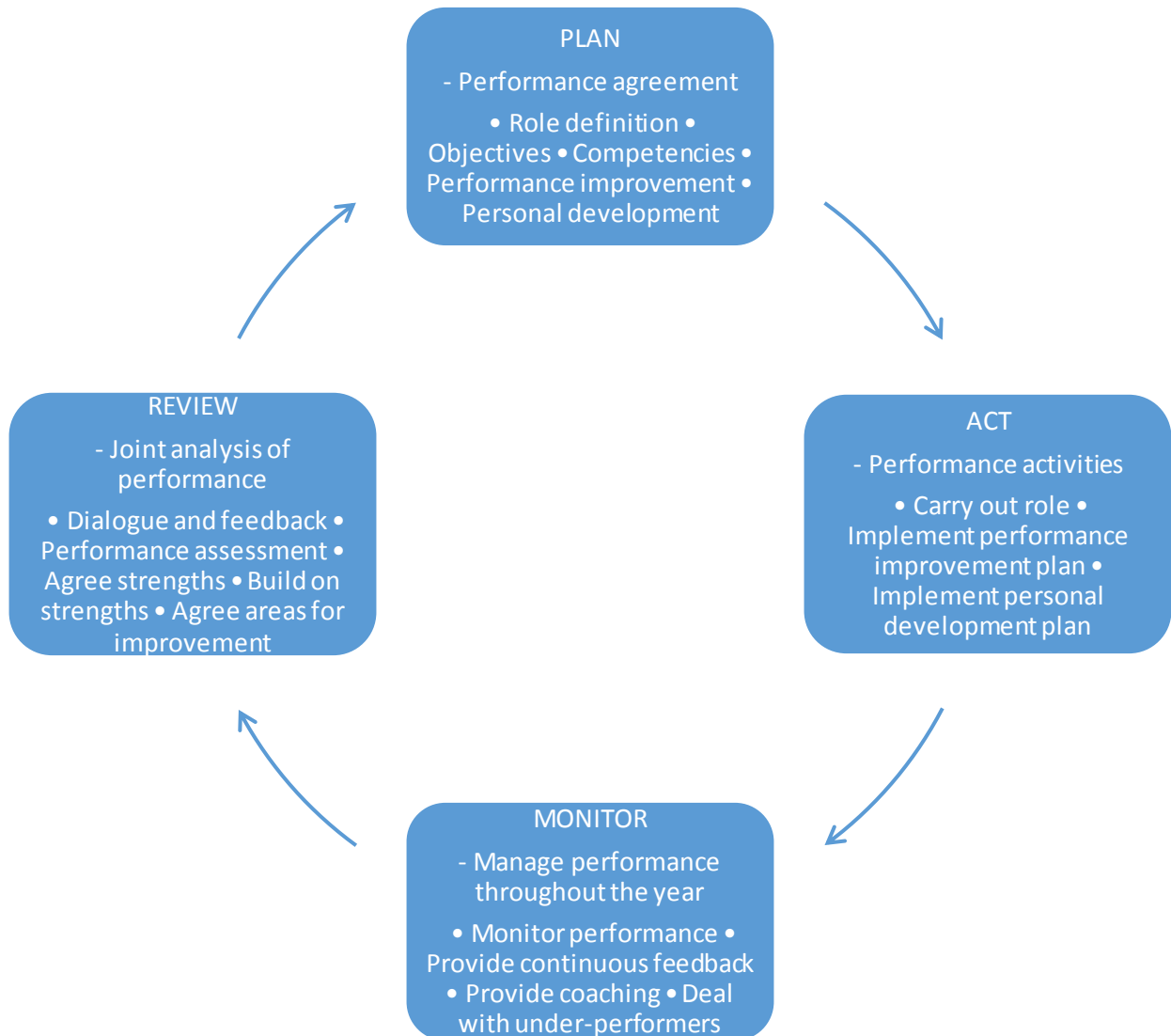


The Performance Management Cycle



STAGE 1 – PLAN: Performance Agreement

This stage is about establishing agreement about expected performance. It may involve an induction for new starters or for people who have moved into a new job/department within the organisation.

Induction

Induction may involve a number of people from across the organisation. It should provide new starters with a reasonable understanding of the business, its purpose and objectives so that they can understand where they fit and how their role contributes to organisational success.

For established employees it is useful to participate in a structured discussion about the organisation, its vision and plans for the future, its policies and processes, culture and values, and the implication of these issues on their role. (See [induction template and notes on values on Moodle](#))

Role definition, Competences and Performance Measures

Induction provides an opportunity for new starters to fully explore their role and responsibilities and the competencies, and standards of behaviour that are expected of them. Some organisations set objectives or key performance indicators for their employees, and measure their performance against these. Others measure against defined competencies, detailed job descriptions, quality standards and/or codes of behaviour.

