

Performance Management Systems

Your Organisation and Accountability

Most organisations use only Job Descriptions in their Human Resource Management.

Research suggests that organisations using Performance Management Systems perform better than those that do not. However, most organisations do not have a formal program and continue to rely on Job Descriptions alone.

A Performance Management System benefits both the organisation and the employees whose performance is being appraised. For the organisation, employee appraisal is a management feedback system that provides input that can be used for the entire Human Resource activities.

For the individual, appraisal provides the feedback essential to good performance.

A good Performance Management System creates accountability in your organisation, and clarity of roles and an individual's key performance measures.

What is a Performance Management System?

A Performance Management System is a system of Tools, forms, processes and measurements that clarify what is required from each employee, why and how their performance according to certain standards is important to the organisation's goals, and reviews that are objective and quantified in order to provide accountable performance and development.

The best Performance Management Systems are set within organisational objectives or goals.

Management by Objectives (MBO) is a philosophy of management first attributed to and used by Peter Drucker.

It seeks to judge the performance of employees based on their success in achieving the objectives they have established through consultation with their superiors.

Performance improvement efforts under MBO focus on the goals to be achieved by employees rather than the activities or traits they exhibit in connection with their assigned duties.

MBO is a strategic system involving a cycle that begins with setting the organisation's common goals and objectives and ultimately returns to that step.



Why Performance Appraisal Systems fail

The primary culprits are lack of top management support, lack of job related standards, appraiser bias, and using the program for conflicting purposes.

An important principle of performance appraisal is that continuous feedback and employee coaching must be a positive daily activity. The annual or semi-annual performance review should simply be a logical extension of the day-to-day supervision process.



Objectives set at each level of the organisation should be quantifiable and measurable for both the long and short term.

The expected results must be under the employee's control and goals must be consistent for each level.

Managers and employees must establish specific times when goals are to be reviewed and evaluated.

Each employee goal statement must be accompanied by a description of how that goal will be accomplished.

Establishing your Performance Management System

The OTS Management process for helping you to establish your Performance Management System is specifically designed for Small and Medium Enterprises (SME's), including non-profit organisations.

It is designed around

1. Agree on the organisation's Goals
2. Agree on the staff structure and primary purpose of each position (in order to meet the Goals)
3. Write Job Descriptions for each position, detailing reporting structures, key tasks, qualifications and requisites
4. Using the first three steps, agree on the performance

measures for the key tasks for each position - ensuring quantification and measurement are both defined

5. Agree on appraisal methods - periods, rating scales, process, follow-up requirements
6. Roll out Performance Management System.



Teik Oh, Director of OTS Management

The OTS Management process for establishing a Performance Management System was designed and written by Teik Oh, founding Director of OTS Management.

Teik is a Chartered Accountant qualified (1979) in the United Kingdom and Australia.

Teik has collated his learning and experiences from consulting in the UK, the US, and Asia to formulate consulting products and off-the-shelf management processes for small to medium sized businesses.

The OTS Management Performance Management System has been proven in various industries, non-government organisations and government departments.

About OTS Management

OTS Management is a quality and value driven boutique consulting and accounting company that provides organisational development services to commercial, growth-oriented Small and Medium Enterprises who require business services, advice and coaching.

We give our clients comfort in their decision-making by providing them with our experience and independent advice that saves them time and helps them grow. Unlike other accounting services companies, our clients have significant contact with our senior people.

We meet our own high expectations in order to exceed the expectations of clients.

Our services include:

- *Change Management consulting*
- *The Zest Factor - find the zest in your organisation*
- *Strategic & Business Planning*
- *SMART Marketing workshops*
- *Team Development workshops*
- *Performance Management Systems*
- *Zest Tests - Business Diagnostics on your organisation*