

# From Front Line to Bottom Line: Linking Individual Performance to Organisational Objectives

BHC

شركة بن لادن القابضة  
BINLADIN HOLDING Co.

FAHR International Forum, 29-30 April, 2014



# The objective of Performance Management:

Is to achieve peak performance of the organization through the collective performance of its individual employees.

# Why do we need a system:

- Misalignment of individuals actions with purpose, strategy, and goals, low motivation, poor fit to roles and skill deficits are always major contributors to performance problems.
- Increased complexity and virtual nature of contemporary work also requires more structured, commonly shared methods for managing performance for consistency and fairness.

# Principles of Performance Management system

All effective PM systems (balanced scorecard, Six sigma, performance appraisal,...etc), have in common the following:

- Setting objectives
- Feedback and measurement system
- Capability building
- Reward
- Process

# Performance management system is challenging endeavor!

- Too many organizations fail to follow the practices required for producing a viable, sustainable process that managers and employees alike embrace rather than tolerate, avoid, or undermine.
- The guidelines are widely known, but the commitment to long-term execution is most often the lacking ingredient.
- Some organizations copy-paste what is considered “best practice” that was designed for a totally different organization.
- Some organizations implement the administrative aspects and procedures without clear linkage to the purpose. They turn the system into a set of rigid rules to be forced.
- Missing more basic elements of the organization like vision/direction, the right people in the right jobs, poor quality of leadership, Learning & Development.

# Characteristics of effective Performance

## Management system:

- Successful organizations consistently apply a simple set of standards, steps, and practices.
- Effective performance management is not about ticking boxes; instead it requires a thorough understanding of relevant principles and applying them appropriately in a given situation.
- The performance management policies are principle-based with emphasis on the intent rather than attempting to define every possible scenario.
- The process is customized to suit the organization specifics like: local culture, legal requirements, nature of business, size and complexity, level of maturity etc.

# Characteristics of effective Performance Management system:

- The Performance Management system is considering both formal and informal domains.
- The line managers are trained and qualified to conduct the informal part day in day out that is becoming part of the organization local culture.

	Formal	Informal
<b>Setting objectives</b>	Vision, Mission, Strategy, KPIs	In-process success measures, stating expectations for daily tasks
<b>feedback</b>	Annual performance review/appraisal, 360 etc	Timely on the spot feedback
<b>Capability building</b>	Formal education/class room training	Coaching, guidance, on-the-job training
<b>Reward</b>	Promotion, salary raise, bonus	Recognition, higher responsibilities, praise in public, "thank you"
<b>Process</b>	Administration forms, data analysis structured meetings, planned 1:1s.	Informal discussions, learning by practicing

# Characteristics of effective Performance Management system:

- Flexible & pragmatic to respond to changing requirements and demands while delivering on the strategic goals:

## Reactive Pressures

*(factors outside of the organisation's direct control)*

- Requirements from stakeholders
- Demands from shareholders
- Regulatory change
- Market pressures
- Global macroeconomic factors

## Proactive Pressures

*(factors inside of the organisation's direct control)*

- Strategic direction
- Operational performance requirements
- Capability development requirements
- Succession planning
- Talent attraction and retention



# Characteristics of effective Performance Management system:

Managing unsatisfactory performers:

- **Intentional:**
  - Misconduct
  - Deliberate poor performance
  
- **Unintentional:** Inability to meet the job expectations:
  - Temporarily or permanently.
  - Illness: mental or physical.

# The challenge really begins for HR once the system is designed and implemented

The challenges that are faced once the system is in place require the most effort if a system is going to drive real performance improvement:

- Ensuring consistent application of principles across the organisation
- Embedding a culture of continuous improvement and constant review to keep individual and department measures relevant
- Monitoring the quality of line management in delivering and managing the performance management system
- Educating the whole organisation on why it is important and explaining how it will drive business performance
- Constantly sharing positive stories to re-enforce the message around performance management.
- Ensuring Leadership presence and commitment is visible.

*It is important to remember that this is all about what works and not the theory, simple pragmatic steps usually deliver the best results.*

# Questions?