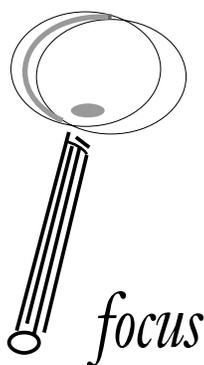


1

Getting Started with Performance Management



Learning Objectives

By the end of this chapter, you should be able to:

- Define performance management.
- List the benefits of using performance management.
- Determine your readiness to implement performance management.
- Describe the requirements for making performance management work in an organization.
- Explain the performance management model.

Jerry Moss picked up the memo from the top of his in-basket pile. The red and blue letterhead left no doubt that it was from the company president. Its subject was performance management. He read the first paragraph, which said: “Whether you have 1 person or 20 people on your work team, performance management is a systematic approach that can help Weston Products achieve the results we need. We will begin the process of implementing a performance management system this month. It is my expectation that the system will be in place and functioning by November 1.” Even though he knew yesterday had been a holiday, Jerry looked at his calendar to verify it was July 5th.

His eyes returned to the memo to read the second paragraph. “Performance Management is about doing everything in your power to help your employees succeed and encouraging them to manage their own performance. Effective performance management helps employees help themselves. It is my sincere belief that performance management can help Weston Products

meet its aggressive goals for increasing our industry leadership.” The final paragraph of the short memo simply said, “Your supervisor will be meeting with you to explain how performance management works. I’m confident as you learn more, you will be just as excited as I am about your future and the future of Weston Products. You have my best wishes for a successful implementation of performance management.”

Jerry put down the memo. As a second level manager, it certainly had his attention. Memos from the company president didn’t hit his desk every day. Its brief message was clear and direct. However, it did raise the question, “What is performance management anyway?” Jerry picked up the telephone and called Darlene Grant, his supervisor, and asked that very question.

PERFORMANCE MANAGEMENT DEFINED

Darlene was expecting Jerry’s call. In fact, she would have been disappointed if he hadn’t called. Since Jerry was one of her top performers, she planned to involve him heavily in the implementation process. Her reply to his question was direct and to the point, “performance management is defined as a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.”

“Did you just read that or do you have it memorized?” Jerry asked.

“That’s the official definition adopted by Weston Products. If you have a few minutes, I would like to tell you more because I want you to help me with the implementation in our department. How about if I come by your office in about 30 minutes?”

“I’ll be ready and waiting.”

As usual Darlene arrived right on time. She and Jerry talked briefly about their holiday experiences. Then Darlene handed Jerry a one-page definition of performance management and said, “Let’s review each part of the definition and discuss what performance management is all about. As we do, I want you to think about how we might use performance management in our department.” Here’s how Darlene explained the parts of the definition.

“The first key is to have a proactive partnership between employees and management. Performance management doesn’t automatically happen—we have to be proactive. It’s up to us to take the initiative to introduce performance management. We can’t wait on someone else or some other department. Note that employees and management are included together in the definition. Performance management isn’t something you do *to* employees, its something you do *with* them—it’s a partnership. Performance management won’t work if you are committed, but your employees are not. And, of course, it certainly won’t work without your commitment. The key ingredient is the partnership. You and I along with all the members of your work team must be committed and willing to work together to reap the benefits of performance management.”

Darlene paused for a moment and then asked Jerry, “What type of relationship do you currently have with your employees? Is it a partnership? Adversarial? Autocratic? What kind of changes may be needed?” Jerry thought for a moment before he responded.



Think About It . . .

If Darlene had asked you the same question, how would you answer it? Use the space below to briefly describe your relationship with your employees.

“Helps employees perform at their best” was the next point that Darlene made. She continued, “performance management is about maximizing the potential of your work team. Its purpose is not to keep close tabs on people or to checkup on their decisions and activities. If you want to control everything your employees do and have them get your permission before they act, performance management won’t work. In fact, performance management is about getting employees to take responsibility for managing their own performance. Effective performance management allows employees the freedom they need to do their best work without worrying that you will second-guess their decisions and actions. In short, they become more self-managed and less supervisor-managed.”

Again, Darlene paused and asked Jerry, “Are your employees doing their best work? What are you doing to help them achieve the desired results? Could they be more self-managed?”



