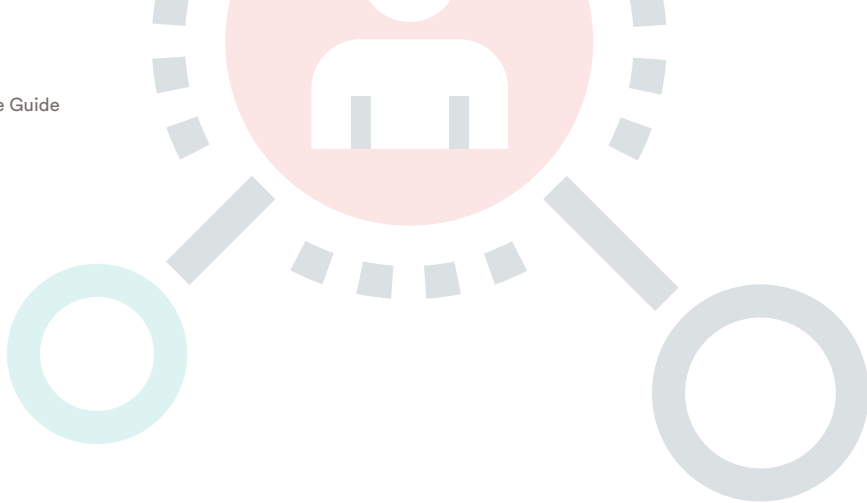
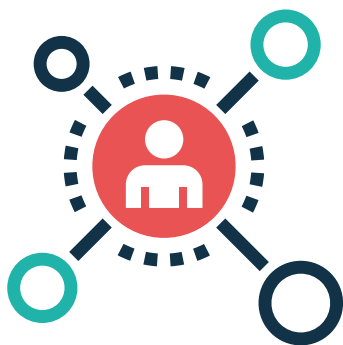


Managing People, Driving Performance: A Good Practice Guide





Introduction

Driving employee performance to improve productivity and effectiveness has always been of great importance to companies. Over the years, particularly in the last decade, performance management thinking and best practice has evolved significantly, with this evolution accelerated even further by the Covid-19 pandemic. The global lockdown and subsequent transition of many employees to remote or hybrid working resulted in many companies having to swiftly review their operating model, adjust their management practices and modify their leadership styles to adapt to the new way of working. One key area of concern for companies has been how to support their employees to continue to deliver performance in this new environment.

The pandemic has caused such disruption to the way we work that it is clear life will not return to pre-Covid times. Recent surveys have, for instance, found an overwhelming preference by employees for remote working, going into the future. As a leader operating in a business environment that is ever-changing, you may be thinking of how to adopt a more strategic approach to driving the performance of your employees - one that helps your business remain agile and at the same time, secures your ability to continue to achieve the results that support your strategic ambitions.

As an employer, you may be asking:

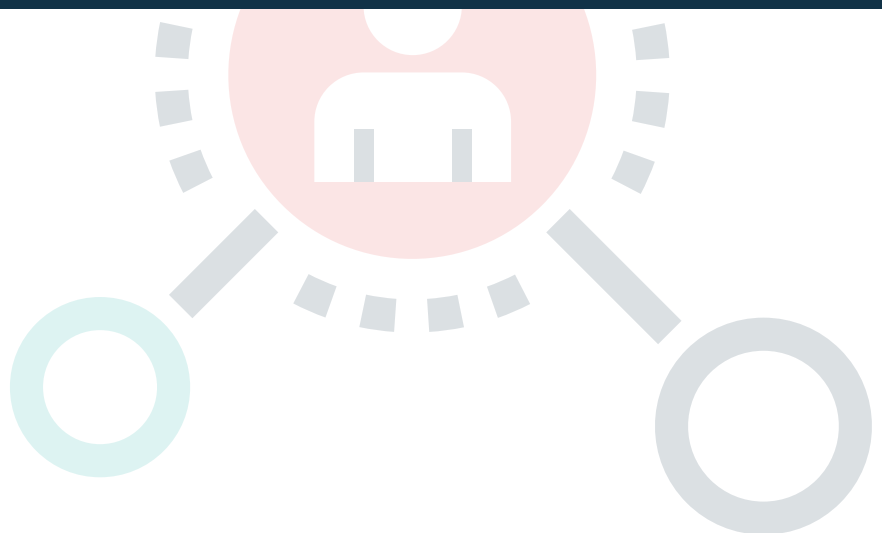
- ? How do we set goals that are relevant and achievable, especially when the environment is constantly changing?
- ? How can we accurately assess performance when our employees are working remotely?
- ? How do we support our managers to have meaningful performance conversations?
- ? How do we ensure a level playing field for both our office-based and remote-working employees?
- ? Is our performance management process still fit-for-purpose or do we need to change it?
- ? Which practices do we need to modify, introduce or discard?
- ? How do we simplify the process without it losing its essence?

