your position in

the compass, we have defined 5+1 positions which can provide guidance on how your people performance management strategies could be defined. This approach is not static but changes as your context and needs change with time. Therefore, we recommend using the compass regularly in your organisation to validate your position and approach against the needs of your organisation.

The “compass” to explore people performance



The “compass” provides guidance on people performance management strategies based on what makes people thrive and perform

Through dialogue, **you can use the compass to explore what you really want to achieve with people performance management.**

The compass will guide you in the direction of various positions. A position is a specific view on how to design people performance management initiatives. These positions are designed based on different levers of motivation.

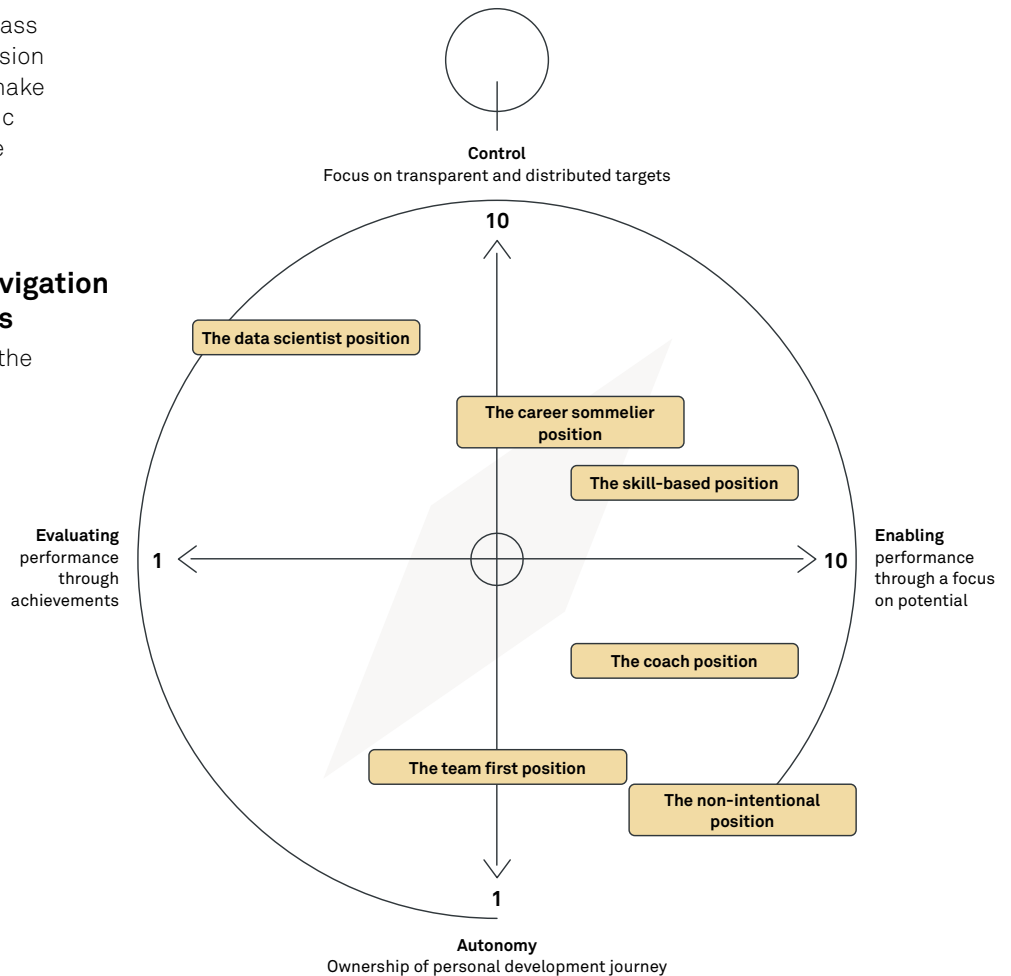
You use the position in the compass to support and navigate the decision that you and your organisation make in terms of defining your strategic approach to people performance management.

The compass supports navigation in strategic design choices

The positions are elaborated on the next pages.

The positions are archetypes to provide guidance for potential initiatives which could serve as a foundation to build the right strategies for your organisation.

