

TRAINING & LEARNING

Who Cares about ROI?

According to a recent study by Watson Wyatt, returns to shareholders are three times higher at companies where employees understand corporate objectives and the ways in which their jobs contribute to achieving them. So how do you link individual performance to corporate goals? This is a five-step overview of the employee performance management process that will create alignment with corporate goals and objectives.

1. Identify and Quantify Desired Results. The first and most critical step is that senior managers get clear about the organisation's objectives and what it will take to achieve them. The CEO should set between five and seven measurable and explicit goals that cascade to the different business units. Each director should align themselves with those goals, again ensuring the results are stated clearly. Liviu Dedes, director of training and organizational development at Pep Boys, explained that they utilize the SMART (Specific, Measurable, Attainable, Realistic and Tangible) methodology when creating and communicating performance targets, whether personal or enterprise wide. Without a clearly defined path to success, employees may not see working to attain their goals worth the effort.

2. Determine Competencies to Achieve Desired Results. Identify job competencies for each accountable position in the organization. Some competencies will cover all employees in the organization, while others are specific to the particular job or role. Consider how each job or role will help achieve the organization's desired results and what quantifiable measures employees will be held to.

3. Facilitate Communication and Achievement of Competencies. Management must work to provide training and development opportunities, while removing impediments to people reaching their personal goals. Teach people how to give and receive feedback—create a culture that is comfortable with this type of interaction and make it part of the daily management and communication between staff and managers. If it's not daily, it becomes the dreaded event that no one enjoys participating in. As leaders set the tone and direction for organization, individual employees devise personal performance goals based on identification of skill-gaps (current vs. competency expectation) and managers then guide individuals as they work towards their goals. Success relies heavily on regular communication at all levels. Clear conversations to set up expectations, as well as open lines to ensure communication when there is deviation from what is expected, will allow for course corrections and immediate support where needed.

4. Monitor and Measure Progress. The old saying “Trust but verify” still holds true. Develop a system that makes all information accessible to staff and their direct managers. Ideally, organizations should coordinate their business performance periods (i.e., fiscal year) with staff performance periods. Making this adjustment can be costly but aligning these two reporting periods will provide greater focus on executing defined objectives.

5. Make it Meaningful. Motivate staff with incentives to attain the competencies that will lead to organizational achievement. Reward not just day-to-day execution and project results, but also the behaviours that support the corporate strategies. Ensure your compensation and incentive systems truly reward top performers (not just in sales). Establish a base pay for attaining a basic level of competency, with increasing levels of compensation for reaching higher levels of competency.

So, Who Owns the Process?

Ultimately, each business unit is responsible for staff performance management. It must view staff performance management as an extension of its existing operations management and reporting.

There are three main groups within the organization that support the business unit in its employee performance management.

- The first of these groups is corporate strategy, or business planning. This group standardizes the process of breaking organizational objectives into projects, initiatives and tactics. This group also typically defines the reporting metrics used internally to report progress or demonstrate success.
- The second group that is instrumental in employee performance management is the training department. This department should provide expertise in analysis of job roles and competencies and ensure the learning strategies will support employees in gaining the identified skills needed.
- Lastly, the human resources department should provide guidance and expertise in employee feedback, coaching and assessment. The practices used should be standardized across business units to ensure consistency.

Organizational alignment at all levels not only enables the organization to define its goals and objectives, but also causes its workforce to perform in concert, as if of one mind and body. This not only ensures that each business unit is performing ideally within the organization, but also allows each employee to understand how their efforts support the organization and why.