Think About It . . .

If you were in Jerry’s shoes, how would you respond?

“Align their contributions with the goals, values, and initiatives of the organization,” Darlene continued. “This means that employees want to be valued by the organization. They need to know that the best way to create value for themselves and for Weston Products is to help Weston succeed. Performance management is a process that can help us ensure that each individual’s goals, values,

and initiatives are aligned with those of the organization. In other words, you, your employees, and everyone at Weston Products need to all be ‘on the same page.’ When everyone is pulling together and in the same direction more can be accomplished.”

Darlene looked at Jerry and asked the following questions. “Do your employees understand the goals, values, and initiatives of the organization? If so, is there alignment among what you, your employees, and the organization are trying to accomplish?”



Think About It . . .

How would you respond if you were asked those same questions?

BENEFITS

Why should you consider implementing performance management in your organization? Let’s look at some of the potential benefits that Darlene and Jerry discussed. These benefits are summarized in Exhibit 1–1.

1. *Improved performance.* When performance is managed, it tends to be better. Managed performance involves setting clear goals, giving ongoing feedback, and coaching employees to be successful. Employees get better results when they know management takes an interest in them and what they are doing. Employees know whether you are interested in them when you talk to them about what you expect and whether or not they are providing it. They know you are interested when you ask them questions



Exhibit 1–1

Benefits of Performance Management

1. Improved performance
 2. Improved communication
 3. Organization alignment
 4. Organization capability
 5. Reduced management time
 6. Increased employee self-management
 7. Increased employee satisfaction
-
-

about their work and listen carefully to their answers. Using a systematic approach to performance also helps improve results. You can't manage performance by accident. You have to have a plan and a process. Completing this course will help you develop a plan that will work for you and your team.

2. *Improved communication.* A proactive partnership requires communication. People have to interact. One of the most common employee complaints in most organizations usually has something to do with communication. Effective performance management results in more effective communication.
3. *Organization alignment.* When the entire organization focuses on performance management, there is alignment up and down the line. Everyone speaks the same language and goals are in alignment. People and/or departments aren't working at cross-purposes. Employees are more focused on the same major priorities and all have a clear understanding of how they can contribute to the organization's overall success. Alignment helps the organization achieve more because employees are working together to help the organization succeed and vice versa.
4. *Organization capability.* More can be accomplished when everyone is working toward the same goals and objectives. Strong individual performance helps build organization capability. As employees develop their skills and abilities the whole organization is in a better position to achieve its mission and strategic objectives. As the organization's capability increases, it is also more likely to attract highly capable people to its workforce. The result is an upward spiral in performance and capability both at the individual and organization levels.
5. *Reduced management time.* Performance management really does take less time. One of the keys to performance management is up-front planning and communication that occurs between employees and managers. The initial time investment is more than made up with the time saved in the long run by having employees who are actively involved in managing their own performance.
6. *Increased employee self-management.* Performance management is a partnership. This is a critical difference between performance management and other systems that organizations sometimes embark on to improve organizational effectiveness. Many of those initiatives are directed *at employees*. Performance management, on the other hand, seeks to work *with employees* so they take on a significant amount of the responsibility for managing their own performance. It's no longer just the manager who is responsible for performance. Instead, managers shift the emphasis to the employees and provide them with the tools they need to manage their own performance.
7. *Increased employee satisfaction.* Effective performance management yields greater employee satisfaction. Employees like to have clear expectations and get feedback about how well they are performing. Also, the more involved employees are in planning and carrying out their goals, the more satisfaction they have in their jobs. Giving employees a significant voice in their day to day activities can be a big morale boost.

“It sounds like we’re talking about a long-term commitment here,” Jerry stated, “and not just some flavor-of-the-month program.”

“Exactly. Weston Products has taken on various initiatives in the past that were designed to make us more effective internally and more competitive in the marketplace. The problem was that these initiatives often failed to take into account the employee’s role and responsibilities. Consequently, the programs had no real staying power.”

“Do you think top management is really committed this time?” Jerry asked.

“I believe they are committed. But, even if they aren’t totally committed, it is up to our team to get performance management implemented in our area so that we can reap its long-term benefits.”

“So, what’s our next step?”

