



McArthur

LGPro Conference

February 18 2009

**Building high performance work places
worthy of people's commitment – the part
played by performance management**

Let's start with some "Toilet Talk"

Rank in order of importance - the following issues to your people

- Job security
- Full appreciation for work done
- Promotion/growth opportunities
- Good wages
- Good working conditions
- Sympathetic help with personal problems
- Tactful discipline
- Interesting work
- Personal loyalty to staff
- Feeling “in” on things

Managers V employee perceptions

FACTORS	MANAGERS	EMPLOYEES
Full Appreciation for Work Done	8	1
<i>Good Wages</i>	1	5
Good Working Conditions	4	9
Interesting Work	5	6
<i>Job Security</i>	2	4
Promotion/Growth Opportunities	3	7
Personal Loyalty to Workers	6	8
Feeling “in” on Things	10	2
Sympathetic Help on Personal Problems	9	3
Tactful Disciplining	7	10

- Sources: Foreman Facts, Labor Relations Institute of NT (1946); Lawrence Lindhal, Personnel Magazine (1949)
- Repeated with similar results: Ken Kovach (1980); Valerie Wilson, Achievers International (1988)
- Bob Nelson, Blanchard Training & Development (1991)
- Sheryl & Don Gimme, GHR Training Solutions (1997 – 2001)

Building organisations worthy of people's commitment

Why is it so important to build organisation's worthy of people's commitment?

- Because people deserve to work in organisations that enhance them as people.
- Because only such organisations produce the results they are capable of.
- Because people want to be part of such an organisation.

What matters to your people

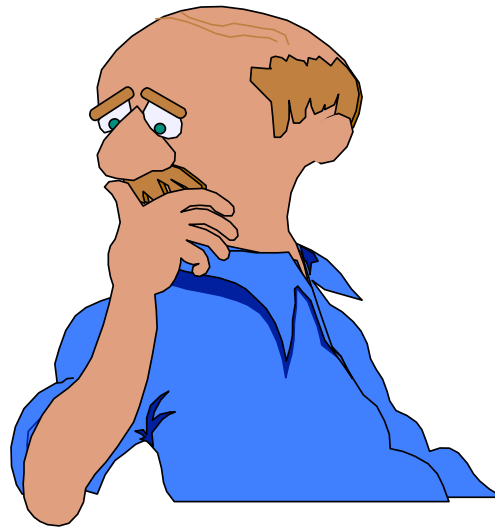
- How well do you know what matters to your people and how they are feeling?
- How do you know?
- What are your data sources?

Why engagement matters

- **Only engaged employees provide a great customer experience – Rodski research**
- **Factors that contribute to employee engagement**
 - **Connection between work and organisational strategy**
 - **Importance of the job to organisational success**
 - **Understanding of what is required to complete work projects**
 - **Internal Communication**

The key question – What part does effective performance management play?

What is the impact of performance management on organisational performance and how do we know?



Performance management and organisational performance

Study Methodology

- 437 publicly held companies

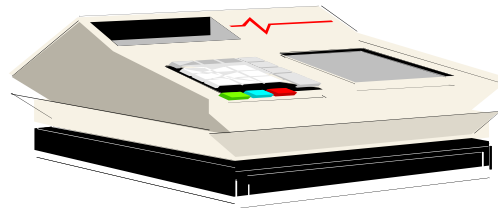
Additional Research

- Activities associated with effectiveness
- Longitudinal analysis of financial impact
- Site visits

