Managing the Performance
of an Organization's Human Capital

by Pan Salvaridis

Business Owners and Executives of companies tend to agree that one of the most critical elements in achieving desired business results depends on the willingness and capabilities of the employees to produce desired results; i.e. results that the organization values and believes will contribute to the success of the business.

Human Performance Management [HPM] is all about setting the standards for the employee's desired results while eliminating the barriers that prevent/block the achievement of these desired results by the employee.

Desired Employee Performance = Achievement of desired results by the employee

Human Performance Management [HPM] solutions require a <u>practical and effective</u> process for managing the performance of the employees. A systemic and systematic approach to HPM goes far beyond the traditional HR approach to job descriptions, performance appraisals etc. It is a multi-dimensional solution that includes:

- Identifying and eliminating the barriers that block the performance of employees
- Focusing and defining 'what really matters' for the business and how it relates to an employee's performance
- Defining how work flows through the organization and the working relationship between functions and departments in producing value for the internal and external customer.
- Tools/processes that will help the organization manage the performance of the employees

Symptoms

Some frequent performance-related symptoms that have been observed in medium-sized organizations are:

- Inadequate, inconsistent and sometimes ineffective communications between the Business Owner and/or Executives and the workforce

o Employees are not always sure or clear on what the Business Owner or Executive wants, and how he intends to get what he wants

o Employees seem to lack focus on what really matters for the business; and do not fully understand the key business rules and policies required to perform their work correctly and produce the desired results.

- Departments and functions do not seem to work together in an efficient & effective way creating operational waste as a consequence of in-house conflict!
- Employees perform several or more functions, where tasks belong to different business or support processes that have not been clearly defined or properly structured
- A lot of attention is on activities and not enough on **desired results**
- Absence of an effective and equitable process for managing and rewarding the performance of the employees
- Insufficient training on 'things that really matter'
- Fire fighting mentality

The most basic explanation for these symptoms is that these companies lack effective Human Performance Management [HPM] processes and systems. <u>It is important to note that in small firms, informal and face-to-face relationships [i.e. the personal touch] usually help the organization avoid such symptoms</u>. The personal touch is certainly an advantage in a small firm where the top executive knows everyone on a personal basis, and is able to follow everyone's activities and most important communications are timely and quite effective; unfortunately this personal touch is difficult to implement in an organization of more than 30 or 40 persons.

Change

So why don't medium-sized companies invest in HPM processes and systems? First, the task of creating new processes and systems can seem overwhelming. **"Change" becomes a major issue**. These needed changes may require:

- The investment of substantial amounts of money;
- Substantial time and effort not directly linked to the 'everyday' operational activities;
- Proactive performance diagnosis and strategic thinking that will guide priorities and decisions
- Changes in behavior of the Business Owner, the managers as well as each one of the employees
- The Business Owner or top Executive may need to fight a cultural battle with business managers, supervisors and employees, who so far have

been comfortable with the freedom that a lack of HPM processes permitted.

- ☺☻ The presence of strategic plans that are well-thought-out, transparent and easy-to-understand by everyone in the company
- ☺☻ the introduction of technology, that will automate and increase the efficiency of most of the HPM processes

However if the medium-sized company does decide to introduce HPM processes and systems, it can enjoy many advantages such as,

- ☺☻ The opportunity to create innovative and customized HPM models that create REAL value in their specific and unique business context.
- ☺☻ The culture of medium-sized companies tend to tolerate organizational innovations, and this strength can be used to re-think basic assumptions about people management
- ☺☻ The limited faith they have in benchmarking approaches, will help them avoid making the common mistakes of larger or other firms
- ☺☻ Due to the manageable size of the organization, any structured communication process can be implemented more effectively than in a larger organization
- ☺☻ And finally, the potential of rapid growth is more a characteristic of medium-sized rather than large companies; this factor can create an excitement in personal achievements and growth, and employees tend to make extra efforts to enhance their personal performance for the benefit of the organization.

It is also worth noting that many value adding HPM processes are normally created in medium-sized organizations, where people speak out more freely and genuinely challenge the introduction of any new methods or processes that involve the management of their personal performance!

Pan Salvaridis is a partner with PC&C - Performance Consultants & Contractors in Geneva that using the latest state-of-the-art practices in human performance management has developed a methodology called **ΤΕΛΕΟΝΟΜΙΑ**,