When it comes to performance management there is no one-size-fits-all solution, and what works for one company may not necessarily suit another. Consequently, companies need to rethink how they implement performance management to ensure it is effective, particularly in light of the new ways of working.

This guide aims to inform, equip and support you to identify the necessary changes to how you drive employee performance, so that you can implement and embed the culture and practices that suit your business. Where appropriate, we have included a range of practical tips, tools and templates that you can take and apply within your business, to deliver sustainable and measurable performance improvements.

In addition to the guide, Enterprise Ireland offers a range of supports our client companies can avail of as they seek to improve their performance management process. These supports include one-to-one guidance from our [People & Management Specialists](#), access to external HR consultants, eLearning solutions and [Leadership & Management Development Programmes](#). To find out more, please speak with your Development Advisor or Enterprise Ireland contact.

Lola Ade-Onojobi
People & Management Specialist
Enterprise Ireland





Context and Overview

Good performance management is at the heart of every successful business. While many companies strive to have a thoroughly engaged and productive workforce, and believe that their employees are their greatest asset, managing performance is rarely easy. Managing people is an art, rather than a science. There is no set rule book or formula which companies can apply to best manage their employees or their performance.

Views on how best to manage employees and their performance have been shifting over the past decade. Performance management thinking and best practice were already evolving before the Covid-19 pandemic struck in early 2020, as documented by the Harvard Business Review article [The Performance Management Revolution](#), and by Our Tandem in their white paper [The Future of Performance Management](#). Many companies were already questioning whether traditional performance appraisals and a top-down approach to managing performance really worked. The pandemic has made companies question what they could or should change to keep pace with the latest thinking. Whatever stage a company is at in its growth journey, now is a good time to consider how to manage employees and their performance.

The pandemic has also had a profound impact on employees and workplaces. Some companies switched to remote working when the pandemic struck, affecting how they needed to manage, motivate and communicate with their staff. Other companies relied on their employees travelling to the normal workplace throughout the pandemic, and had to put in place additional processes to safeguard the safety and welfare of all.

This guide aims to:

- Define good performance management and outline the key attributes
- Explain the evolution in performance management best practice and thinking over time
- Outline the impact of the pandemic on organisations from different perspectives (leaders, managers, employees and HR), as well as the shifting impact on performance management perceptions, and practices
- Describe all the foundations of good performance management including goal setting, check-in conversations, fluid feedback, formal performance reviews, and reward and recognition
- Provide practical and informative advice for business leaders, managers, employees, and HR to build awareness and understanding, and provide 'how to' guidance to enable companies to make the necessary changes
- Explain why organisations should establish a performance culture, how to do it and how a coaching leadership style can enable this
- Outline important change management considerations for employers so they can develop a plan to implement and embed their new performance management practices
- Provide practical tips and tools to build communication to ensure the changes are successful and that they take hold

This guide is informed by a deep knowledge of good performance management best practice and latest business theory. It is also informed by deep expertise in how SMEs operate performance management in practice. The guide will be useful to companies of any size or stage of maturity, but it has been written with particular reference to an SME audience.



2. Evolution of Performance Management Practice

2.1 How performance management best practice has evolved over time

Over the last decade, performance management best practice has evolved quite radically away from the traditional ‘annual appraisal’ towards a ‘continuous performance management’ approach.

In the past, performance management was primarily an assessment tool, designed so that managers could monitor and judge the performance of their reports. Indeed, a [Harvard Business Review](#) article from 1976 stated that “Performance appraisal has three basic functions: (1) to provide adequate feedback to each person on his or her performance; (2) to serve as a basis for modifying or changing behaviour toward more effective working habits; and (3) to provide data to managers with which they may judge future job assignments and compensation.” This quote illustrates the assumption that the manager’s role was to direct, correct and judge their employees. It tended to set up the relationship between the manager and employee as parent-to-child, assigning responsibility for the management of performance to the manager (not to the employee themselves).

If we contrast this with a modern interpretation of performance management, we can see a clear difference. In this guide we describe performance management as ‘an integrated and developmental approach to driving high performance by maximising employee potential and growth’. An alternative approach is to address performance management as a process designed for the employee, for instance: ‘to encourage discussion and feedback to develop your performance and help you grow’.

It is clear performance management has changed quite radically over the years.