Key findings

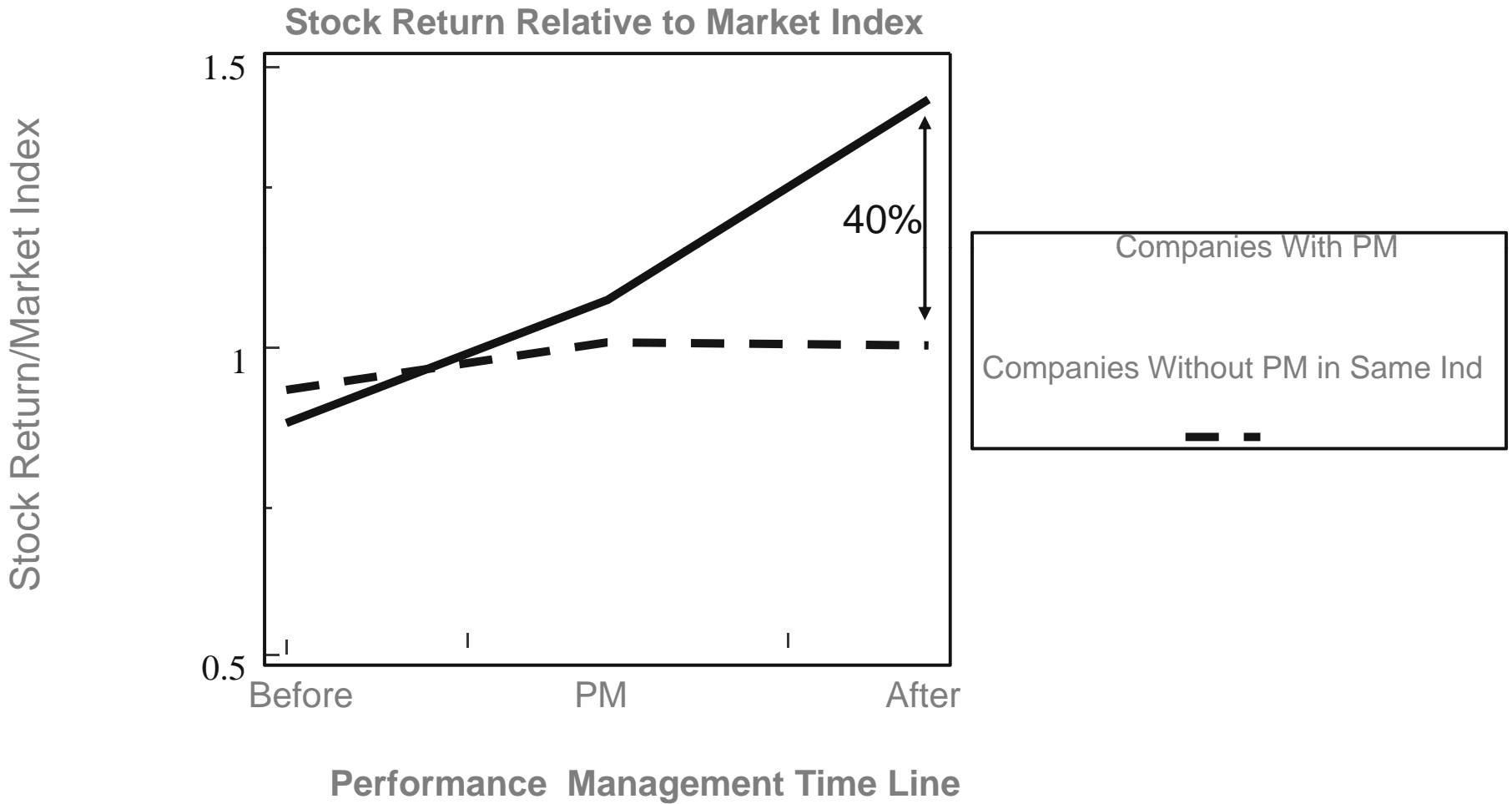
Companies with effective performance management have:

- \$ Higher profits
- \$ Better cash flows
- \$ Stronger market performance
- \$ Greater stock value