“Jerry, these benefits may seem obvious to you, but don’t take it for granted that they will be obvious to everyone. Use this list as a tool to help you explain the value of performance management to your work team. Then, as you implement performance management, look for specific examples of how you have reaped these benefits.”

A

Apply What You Learn: How Can Performance Management Benefit You?

Use the space below to think about how you might explain the benefits of performance management to your team members. For example, you might say: “Improved performance leads to meeting more of our department goals, which in turns helps the company be more successful. When the company is successful, management tends to share the rewards with the employees.”

1. Improved Performance

2. Improved Communication

3. Organization Alignment

4. Organization Capability

5. Reduced Management Time

6. Increased Employee Self-Management

7. Increased Employee Satisfaction

ARE YOU READY FOR PERFORMANCE MANAGEMENT?

You now have a definition of performance management (see Exhibit 1–2) and understand its benefits to you, your employees, and to the organization. The next step is to determine your readiness to embrace and implement performance management. As you consider using performance management, you should be aware that doing so may require a change in the way you think, the way you approach your job, and the way you interact with employees.

Darlene asked Jerry to complete a self-assessment to determine how ready he was to make performance management work at Weston Products. Take a few minutes now to complete the same assessment for yourself.

E

Exhibit 1–2

Performance Management Defined

Performance management is a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.



Self-Assessment: Performance Management Readiness

Read each of the statements that follow. Circle the number that is nearest to your readiness on a scale of 1 to 5 (with 1 being “Not Ready” and 5 being “Very Ready”) to make performance management work.

1. I frequently discuss performance expectations with my employees.

1 2 3 4 5

2. I believe in the power of expectations as a management tool.

1 2 3 4 5

3. I view my employees as partners in achieving the desired results.

1 2 3 4 5

4. I try to help employees understand how they personally can benefit from achieving results.

1 2 3 4 5

5. I believe that taking a systematic approach to performance will yield better results in the long run.

1 2 3 4 5

6. I understand the importance of having an organization culture that supports and values the concept of performance management.

1 2 3 4 5

7. I understand that doing something different can require a significant investment of time and energy.

1 2 3 4 5

8. I look forward to spending quality time with my work team and helping them achieve results.

1 2 3 4 5

9. I am willing to make an ongoing commitment to performance management.

1 2 3 4 5

10. I understand that my level of enthusiasm and commitment rubs off on my employees.

1 2 3 4 5

Add the numbers you have circled for the ten statements.

Total Score: _____

Scoring:

43-50: You are confident in your readiness to make performance management work. Your next step is to translate your mental readiness into action.

35-42: You will have to make a few changes in your thinking and approach to make performance management work.

Less than 35: Your score indicates that you are not ready to make performance management work. Use this course to help you get ready to implement performance management.

In the next part of this chapter you will learn why these readiness factors are important in making performance management work in any organization. The remaining chapters of this course will help you formulate a strategy for implementing an effective performance management system.

MAKING PERFORMANCE MANAGEMENT WORK

There are several requirements that must be met if performance management is going to work in any organization. When met, these requirements serve as the foundation on which to build an effective performance management system. They are:

1. Communicate expectations
2. Involve employees in the process
3. Use a systematic approach
4. Be willing to work hard
5. Make a commitment to success

Communicate Expectations

Expectations are a powerful management tool. Clear expectations provide direction and structure. When people know what is expected, most often they will rise to meet or *exceed* those expectations. On the other hand, one of the

major causes of poor or substandard performance is that people don't know what is expected. If they don't know what the goal is, they won't know when or if they ever hit it.

The employee's lament, "If he had told me what he wanted in the first place, I would have done it that way," is the sound of unclear expectations. In performance management such a comment should be rare. Why? Because our definition of performance management says it is a *partnership*. In a partnership, both parties take responsibility for ensuring clear expectations. In the above example, the employee's lament should have been, "If only I had clarified the expectations, I would have done it that way." Of course, the manager also should have been proactive to ensure the employee had a clear understanding of what was expected.

Expectations play a critical role at every step in the performance management process. For example, when setting goals it is important that both the employee and the manager have clear expectations about what is to be accomplished, by when and if there are any budget constraints. When monitoring performance, there has to be agreement on what will be monitored. Problems occur when the employee expects one thing to be monitored and the manager looks at something else.



