

Enable or Die – The Future of Performance Management

Synopsis

Performance Management processes continually fail to inspire employees to higher levels of performance. This is because failure is inherently built into the design of most PM processes and unless a radically new approach is adopted, performance management will continue to be a costly and time consuming activity that adds little value to either the individual or the organisation. This paper highlights the fundamental flaws in current thinking and proposes that 'performance management processes' needs to be replaced by 'performance enabling conversations'.

Introduction

Performance Management systems have been around for a very long time. They started off in the early 1920's as a way of appraising and rating US army officers and have since developed into the comprehensive and integrated processes that we know today. And yet, despite huge investments in time and money, few organisations can honestly say that their performance management process really is effective, in terms of motivating employees and inspiring them towards higher levels of performance. Constant re-engineering (tinkering with?) the process - whether it is about the frequency and timing of reviews, the use of competencies, the type of rating scale, the use of quota distributions, the links to reward or the IT enabling of paper based schemes - has failed to produce the desired results. So what has gone wrong?

The Prevailing View of Organisations

The traditional view of organisations has for years been fundamentally mechanistic and designed to eliminate uncertainty and unpredictability. This failure to view organisations and their environment as a holistic and integrated system and to recognise that chaos / uncertainty needs to be embraced if a new order is to arise, lies at the heart of the problem and explains why, when faced with unprecedented and unpredictable demands from an increasingly diverse set of stakeholders, organisations fail to successfully effect change (70% of change programmes are judged to have failed). This rigid adherence to a mechanistic frame of reference has led us to develop processes and procedures that are designed to reduce - and deny the existence of - uncertainty.

The Importance of Social Defences

Unfortunately this approach denies the fact that individuals, when faced with uncertainty and loss of control, experience anxiety and when people become anxious they deploy 'social defence mechanisms' to protect themselves from embarrassment, fear or harm. Social defences are the result of deep rooted psychological factors designed to protect the individual and as such are unconscious processes of which the individual is frequently unaware. Consequently, when anxiety rears its head 'rational processes' are frequently overtaken by 'irrational behaviours' created by individuals in order to 'defend' themselves. As the world of work becomes more complex and roles become more demanding and diffuse, the psychological strain of anxiety increases, particularly where individuals are increasingly expected to be accountable for the consequences of their decisions and judgements. Consequently individuals are increasingly failing to embrace the totality of their role, retreating from boundaries and circumstances that they perceive as potentially threatening (eg dealing with performance issues within a team).

Organisational Defensive Rituals

These individual 'social defences' have over time become ritualised into 'organisational defences'. Most employees share the same fears and anxieties and hence the organisation constructs a set of defensive walls (policies, procedures, cultural norms) that they can all live behind safely. This has led to a covert collusion to maintain these 'rituals'. Examples include: a propensity to focus on changing roles and structure when initiating change, the mechanistic nature of 'process re-engineering', the stubborn adherence to bureaucratic

procedures and mindsets, the persistence of pay for performance schemes that repeatedly drive the ‘wrong’ behaviours.

Performance management processes are therefore a manifestation of organisational defences in action and despite the stated intent of ‘improving performance’ the process really exists to protect individuals (both managers and employees) from the anxiety and fear that results from having to ‘manage performance’. As such, these processes can never contribute to sustained performance improvements unless we fundamentally rethink the way we view organisations and how to engage and inspire people.

The Role of Measurement

It is a well-established fact that ‘you can’t manage what you can’t measure’. It is also clear that the act of measurement influences the behaviour of the individual or system being measured. Consequently the way we set measures, what we decide to measure and how we go about the process of measurement has a huge impact on the outcomes that result (think about pay for performance schemes). And given our desire to ‘quantify’ wherever possible and to control and reduce uncertainty, most of the metrics organisations adopt are imposed, rigid and concerned with compliance. A key question therefore is:

‘If we aspire to create an organisation that is agile, adaptable, that behaves with integrity and which engages employees and inspires them to give of their best, to what extent do the ways in which we currently measure and manage performance help or hinder us in this quest?’

An Alternative Approach

In order to overcome these defensive rituals we need to adopt a fundamentally different approach to organisational design, the way we define roles and work and the way we manage performance.