**Productivity significantly above industry average
(sales per employee)**

Turn-around analysis



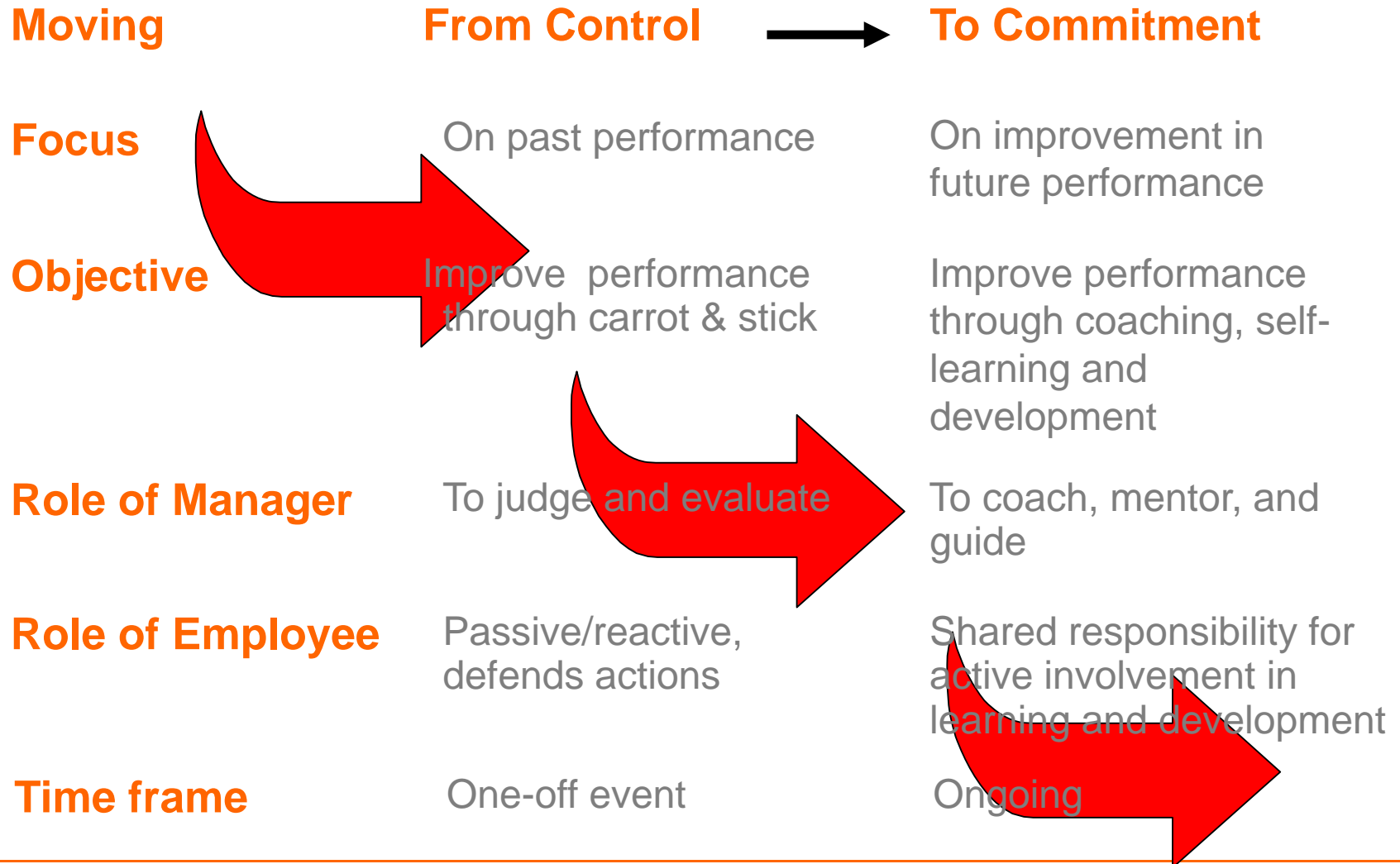
Activities of highly effective companies

- Align performance expectations with business plan
- Communicate organisational results
- Determine employee developmental needs and discuss progress
- Provide input to bonus or incentives
- Senior managers are involved in designing the system
- Senior managers use and model the process
- The measures used include more than just financial indicators

