

# the HR DIRECTOR

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## the HR DIRECTOR INTERVIEW:

**Manuel Martinez - HR director,  
American Express**

### **PERFORMANCE MANAGEMENT**

**Engaged employees lead to  
business success**

### **REWARD**

**A strategic approach**

### **EQUALITY AND RIGHTS COMMISSION**

**A year on, what's the difference?**

### **GLOBALISATION**

**The toughest challenge for HR**

### **ALSO FEATURED THIS ISSUE:**

**Andrew Young, OneAgent Global**

**Audrey Williams, Eversheds**

**Tim Forer, Clarke Willmott**

**Howard Kennedy**

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**Huthwaite International**

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### **PLUS...**

**Case Study: Big Lottery Fund**

**Case Study: Shurgard**

**Pictured: Manuel Martinez  
HR director, American Express**

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## Are your appraisals engaged?

Does this process really provide a valued return to the organisation? If not, then why not? Isla D'Aubigny, Consultant at Involve Group Ltd, looks at the appraisal process and issues behind employee engagement.

Traditionally, the appraisal process conjures up images of overburdened line managers fighting through sheets of review papers, with disgruntled employees wondering why they bother at all and HR longing for a quiet summer's day with just a disciplinary or two to handle.

However, appraisals do not have to be a stressful, disconnected and meaningless affair. With the right preparation and support they can become inspiring, meaningful and rewarding processes that form the foundation of the most important organisation relationship, that between the individual and their organisation.

Most organisations can expect that an appraisal process will ensure that high performers are rewarded and those that are under performing be provided with an opportunity to improve. But, all too often, this limited expectation for a return on investment is based on the reality that most appraisal processes stand as isolated bureaucratic tick box exercises that fail to deliver benefit, or engagement, to those annually subjected to its execution, the individual.

### What makes appraisals so meaningless?

It is common place that participants of the appraisal process complete it for an administrative HR function rather than a process for their own personal use. Participant expectations are low concerning the benefits that can be achieved through completing the task. In many circumstances it would appear, on the surface, that the motivation behind implementing an appraisal process is driven by a need to have an accredited process in place. Although this may result in an improvement to the process,

appraisals that are born out of compliance, more often than not, see limited value due to a lack of employee understanding of the purpose and the benefits it can offer in relation to their everyday work.

**“in their highest form, appraisals offer an opportunity for employees to understand the organisation's requirements and for the organisation to understand employee requirements”**

There are many reasons why an appraisal process fails to engage the individual and provide value to the organisation. But most of these reasons can be related to just a few key areas.

### Unaligned activity

If individual objectives are not set in conjunction and in line with the organisation's overall strategy, then the relevance of activity is minimal and there is a risk of disengagement through a lack of awareness of how an individual's actions can impact the organisation's performance.

### One-off process

Traditional appraisals take place once a year with either six month or quarterly reviews. In between these reviews, reference to appraisal information such as objective targets and development actions is rare, with the information filed away 'out of sight and mind'. The impact of this is that the process appears to be irrelevant to employees as it does not relate to an individual's immediate focus.

### Insufficient support

Appraisals are seen by many employees as a 'now what, so what' process without clear and relevant channels of support for their identified developmental requirements. This ad-hoc approach to development conveys a lack of commitment to real transformation.

### Time consuming

Despite the recent upsurge in online appraisal applications, many organisations continue to utilise a paper-based approach that requires managers and employees to complete an often disjointed process that frequently disheartens individuals and incurs unnecessary waste.

### Could appraisals be better understood?

It appears that many organisations lack a purpose behind why an appraisal process is implemented. In particular, what is the purpose or benefit for the individual? To ensure an appraisal process is not a compliance procedure, a level of real engagement is required between an organisation and the individual.

The benefits of engagement of employees and managers within a traditional HR activity can only assist to raise expectations about what can be achieved through an appraisal process.

In their highest form, appraisals offer an opportunity for employees to understand the organisation's requirements and for the organisation to understand employee requirements. In this context, appraisals become the foundation for the relationship between the individual and the organisation.

Using the analogy of a healthy relationship, what does the individual need to know about the organisation to ensure alignment and connectivity? And what does the organisation need to know about its employees to understand how it can provide opportunities for further engagement?

### What supports a healthy relationship?

Relationships in their essence are based on communication. Communication of expectations, commitment and encouragement. Most appraisal processes utilise a competency framework to assess their employees. In its basic form this provides a reference point or common language against which one can measure individual performance. However, the value of a competency-based appraisal is dramatically increased when its behaviour is aligned to the organisation's vision and values.

**“through regularly reviewing competencies in line with strategic changes and including feedback from clients using a process such as the 360, a competency framework can successfully and powerfully underpin behavioural change”**

Using competency frameworks is useful primarily to drive development activity and to provide additional awareness whilst assessing overall performance. This is particularly relevant to organisations that value the importance of how results are delivered in their organisation.

Competency frameworks work best when they are jargon free and simple to interpret, as over-complicated matrices often isolate individuals from the process. Communication and context setting increase the level of understanding to the individual as to how and why they were chosen.

The recent move away from traditional top down appraisals, to more self and 360-style assessments assists in engaging the individual, as the consensus-based feedback provides a real opportunity for self-awareness, learning and growth. Highlighted areas of disconnection between the self and their assessors can also be proactively addressed to prevent the potential breakdown of working relationships and the consequential negative effect on performance.

Through regularly reviewing competencies in line with strategic changes and including feedback from clients using a process such as the 360, a competency framework can successfully and powerfully underpin behavioural change throughout an organisation – 'what gets measured shows up'.

