

Performance Management Systems

The recession has forced more companies to take a critical look at staffing and the value of staff contributions. While performance management (PM) systems have been around for some time, not many companies have been using them effectively. Performance management is now moving front and center, as less emphasis is placed on hiring new staff and more on effectively utilizing the staff already on board.

And that's a wise move in any environment, says Scott Nelson, of MDA Leadership Consulting in Minneapolis, says that "now is an ideal time to ensure their organizations are primed to compete in the months and years ahead."

Performance Management

Rick Lepsinger agrees, and he has the data to back up his opinion. Lepsinger, president of OnPoint Consulting, in New York, recently conducted a study of 115 HR professionals and 441 line managers on PM system effectiveness. He found that less than half believed their companies' current PM system delivered value or was worth the investment.



Only 30% believed that their PM systems achieve intended objectives "to a great" or "to a very great" extent.

According to Lepsinger's study, the obstacles to PM systems achieving their intended objectives and goals most frequently cited by both HR professionals and line managers included:

- Pay vs. Performance;
- Inconsistent application of the performance management system across the organization;
- Lack of managerial commitment to developing people;
- Lack of managers' skills to use the system effectively.

PM System Problems

According to Lara Summers, an HR consultant with Legacy Alliance, in Chicago, problems in many companies' PM systems are that:

- Systems aren't tied to the strategic direction of the organization;
- Leaders aren't invested in the process;
- Systems are used for bonuses and promotions, but not development;
- Performance objectives are only looked at every 6 or 12 months;
- The rating scales are entirely subjective, without letting individuals know how to improve or supervisors know how to rate effective performance;
- Performance appraisals are perceived as busy work with no one actually looking at the results or goals set;

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- Employees may not feel that they have the resources to change their performance or supervisors might not know how to aid in employee development.

Focus on Bottom-Line Results

Dennis Kravetz, author of *Measuring Human Capital: Converting Workplace Behavior into Dollars* (KAPublishing, 2004), says, "You separate pros from amateurs in this area by whether the performance management system really gets at the key aspects of performance in the organization versus measuring personality traits."

In an environment where staffing costs are likely to continue to be scrutinized, developing an effective performance management system to help demonstrate bottom-line value will serve the needs of organizations, as well as their employees and HR professionals. ▲

Managing Temporary Employees' Performance

While today's temporary employees are highly skilled and experienced, they still need "management" to be most effective.

- When temporary workers start, make them feel like part of the team.
- Inform them immediately about company policies relevant to their jobs, and such basics as where to park.
- Include temporary workers in office functions when appropriate, from team meetings to social outings.
- Treat your temporary workers as if they were new hires, not just bodies passing through. Know and use their names, include them on emails, magazine circulation lists and memos.

For More Information:

Setting Up Performance Management Systems

<http://smallbusiness.dnb.com/human-resources/workforce-management/1384-1.html>

Performance Management Process Checklist

<http://humanresources.about.com/od/performance/a/perfmgmt.htm>