

Retooling performance improvement

Process aligns business goals with abilities of each employee

BY KYLE COUCH

Performance improvement is certainly not a new concept but, as the economic indicators point towards recovery, it will take centre stage in organizations over the coming months. The new landscape will present challenges and competition many organizations have never seen before and performance improvement is a way to face this new reality head-on.

Over the past decade, it has been rare to come across an organization that has a truly comprehensive performance improvement process — performance management, sure, performance feedback, definitely, but certainly not performance improvement. There is a fundamental difference.

In most performance management processes, the focus is on the individual and, more often than not, past performance. Interventions are directed at correcting past problems. In the case of performance improvement, leaders determine what is needed to be successful in the future and develop improvement plans to prepare the company.

The concept has likely been alive and well in organizations for years. Six Sigma, 5S and other process improvement methodologies have dominated the mindsets of many organizations with respect to production and support services. The concept of performance improvement has only one difference — it focuses on people.

An effective performance improvement program is an ongoing, closed-loop system. Each component must be developed and implemented in order. Otherwise, the linkages to business results may be broken and the effectiveness of the program falls apart. The system involves three distinct phases: analysis; understanding and identification; and implementation and review.

Analysis phase

While the improvement component is focused on individual employees, the ultimate goal is to improve the organization overall. Business analysis is typically completed during the course of a strategic planning session. The goal is to understand where an organization is headed and which skill sets will be required to get and stay there.

Once the skill sets are determined, the performance analysis phase must be initiated. This involves analyzing each employee's skills, as well as his capabilities and motivation to develop any new skills. While a portion of this

analysis may be in the form of a typical performance appraisal, it must include a forward-looking component based on the needs addressed in the business analysis phase.

Understanding and identification phase

The outcome of the performance analysis phase is typically a laundry list of gaps across an organization. These gaps must be prioritized based on a number of factors, including the lead time to when the new skills would be required, difficulty in training the skills and a realistic view of whether the skills can be developed within the employee population or must be hired from the outside.

While the performance analysis phase can be aligned with a standard performance management or performance analysis process, the gap prioritization phase must be a component of a succession plan. This step also has great importance to the overall program. The ability to identify the gaps can make or break a performance improvement process.

The most overlooked, yet most important, component of any performance improvement phase is the root cause analysis. By understanding why various gaps exist, a company can determine an appropriate intervention. This process must involve a candid discussion involving the leadership team and can include employee survey results. Many gaps may be due to a broken hiring process or an ineffective leadership approach.

Implementation and review phase

Performance improvement focuses on the individual as well as the organization as a whole. Intervention selection in this case can range from training programs to an overhaul of the recruiting and hiring process. Interventions must also match the timeline set out in the business analysis, ensuring the improvements have been made in time for implementation. The goal is to ensure an organization is ready at the appropriate time, otherwise time, energy and resources will have been wasted.

Once the gaps have been identified and the root cause analysis is completed, performance improvement programs really get interesting. Work with individual managers to develop a focused program of interventions that will help a candidate reach her full potential. These interventions must be tailored to the individual. For example, if the gap identified is output-related, the intervention would be completely different if the root cause is recognized as poor physical resources versus a lack

of appropriate skill set.

Interventions can range from self-guided learning to online learning to in-class training in groups, provided the skill set gaps are consistent within the group. Many organizations are also exploring learning pairs and small learning teams to address skill gaps across an organization. These teams are often guided by an outside facilitator, though they include a significant portion of self-guided development. The small team or peer learning programs often result in highly successful interventions as they allow participants to speak openly and develop a strong understanding of the needs of the organization and the underlying gaps being addressed by the program.

Once intervention has been selected, HR's role kicks into high gear. While many companies are moving to a quarterly performance management cycle, performance improvement requires a disproportionately higher level of monitoring. Therefore, quick, biweekly check-in sessions should be encouraged to ensure the performance improvement interventions evolve as business needs evolve. This is a system so when one variable changes, the entire system has to respond. New business needs create new business gaps that must be filled quickly.

The monitoring of performance improvement plans is no different than any continuous improvement program in any other aspect of the business. During the intervention, there must be a formal review and re-evaluation that feature quantifiable milestones met by appropriate dates. These milestones must reflect key metrics and be highly measurable.

In the past, training programs and performance management programs have been taken very lightly, with no true return on investment. Nowadays, if a performance improvement plan is implemented correctly, business results based on predetermined business needs can be linked directly to every stage of a performance improvement program.

Performance improvement may well become the most important HR process in an organization. The goal is to develop an ongoing process that helps move an organization forward, by aligning business goals with the abilities of each and every one of the employees.

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