These tables outline the key shifts in performance management, assessment and ratings over the years:

Key trends in performance management

	From	To
Agile Goal Setting	Goals set annually, fixed, cascaded from top down	Agile, near-term goals. Flexible and amendable to reflect business changes. Pragmatic approach to rapidly move from goal setting to goal delivery. Goals aligned bottom-up as well as cascaded top-down. Emphasis on personal development goals.
Performance Check-in	Infrequent interviews led by manager, backward looking	Employee driven, manager as “coach”. Emphasis on development (not judgement). Frequent, focused, forward-facing. Key actions and learnings documented to build a rich picture of performance improvement over time.
Frequent, Fluid Feedback	Infrequent, formal, review-focused manager-led	Feedback flows fluidly in all directions. Process owned by the employee, empowering them to drive their own development. A psychologically safe environment reinforces company behaviours and drives a strong feedback culture and growth mindset.
Manager as Coach	Manager as judge and formal performance assessor	Manager acts as performance coach and facilitates the employee to own and drive their personal development. Increased emphasis on the role of the manager as career development guide.

Key trends in performance reviews and ratings

	From	To
Performance Reviews	<p>Formal bi-annual performance appraisals</p> <p>Primary purpose of performance appraisals was to assess employees</p> <p>Performance management became synonymous with 'appraisals'</p>	<p>Frequent informal check-ins with a developmental (not judgemental) motive.</p> <p>Primary purpose of performance management is to inspire high employee performance and facilitate ongoing development.</p> <p>Check-ins become more forwards-focused and developmental in nature.</p>
Performance Ratings	<p>Performance appraisals were designed to assess employees, so attention was primarily focused on ratings</p>	<p>A more holistic and continuous approach to managing performance and development with a reduced emphasis on ratings and assessment.</p> <p>Frequent check-in conversations keep managers and employees focused on ongoing performance. Reduced emphasis on ratings. Ratings are assigned only occasionally to summarise performance outcomes and achievement.</p> <p>Fewer performance ratings recommended (often a simple 3-point rating scale). Ratings kept high-level to avoid distracting employees and managers from the primary pursuit of performance development and improvement.</p>

These tables show how performance management thinking has changed over the years. They also highlight how the role of the manager has changed. Latest thinking has managers taking an adult-to-adult approach with their employees, acting as performance coach and guide, rather than judge.

Depending on where a company starts from, the move from a traditional style to a fully continuous and modern performance management approach can be quite daunting. For this reason, many companies choose to alter their approach in a step-by-step process over time. This also avoids overloading managers and employees and prevents change fatigue.

Indeed, many companies continue to operate successfully with some elements of the more 'traditional' approach to performance management. Depending on their culture and context, it may not suit every company to change their whole approach in its entirety. Performance and employee management is not 'one size fits all'. Companies need to choose a performance management approach that suits their industry, culture, size, level of maturity and growth curve.

2.2 Impact of the pandemic on performance management

The impact of the global Covid-19 pandemic on work and workplaces has been dramatic with entire workforces, in some cases, having to shift to remote working overnight. Leaders and HR in every organisation have been forced to reassess company priorities and practices to keep employees safe and productive. In early 2020, we may have believed these changes would be short-term. But the pandemic is still with us, and it has become increasingly clear that the world of work has shifted fundamentally. Working life as we knew it may never go fully back to 'normal'.

The Covid-19 pandemic accelerated the evolution that was already happening in performance management thinking and best practice. For some companies, this evolution became a revolution and leaders have had to adjust their assumptions about how to maximise performance and productivity.

The pandemic has also blurred the boundaries between home and work life, causing employees to question whether they want to return to the office full-time and how they expect to be managed in a post-Covid era. Many companies are pondering whether it's time to move to a more employee-centric, developmental, and continuous approach to the management of performance.

The following section will examine in greater detail the impact of the pandemic on performance management, from the perspectives of leaders, managers, employees and HR.



Impact on Leaders

The pandemic forced leaders to make difficult decisions about how best to keep their companies productive, which often required painful and complex trade-offs in ever-changing circumstances. The pandemic has thrown up issues of fairness and equity between employees with family care responsibilities versus those without these added complexities.

Many leaders have changed their approach during the pandemic and a new human-centred leadership style is emerging. McKinsey published an article in late 2020 titled [Preventing Burnout is about Empathetic Leadership](#). They found that “59% of employees and business leaders say their organisation has taken at least some measures to guard against burnout.” Despite this “nearly a third (29%) of employees wish companies would act with more empathy”, an indication that perhaps their efforts have not been enough. These are challenging times and leaders are learning on the job how best to lead an engaged and productive workforce in new and challenging circumstances.

