

SPOTTING THE SIGNS

Using online measurement systems can help to abate the time-consuming and divisive nature of performance appraisals, says **Kirstie Redford**

The traditional appraisal process that most organisations have in place can be time-consuming and is often resented by employees and managers alike. HR all too often must chase managers to make sure that they are preparing for appraisals and physically carrying out the obligatory face-to-face meetings.

Some organisations are turning to online solutions to help ease the process of performance measurement. Current systems tend to provide simple features such as online appraisal forms and email prompts for man-

agers and staff to prepare for appraisals, review targets or have face-to-face meetings. These systems can make it easier to store and analyse data, while some also link performance to pay increases and bonuses. More complex systems are also being developed.

Oracle's online solution aims to streamline the employee performance management process, linking goal planning and coaching to performance assessments and reward. Vince Smallhorne, head of workforce excellence at Oracle UK, says: "Our software allows managers to create development plans online

by identifying the gaps in competency. It has a scoring system and this data then feeds into reward, showing bonus entitlements and salary increases due."

The elements of performance that are typically measured vary depending on the sector or industry an organisation sits in. But the benefits of using online systems are similar for all – the main one being the ability to see a breakdown of data at the push of a button.

"When a manager is sat at their desk, they can see a balanced scorecard with a traffic light warning system showing how well

CASE STUDY

Motoring ahead on getting feedback

In 2000, increased competition led vehicle manufacturer General Motors to introduce new goals for greater efficiency in helping to satisfy staff needs.

GM challenged its UK subsidiary Vauxhall to assess how well employees were achieving these goals.

In early 2001, consultancy firm Getfeedback worked with Vauxhall to implement an online performance management process that enabled information to be gathered and analysed more efficiently.

The online system included appraisal and 360-degree feedback modules. Feedback questionnaires that took 15 minutes to complete provided instantaneous results that took weeks in the old paper-based system. This led to a greater level of engagement and within three months of implementing the system,

92% of feedback was completed on time.

Based on the 360-degree feedback report, areas for development were identified and discussed, with the outcomes able to be captured on the system.

Richard Pennington, HR manager at Vauxhall, says: "The assessment and performance tools have

enabled us to better empower employees, create development plans and agree on objectives in a much more efficient way than our previous system could. We have been able to create a culture where feedback is openly given and is seen as valuable by employees and managers alike."



employee performance is aligned within the organisation," says Smallhorne.

Having access to this information at the touch of a button can make decisions, such as bonus payments, more transparent, thus avoiding the awkward situation that often arises when employees think they are performing well when in fact they aren't.

A handful of providers are working on more sophisticated features that could help link performance more closely to reward and an organisation's wider corporate strategy. Smallhorne believes employers need to be able to identify how individual performance fits in with the corporate strategy. "For example, increased business growth could relate to increased activity rates. We can then tie individual business measures in with performance levels to get an idea of whether the organisation is going in the right direction. This is not easy, but it can be done and we're working with a number of employers to try and achieve this," he says.

Getfeedback has a similar offering to Oracle, and is also aspiring to link performance measurements to wider corporate objectives. Alison Gill, a founding director, explains: "Our web-based performance management system categorises objectives at an organisational level as well as an individual level. So, for example, individual sales targets can be linked to the organisation's objectives."

Every employee has access to the system, but in a tiered way. So staff can access their individual objectives, managers have access to the objectives of all employees that report to them and HR can access all of the data. Like Oracle, Getfeedback uses a traffic-light

warning system. "HR can see reports on how people are meeting these objectives via a red/amber/green system, making it very easy for senior managers or HR to spot potential issues. They can simply dip in and out of the data," says Gill.

A big advantage of using an online system is that the process is transparent. "You can visibly link objectives and achievements and show how these are being delivered. You can also link 360-degree feedback with reward, so performance is rewarded by how the rest of the organisation perceives you. This can be more formulaic and takes away some of the subjectivity that is often linked to appraisals," she explains.

But even software providers say that online systems can not work miracles. Like any form of performance measurement, the crux of the online system is the appraisal process and this needs to be thought through carefully before web support can be delivered.

Software provider McLaren Solutions has attempted to make going online that bit easier by providing a competency framework to help employers set performance measures for each type of job role. Chris Wakely, sales director, says: "You need a competency framework before you can measure performance online. Our capability profiler provides a template to help build this. Then our online reviewer automatically measures individuals' performances against this."

One time-consuming task that managers often have to undertake before appraisals involves digging out data from the last appraisal. Wakely says using software is like having an online filing cabinet, allowing managers to view the appraisal history of individual employees instantly.

However, the biggest benefit is being able to have a bird's-eye view of performance in particular teams or across the whole organisation. "Online systems produce measurable data in weeks that would take months to put together if paper-based," says Wakely.

Some organisations are developing

their own online performance systems in-house. Henkel Group, which operates in the home care, personal care and adhesives sectors, has more than 50,000 employees worldwide. Last August, it rolled out a new system aimed at helping all its managers measure performance more effectively and in an integrated way.

Henkel uses an Internet Explorer-based tool that has been specifically designed for the company's needs and runs off of its network. Alan Thomas, staff resourcing and development manager, says: "We are a very diverse company with 8,000 or so managers globally. Our system measures competencies in online appraisals that prepares managers for face-to-face appraisals."

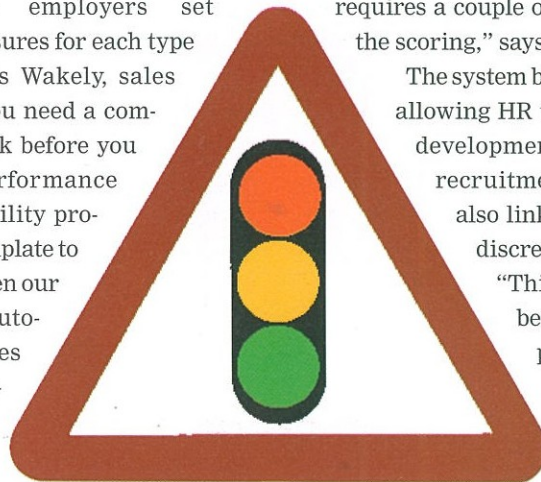
The system highlights 12 attitudes that need to be assessed, such as drive and initiative, and three skill sets – professional knowledge, customer orientation and people management – which are all scored on a scale of one to seven. "This scoring system motivates managers not to over- or under-egg performance. If they score one or seven, it requires a couple of sentences to back up the scoring," says Thomas.

The system builds up data over time, allowing HR to scope out strengths, development requirements and recruitment needs. The system also links performance data to discretionary remuneration.

"This ensures there is a fit between objectives, bonus payments and salary reviews," explains Thomas.

Although some employers are embracing online solutions, software providers are the first to admit that there is a long way to go. Oracle estimates that uptake of online performance measuring tools currently stands at around just 5% of the UK workforce. However, there seems to be a general consensus that the market is set to grow.

"I would estimate that about 50% of employers are currently looking at online options. It is all about being able to map your people strategy to your corporate strategy and understanding the value of your employees as assets. Organisations are beginning to wake up to just how important this is," concludes Smallhorne ●



SUCCESS FACTORS

- Design the system to deter staff from giving false responses.
- Don't make the link between performance and reward too explicit so you counter the motivation to influence results.
- Do allow for the 'David Brent' factor (where people feel they're doing a great job but there is a gap between perception and reality).

Source: Alan Redman, director at online assessment supplier Criterion Partnership