- The **data scientist** position
- The **career sommelier** position
- The **skill-based** position
- The **team first** position
- The **coach** position
- The **non-intentional** position



Each position entails assumptions and implications, which is important to understand

The described positions are presented as archetypes and should not be perceived as an either or position. The design choices the compass provide you can lead to both and of various

positions. We believe it is important to acknowledge and recognize the potential and implications of those design choices

The data scientist position

Description

The data scientist position integrates various factual data points in the performance review process to make informed decisions about people's performance. The governing principle is that performance is frequently tracked and measurable. Objective goals coming from multiple and untraditional sources allow for transparency and reduce subjectivity in the process. The position enables early identification of low-performance indicators with the intent to address them before they become problems that result in lost motivation, productivity and/or revenue at a business level.

Success criteria

Succeeding in the data scientist position requires the ability to leverage high data quality. Data provides a real-time, clear picture of how employees are performing, which enables an assessment of how and when employees are performing well, and how and when they need to improve, thus triggering the right action.

The career sommelier position

Description

The career sommelier position to performance management is an approach to performance management which enables full transparency of what is required to accelerate in the organisation. One method is through clear career paths. The position aims to unleash the potential for each employee through continued dialogues for improvement and guidance for direction to reach the next career ambition.

The employee evaluation is based on clearly defined goals, which provides transparency and objectivity in the conversation. Goals are often defined as stretched goals to ensure continuous improvement and enhancement

Success criteria

The key to success for this model is to ensure clear expectations for each level within the organisation to enable transparent conversations on progression. Focus is on evaluations based on clear targets and expectations enabling a higher degree of objectivity in the process.

The skill-based position

Description

The skill-based position focuses on the extent of mastery within a specific skillset. This position focuses on evaluating skills to support future development based on individual aspirations. Unlike the career sommelier, the skill-based position uses development conversations on types of projects and problems that need to be solved to increase skill mastery and focuses less on job title and career progression.

Success criteria

To succeed with the skill-based approach, the ways of working need to allow for employee allocation to business processes based on their skillset or projects for skills development.

To be highly efficient in this position, organisations should be using platforms to match the employee skill pool with specific projects that may support retention and development within the organisation.



The team first position

Description

The team-based performance management position means that every team member is held responsible for the quality and success of the work done by the entire team. The performance system is supported by performance metrics which are based on the collective as well as the person, rather than solely individual metrics. Adopting a team-based approach to performance management entails setting team goals (OKRs), conducting team appraisals and focusing on team development. The assumption behind the team-based position is that measuring and rating performance on a team level drives better results and facilitates improved collaboration.

Success criteria

To succeed in the team-based position, it requires a clear scope for the team. In agile organisations, this is often defined through OKRs which provide the team direction for the performance. The team and managers must focus on the collective competencies and personal synergies in the team.



The coach position

Description

The coach position embodies the shift from performance management to performance enablement. It applies a dialogue-based approach to people performance with a focus on how the development and training of employees enable performance in their job to the benefit of both the employee and the company. The assumption behind the coach position is that performance increases when employees receive appreciative and constructive feedback based on their strengths.

Success criteria

To succeed in the coach position, employees and managers need to identify objectives and explore development opportunities and training options to improve performance.



The non-intentional position

Description

The non-intentional position to performance management eliminates all shreds of a formal performance management system. The governing principle is that managers and employees are self-motivated to perform and able to find their own way to improve. This position stands without any support from processes and requires leadership from both managers and employees. By removing often rigid processes and administration, the non-intentional position provides managers with the time and opportunity to lead and employees to focus on what they find most important for their job.

Success criteria

To succeed in the non-intentional position, both managers and employees need to dare to let go of systems and administration.