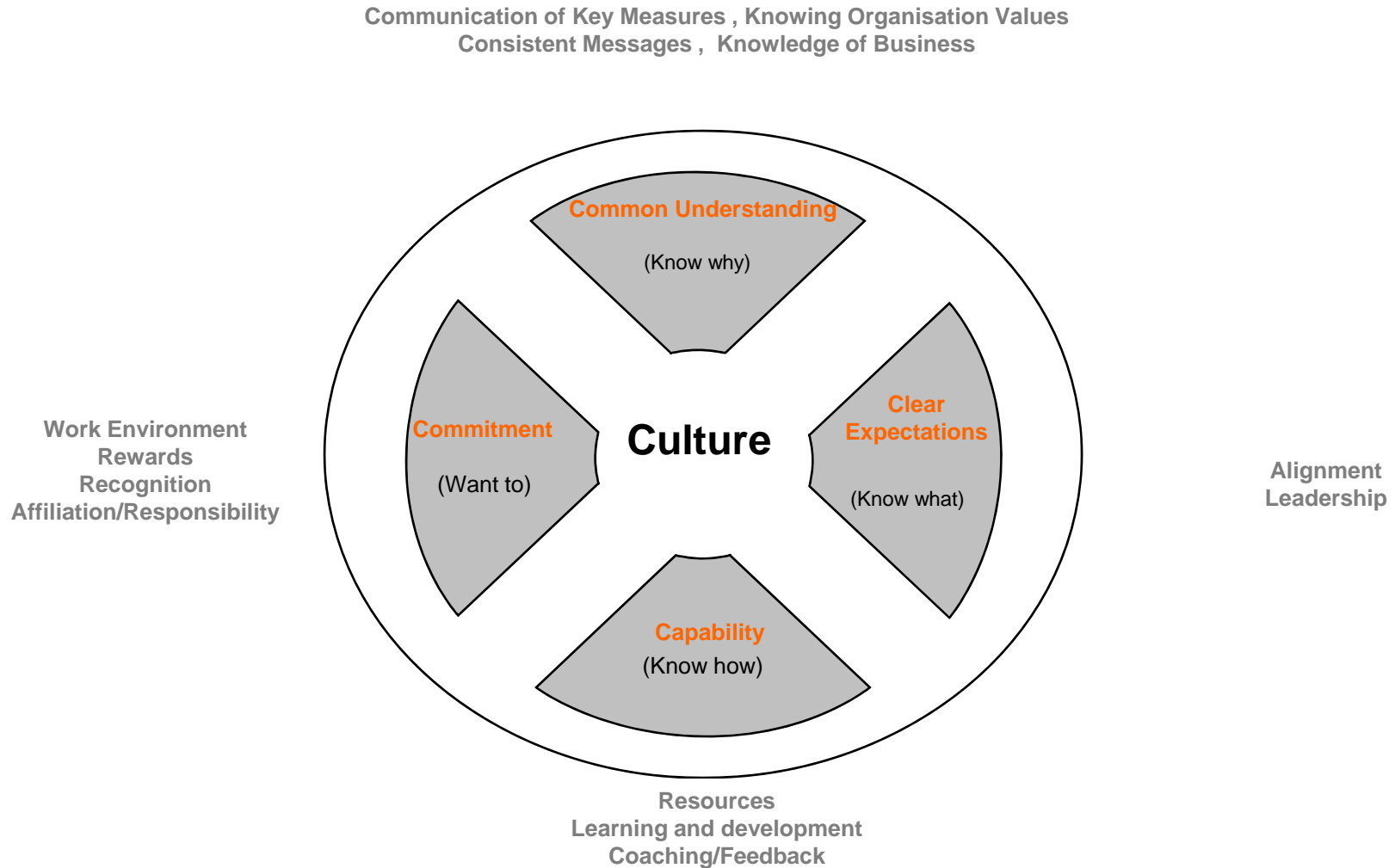
The Silver Lining in Local Government

- Not at the beck and call of the “Masters of the Universe.”
- Not driven to provide ever-increasing returns to shareholders.
- Play a vital role in building healthy, engaged and connected communities.
- What is your promise to your people?
- How are you building a healthy, engaged and connected community of employees?