What Do You Think Happened?

David, a technology supervisor at Arcadia Industries, has been having difficulty getting his employees to do what he wants. He has had several meetings at which he has stressed the importance of "doing your best" and "working hard." After the meetings, he saw that his employees were trying to do their best, but still not doing the job the way he wanted it done. Even though they were willing to work overtime when necessary, they still didn't consistently meet his expectations. What do you think happened?

A suggested response appears at the end of the chapter.

Involve Employees in the Process

One person working alone does not make for a partnership. Employee involvement is critical to the success of any performance management process. Managers and employees must work together. If they view themselves as adversaries, neither will be successful. Both have to see performance management as a win-win situation.

Even when there is agreement on a partnership, both parties will likely still be concerned about their own self-interests. The WIIFM principle (What's in it for me?) almost always comes into play. A person's commitment to performance management will depend on the answer to the WIIFM question. If the employee only sees what's in it for the manager, the employee won't be very committed. Or, if the manager perceives that the employee is the one who derives all the benefits, the manager is less likely to want to actively participate. Performance management will only work when both the employee and the manager have a positive response to WIIFM.



What Do You Think Happened?

Julie is the manager of the Marketing Department at Wilson Enterprises. On Friday afternoon, her boss asked her to formulate specific goals for the next quarter for her six-person department and have them on his desk by the end of the day the following Monday. Julie worked over the weekend and used the goals from the current quarter as her guide. She was able to meet the deadline. When she turned in the goals to her boss she also gave copies to all the people in her department. However, she was surprised three weeks later when she sat down to informally review everyone's progress and found that many of the people were not working on their goals. What do you think happened?

A suggested response appears at the end of the chapter.

Use a Systematic Approach

Performance management is a system. It's not just one thing that you do. Performance management is best viewed as a related series of activities that when performed individually contribute to the whole. You can't just choose the activities you like and ignore the rest. Performance management is a process that requires a long-term commitment and effort to be successful.

Like any good system, the whole is greater than the sum of its parts. Each step in the process is designed to accomplish specific goals. By itself, each step will have minimal impact without the others. However, when all the steps are used together, the outcome can be improved work team performance, which in turn, leads to improved results.

Because it is a system, performance management is not designed to be a program of-the-month. If you are looking for the quick fix or something

to motivate people for a while, don't embark on implementing performance management. You'll just confuse and antagonize your employees. If you want long-term success, performance management has to become a part of the organization's culture. Top management has to support and value the concept and activities that make up performance management. The culture and the systematic approach have to work hand-in-hand for performance management to have an impact in the organization.



What Do You Think Happened?

Bob's Big Boy Burgers was a growing chain of fast-food restaurants. Bob Johnson, one of the owners, attended a seminar on performance management that stressed the importance of performance appraisals. When he got back to his office, Bob designed an appraisal form and sent it to all his store managers. He told them that the new form would be used for their upcoming evaluations that were due in two weeks. He asked them to rate themselves and return the form to him by that time. When the first completed appraisals forms started coming back to his office, he was disappointed that the forms were incomplete and that their ratings were different from what he had expected. What do you think happened?

A suggested response appears at the end of the chapter.

Be Willing to Work Hard

Effective performance management is hard work—at least in the initial stages of implementation. It takes time to have thorough discussions on goals and objectives. Sometimes it can be difficult to transform general thoughts and ideas into specific goals that can be measured. It takes an additional commitment of time and effort to reach agreement on the best ways to monitor and analyze how well the goals are being achieved.

Performance management is essentially a one-on-one process. As such, the more employees on the work team, the more time and effort that will be required. The amount of time spent with each employee will vary depending on the employee's experience and approach to the process. More experienced employees who are committed to the concept will likely require less time than a new employee who is unfamiliar with performance management.

Don't let the initial hard work become discouraging. Once the system is set in motion, it should require less time. Employees will be more self-directed because they know what is expected and will have ways to measure their own results. As a manager, your time should shift from being a troubleshooter or a firefighter to being a coach and advisor to your team members. Most managers find the performance management approach to be more rewarding because they are helping their employees achieve results instead of solving problems that the employees should have solved themselves.



What Do You Think Happened?

