

# Manual vs. Automated Performance Management



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Topic: Performance Management  
Date: Sep 2004

Most organisations have some form of Employee Performance Management process. We are often asked about the benefits of automating Performance Management. This paper sets out some of the major benefits organisations can realize when moving from paper based manual systems to an automated system.

## Objective Setting

We have often seen organisations where line management does not specify objectives for their staff when using manual Performance Management systems. At review time, management “make up” suitable objectives and review against these objectives. This means that staff are not being managed to desired outcomes for a substantial part of the year.

By contrast, automated systems track which managers have defined some objectives to be achieved by their staff. This applies to both Development and Business Objectives. This process in itself ensures that line managers think about what they want their teams and the individuals who make up these teams to accomplish. Therefore, they set up a meaningful way to objectively measure the achievements of their staff. Automated systems therefore drive “performance thinking” and ensure staff are aware of their objectives for the full performance period.

## Frequency of Review

Due to the cumbersome and administratively intensive process involved with manual performance management systems, review frequency has typically been limited to once annually. There are several consequences which follow:

- a) Line managers and staff forget their objectives for a substantial part of the year. As review time approaches there is a frantic scramble to ensure that objectives are met (assuming that they were previously defined and recorded). This means that the organisation may experience below average performance for a substantial period, followed by a shorter period of high performance.
- b) As reviews are an annual event, anxiety on behalf of the manager and staff is extreme. They have one chance to get it right and there are often consequences attached to the review (bonuses, promotions, reputation). In this environment, all parties are charged with anxiety and the likelihood of creating a better performance environment is easily compromised.
- c) Given the flow of paperwork in and out of the HR department, HR is often offline for several weeks during and after the review period. This means other HR functions suffer and services offered to the business decline markedly.

In an automated environment, reviews can be conducted more frequently (quarterly or bi-annually) according to changing organisational needs. This has the effect of:

- a) Ensuring staff and managers are “refreshed” on objectives. By revisiting the objectives more often, people stay on track and get the objectives accomplished
- b) Anxiety is decreased, as there is an interim review. Staff can be coached and developed if they are not achieving their objectives. Reviews change from a high stress “all or nothing” event to a meeting where individuals can discuss how they can better achieve their objectives or change their objectives to suit a changed environment.
- c) HR has less administration to perform and can therefore maintain service levels to the organisation. HR staff have more time to devote to assisting managers with handling the review process rather than simply collecting and managing review forms.

### **On Demand Performance Management**

Worlds Best Practice in automated systems now provides for what we call On Demand Performance Management. This is a feature provided in an automated system, which enables both managers and staff to record information that is relevant to their review, as events occur during the review period. The information is time and date stamped and the authors name is also recorded. This facility enables people to record information that will substantiate achievement towards their objectives and goes a long way to resolving the issue of “forgotten” information that is relevant to the review. Information can be recorded all the way through the year and assists both managers and staff to recall information that will assist in the review.

By contrast, this facility is not offered to staff using manual systems. When utilising a manual system staff have to remember to record information and keep it somewhere safe, which they quite often don't remember. This means they come to a review inadequately prepared, as do managers. On Demand Performance Management enables both managers and staff to record relevant performance information and attend a review meeting prepared with relevant information about achievements and areas for development.

### **Less Stress**

Given that both managers and staff are able to document Performance issues throughout the year, both come to the review meeting better prepared. Both are less stressed and can have a meaningful and structured discussion. Both know what the objectives were, how the employee has tracked against them and how successful this employee has been in achieving their documented objectives. Both the employee and the manager are fully prepared for a meaningful review and not stressed due to inadequate preparation or insufficient data.

The opposite is often true with manual systems. The manager scrambles to retrieve the form from the HR department, or hunts around looking for the document that contains the objectives they discussed some 12 months ago. The employee does the same and both come to the meeting stressed, with incomplete information and not in a position to have a meaningful review.

### **Process Familiarisation**

Given that most manual systems are used once annually, there is often a substantial re-education process that is required at review time. The HR department receives many procedural requests such as “what do I put in this column” and “who do I send the review to when it is completed”. This is typically dealt with by running training sessions with managers dealt with reactively, as the questions come in.

By contrast automated systems have the following benefits:

- a) If the system is used more frequently, managers are more familiar and therefore don't need as much re-education.
- b) On Demand Performance Management means that staff are constantly using the system throughout the year, thereby making sure they are more familiar with the system and process.
- c) An automated system typically includes a comprehensive guide as to process, who has a role in the process and how to conduct the process. This normally takes the form of an online user manual.
- d) Most automated systems have online help which assists users with both the process and other questions.

The combination of the various features of an automated system reduce process questions and enable the HR department to work with line managers on maintaining a high quality process rather than answering the same question several times over.