Adopting a more compassionate and empathetic leadership style may require you to revisit your performance management approach for consistency. For example, you may need to:

- Re-evaluate assumptions about what a high-performing employee looks like. You may want to rethink traditional beliefs about hours spent and perceived performance (to move away from an unhealthy culture of ‘presenteeism’)
- Set, monitor and adjust goals more frequently than in the past. The emphasis may need to move away from annual goals to near-term, agile goals to keep pace with more fluid and unpredictable circumstances
- Make check-in conversations more frequent and rounded. Your managers should discuss their employees’ well-being as well as their productivity. Employees increasingly want and expect to be seen as ‘whole people’, not just as workers



Impact on Managers

The role of the manager or supervisor has never been more important than during the pandemic, as managers have played a critical role in connecting their teams with the wider company.

During the pandemic, managers have coped by taking a more pragmatic approach to performance management. A deliberate effort to increase agility and communication has worked well for many companies. These are some of the typical changes being made to performance management practices:

- Instead of annual goals, moving to agile, flexible goals set in the near-term
- More frequent check-in conversations which have focused on well-being and practical offers of support alongside a discussion about performance
- Emphasising the value of feedback within teams to keep colleagues connected despite their physical separation
- A reduced emphasis on formal ratings and performance assessment, especially as many companies have not been able to afford an annual pay award

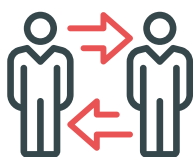


Impact on Employees

As employees, Covid-19 has had a significant impact on all our lives, and we continue to live through a deeply unsettling period with far-reaching consequences for our health, work and lives. Many businesses have suffered and have had to make difficult decisions about finances and staffing. Many people have had to leave the workplace for health reasons or through redundancy; others have had to take unpaid leave and in many companies working hours have reduced. This has directly impacted employees who have borne the brunt of these changes.

As employees, our experiences mirror how our employer had to pivot in the face of Covid-19. Many companies have had to rapidly realign their company priorities and strategic goals. These changes have caused employees' goals to change to keep up with rapid shifts in company direction.

For employees whose work has shifted to remote working, the pandemic may have caused a blurring of boundaries between work and home. It has also changed working relationships as teams and meetings have gone virtual. Some companies have emphasised the need for regular check-in meetings as a good way to connect with their manager during the pandemic. Where performance management is effective, it has kept employees' goals aligned, kept teams talking and maintained (or even improved) the flow of feedback.



Impact on Human Resources

The pandemic has had a dramatic impact on the HR function, and for those companies large enough to have an HR department, the value of the role increased overnight. HR has needed to keep people safe and up to date with ever-changing Covid-19 rules. In addition, HR has had to keep people working, providing laptops and guidance on work-from-home procedures and arrangements. HR has also been actively involved in keeping people motivated by communicating company priorities and strategy and establishing processes to keep employees and teams talking.

Many HR departments have altered performance management processes to prioritise the parts that matter during a pandemic: goal realignment, frequent check-in conversations which discuss well-being and provide regular feedback. Others deprioritised those processes that were less relevant in a pandemic: the annual appraisal against 12-month goals (that were often no longer relevant) or administering an annual pay award based on previous company strategy and projections.

The pandemic has provided an opportunity for HR specialists (or individuals with responsibility for the HR agenda) to give practical guidance to managers and employees to keep them focused throughout the pandemic.



5. Conclusion

Consider your culture and what approach will work best for your company

When building a performance management framework that works for your company, the focus should not be about building the perfect process because ultimately there isn't a one-size-fits-all solution. The nature and manner of how you design and implement your chosen approach should be reflective of what best fits your existing culture while also taking into account how you would like your culture to evolve over time.

While your performance management approach should include a range of key elements such as fluid real-time feedback, regular check-ins, goal-setting, development, recognition and reflection or review, you should consider carefully how to embed these practices into your company. What is right for one business will not necessarily work for another, so proceed with caution when making decisions on areas such as goal frameworks (SMART versus OKR versus Agile) or whether to use rating scales. If your culture is highly reliant on strong collaboration and teamwork it may be better to use a more informal approach to performance management, built around check-in frameworks and regular feedback and touchpoints. Whatever approach you choose will ultimately depend on what will serve your greater purpose and culture.

Support your managers to build the necessary skills for effective performance management

Introducing new performance management interventions is a leadership journey as much as a cultural one. Consider upskilling your leaders in coaching techniques and helping them with guided discussion tips or prompted feedback to get them started. Over time, your leaders and managers will build a greater 'muscle' around these activities and they will come naturally. However, in the early days, like all new activities, it may not feel natural to have these more structured conversations or feedback practices - so don't expect overnight skill in this regard. The key to success here is to create discipline and habits around these practices, so be very clear about what is expected and how often it should happen. This will help normalise the practices and develop capability around them over time.