1. *Inspire Meaning.* Managers need to create an inspiring picture that creates meaning for the employee and helps them ‘connect emotionally’ with the bigger picture. All human beings crave a sense of purpose and a desire to ‘be part of something worthwhile’, particularly in this day and age, and employees who find their work meaningful are more motivated and engaged. It is therefore not sufficient to simply set the strategic context and establish objectives – we need to connect at an emotional as well as at an intellectual level with our people.
2. *Replace Rules with Principles and Values.* Whilst some rules are obviously necessary to support organisational endeavour, organisations by and large have gone overboard and created bureaucratic monsters that inhibit creativity and stifle initiative. It is far more liberating to focus instead on the guiding principles and values that will enable the vision to be realised, that we wish to see governing the way the organisation operates and which determine the types of relationship that exist, with both internal and external stakeholders. These principles and values need to replace ‘rules’ and become the yardstick against which we make judgements and help us to assess whether or not the decisions we take, the processes we design and the structures we adopt are truly supporting the cause of the organisation and making it more agile and adaptable. By providing a continual basis for challenge, they also help us avoid repeating the mistakes of the past and establish new, powerful cultural norms.
3. *Foster Individual Identity by Focussing on Strengths.* People who feel good about themselves are much more likely to produce the discretionary effort and initiative that many organisations are striving to unleash. So why do we persist in undermining individual self esteem by focussing on ‘weaknesses’ that need to be remedied? People become demoralised and de-motivated in these circumstances, whereas when we focus on the unique abilities that individuals have and seek ways to harness these abilities in a way that connects the individual to the higher purpose of the organisation, people feel a strong sense of self worth and desire to contribute.
4. *Replace ‘Command and Control’ with ‘Empowerment and Trust’.* Individual performance cannot be ‘managed from above’ – at least not to any meaningful degree or for any significant period of time. Sustained high performance only exists where individuals feel real ownership with the outcomes,

have an appropriate level of delegated authority, are provided with the necessary support and are trusted to use their judgement. The role of the manager is therefore not to try and secure compliance through micro managing individuals and teams, but to create an enabling environment that encourages people to self manage.

5. *Replace 'Measurement for Control' with 'Feedback for Learning'*. Our mechanistic view of organisations and people has led us to indulge in a frenzy of over-measurement in order to minimise uncertainty and impose control. But all too often this has led to confusion and failure to 'do the right things' as a result. Rigid, imposed measures that focus on 'task compliance' are of little help when faced with the need to energise people to respond creatively and rapidly to ever changing demands and challenges. Instead individuals and teams need to participate in agreeing the measures and measurement processes that are most appropriate to them and which will help facilitate the individual and collective learning necessary to grow capability and foster organisational agility.
6. *Replace 'Structure and Process' with 'Relationships and Conversations'*. Real work gets done as a result of the relationships that people develop with each other, both internally and externally, often despite the structures, processes and systems that we implement rather than because of them. Managers therefore need to reduce their reliance and dependence on formal mechanisms to get things done and instead concentrate on fostering constructive relationships and meaningful conversations between people. Managers need to behave with authenticity and integrity, demonstrate empathy and create a climate where open and honest conversations become the norm and which enables individuals to realise their potential and be inspired to give of their best.

The key differences between the 'performance management and 'performance enablement' are summarised below:

Performance Management

Strategy and objectives
Rules and procedures
Remedying individual 'weaknesses'
Command and control
Measurement for control
Structure and process

Performance Enablement

Vision and purpose
Principles and values
Building on unique 'strengths'
Trust and Empowerment
Feedback for learning
Relationships and conversations

Conclusion

This 'new' approach to 'enabling', as opposed to 'managing' performance, disposes with the organisational defensive rituals of process, documentation and structure. Instead it postulates an alternative approach that is more fluid and dynamic and as such is more in keeping with the realities of organisational life and the psychology of individual behaviour. The challenge for organisations is therefore twofold – are they prepared to abandon the 'traditional' approach, which is 'safe' but does not work, and are they prepared to invest in building the capability of managers to be able to operate effectively in this new, emerging world of relationships and conversations? And if the answer to both questions is 'no', is 'organisational death' an inevitable consequence?

