



# Newpoint E Solutions White Paper

## Middleware & Apps

How a computerized performance management appraisal framework can be of benefit to organizations



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## Introduction

In Namibia performance management is one of the key fundamentals of any organization, whether it be in the private sector or the public sector, retention of top-performers is key. Currently, various organizations within Namibia have paper based performance management processes, which probably relies on manually collecting annual evaluations or using other labor-intensive, paper-based procedure. Using this kind of tools can often create more headaches than they alleviate.

It is important to understand the importance of having an automated performance management process in place at your organization. Such a process helps you better motivate and retain top performers, more closely align individuals' goals with those of your organization, and create a more engaged workforce— all of which leads to greater productivity, and ultimately, improves your company's bottom line.

### The organizational Issue

Using the manual paper based framework to conduct performance reviews is a hassle. Although it is seamlessly easy to use, Organizations find it difficult to keep track of the physical paper used during performance appraisals. Tracking the physical document between departments proves to be difficult as sometimes due to human error the document gets lost.

Currently in the government:

- Line managers and staff forget their objectives for a substantial part of the year. As review time approaches there is a frantic scramble to ensure that objectives are met (assuming that they were previously defined and recorded). This means that the organization may experience below average performance for a substantial period, followed by a shorter period of high performance.
- As reviews are an annual event (split into four quarters), anxiety on behalf of the manager and staff is extreme. They have one chance to get it right and there are often consequences attached to the review (bonuses, promotions, reputation). In this environment, all parties are charged with anxiety and the likelihood of creating a better performance environment is easily compromised.
- Given the flow of paperwork in and out of the HR department, HR is often offline for several weeks during and after the review period. This means other HR functions suffer and services offered to the business decline markedly

## How will organizations benefit from an automated performance management system?

- **On Demand Performance Management**

World's Best Practice in automated systems now provides for what we call On Demand Performance Management. This is a feature provided in an automated system, which enables both managers and staff to record information that is relevant to their review, as events occur during the review period. The information is time and date stamped and the authors name is also recorded. This facility enables people to record information that will substantiate achievement towards their objectives and goes a long way to resolving the issue of "forgotten" information that is relevant to the review. Information can



be recorded all the way through the year and assists both managers and staff to recall information that will assist in the review.

By contrast, this facility is not offered to staff using manual systems. When utilizing a manual system staff have to remember to record information and keep it somewhere safe, which they quite often don't remember. This means they come to a review inadequately prepared, as do managers. On Demand Performance Management enables both managers and staff to record relevant performance information and attend a review meeting prepared with relevant information about achievements and areas for development.

- **Less Stress**

Given that both managers and staff are able to document Performance issues throughout the year, both come to the review meeting better prepared. Both are less stressed and can have a meaningful and structured discussion. Both know what the objectives were, how the employee has tracked against them and how successful this employee has been in achieving their documented objectives. Both the employee and the manager are fully prepared for a meaningful review and not stressed due to inadequate preparation or insufficient data. The opposite is often true with manual systems. The manager scrambles to retrieve the form from the HR department, or hunts around looking for the document that contains the objectives they discussed some 12 months ago. The employee does the same and both come to the meeting stressed, with incomplete information and not in a position to have a meaningful review.

- **Process Familiarization** Given that most manual systems are used once annually, there is often a substantial re-education process that is required at review time. The HR department receives many procedural requests such as "what do I put in this column" and "who do I send the review to when it is completed". This is typically dealt with by running training sessions with managers dealt with reactively, as the questions come in.

By contrast automated systems have the following benefits:

- A. If the system is used more frequently, managers are more familiar and therefore don't need as much re-education.
- B. On Demand Performance Management means that staff are constantly using the system throughout the year, thereby making sure they are more familiar with the system and process.
- C. An automated system typically includes a comprehensive guide as to process, who has a role in the process and how to conduct the process. This normally takes the form of an online user manual.
- D. Most automated systems have online help which assists users with both the process and other questions.

The combination of the various features of an automated system reduce process questions and enable the HR department to work with line managers on maintaining a high quality process rather than answering the same question several times over.



- **Inaccurate**

Many organizations link reviews to performance bonuses. Typically if an individual does not perform to their minimum objectives, they are not eligible to receive their full bonus. It is not uncommon in large organizations for manual review forms to be lost or not received in time to pay performance bonuses. We have seen staff being paid bonuses when they should not and high performing staff sometimes do not get bonuses when they should. This causes a great deal of anxiety at all levels of the organization and has the effect of employees feeling short-changed.

By contrast, automated systems allow HR to see real time information as to where each review is up to. This prevents the “lost review” syndrome and ensures financial accuracy and fair and equitable distribution of team and individual bonuses.

In addition, manual systems make it extremely difficult to normalize data, for example where a manager of one department may grade his staff very harshly, another may grade very easily. Those marked harshly have less chance to qualify for the bonus pool; the staff that are marked easily get more access to the bonus pool. In an environment where the system is manual, it is nearly impossible to compare departments and determine an equitable split of the bonus pool. In an automated system, results are available graphically by department and each department can be compared relative to each other. A more equitable distribution of bonuses can then be made after the review data is normalized.

- **Wasted Resource**

The HR department often dedicates one or two staff to the distribution, collation and management of manual reviews for months at a time. In most instances, these people are focused on tasks that do not assist management with the review process (qualitative). Rather the resource is focused at completing the process. With an automated system, there is much less management of forms and paperwork and the HR department is therefore able to dedicate resources to assisting line managers with qualitative issues. For example with setting objectives that are **Specific, Measurable, Achievable, Realistic and Time bound**.

- **Line of Sight – Visibility**

Manual Performance Management systems do not enable managers to view objectives for all staff reporting to them. This means that they have very little visibility on the objectives of staff that are more than one management layer removed from them. For example, a Deputy Director would typically only see the objectives he has assigned to his direct reports. The Deputy Director has no visibility of the objectives that have been assigned to staff reporting to his direct reports and has no visibility on more than one layer down the corporate tree.

By contrast, most automated systems provide a full Drill Down, which enables the Deputy Director to view objectives all the way down the organizational chart. This means the Deputy Director can fine tune objectives to ensure the entire financial team and all of its staff achieve their objectives for the organization.



- **Reporting**

Manual Performance Management systems provide little or no reporting. It is very difficult to see who has or has not assigned objectives for their staff. It is also very difficult to determine who has or has not completed reviews for their staff. In fact, line managers often forget who they have assigned objectives to, what the objectives were and who they have not yet set objectives for. This is because forms are returned to the HR department or are filed away. Automated systems enable HR and line managers to see who has or who has not assigned objectives. It further enables both the HR department and line managers to see who has or who has not completed their reviews. Both the HR department and line managers know what stage the review process is up to for each staff member and confusion is minimized regarding the status of any given review. As described previously, a Drill Down function in automated systems enables managers to view the actual objectives assigned to staff to make sure the objectives are correct from a quality perspective. This assists the organization in managing the entire process by making sure objective setting and reviews are conducted in a timely fashion, accurately and with a high degree of quality.

## Conclusion

From Fortune 100 global enterprises to small and medium businesses, leading companies invest in performance management to select and retain the best person for each job because they know that business success is powered by the total performance quality of their workforce. Performance management applications can support specific retention strategies aimed at first identifying top candidates and then nurturing and valuing top performers during their employment tenure. In fact, companies that take an integrated approach to rewards and performance management are 33 percent less likely to have trouble retaining critical-skill employees and 18 percent less likely to have difficulty keeping top-performing employees. They are also 18 percent more likely to be financially high-performing organizations.