

technical factsheet 152

Managing performance

Why do we manage performance?

A well-managed workforce is generally a happier and more productive one, and easier to deal with.

- Managing performance is about recognising good performers and motivating them to stay and grow the business
- Managing performance is also about addressing poor performance and helping people to improve, and if you do not
 - You may lose good staff
 - The numbers will suffer – profitability and productivity will slide
 - You will spend a long time managing your underperformers at the expense of the others
 - Morale will be adversely affected

This factsheet concentrates on dealing with poor performance, which particularly in a small business causes the most difficulties.

Performance in the probationary period

The principles behind probationary periods are covered in Factsheet 148. In managing performance, or at least anticipating later problems, probation is a useful management tool. All probationers, particularly those who are not performing as expected, should have been receiving appropriate feedback throughout, and if a decision is taken to terminate their employment, it should not be a surprise at the final meeting. A fair basic procedure should be followed (see factsheet 153), but at least you should ensure that the full reasons for the termination are properly backed up and documented. Where there are concerns about performance, but grounds for optimism, the employer may well extend the probationary period, setting objectives for improvement in some areas.

What are the employee's legal duties in relation to job performance?

The employee must:

- Obey lawful and reasonable orders.

This is the basis of any employment contract and requires the employee to do what s/he is told. This includes a requirement to adapt to new techniques and skills, as long as proper training is given. There is also a basic understanding that the employee should be reasonably flexible in terms of job duties, especially in small businesses. It is never acceptable to require the employee to do something which is beyond his/her capability, unsafe or impossible.

- Exercise reasonable care and skill in the performance of his/her employment.

This is not an obligation to be 'perfect' but to be reasonably competent in the context of the skills and experience the employee has, the responsibility s/he has and the training s/he has received.

Competence and obedience

These obligations form the basis of what is required of the employee under the employment contract, and the essence of an allegation of poor performance by the employer will be that the employee is not competent. Sometimes there may be a combination of factors raising concerns.

Where an employee has refused to obey a lawful and reasonable order, this is a fundamental challenge to the employer's authority and is misconduct rather than poor performance. In fact, it is generally regarded as gross misconduct, and may well result in dismissal following investigation. Any communication with the employee needs to be around:

- An explanation of the refusal
- An evaluation of those reasons
- An assessment of the impact of disciplinary action
- A decision as to whether to take it

On the other hand, where the allegation is of general poor performance, critical aspects are:

- The setting of standards – the expectations of the employer should be clearly documented as far as possible in terms of performance and objectives – see process below
- Communication with the employee – the employee should not be in any doubt as to where s/he is failing to meet these objectives and this should be clearly explained. Although any initial meeting is informal in tone and is not part of any formal disciplinary, the whole conversation should be documented and actions to be taken should be recorded. The employee should always have an opportunity to state his case – this might include issues around sickness, home related or work related difficulties which are affecting performance.
- Outcome of the meeting - this might include
 - Training to be planned – whether formal or ‘on the job’ – if the latter, then who is to do it and when?
 - Addressing particular issues which have been raised e.g. relationships at work, sickness of the employee etc
 - Mentoring or coaching – where this is appropriate, what arrangements have been/will be made?
 - Where are the goalposts? What is the employee expected to have achieved realistically by the time of the next meeting, or what other action should have been taken by each side?
 - Feedback – when is the next meeting, and where should the employee go if s/he has problems or issues to raise before this?

Once this process has been commenced, a continuing failure to meet objectives and to perform effectively is dealt with as laid out below.

Job or role description

A very useful document in managing performance is a job description. It is an opportunity for the employer to set out in broad terms what is expected of the employee in terms of range of tasks. Some employers fear that specifying tasks may lead to inflexibility, but job descriptions usually contain broad umbrella clauses requiring the employee to perform ancillary tasks or to carry out such other duties as are specified by line management.

Initial meeting

Where there are concerns about performance, it is critical that these are dealt with proactively and not swept under the carpet. The appropriate manager should hold an informal meeting in order to lay out the employer’s concerns, listening to any representations by the employee. Where it is felt appropriate, the manager should set clear objectives for future performance and, where possible, agree these with the employee.

How do I set objectives?

Any requirements you make or objectives you set should relate to specific business objectives eg fee income, profitability etc. What is required of the employee can be first looked at in terms of the key results areas for which the person is responsible as indicated in their job description.

