

# PERFORMANCE MANAGEMENT

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All Business Matters

## What is performance management?

Performance management is a process employers can use to develop and motivate their employees. It is about developing people and relationships. A key part of the process is using training and coaching to build skills and experience. Where necessary it may be about managing poor performance.

## So why is performance management so important?

Most people work in a position for the skills they can learn and develop (as well as the salary they are paid). Most people leave employment because of their manager, or because they want the opportunity to learn new skills and they don't think they are going to get those skills where they are currently.

What if they could learn new skills with you? What if they decided to stay with you for another year or maybe two? Would that positively impact on your business? Would that be worth investing time and money in?

The answer is YES.

An effective Performance Management Programme will:

- build a relationship between employer and employee
- improve communication, clarify expectations
- enhance planning and time management
- develop employer and employee skills
- provide training opportunities
- identify areas for growth
- motivate your people
- reduce staff turnover

Performance Management is a proactive process that focuses on the future expectations and requirements. Remember; “you can only influence FUTURE performance.”

## Where do I start?

Firstly it is important to understand some possible pitfalls.

### ***Possible pitfalls***

As with any process a Performance Management Process is only as good as the people who operate it.

Avoid objectives and goals:

- that are unrealistic
- that support the wrong behaviour
- that are unclear
- that are not measurable
- that are set by the employer with no discussion

It is also a problem if the employee can not influence the outcome.

### ***Starting out***

#### *Step 1*

Decide what you want to get out of a Performance Management System. Answer these questions for a start:

- what am I trying to achieve by doing this?
- have I asked my staff what they want from working for me?
- have I asked my staff what they want from the industry?
- If No, then I need to ask them (don't assume you know!)
- how much time and money am I prepared to invest in getting this right?
- what happens if it doesn't work?
- do I prefer to communicate with my staff informally or formally?
- what happens if my staff won't show commitment to the process?

It is important to get it clear why you are doing this and what the potential benefits are, this gives you the information to decide whether to commit to the process, or not.

Note: Often employers find it useful involving a third, independent person in the process for a start. This is useful, particularly if you have tried new things in the past and they haven't worked, or you have not followed through on them. Like any specialist, a third party also offers credibility to the system and can train and coach you in the RIGHT way to manage the process.

#### *Step 2*

Once you have answered these questions you can outline a system that will suit.

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Notes:

Key things to remember:

- keep it simple
- focus on short, regular sessions
- focus on five relevant skills at a time
- set goals together
- focus forward; don't spend too much time on what has already happened.
- identify clear outcomes and action steps.

Break down requirements into six areas:

1. key responsibility (goal)
2. key tasks required (action point)
3. purpose (why?)
4. current position (where am I now?)
5. measure and review period (what by when?)
6. result (actual)

At each meeting spend a small amount of time reviewing the goals and action points, if goals weren't achieved, find out why. Was it a resource issue, a training issue, a time issue, a behavioural issue? Were expectations unclear?

Spend the rest of the session (80% of time) focused on setting goals, actions and expectations for the next review period. Set review periods for a time frame that suits the needs of the business and the people involved. In dairying the review periods can be based around the four main focuses for the year:

1. Winter – 1<sup>st</sup> June through till 31<sup>st</sup> August
2. Spring – 1<sup>st</sup> September through till 30<sup>th</sup> November
3. Summer – 1<sup>st</sup> December through till 28<sup>th</sup> February
4. Autumn – 1<sup>st</sup> March through till 31<sup>st</sup> May

Set the Key Responsibilities for the period as a team, and even discuss who will be responsible for what. Make sure if you are training an employee in a new skill they will have a chance to practice it. Once the system is running it is easier to identify training requirements and responsibilities for all staff.

Decide how often you will review progress. If you use the three month focus outlined above, monthly progress reviews can be useful. These reviews can identify road blocks to progress, show up a problem before it becomes significant, and identify under performing staff quickly so they can be managed.

### *Step 3*

Once you have decided on your system, diary in meetings so you follow through on anything you start. The success of any system is the regular review and resetting of action points. Document the system you are going to use.

Often Performance Management systems get complex. Performance review documents with pages of specific responsibilities, lots of detail!!

Simple systems work the best, focus on the main requirements for each staff member, keep the big picture view. What are the IMPORTANT things to do for this time of year? Have clear requirements and measures. If results aren't achieved ask why – don't blame! Ask yourself –“As the manager, did I communicate clearly enough?” “Did I do what I said I was going to?”

#### *Step 4*

Review and modify the process to suit you and your business. Any system should be tailored to your needs. Review regularly so you can fine tune the system and keep it relevant.

## **Case Study - Brendon and Gail Woods**

### ***The team***

Brendon and Gail own a 720 cow dairy farm south of Christchurch. They have moved away from day to day management of the farm and are fully involved in strategy and planning. Their team of four full time staff includes the farm manager, senior herd manager and two farm assistants.

### ***Previous experiences***

Over the last seven years they have increasingly believed in the importance of focusing on their staff. The last three years have seen them use specialist 'people' focused consultants.

Brendon and Gail's aim is to provide a value driven employment environment that provides challenge by encouraging learning and skill development, opportunities to take on new responsibilities and one that supports team work. They want to ensure that good staff stay, or return as opportunities allow, and that poor performing staff are managed so they do not impact on the morale of the rest of the team.

In the past they have used more traditional performance management processes, however these never seemed to completely meet their needs. The last two years have seen them

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Notes:

introduce the 'Coaching' based performance management process developed by Sarah Watson. Initially this was used for the Farm Manager, working with him to develop skills as he moved from Herd Manager to Farm Manager. Once Brendon and Gail saw the benefits they decided to implement the process for all staff.

### ***Benefits***

Staff feel valued; they have taken more ownership and responsibility for what they are doing. The system has provided a good structure for better planning and organisation, which has led to everyone having a better understanding of what is happening on farm, and where the priorities are. This has resulted in better time management, more efficient farm operation and less stress for everyone. The system has improved communication between owners, managers and staff. Being forward-focused, the performance management system has the added benefit of being a positive reinforcement system, instead of a negative one. It also provides a written record of what happens, when, and who is responsible for making it happen. This is useful for next season's planning, fine tuning the system, for identifying problems and if necessary dealing with performance issues.

Brendon and Gail believe the system has been a win-win for their staff and themselves.