### **Inaccurate**

Many organisations link reviews to performance bonuses. Typically if an individual does not perform to their minimum objectives, they are not eligible to receive their full bonus. It is not uncommon in large organisations for manual review forms to be lost or not received in time to pay performance bonuses. We have seen staff being paid bonuses when they should not and high performing staff sometimes do not get bonuses when they should.

This causes a great deal of angst at all levels of the organisation and has the effect of employees feeling short-changed.

By contrast, automated systems allow HR to see real time information as to where each review is up to. This prevents the "lost review" syndrome and ensures financial accuracy and fair and equitable distribution of team and individual bonuses.

In addition, manual systems make it extremely difficult to normalise data, for example where a manager of one department may grade his staff very harshly, another may grade very easily. Those marked harshly have less chance to qualify for the bonus pool; the staff that are marked easily get more access to the bonus pool. In an environment where the system is manual, it is nearly impossible to compare departments and determine an equitable split of the bonus pool. In an automated system, results are available graphically by department and each department can be compared relative to each other. A more equitable distribution of bonuses can then be made after the review data is normalised.

### **Wasted Resource**

The HR department often dedicates one or two staff to the distribution, collation and management of manual reviews for months at a time. In most instances, these people are focused on tasks that do not assist management with the review process (qualitative). Rather the resource is focused at completing the process.

With an automated system, there is much less management of forms and paperwork and the HR department is therefore able to dedicate resources to assisting line managers with qualitative issues. For example with setting objectives that are Specific, Measurable, Achievable, Realistic and Time bound.

## **Line of Sight – Visibility**

Manual Performance Management systems do not enable managers to view objectives for all staff reporting to them. This means that they have very little visibility on the objectives of staff that are more than one management layer removed from them. For example, a CFO would typically only see the objectives he has assigned to his direct reports. The CFO has no visibility of the objectives that have been assigned to staff reporting to his direct reports and has no visibility on more than one layer down the corporate tree.

By contrast, most automated systems provide a full Drill Down, which enables the CFO to view objectives all the way down the organisational chart. This means the CFO can fine tune objectives to ensure the entire financial team and all of its staff achieve their objectives for the organisation.

## **Reporting**

Manual Performance Management systems provide little or no reporting. It is very difficult to see who has or has not assigned objectives for their staff. It is also very difficult to determine who has or has not completed reviews for their staff. In fact, line managers often forget who they have assigned objectives to, what the objectives were and who they have not yet set objectives for. This is because forms are returned to the HR department or are filed away.

Automated systems enable HR and line managers to see who has or who has not assigned objectives. It further enables both the HR department and line managers to see who has or who has not completed their reviews. Both the HR department and line managers know what stage the review process is up to for each staff member and confusion is minimised regarding the status of any given review.

As described previously, a Drill Down function in automated systems enables managers to view the actual objectives assigned to staff to make sure the objectives are correct from a quality perspective.

This assists the organisation in managing the entire process by making sure objective setting and reviews are conducted in a timely fashion, accurately and with a high degree of quality.

## **Workflow**

Manual systems often fall into disuse because managers fail to complete staff reviews. Managers often plan to see a particular staff member and conduct the review but something always comes up on the day. The review is never completed or is completed late. As a result, staff become frustrated, the manager never gets around to it and staff become disgruntled or decide to leave the organisation for greener pastures.

By contrast, automated systems assist line managers in completing reviews on time and help managers to remember what still needs to be done. Automated systems typically provide a status report for the line managers. This report tells the manager:

- Who the manager has or has not set Objectives for
- Who the manager has or has not Reviewed
- Which members of the team have completed their Self Reviews
- Which members of the team are ready for Review

Automated systems drive the process and therefore assist both the line managers and the HR department to ensure that the process actually takes place.

## **“Automating Performance Management will lower the quality of Objective Setting and Review”**

This is a comment frequently made by those not familiar with the practicalities of implementing automated Performance Management systems. The underlying principle of Performance Management is that staff members and managers should meet and have a high quality discussion, not merely type information into a computer.

In any review or objective setting meeting, one person will be writing or typing the outcome so that it is recorded. Whether the information is written or typed should not matter provided that the person writing the objectives/review is competent at the process of recording. If the manager is not effective with a keyboard, then the manager should be encouraged to print the automated forms and record the session in writing, the data transcribed into the system at a later time.

Automated systems are not designed for data entry only and it is critical that the staff actually meet each other. The benefits automated systems deliver are in ensuring that the process happens, not denying managers and staff a meeting where there is a high quality exchange of information.

Well designed automated systems ensure that this cannot happen (review conducted with no meeting) by providing a feedback loop to the manager of managers. The feedback asks a number of questions including whether or not the objective setting and review were conducted face to face.

### **Summary**

Manual Performance Management are a thing of the past. These systems are often not liked by both managers and staff and invariably fall into disrepair. They are cumbersome, people intensive and a source of great frustration for line managers as they do not feel they have any control.

Automated systems make the process simpler, quicker and more effective and provide managers with the right tools to achieve their Business and Development Objectives.

### **For more information:**

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