

PERFORMANCE MANAGEMENT:  
TURNING A FOE  
INTO AN ALLY

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# Executive Summary

In the last two to three years, performance management has been getting a lot of attention. The ongoing debate has been mostly about whether to carry on with it or to take the lead of some of the top companies and do away with it altogether. It is interesting how some of the high-profile companies that did away with appraisals have concluded that there is value in performance appraisals after all. Some have taken a hybrid approach and implemented a quarterly review, albeit without hard ratings. Others have taken the approach of focusing on core competencies and developmental feedback.

In working with our clients, we clearly see that performance management plays a critical role. Although the traditional form may have evolved, being able to manage the performance of one's team continues to be crucial to the work of leaders.

In this paper, we share about our findings and journey on the ground in Asia. In a nutshell, we see performance management functioning as an ally, rather than the perceived foe of managers and employees. While we believe 'practice makes perfect', we advocate proactively equipping managers to do the best job possible, thereby creating a positive experience for all.

# Introduction

**Leaders need to be prepared to confront their fears of carrying out performance appraisals and realise it is one of the most powerful tools in their arsenal.**

Not many managers, even the most experienced ones, would profess to be highly proficient at performance management. And among those who say they are adept at it, not many would claim to enjoy the process. Perhaps one main reason why performance management is often perceived as the foe or a necessary evil at best is because performance management is seen as a process - not an essential leadership skill.

This paradigm shift is critical. Those who wish to be a strong and effective leader must learn to embrace performance management. It is one of the most valuable tools in their arsenal.

The assumption that all managers will naturally learn how to conduct performance management without training and guidance is unhelpful. It can also lead to a vicious circle - a negative first performance management experience will have a knock-on effect. Subsequent performance management discussions may be perceived negatively. Equally, appraisees who had a less than positive experience are likely to expect the management conversation to be unpleasant.

# Leaders who start off right are a lot more positive about performance management

Newly promoted managers who start off on the right footing having had the right training and coaching have an advantage. That is an empowering and enjoyable discussion with their appraisee. In such cases, the ripple effects for both parties will greatly benefit the organisation.

Research has shown that high-performance leaders consider coaching to be critical to their success. Employees do not always receive the coaching they require. Interestingly, leaders recognise there is room for growth in this critical leadership competency.

The rest of this paper focuses on how leaders can confront innate fears of managing the performance of their team and turn it into one of the most powerful tools in their arsenal.



# Our observations on the ground in Asia

In Asia, we have observed among some of the companies that we have worked with that performance appraisals are frequently a tick in the box to satisfy HR and Headquarters. The importance and inherent benefits of doing a good appraisal are not always fully understood. Performance with passion starts with employees truly understanding the direction of the organisation. That understanding is frequently a missing piece of the puzzle.

In a collaboration-based performance management practice, leaders work closely with their teams and provide clear direction. In a study of the top 10 most critical leadership competencies, respondents ranked second that a leader 'provides goals and objectives with loose guidelines/direction'. It is not surprising that 'clearly communicates to provide clear direction' came in third out of ten competencies in the list.

Managers who have had consistently poor or merely average experiences with performance management may have some difficulty seeing the value of investing time to communicate goals and objectives effectively with their teams at the start of a new financial year.

## Different set of challenges

### **In the multinational organisation:**

Asia is highly diverse in its culture and Singapore is truly a country where many multinational companies and nationalities converge. In an environment where headquarters control can sometimes be very tight and where the organisational culture seeks to dominate local culture - sparks fly, and cultures collide. Performance management processes may be highly structured and prescriptive, and managers just need to 'get it done', regardless of whether they understand the process and methodology.

In Asia, the performance appraisal conversation can look

## Our observations on the ground in Asia

very different from one in the West as Asians are generally more reserved and do not always feel comfortable expressing how they really feel, much less have a potentially difficult conversation with a supposed underperforming employee (who may very well just be under-motivated). Likewise, employees in Asia may be less forthcoming during appraisals and managers should be trained to work with a robust process that will enable them to assess employees objectively.

Thus 'real' feedback is sometimes withheld and manifests in different ways that can lead to unhealthy work relationships. The other challenge managers sometimes face in an Asian environment is that they do not feel comfortable expressing appreciation or recognition and may not be explicit in sharing such appreciation, and it is not for lack of trying.

### **In the Small & Medium Enterprise (SME):**

The challenges managers face in a SME environment may be very different and could range from lack of structure, inconsistency of process and perhaps a general belief that performance management is 'not required at this point, but maybe later.'

While there is some generalisation in the above examples, we are heartened to see some organisations (MNCs and SMEs alike) persevering in refining their processes and practices and being receptive towards more effective approaches.

# Overcoming Systemic and Cultural challenges: Collaboration-Based Performance Management

One of the most effective ways of perceiving performance management in a positive light and being able to truly enjoy the process of journeying with team members is to help facilitate their process of establishing shared goals.

Lending some structure to this process can make a surprising amount of difference.

