

Creating a performance management culture

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Performance management needs to have clearly defined measurements that are transparent to the staff member so that they can evaluate their own performance as they progress. In this way, their performance reviews should never be a surprise to them.

At Ellipsys Technologies the staff induction includes a walkthrough of the performance management process and the metrics against which the staff member's performance will be measured.

Based on the role that the staff member is employed in, a number of key performance metrics will be defined, normally about 10 metrics. As Ellipsys Technologies is a software development company most of the staff are analyst developers at different skill levels, and will have the same metrics, but the expected performance will be in line with the staff member's experience and remuneration.

Staff members in other roles like project managers, business analysts, financial managers and receptionist will have metrics aligned to the key functions that they need to perform in their roles. Each metric will have a percentage score against the target for that skill level of the specific staff member.

The defined metrics do not all have the same weight as the importance of the specific metrics will have different values for the organisation. For example, for an analyst developer the Quality of Code Delivered metric will have a higher weighting than the Quality of Communication metric.

Based on the weighting assigned to the metrics and the performance level achieved on each metric the values will roll up to a total percentage score for the staff member, and it is possible for a staff member to achieve a performance score of more than 100% if they have exceeded the expected targets for the period.

Performance reviews are done each quarter to provide more frequent feedback to the staff member and to adjust any performance issues faster as well as celebrate successes for the staff member. Based on the performance level achieved the staff member could receive a performance incentive bonus after each review.

The quarterly reviews are also seen as an opportunity to clean the slate. After the performance reviews all the metrics are reset and a staff member will not

be penalised again for any performance failures that occurred in a previous review period, similarly, strong performing staff member will need to maintain exceptional performance during each quarter. The staff member is presented with a formal performance analysis and history of performance to compare their progress over time.



During the quarterly performance reviews issues are discussed and suggestions reviewed for not only improving the staff member's performance but also the management support and opportunities to improve the company's performance.

Goals for the next quarter are set and training requirements discussed and agreed to improve performance. Ellipsys has recently partnered with an international training company to make unlimited access to training courses available to all staff members and to track training progress as well as define learning paths to support the staff members.

Setting accurate performance targets are critical to fairly evaluate performance and requires an understanding of the work being performed and the expected level of performance based on the staff member's experience and remuneration. If a staff member consistently exceeds the target by a large margin it implies that your expectations of that staff member is too low.

Management need to consider that the staff member is on an incorrect employment level and remuneration. At Ellipsys we would increase the staff member's salary to align with the performance and then re-baseline the expected performance levels accordingly. If a staff member consistently fails to meet performance targets, they are probably being remunerated at a level higher than they should be and this will be considered when reviewing salary adjustments and increases.

Objective measurement of the performance needs to be done on a continuous basis and must be visible to the

staff member. Ellipsys Technologies uses RADAR – a work request management system developed by Ellipsys Systems. All work executed in Ellipsys is done against a work request logged on RADAR, including tasks such as attending meetings, development tasks, training and leave.

Each request is assigned an estimated duration (target) which takes experience and skill level into account. Actual time spent to complete the task is captured through RADAR’s timesheet system to compare actual performance against target performance. Management and staff can track performance of actual versus target in real time and on dashboards in the system.

For developers the Quality of Code is measured against the number of defects raised during testing and the number of times a specific set of code needs to be reworked. As far as possible all measurements must be objective and visible, and applied to all metrics.

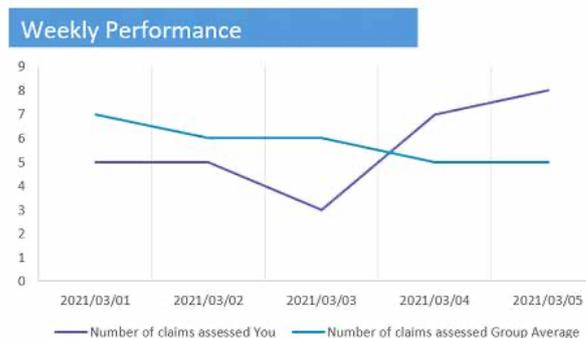
The Ellipsys Evolve system includes Performance Management as standard functionality, which was introduced in the Black Swan release of Evolve. Managers can define Counters on any function performed on the system, such as:

- Policies accepted;
- Unmet clients contacted;
- Policies cancelled; and
- Payments processed.

For each Counter a target is defined and the Counter is assigned to specific users or groups.

The Evolve system then measures the actual performance against the target performance and provides feedback on daily, weekly and monthly performance of the staff member compared to their target, as well as how their peers are performing and how the staff member was performing in previous periods.

These performance dashboards are available for the staff members to review their own performance and for management to evaluate individual staff member performance or performance per division.



This information can be summarised for a specified period, like monthly or quarterly, to be included in the staff member’s performance review.

FINAL NOTE

By providing clearly defined targets for performance and allowing staff members to review their performance against those targets, constant adjustment to behaviour can be done so that the actual performance review is never a surprise.

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