Marty Johnson is the manager at Johnson Lumber and Hardware, one of a group of six family-owned and operated retail stores. Six months ago she read a book about performance management and decided to implement it at her store. She has spent a lot of time at the end of her regular work day rereading the book and working on the specifics of a plan similar to the ones in the book. She has designed several tracking forms and put together a packet of forms for each of her employees. She has called a staff meeting next Monday to unveil her system. What do you think will happen?

A suggested response appears at the end of the chapter.

Make a Commitment to Success

Your commitment will make or break the success of performance management. Just as with anything else you do, a half-hearted commitment will yield half-hearted results. Although performance management is truly a partnership, you, as the manager, have to take the lead in demonstrating a commitment to the process and generating the necessary enthusiasm on the part of the team members. Employee commitment will generally be a reflection of management commitment.

Equally important is maintaining a commitment once the ball starts rolling. Too many managers embrace a new concept with great fervor at the outset only to let their enthusiasm wane as time passes. When performance management is first introduced, many employees may see it as just another program-of-the-month. They are relatively confident that as time passes so will the commitment and eventually things will get back to "normal." Overcoming this view requires a daily commitment to integrating performance management as the way you work with your employees.



What Do You Think Happened?

Three months ago Fairfield Furniture Manufacturing introduced a new performance management system to the company's middle managers. Top management was involved in the implementation meetings and asked everyone to make a commitment to doing their best to make performance management a success. Mike Diller, manager of production, has been spending a lot of time working one-on-one with his employees to develop goals and objectives. They have also had group meetings to ensure everyone understands the system and the expectations. Next month they are planning to "go live" with their system. What do you think will happen?

A suggested response appears at the end of the chapter.

Take a moment to reflect on each of the five requirements described in this section as you look at Exhibit 1–3: Making Performance Management Work. Use it as a checklist that you can refer to as you complete this course. You can also use it to identify the things you must do to make performance management work in your organization.

PERFORMANCE MANAGEMENT MODEL

You now have a definition of performance management, an understanding of its benefits and the requirements to make performance management work in your organization. Now let's take a look at the performance management model used in this course. Because you will need a complete understanding of each step in the model, a full chapter is devoted to each one:

- *Step 1: Planning Performance*
- *Step 2: Monitoring Performance*
- *Step 3: Analyzing Performance*
- *Step 4: Improving Performance*
- *Step 5: Maintaining Performance*

The relationship among these steps is shown in the Performance Management Model in Exhibit 1–4. Note that each step serves as a building block for the next step. In other words, you can't effectively monitor performance

E**xhibit 1–3****Making Performance Management Work**

Use this checklist to identify the things you must do to make performance management work in your organization. You may want to mark this page in your book so you can refer back to it often as you complete this course.

1. Communicate Expectations
 - What are my expectations for performance management?
 - What are my work team's expectations for performance management?
 - What can I do to ensure there is agreement on expectations between me and my work team?
2. Involve Employees in the Process
 - What involvement do I need from my employees?
 - What will I do to encourage their involvement?
 - What can I do to ensure their ongoing involvement?
3. Use a Systematic Approach
 - What does using a systematic approach to performance mean to me?
 - What are the benefits to me and my team of using a systematic approach to performance?
 - Have I had programs of-the-month before? If so, how will performance management be different?
4. Be Willing to Work Hard
 - How much time and energy am I willing to invest?
 - How much time and energy do I expect my employees to invest?
 - What are the long-term pay backs to investing my time and energy up front?
5. Make a Commitment to Success
 - How committed am I to performance management?
 - How will I communicate my commitment to my team?
 - How will I sustain my commitment over time?

(Step 2) unless you have properly planned performance (Step 1). You will also notice that the whole system is surrounded by the organization's culture. This model assumes a supportive organization culture, and the potential impact of that culture will be discussed in detail in Chapter 7. Now, let's look at each step in the process and how they are interrelated.