For established employees, this stage is an opportunity to revisit and update job descriptions, performance targets and competences

Objectives

In large organisations, corporate strategic goals usually provide the starting point for business and departmental goals as part of the performance management approach. From these broad goals more specific objectives are developed and these are cascaded down to departments becoming their responsibility. Next, objectives are cascaded to teams, then to individuals. In smaller organisations this process may happen on a much smaller scale.

Performance improvement

The main focus of any performance management system is continuous improvement, and this should be an underlying theme of the planning stage, incorporated into the individual, team and organisational plans and objectives.

Personal development

Performance improvement and the achievement of organisational objectives is largely dependent on individuals having the requisite knowledge, skills and experience to carry out their jobs and to achieve their own objectives. Opportunities for personal development are essential to ensure that employees' knowledge, skills and experience are relevant and current. A formal process for identifying and addressing personal development needs is included in the planning stage.

STAGE 2 - ACT: Performance Activities

Plans have to be implemented and stage 2 is all about carrying out the planned activities.

Carry out role

This involves prioritising and organising work activities associated with job roles, responsibilities and objectives. It includes the efficient and effective access to and use of resources.

Implement performance improvement plan

It involves day to day management of individuals, ensuring performance and behaviour is acceptable and compliant with standards. This should be underpinned by effective communication. Policies and systems support the implementation of plans.

Implement personal development plan

This is likely to include a range of development activities which could include and on-the-job training, external courses or conferences, coaching, shadowing, e-learning.

STAGE 3 – MONITOR: Manage performance throughout the year

This stage is about monitoring performance, and measuring actual performance against what is expected. It is important because it enables management to check that progress is on track and performance as expected, and to take remedial action if it is not.

Monitor performance

Definition of monitoring:

1. Supervising activities in progress to ensure they are on-course and on-schedule in meeting the objectives and performance targets.

<http://www.businessdictionary.com>

2. Observe and check the progress or quality of (something) over a period of time; keep under systematic review.

<http://en.oxforddictionaries.com>

Monitoring is an on-going process and that should be built into the planning stage i.e. monitoring activities and timings should be planned for. It often involves gathering information, data, facts and figures, and usually involves people from across the organisation.

Provide continuous feedback

Individuals and teams need regular feedback on performance so that they know what is going well and what needs to improve. Feedback should be given on a one-to-one basis and also on a group basis. Continuous feedback is usually given informally but could also be given in a more formalised manner such as via regular scheduled review meetings or supervision meetings.

Provide coaching

Coaching has long been recognized as an effective means of helping people to improve their performance, and people throughout the organisations should be offered the opportunity to receive coaching by skilled coaches. Many organisations recognize the benefits of in-house coaching, and increasing numbers are using it to develop their staff and improve performance. (See [Introduction to Coaching on Moodle](#))

Deal with under-performers

Monitoring enables organisations to identify performance problems early on and to take corrective action. The two main reasons for underperformance are lack of motivation and lack of ability – sometimes a combination of both. There are many ways of addressing underperformance and it is important to take the appropriate course of action to help people to get back on track.

STAGE 4 – REVIEW: Joint analysis of performance

Dialogue and feedback

This last stage of the Performance Management Cycle is concerned with conducting a review of performance over a specified period, usually a year. It should involve everyone in the organization, although the depth of their involvement will vary. Senior management will be heavily involved in the analysis of performance, and may be accountable to a range of stakeholders; other managers will review performance within their own departments and teams. This process necessitates much dialogue and feedback to enable accurate analysis of performance.

Performance assessment

Performance is assessed against expectations, and organisations usually have a range of indicators against which to measure themselves, these may be financial, sales, customer satisfaction, efficiency savings, project completion, etc. Assessment is usually conducted at all levels of the organization from individuals through teams through department to assess performance overall.

Assessment should be based on the headings specified in the performance agreement. The review will address questions such as: Have we done what we planned? Did we achieve the desired outcomes? Were all objectives achieved? How well did we conduct our activities? What could we have done better? What will we do differently in the future?

Agree strengths

Review is a time to celebrate achievement, recognise strengths (maybe provide monetary reward or bonuses). Agreeing strengths implies that everyone is aware of and can acknowledge the things that the organization and the people who work in it are good at, and this assumes good communication.

Build on strengths; Agree areas for improvement

This is about moving forward in the continuous cycle of performance management and based on the principle of continuous improvement.

It's about capitalizing on the strengths, recognizing what needs to be improved and developing the plan for the future - addressing the questions; "What needs to change? What else do we need to do? Where to next?"

Recording assessment

The most common way of recording assessment is through formal appraisal documents. In some organisations this has become a cumbersome exercise in form filling which actually detracts from the central purpose of the review. There are sound reasons for recording assessment e.g. quality audit, to comply with internal procedures, to protect against legal challenges. The best approach is to keep all forms as simple as possible and also to ensure congruence between relevant documentation. (See Armstrong's Handbook of Human Resource Management Practice Chapter 25 fig 25.3a and fig 25.3b)