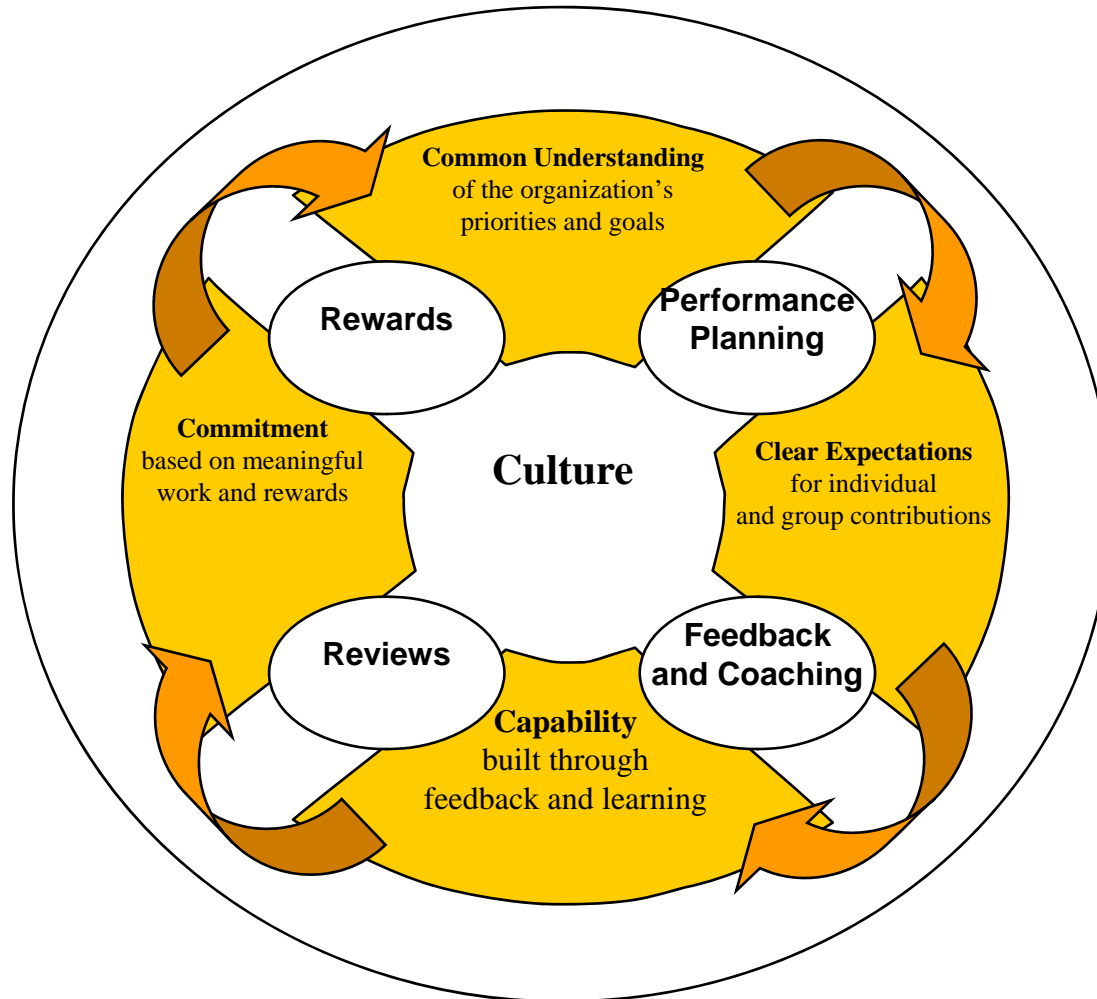
From performance appraisal to performance management