### Aligning the needs of the relationship

The recent introduction of online applications has assisted in underpinning the appraisal process. One aspect of this is its ability to support alignment of activity by ensuring employees set personal objectives that are linked and contribute to a team or departmental goal.

As a result of increased online support for the objective setting process, core employee activity can be effectively aligned to organisational requirements. This ensures that all employees understand the relationship between their own objectives and those of the organisation. When appraisals are aligned all development spend is driven by the competencies and objectives, in turn this delivers critical imperatives to the organisation as the process realises both individual and organisation growth.

### Enabling ownership

The traditional perception of HR owning appraisal information does little to encourage employee and management participation.

The benefits of an online system in relation to increased engagement of employee comes from the ability to provide relevant appraisal information in real-time to the user, the manager and the organisation, which in turn increases transparency and enables a proactive approach.

Ownership of the appraisal process can also be encouraged by placing the individual at the heart of the process. More often than not individuals feel subjected to appraisals rather than involved. Online solutions such as the Involve system provide users with their own 'personal area' where they can initiate and manage their appraisal actions throughout the year. This slight shift in emphasis has been found to be effective in re-engaging employees to the appraisal process with the understanding that the tool is for them to manage their performance regularly rather than quarterly or yearly.

**“If the conditions for a healthy relationship are in place, the introduction of tools for employees to own their performance and development will assist in their self-awareness and re-engagement with the 'why' and 'how' of the process”**

Transparency and ownership of information for managers can also be addressed online by providing managers with a real-time overview of their team's progress. This visibility in turn lends itself to improvement interventions that can be reviewed at the end of the year in terms of impact and usefulness.



> However effective a technology is at underpinning a process, the real importance in any appraisal process is to enhance 'real' communication through face-to-face engagement.

Line managers are often the key gatekeepers in any appraisal process and their skill in setting the conditions for an effective appraisal leads us to focus initially on supporting this core team in managing performance. Particular emphasis is placed on:

- Skills in objective setting and on-going KPI management
- Skills in facilitating an in-depth feedback session including areas for improvement.

Focusing on leading management teams with a 360 degree feedback process allows the team to become aware of their own areas for development, in particular around their skills in managing others. To assist this process, work with senior management teams to set the context for leaders and managers as learners, in key strategic areas of behavioural management. Managers are then enabled to demonstrate with their teams that areas identified for development are part of increasing performance and not something to be avoided. Permission levels are increased as levels of trust increases and opportunities for real communication and development are abundant.

#### An appraised purpose

Engaging the individual within the heart of the appraisal process is key to a healthy organisation. If the conditions for a healthy relationship are in place, the introduction of tools for employees to own their performance and development will assist in their self-awareness and re-engagement with the 'why' and 'how' of the process. In turn, individuals are more likely to own performance issues if they are self-identified and if their manager, skilled in performance coaching, provides open questions that lead employee to a higher self-awareness.

Appraisals become a vital tool for continually aligning and changing focus of activity systematically throughout an organisation, while providing a focus point for continual personal growth. Through transparency of information HR is enabled to make effective strategic decisions in order to raise the intrinsic value of human capital.

It can be concluded that the cost of managing a low value appraisal process is high when the context is of low trust and expectation. Without employee engagement this will result in an administrative waste of time.

Those companies which invest in setting up the appropriate conditions for engagement will be surprised by how much can be commercially achieved from an appraisal process.



Isla D'Aubigny  
Consultant  
[www.involvegroup.com](http://www.involvegroup.com)



## CREATING THE SALES-CENTRIC ORGANISATION

TO BE TRULY CUSTOMER-FOCUSED, A BUSINESS MUST RECOGNISE THE IMPORTANCE OF SELLING THROUGHOUT THE ORGANISATION. THE 'LIVING SALES™' APPROACH PUTS SALES AT THE CENTRE OF THE ORGANISATION. A PERSONAL VIEW, BY ANNALIZE CUTHILL, HUTHWAITE INTERNATIONAL.

Today's corporate mantra is the 'customer-focused organisation'. And it is undoubtedly true that, with the credit crunch biting ever deeper, the balance has swung from client acquisition to client retention as key to the long-term health of the business. And this at a time when the customer has never been so well-informed or promiscuous. However, what is less well-recognised is that the key to achieving this external focus is to understand the importance of selling within the business as a whole.

#### A new way to sell

Based on Huthwaite's continuous research into what sales behaviour impacts most positively on a company's bottom line, living sales is a philosophy of sales improvement that directly challenges the traditionally perceived worth (or lack of it) of the sales role. Essentially, it requires a company-wide shift that restores the value of selling. While the act of selling itself remains the domain of the professional team, each and every member of staff learns to appreciate the impact their behaviour can have – for good or bad – on the business's bottom line.

To bring in the business and, critically, retain it, salespeople need the support of the rest of their colleagues. Thus, whilst focusing on the sales function, a living sales approach ensures that positive behaviour is learned, retained and applied at every level – from the way incoming calls are handled, through accounting, technical support and even in the post room.

#### Win/win

At one level, it might be argued that this is no more than putting the case for good customer service. Yet it is much more than that. It's about understanding your client's organisation, how it is structured and, indeed, how it sells. It's about adding and creating value at every given opportunity, based on a greater knowledge of, and anticipating, clients' needs even before they are aware of them and finding the right solutions in response. In short, it's about giving clients what they haven't yet asked for, as the basis of establishing long-term relationships.

The successful, truly customer-focused organisations of the future will be those that align sales with structure and process, embedding living sales throughout the business. That is the true science of selling.



Annalize Cuthill  
Sales Director  
[www.huthwaite.co.uk](http://www.huthwaite.co.uk)