Objectives can be expressed in any of the following ways:

1. Targets or budgets which state in quantifiable terms the results to be achieved over a period of time. e.g. The jobholder is expected to generate £x income, or process all transactions within 24 hours, or operate within a budget of £x.
2. Tasks or projects which define a particular task or project which has to be completed by a specified date.
3. Performance standards which describe the observable behaviour indicating that the job has been well done.

Please note that issues around poor treatment of work colleagues, rudeness to clients and general poor attitude should be dealt with as misconduct, rather than as a question of poor performance.

SMART objectives

When setting objectives it is important that the following points are taken into consideration if the objectives are to be of any use in determining whether or not the desired outcome has been achieved. A good objective should be a **SMART** objective, which can be defined as follows:

SPECIFIC – describe the specific outcome or result for which the staff member will be held accountable. Objectives must pinpoint exactly what is to be achieved in terms of the targets or standards to be reached and must relate clearly to a key result area. Objectives which are non-specific or vague make it difficult to assess actual achievement. Where the objective is related to a particular behaviour it is important to include 'behavioural indicators' which specify clearly what is expected. It should also be clear how the outcome is linked to divisional or bank-wide objectives. Often objectives are stretching too.

MEASURABLE – identify the criteria that will be used to measure performance – in other words, how will you know if an objective has been accomplished. Valid measures include quality and quantity standards, completion time, budgetary guidelines etc. Where the objective is linked to behaviour, the measure should include clear behavioural indicators.

AGREED / ACHIEVABLE - the objective must be achievable given the current environment, resources available and the experience and skill level of the staff member. Having said that, objectives should also include an element of 'stretch' which will challenge and develop the individual.

REALISTIC – The objective must be realistic in terms of the context within which the individual operates and it must be seen as reasonable. As it is the individual's perception which is important it may be that some support and encouragement is needed as opposed to changing the objective so that the individual no longer feels it to be beyond him/her.

TIME-RELATED – define the timescale within which the objective must be completed or indicate if it is on-going

Finally, in addition to the SMART criteria outlined above, the objective should be discussed with the staff member and mutually agreed upon, together with the success criteria. Once objectives have been agreed, the manager and the individual should discuss how they will be achieved. For some objectives little or no discussion will be necessary because the individual is clear about the course of action to be taken. In other cases, however, it may be necessary to review what the individual will need to do, and this may include the need to acquire new skills or enhance existing ones. It may also focus on the need for support from the manager and other people in the organisation.

Other reasons for poor performance

It may be that during this informal preliminary meeting, or later in the process, the employee discloses that s/he has another problem which is leading, or contributing, to the problems of poor performance.

- **Illness or disability** – the employee may indicate that he has a medical condition or health concerns. It will be inadvisable for the employer to take any further action until the extent and effect of this has been determined. Once it has, if the condition is a disability, the employer will have to consider what reasonable adjustments can be made to accommodate this disability. For further details on this please see Factsheet 154.
- **Stress** - the employee may state that s/he is under stress for personal reasons or because of work-related issues. Again the employer will need information about the nature and extent of the stressor. If it is a home related issue, such as a divorce, debt or serious illness in the family, most employers would give the employee some latitude. A tribunal would almost certainly take a dim view of a dismissal for poor performance in the teeth of serious personal problems. If a work related issue is cited, such as excessive workload or bullying, then the employer should carefully investigate the allegations in order to decide whether they are justified, taking appropriate action eg reduction of workload, disciplinary action against bully, where appropriate.

Formal performance management procedure

Once the informal stage has taken place, if there has been no improvement, or insufficient progress towards the objectives, the employer should move into a more formal process. Many employers have a performance management procedure, but if there is no such written procedure, it is acceptable to follow the pattern of the standard disciplinary procedure. The employee is effectively taken through three stages similar to the three warnings, but the meetings are different in that there is no issue of conduct or wilful behaviour; it is a question of competence. The employer will set objectives, discuss with the employee how they may be achieved and what training and support might be required. If, despite this, the employee does not reach a satisfactory standard, then the employer moves to the next stage.

Ultimately, the employee may be dismissed at the final meeting, with notice.

It is critical, as always, that these meetings are carefully documented and backed up by letter to the employee confirming the outcome of the discussions. The dismissal procedure should conform with the ACAS Code of Practice, otherwise there is a danger that the dismissal could be seen to be unfair.

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