

Grahall Partners, LLC

Building a Performance Culture:
The Behavioral Dimensions of Performance
Management

by Joe Davidson

Performance management, especially the annual performance appraisal, is viewed by most employees and managers alike as a necessary evil. It is generally an unpleasant experience, but it is good for you (and the organization). In one of his amusing *Dilbert* books, Scott Adams referred to the annual appraisal as a “signed confession of crimes against productivity”. This view is historically accurate no doubt, but human capital strategists and thought leaders have made remarkable strides over the last twenty years in establishing the end-to-end performance management process as one more meaningful to those involved and more effective in improving both individual and organizational performance.

Different organizational cultures and industries demonstrate a wide variation in the components and processes of performance management, but organizations that do it effectively also display commonalities in approach and rigor. These winners often describe “a culture of performance” as a common cultural artifact. They see it as part of the organization’s DNA. What is it that these cultures of performance share in managing performance? Our research and experience identify these critical elements in building a performance culture:

- Senior Management demonstrates rigor in managing and measuring performance at all levels within the organization.
- Goals, objectives, targets, and accountabilities for organizational and individual performance are clearly articulated and understood throughout the structure.
- A total reward strategy is in place that directly connects achievement of results to rewards.
- Performance management is viewed as an end-to-end process of goal setting, individual development planning, regular performance feedback, and a periodic summary – not a onetime event.
- Administration of performance management processes is simple and compliance is absolute.
- How one achieves results is also an important factor in the overall evaluation of performance.

The first five of the above points have become imbedded in performance management best practices. They may not be easy to accomplish without extensive design, change, and

implementation initiatives, but they are broadly accepted among senior executives as essentials of effective performance management. The importance of how one achieves results in evaluating overall performance is a concept that offers new strategies and tools for improving performance at both individual and organizational levels. By evaluating how individuals achieve results, we bring the elements of organizational values, knowledge, skills, abilities, and behaviors into the performance equation. Along with mission and vision, these are the building blocks of culture.

A performance management process that takes into account how results are achieved can be a powerful builder of the desired culture – a culture of performance. The key to designing and implementing this culture building approach to performance management is identifying those elements (values, knowledge, skills, abilities, and behaviors) at the highest levels of the organization and cascading the essence of their meaning through the hierarchy such that stated values and observable behaviors are aligned from top to bottom. By focusing on the most critical behaviors of an organization's senior leadership, categories of behavior for all employees become apparent, for example:

- Customer Focus
- Teamwork
- Execution
- Accountability
- Communication
- Judgment
- Persistence
- Initiative
- Problem Solving
- Rapid Learning

Methodologies are available to quickly identify these critical behavioral categories and to translate them into the specific behaviors required for success in jobs and job families throughout the organization. When each employee understands the behaviors that they are expected to demonstrate in performance of their job, the dialogue about performance with supervisors becomes much clearer. Managers and employees, at all levels, rapidly develop a common language of performance. Feedback on results (quantity of work, quality, timeliness, organization, etc.) can be expressed in terms of the behaviors that are expected to lead to good results and support the desired culture, i.e. this is who we are and how we get things

done. This type of performance management has proven to be a powerful creator of competitive advantage at many high performing companies.

As stated, methodologies for accomplishing the alignment of leadership behaviors, performance, and rewards are well established. Behavioral descriptors for performance in roles can be derived by means of competency modeling, behavioral job analysis, critical incident interviews, and any number of commercially available competency solutions. Organizational development practitioners are generally familiar with the techniques required to identify and validate the behavioral dimensions of leadership, roles, and culture in an organization. This approach offers chief HR officers and the entire senior executive team an opportunity to improve performance management effectiveness, enhance organizational productivity, and provide concrete examples of the values and behaviors that build the desired culture – a culture of performance.

Performance management redesign that includes clear behavioral and values based dimensions of performance can provide a real competitive advantage to organizations. Experience with clients in closely related financial services spaces demonstrated year over year productivity increases of 8 – 10% (controlled for intervening variables such as restructuring or technology enhancements). That makes a powerful ROI case when weighing human capital investments. Costs can be minimized by effective utilization of internal resources. External consulting resources are readily available as are specific approaches that can best be tailored to the unique characteristics of the specific organization. An additional benefit of implementing behavior based performance management is the alignment it provides for other human capital systems. Behavioral dimensions can be embedded in recruiting and selection, leadership and skills development, job documentation, and employee communications. With proper tools and applications, overall HR contributions to organizational effectiveness will be improved.

HR leaders and other senior executives pursuing culture building or transformation to a “culture of performance” will evaluate their existing performance management processes first. If those processes do not explicitly reinforce the values and behaviors of the desired culture, then redesign and implementation of performance management that reflects best practices, including behavioral dimensions of performance, provide a compelling case for human capital investment.



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Joe Davidson is a consultant with Grahall Partners, LLC. His consulting practice is focused on Human Capital strategy and alignment of Human Resource processes with overall business strategies. He works with clients across a wide array of industries including professional services, financial services, life sciences, telecommunications, retail, manufacturing, and public sector among others. Joe leads his own consulting firm, Davidson Human Capital, based in the Dallas/Ft. Worth metroplex.

Joe assists clients in identifying and developing the organizational capabilities necessary to achieve strategic intent by creating effective people strategies and aligning organizational structure, service delivery model, talent management processes, and total rewards with the individual competencies that drive desired organizational capabilities.

In his twenty-five years of experience as an HR consultant and executive, he has demonstrated the ability to facilitate solutions within a variety of HR disciplines including: organizational development and effectiveness; recruiting and selection; training and development; performance management; employee pay; executive compensation; workforce analytics; and HR metrics.

Davidson acquired these capabilities in both internal management and external consulting roles with leading human capital consulting organizations that included Deloitte Consulting, PricewaterhouseCoopers, and Mercer. He has also served as an HR executive including Vice President Talent Management for a leading health insurer. He offers clients a depth of experience and creativity that has been developed over years of working with some of the recognized thought leaders in HR consulting. Joe has a Masters in Organizational Psychology from University of Illinois, Springfield, and Bachelors from the University of Miami, Coral Gables, FL.