Step 1: Planning Performance

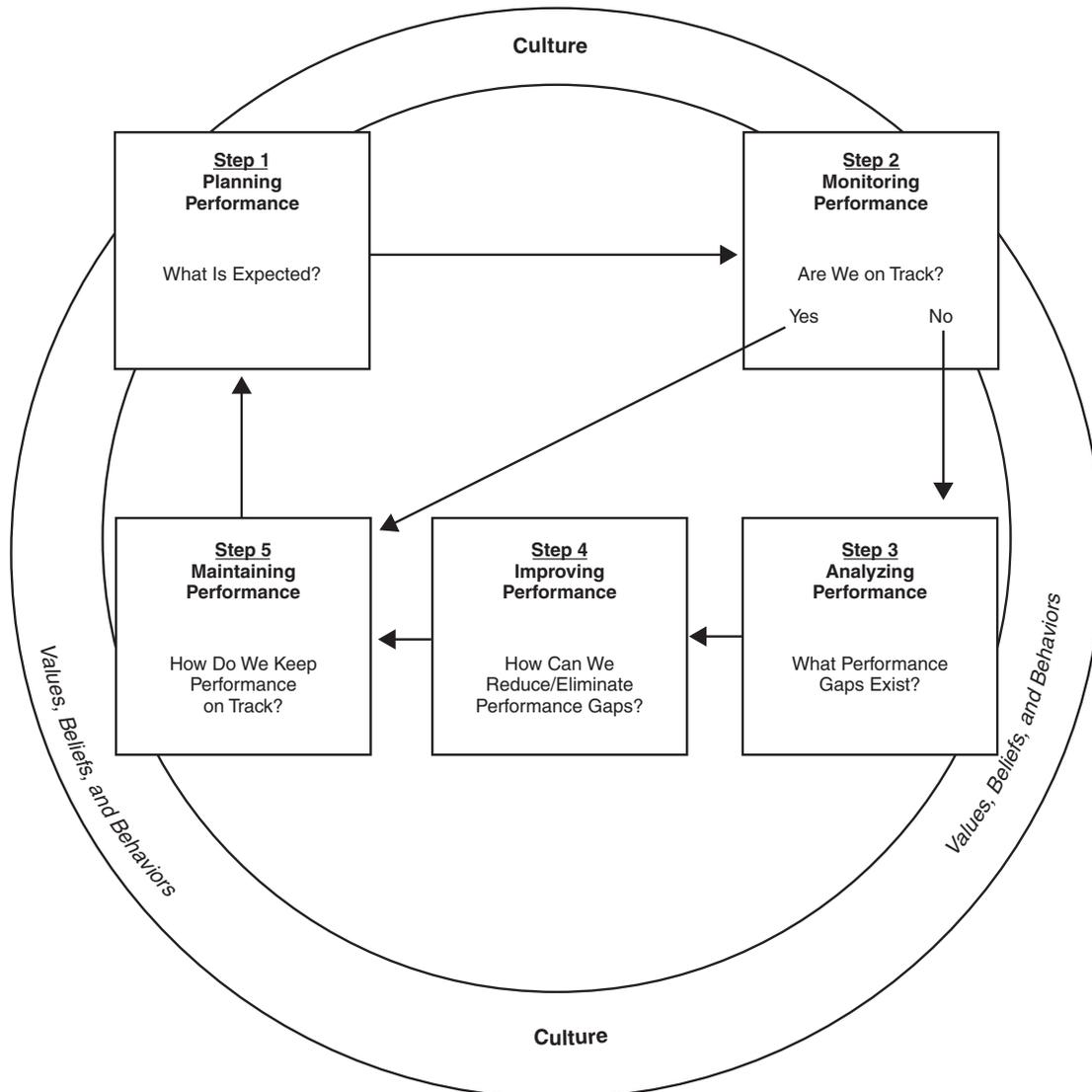
Planning performance is all about establishing expectations. The primary question to be answered is: What is expected? Clear expectations provide direction. At the outset, the manager and the employees have to determine what performance is to be directed and how much direction is required. Ideally, through the use of performance management the employees will eventually become self-directed, assume responsibility for their results, and truly manage their own performance.



Exhibit 1-4

Performance Management Model

Performance management is a proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of the organization.



One tool used to provide direction is the job description that should describe the general expectations for the position. The employee, in partnership with the manager, determines how to link the employee's job responsibilities to the organization's goals, values, and initiatives. The result is another tool—a set of specific goals and objectives that describe what will be accomplished and by when.

During this first step, the manager and the employee must also make a commitment to regularly communicate with each other. In essence, they develop a performance contract that describes how they will work together to achieve the defined goals.