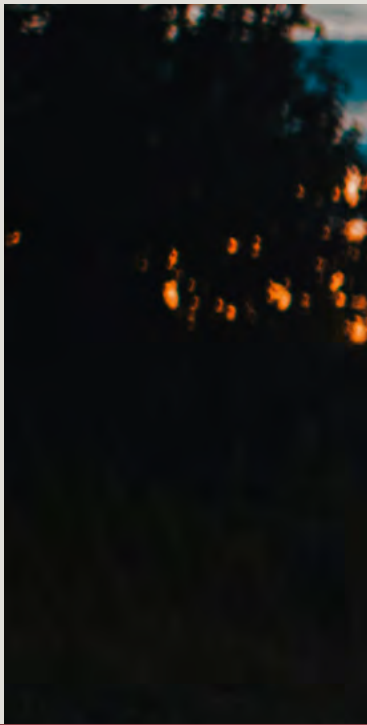
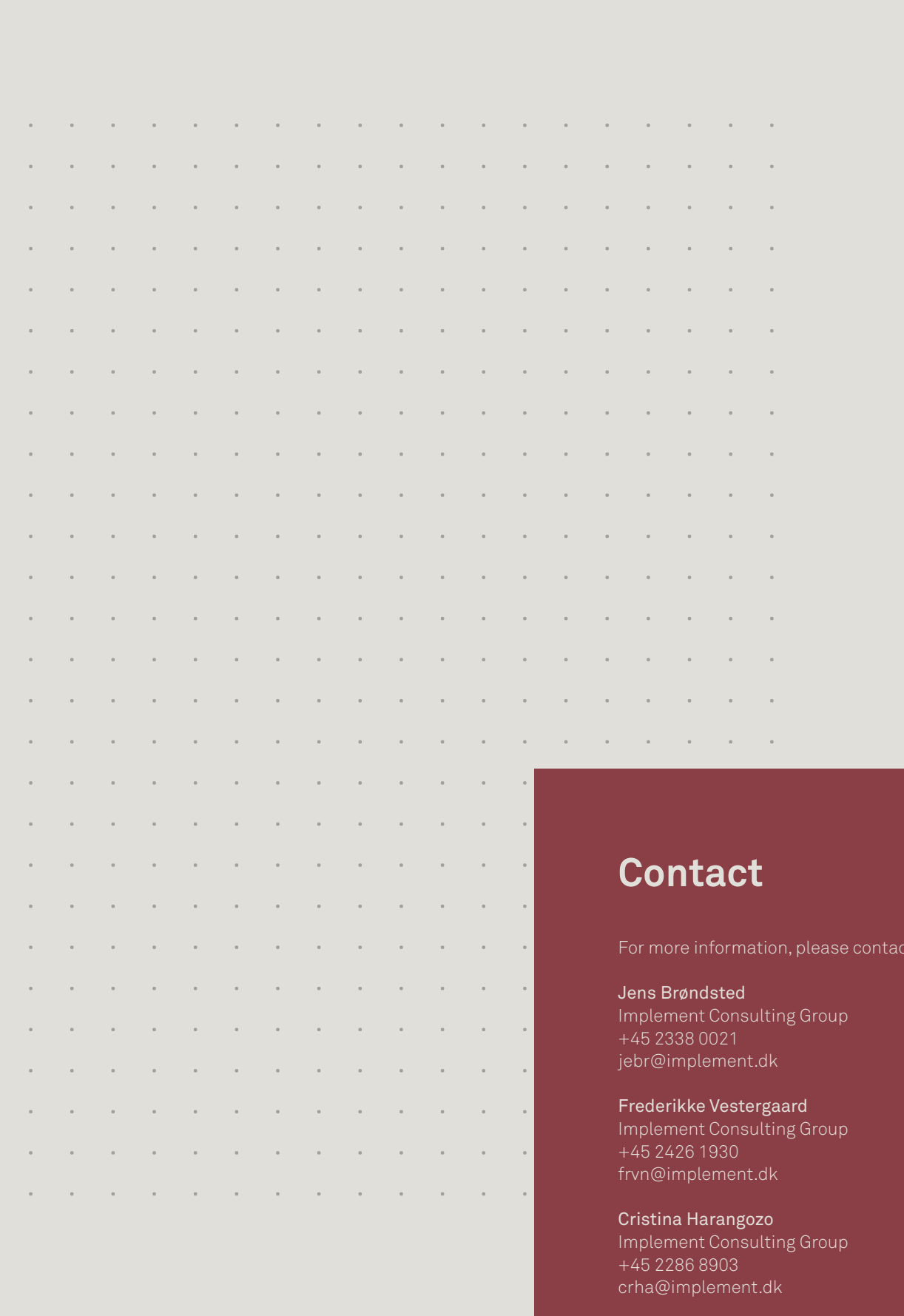
Determining the right approach to people performance management strategies is key in enabling the right conditions for people to thrive and perform

In order to define the right approach to people performance management strategies, we propose to start by having your organisation define the key achievements which the performance management initiatives should drive. It all starts with having the right conversations and collectively considering the core beliefs which exist in the organisation on how people are motivated and strive to be

the best in an organisational setting. The performance management compass will guide the conversations and provide examples on what your approach to performance could look like enabled by what motivates your people.

Please reach out if you would like to know more.





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