Building a performance culture is a journey so consider both the new practices to introduce and the process of introducing them

When developing a new framework for your business, spend as much time considering how you embed these new activities, as you do considering the process itself and the practices. Change management is key to successfully embedding these new practices and ensuring that your managers have the right capability and technologies to enable them to deliver your new practices effectively. When done well, you will see the rewards for yourself, through heightened engagement, greater levels of trusted relationships, clear understanding and accountability, and ultimately higher levels of performance.

Building a performance culture is a journey and it shouldn't be considered an overnight one. Consider phasing in new interventions over time, as opposed to a 'big-bang' introduction that could overwhelm your business with too many new interventions introduced all at once. Your employees' capacity to take on additional change should also be a key consideration so, as always, timing is everything here. Initially, you may face resistance and challenge in introducing new practices, but commit to your end goal and when your people build their capability and skillset over time, they will thank you for a better working environment.

Adapt the practices you introduce to suit the requirements and maturity levels of the different teams in your business

Your organisation's maturity in any of the performance management practices will dictate the speed at which you embed your practices and their effectiveness. Bear in mind that not all areas of your business will carry the same levels of maturity or requirements and you may need to adjust your practices to suit differing parts of the business.

While we recommend that there is a consistent baseline across the business to your performance management framework, it may at times make sense to adjust certain cadences to suit departmental needs (for example, salespeople on the road may not want regular face to face check-ins, and may be more comfortable with real-time feedback practices). While you should consider the day-to-day realities of the business don't let it be a factor that stops you from taking your performance management framework forward.

The right performance management framework for your business can deliver real benefits and help you drive bottom-line results

Ultimately, people like to know where they stand, and having regular performance conversations and feedback, with real clarity on goals, helps them achieve that. It is an innate human need to want to grow, evolve and develop so ensuring there are appropriate processes in place can make a real difference to the engagement and ultimately the retention of your people.

With the right performance management framework, you can not only manage employees' expectations, but manage high performance, low performance and everything in between. The right performance management framework for your business can deliver real benefits in terms of employee engagement, retention and team spirit and will help you drive the bottom-line results of your business.

6. Glossary of Terms

Agile Goals

Setting near-term business goals with an expectation that goals will be updated, amended, replaced, and even deleted quite frequently.

Calibration

An optional step in the process where you can compare and contrast individual ratings, sometimes according to a predefined bell curve, to create an aligned perspective on what high performance means for your organisation and ensure a consistent rating philosophy among your managers.

Change Management

A deliberate process and tools to lead the people side of change to achieve a desired outcome.

Check-in Conversations

Check-in conversations provide a framework for frequent performance discussions to keep communication open and free flowing at all times between an employee and their manager.

Coaching Leadership

A leadership style that involves recognising team members' strengths, weaknesses and motivations to help each individual improve.

Feedback Culture

A strong feedback culture can help companies to improve performance, improving the levels of trust and communication, and strengthening bonds between employees and managers.

Performance Management

Performance management is an integrated and developmental approach to driving high performance by maximising employee potential and growth.

Goal Alignment

Alignment is both a 'bottom up' and 'top down' process that ensures linkage between overall business priorities and employee goals.

Goals or Objectives

Some companies may choose to use the term 'objectives' or 'priorities' rather than 'goals'. Throughout this guide we always use the term 'goals' but these terms are interchangeable.

Objectives and Key Results (OKRs)

A methodology which breaks goals into Objectives and Key Results.

Performance Reviews

A vital part of the performance management process, proving an opportunity for the employee to understand how their performance is viewed by their manager and their company.

Personal Development Goals

Personal development goals help an individual to grow and perform to their maximum potential and help employees to maximise their strengths and mitigate their development areas.

SMART Goal-Setting Framework

A useful acronym used to ensure goals are Specific Measurable Achievable Relevant and Timebound. On occasion 'A' stands for Actionable and 'R' stands for Results Oriented.

Sprint Goals

Sprint goals clarify the purpose of the next stage in a development process.

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Our Tandem

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Our Tandem is an award-winning Continuous Performance Management platform, trusted by enterprise organisations in 53 countries, on six continents around the world. Our Tandem helps organisations deliver a human centric approach to performance management with a platform that is designed to inspire, with simplicity and ease of use. We help you transform performance management from a process to an experience. Designed to accelerate leadership coaching capability and provide the tools for employees to own and drive their own development. Our Tandem, where performance management meets employee experience.

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