Step 2: Monitoring Performance

Monitoring performance is about ensuring expectations are being met. The primary question to be answered is: Are we on track? Step 2 begins with reaching agreement on how to monitor and measure performance by using various charts and graphs that provide a visual representation of results. Once the method has been determined, the next step is to gather actual performance data that feeds into the charts and graphs. In addition, observing performance is one of the keys to monitoring performance.

Throughout the process of monitoring performance, the partnership between manager and employee is critical. They must be in agreement about what results are to be monitored and how to interpret the findings. This is imperative since determining whether or not results are on track determines where we go next—to Step 3 or to Step 5.

Step 3: Analyzing Performance

Analyzing performance is about determining the cause of poor performance. In Step 2, if the answer to the question, “Are we on track?” is “No,” that leads us to Step 3—analyze performance. At this point the manager and the employee must look at the situation and find out what performance gaps exist. Simply stated, a performance gap exists when there is a difference between desired and actual behavior or results.

Once performance gaps are identified, it is important to determine their cause(s) in order to figure out what can be done to improve performance. Typically such things as a lack of knowledge, a lack of feedback, some task interference, or an imbalance in consequences cause performance gaps. Correctly identifying the cause then leads to determining the best course of action to get performance back on track. This step is critical because if the wrong cause is identified it can lead to taking the wrong action to solve the problem. Once the cause of the gap is identified, the next step is to determine what’s the PIP (Potential for Improved Performance) to determine if the problem, or gap, is worth the investment of time, energy, and possibly money, that will be required to close the gap.

Step 4: Improving Performance

Improving performance is about implementing strategies to reduce or eliminate performance gaps. In partnership, the manager and the employee must agree on what action to take to get performance back on track. Choosing the right strategy can affect how long it takes to improve performance.

Some of the strategies that can be used are making organization and environment changes; providing training and development; coaching and mentoring; or developing performance action plans. Selecting the best strategy

depends on how accurately the cause of the performance gap was identified in Step 3.

Step 5: Maintaining Performance

The last step in performance management is about keeping good performance on track. We get to this point either after Step 2: monitoring performance and determining that all is well; or we get here after Step 4: implementing strategies to improve performance.

One of the tools that can be used to help maintain performance is to develop feedback systems and then to provide employees with either positive or corrective feedback as appropriate. Formal performance appraisals are another tool for maintaining performance. The role of compensation in maintaining performance also must be considered along with the appropriate use of nonmonetary rewards and incentives. Maintaining performance ultimately leads back to the first step, thus restarting the whole performance management process.



Apply What You Learn: Understanding the Performance Management Model

As a quick review, match each step in the performance management system with the key question that must be answered.

- _____ 1. Planning Performance
- _____ 2. Monitoring Performance
- _____ 3. Analyzing Performance
- _____ 4. Improving Performance
- _____ 5. Maintaining Performance

- A.** What performance gaps exist?
- B.** How can we reduce/eliminate performance gaps?
- C.** What is expected?
- D.** How do we keep performance on track?
- E.** Are we on track?

Answers appear at the end of the chapter.



This chapter served as an introduction to the concept of performance management and its use in organizations. First, you learned the definition of performance management, “A proactive partnership between employees and management that helps employees perform at their best and align their contributions with the goals, values, and initiatives of

the organization.” Then each part of the definition and its meaning was covered.

The following benefits of using a performance management system were discussed: improved performance, improved communication, organization alignment, organization capability, reduced management time, increased employee self-management, and increased employee satisfaction.

Next, you completed a self-assessment to determine your readiness to implement performance management. The assessment was linked to the requirements to make performance management work in any organization. Managers must be willing to communicate expectations, involve employees in the process, use a systematic approach, be willing to work hard, and make a commitment to success.

Finally, you were introduced to the performance management model that is the basis for this course. The model consists of a series of five steps, each of which sets the stage for the next step. The steps, in order, are Planning Performance, Monitoring Performance, Analyzing Performance, Improving Performance, and Maintaining Performance. Once the final step is completed, the performance management process begins again.



Review Questions

INSTRUCTIONS: Here is the first set of review questions in this course. Answering the questions following each chapter will give you a chance to check your comprehension of the concepts as they are presented and will reinforce your understanding of them.