## Using the Collaboration-Based Performance Management Framework

The diagram on page 9 outlines the importance of ensuring employees are clear about the vision, mission and the subsequent strategic and operational priorities that emerge for the organisation.

## Don't Skip the Critical Part of Establishing Vision & Mission

Unfortunately, vision and mission statements are not seen as being a part of the overall strategy of an organisation. Without clear and documented direction for today and the longer term, both leadership and employees would be prone to reacting to the environment rather than staying the course. When the vision and mission are clearly communicated and understood, the leadership and their respective teams would be able to establish robust strategic and operational priorities that will drive the accomplishment of key goals.

Organisations, particularly larger ones, may be more susceptible to establishing ambitious and exciting goals in silos. While senior leaders may be on-board having been a part of the discussions that led to the crystallisation of those goals, other employees may have been left out. Unless senior management is very purposeful in ensuring that employees on the ground



## Overcoming Systemic and Cultural challenges: Collaboration-Based Performance Management

understand the rationale and the motivation of those goals, employees may be left feeling disconnected from the direction of the organisation and worse, feel overwhelmed by metrics and KPIs that they all need to achieve. The result could be a workforce that is performing their work without passion and engagement or an exodus of the best talent. Both scenarios will cost the organisation.

### Shared Goals - not just the Organisation's Goals

How then, does one, overcome the tyranny of the 'cascaded goals' - often perceived as unachievable and grandiose by employees on the ground? This is where the importance of establishing shared goals lies - managers need to seek to understand the personal interest and individual purposes of their team members so as to help develop a connection to the goals of the organisation.

### Optimising Goals - an easier and more realistic way to establish goals

One of the perennial challenges that managers and employees alike face today is the lack of time, so it is critical that there is deep focus on the few goals that are really important.

One straightforward way of better understanding the impact and resources needed to accomplish a goal would be to break down a goal into sub-goals. Bearing in mind that each goal might require another three to five sub-goals to be achieved, focusing on three to five critical goals would be prudent. Focusing on achieving three to five critical goals would make far more impact to the success of the team rather than diluting impact when one is trying to accomplish eight to 10 goals.

## Overcoming Systemic and Cultural challenges: Collaboration-Based Performance Management

### Action Plan

Translating a goal into reality can be daunting but having an action plan can mitigate the 'where do I begin' challenge. Putting in place an action plan to achieve sub-goals enables the employee to identify key tasks that need to happen.

It is not surprising that sub-goals that define key milestones, required resources, and possible hindrances/challenges provide a much clearer picture as to how achievable the goal is. That said, both employee and manager will know what success looks like because there is far less ambiguity.

### Two-Way Feedback/Dialogue

Collaboration-based performance management is built on the premise of regular two-way feedback and dialogue which can help to break down cultural and systemic deficiencies over time. When the manager and employee are communicating effectively, over a sustained period of time, they will be able to work through any inefficiencies of the performance management process and there would be an increased level of trust and collaboration. The desire to 'win together' can be compelling.

### Constant Realignment

The process of reviewing progress and making mid-course corrections is critical and one knows too well that goals set at the beginning of the year may very well lose their relevance and significance by the second quarter. Regular conversations between the manager and employee about changes in the competitive and regulatory landscape thus ensure that shared goals remain current and that the right focus is maintained.

## Using the Collaboration-Based Performance Management Framework

The diagram below outlines the importance of ensuring employees are clear about the vision, mission and the subsequent strategic and operational priorities that emerge for the organisation.



### Developing Shared Goals

The Manager works with the employee to help the individual understand the direction (vision and mission) and priorities (strategic and operational) of the organisation, and intentionally seeks to help the individual develop a connection between their personal interests and purpose, and the goals of the organisation. This leads to a shared goal between the employee and the manager.

### Optimising Goals

Breaking down the goal into sub-goals helps one to identify key milestones and one of the merits of such an approach is that the employee then fully comprehends just how much work is required to complete even one sub-goal.

### Establishing an Action Plan

The process of identifying what resources are needed to achieve the required outcomes and milestones will provide one with a more accurate estimate of the amount of time needed, and it certainly helps to anticipate possible obstacles/hindrances so as to avoid unnecessary surprises.

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### Constant Realignment

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## Summary

### **Overcoming our innate reservations and equipping ourselves to be better at performance management.**

Even as we started the paper saying that managers who start on the wrong footing will have negative emotions attached to performance management, we have also seen how seasoned managers can get excited all over again when they discover the satisfaction of connecting with their team members as they craft shared goals together. It is never too late to learn to get good at coaching and journeying with your team.

### **Sharpen the tools of performance management and wield it with skill. Making performance management your long-term ally.**

Recognise it will take time to learn how to use the tools of performance management to help you know your employees better; understand their career aspirations; what motivates them; and what new roles or projects they would like to explore, for a start. Learning how to give feedback in a way that motivates one to do better is a learned skill and with practice, the results speak for themselves.

Performance management is an essential leadership skill. It is important to proactively equip managers with the proper training to avoid common pitfalls. Managers that excel at performance management give direction to their team. As goals and objectives are met, performance management will be seen as your long-term ally.

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