4 cornerstones of a high performance workplace



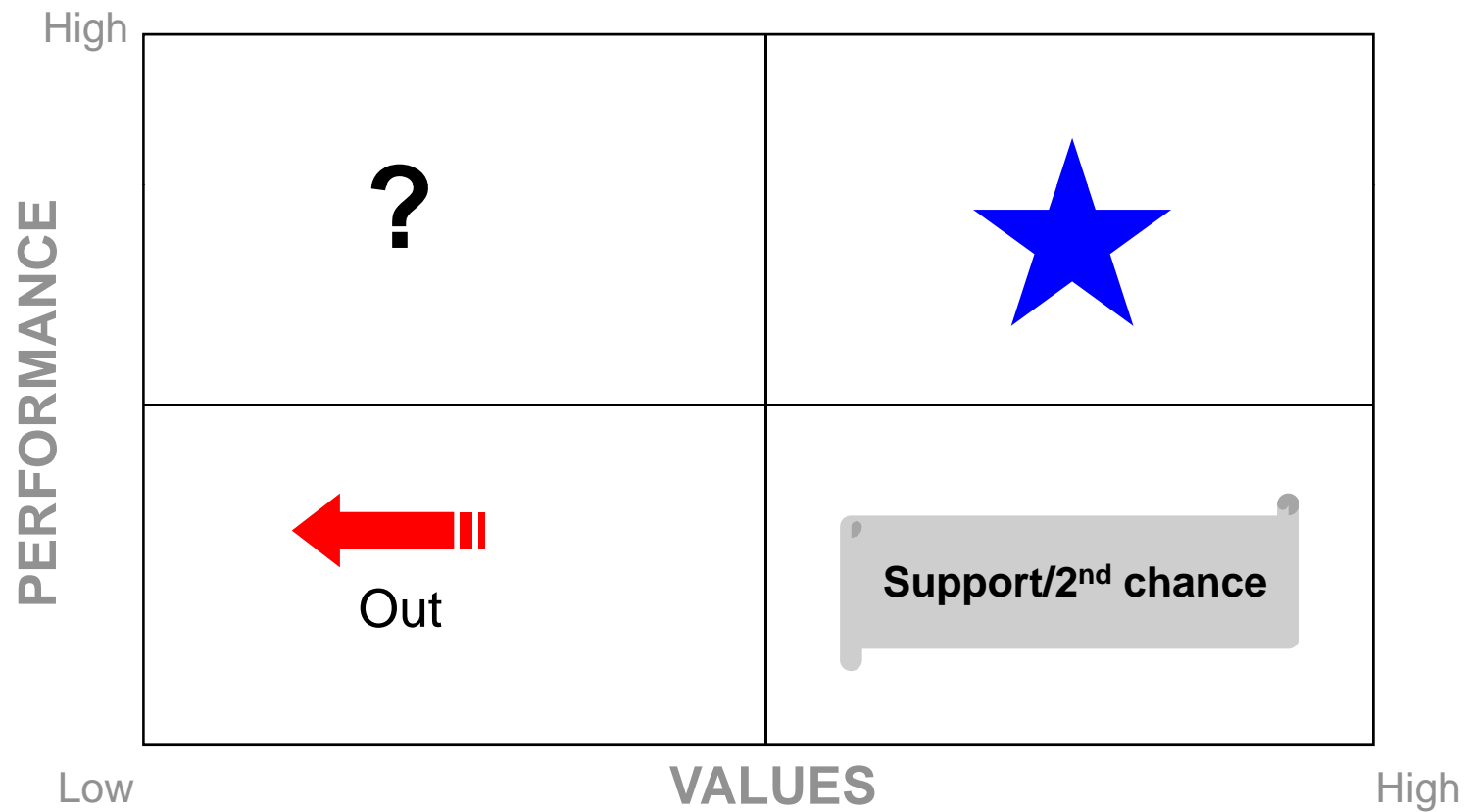
Where performance management fits in



Best and worst experiences

- Working in pairs at your table groups share best and worst experiences as an appraiser and appraisee.
- What common issues have emerged?

Performance/values dilemmas



What's Jack Nicholson got to do with performance management?

- Colonel Jessep in A Few Good Men: “You can’t handle the truth.”
- Multiple studies have shown that:
 - When there is a choice between knowing the unvarnished truth or not, people would rather know than be in the dark.
 - Those who are in command of the facts are healthier than those who aren’t.
- By depriving people of vital information, as a manager (or a colleague) you are infantilising them.

So what does a good performance management system look like

- Creates focus and alignment
 - Driven by the organisation's purpose and objectives
- Educates and informs
 - Clarifies expectations and accountabilities
- Emphasises outcomes as well as process
 - Dual focus of WHAT needs to be achieved and HOW it is achieved
- Allows for multiple versions of the truth to be considered
 - 360° feedback
- Significant input to development and pay decisions

What if it's not working?

- If your performance management system isn't helping you build a high performance workplace worthy of people's commitment you need to consider whether:
 - Your system implementation is the problem
 - Your system needs to be re-designed
 - Your leadership and management practices emphasise that feeling comfortable is more important than getting at the truth
 - You have a can't do (skill issue) or a won't do (cultural) issue

If you make only one change...

- Add one additional question to your performance appraisal process.
- Get each manager/appraiser of people to ask:
 - “How could I be more effective in helping you do your job to the best of your ability?”

Performance management – why so difficult?

"The problem lies not in the complexity of the tools but in the will to use them."

M. Scott Peck "The Road Less Travelled"