

# MANAGING YOUR TEAMS

Without effective performance management there is no structure or ability to effectively recognise and reward either high or poor performance.



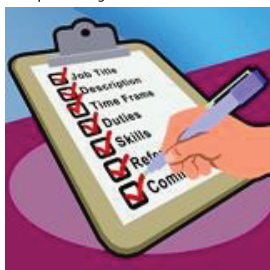
Structured performance management provides a transparent and robust platform from which to meet the business's strategic objectives. However, be sure you do not fall into the trap of only considering performance management once a year at "annual review time".

Performance management should be embedded at every level of staff/management relationships. It is just as important that "performance management" is found within informal and weekly catch-ups, as it should be within the annual appraisal. One of the keys to effective performance management is the setting and achieving of targets for each employee within the team.

## Company X

Company X had some real concerns about the business's financial performance. Everyone in the team was "busy" but the ROI was not what would be expected for a firm in this industry and at this stage of its development.

It quickly became clear that a lack of direction within the team had resulted in duplication of some functions while others were being missed altogether. As is so often the case with anything related to HR, the first plan of attack was to put in place comprehensive position descriptions for each role, identifying key accountabilities and performance metrics. Only when everyone was clear about the expectations of them could we go about measuring performance in any meaningful way.



The team have never been formally reviewed in terms of their performance and remuneration reviews have been conducted in an adhoc and arbitrary manner. This approach created jealousies amongst them which had manifested in a political team culture and, in effect, undermined both individual and business performance.

Once each role and its outcomes were clearly defined by a comprehensive position description, the next step was to get the team focusing on aligning their behaviours with the strategic business objectives. This was achieved by putting in place quarterly stretch goals for each individual that adhered to the SMART goal philosophy (Specific, Measurable, Achievable, Relevant and Time bound).

This resource has been kindly provided by



If you have any questions, please call 0800 CHAMBER (0800 242 623).

DATE: MARCH 2015

The Auckland Chamber of Commerce makes all reasonable efforts to ensure that the information published in this resource is accurate and up-to-date. However the matters covered are subject to regular review and no warranty or representation can be provided regarding the accuracy of such information. The Auckland Chamber of Commerce does not accept liability for any losses or damage arising directly or indirectly from reliance on the information. [www.aucklandchamber.co.nz](http://www.aucklandchamber.co.nz)

### JOIN US

- Benefits of Membership
- Join Now

### BUSINESS SUPPORT

- Find Staff
- Business Support
- Mentoring

### GLOBAL

- Import and Export Services

### EVENTS & TRAINING

- Event Calendar
- Event Profiles

### BUSINESS CONNECT

- News
- Chamber Social Media

At the end of each quarter, every individual's relative achievement of these goals was measured in a simple and transparent way. Those that fully achieved the goals were rewarded and those that did not achieve them could clearly understand why and more importantly, what was required of them in the future.

Over the four quarters of the year, a clear picture was developed of each team member's performance and those employees who truly were going above and beyond were identified. Of course, once the annual reviews rolled around, this made it much easier to justify why or why not a pay rise was given.

In Company X's situation, the annual appraisals created a robust penultimate structure that served as an accumulated view of performance over the past year. You guessed it; once again this process is based heavily on the position description and person specification for each role. *I really cannot emphasise enough just how important these core documents are in terms of getting the best out of your people.*



As you might imagine, once the staff had gone through four sets of quarterly goals, setting and measuring achievement of these, they were well used to the process of taking accountability and therefore the annual appraisals went extremely well. Company X now has a very clear picture of how each team member is tracking, their strengths, weaknesses and development pathways.

What is more, one year later, the acid test on the performance management processes that have been put in place in Company X has to be their significantly improved financial performance.

### Company Y

Company Y already had an annual performance appraisal process in place when they engaged the services of an HR Specialist. They wanted this process- and their other HR procedures- to be professionally reviewed to make sure they were employing a best practice approach.



Company Y had fallen into the trap of making the annual performance appraisal overly complicated and difficult to measure and justify why someone might not be getting the annual pay rise they had hoped for. This wrangling created ill feelings and a lack of confidence in both the process and the outcomes.

This resource has been kindly provided by



If you have any questions, please call 0800 CHAMBER (0800 242 623).

DATE: MARCH 2015

The Auckland Chamber of Commerce makes all reasonable efforts to ensure that the information published in this resource is accurate and up-to-date. However the matters covered are subject to regular review and no warranty or representation can be provided regarding the accuracy of such information. The Auckland Chamber of Commerce does not accept liability for any losses or damage arising directly or indirectly from reliance on the information. [www.aucklandchamber.co.nz](http://www.aucklandchamber.co.nz)

#### JOIN US

- Benefits of Membership
- Join Now

#### BUSINESS SUPPORT

- Find Staff
- Business Support
- Mentoring

#### GLOBAL

- Import and Export Services

#### EVENTS & TRAINING

- Event Calendar
- Event Profiles

#### BUSINESS CONNECT

- News
- Chamber Social Media

We were able to take the number of meetings for each review from three to one and reduce the time taken from three to four weeks down to two. Furthermore, because the key performance indicators were drawn from the employee's own position description and person specification, they understood and bought into both the measurement and the final assessment.

What the Company X case teaches us is that performance management is not rocket science, it does not have to be complicated and secretive. A transparent and simple model works the best.

### Company Z

Managing performance also extends to effectively dealing with any poor performance as it occurs within your business. The Managing Director of this company was tearing his hair out due to the poor performance culture that had somehow become endemic within the team. He was confused as to how this had happened, as he was such a hard worker himself and was paying the team above market rates. What was most concerning was that poor performance was having a material impact on their bottom line.



The answer as to why this had happened within Company Z was due to the fact that the Managing Director had failed to address poor performance when it had started rearing its head a couple of years earlier. He freely admitted that he did not really like confrontation. Remember, *if you don't address poor performance immediately, then you are sending a loud and clear message that poor performance is acceptable.* Furthermore, it is not good enough to save up these concerns for the annual appraisal. When it comes to poor performance there is absolutely no time like the present.

After identifying their poor performers, we worked with the Managing Director to manage these individuals by engaging them in a formal performance management process that culminated in one individual getting a written warning before appraising their performance. Another poor performer decided to leave part way through the performance management process.

Several months later, while Company Z do not yet have a high performing culture, they have made good progress and the team are now meeting the expectations set for them. As you can imagine, part of this process has been the implementation of quarterly stretch goals and will culminate in the annual appraisal... and so the cycle continues.

This resource has been kindly provided by



If you have any questions, please call **0800 CHAMBER (0800 242 623)**.

DATE: MARCH 2015

The Auckland Chamber of Commerce makes all reasonable efforts to ensure that the information published in this resource is accurate and up-to-date. However the matters covered are subject to regular review and no warranty or representation can be provided regarding the accuracy of such information. The Auckland Chamber of Commerce does not accept liability for any losses or damage arising directly or indirectly from reliance on the information. [www.aucklandchamber.co.nz](http://www.aucklandchamber.co.nz)

#### JOIN US

- Benefits of Membership
- Join Now

#### BUSINESS SUPPORT

- Find Staff
- Business Support
- Mentoring

#### GLOBAL

- Import and Export Services

#### EVENTS & TRAINING

- Event Calendar
- Event Profiles

#### BUSINESS CONNECT

- News
- Chamber Social Media