As you can see below, the answer to each numbered question is printed to the side of the question. Before beginning, you should conceal the answer in some way, either by folding the page vertically or by placing a sheet of paper over the answers. Then read and answer each question. Compare your answers with those given. For any question you answer incorrectly, make an effort to understand why the answer given is the correct one. You may find it helpful to turn back to the appropriate section of the chapter and review the material of which you were unsure. At any rate, be sure you understand all the review questions before going on to the next chapter.

1. Performance management is best described as a _____ between employees and management. 1. (b)
 - (a) contest
 - (b) partnership
 - (c) challenge
 - (d) goal

2. Which of the following is the most effective way to ensure employee performance meets standards? 2. (c)
 - (a) Ask employees to work hard.
 - (b) Frequent follow-up.
 - (c) Communicate expectations.
 - (d) Explain that good performance leads to promotions.

3. Determining the appropriate compensation is part of: 3. (d)
 - (a) Planning Performance.
 - (b) Monitoring Performance.
 - (c) Analyzing Performance.
 - (d) Maintaining Performance.

4. A performance gap exists when there is a difference between: 4. (d)
 - (a) real and imagined behavior.
 - (b) management continuity and capability.
 - (c) employee and management perceptions.
 - (d) desired and actual job performance.

Do you have questions? Comments? Need clarification?
Call Educational Services at 1-800-225-3215, ext. 600,
or email at ed_svcs@amanet.org.

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5. Which of the following would best describe a manager who has an effective performance management system? 5. (a)
- (a) Coach
 - (b) Firefighter
 - (c) Troubleshooter
 - (d) Problem Solver

ANSWERS TO EXERCISES

What Do You Think Happened? Suggested Responses

From page 10

Suggested Response: David's expectations have not been clearly stated. Instead of stating specifically what he expected, he relied on platitudes like "doing your best" and "working hard." He made the assumption that his employees knew what he expected. However, that doesn't appear to be the case. When employees don't have clear expectations, it doesn't matter how hard they work. Performance management is most effective when expectations are clearly communicated to employees. David needs to take time to communicate his expectations to his employees and then ensure that his employees understand them.

From page 11

Suggested Response: Julie let the short turnaround time dictate her actions. Rather than involve her employees, she chose to develop the department's goals herself. When she gave the employees the new goals, they weren't able to answer the WIIFM (What's in it for me?) question. She should have explained the situation to her employees and given them the opportunity to get involved—even though it might have required weekend work. If she didn't want to do that, since the goals were not due until the end of the day Monday, she could have at least had her people review the goals *before* she gave them to her boss. In the end, the lack of involvement by her employees turned into a lack of commitment.

From page 12

Suggested Response: Performance appraisal is a part of a performance management system, but it is not the beginning and the end. Having a performance appraisal process is a good thing and it can be used in a positive manner as part of a larger system. However, it appears that Bob failed to provide any explanation or training to his managers on how to use the form. They lacked a common understanding of how to use the form or of Bob's expectations. Even if something new such as this form is complicated and managers don't view it positively, it can still work provided it is part of a system and everyone understands its purpose and use. In the end, the quality of the tools that an organization uses is not as important as having a system and a culture that supports the system.

From page 13

Suggested Response: On the plus side, Marty has taken her time to think about the system she wants and how it will work. Unfortunately, she hasn't taken time to involve her employees in the planning process. Unless she is able to do a terrific selling job at the meeting, she's likely to encounter em-

ployee resistance. It would have been better if she had reviewed her ideas with her peers at the other stores to get their input. She should also have talked to her employees during the planning phase rather than doing all the work herself and then presenting a completed system to them and expecting them to enthusiastically embrace it.

From page 14

Suggested Response: Mike and his team have laid the groundwork for success. If the plan fails it won't be for lack of effort and commitment up to this point. The key now is a continued commitment to success once the plan is implemented. They have to be willing to give the system time to show results. Once results are achieved, they have to have the long-term commitment required to maintain the system so it yields long-term results. As this time the signs point toward success, but only time will tell.

“Apply What You Learn” Suggested Responses

From page 18

Answers: 1. C; 2. E; 3. A; 4. B; 5. D.