

Performance Management Overview

INTRODUCTION

Performance management is the systematic process by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals. Employee performance management includes:

- **Planning** work and setting expectations
- Continually **monitoring** performance
- **Developing** the capacity to perform
- Periodically **rating** performance in a summary fashion
- **Rewarding** good performance.

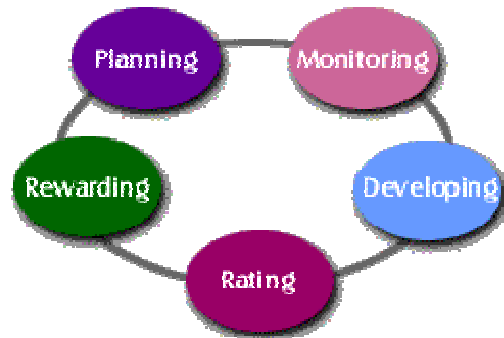
In effective organizations, managers and employees have been practicing good performance management naturally all their lives, executing each key component process well. Goals are set and work is planned routinely. Progress toward those goals is measured and employees get feedback. High standards are set, but care is also taken to develop the skills needed to reach them. Formal and informal rewards are used to recognize the behavior and results that accomplish the mission. All five component processes (i.e., planning, monitoring, developing, rating, rewarding) work together and support each other, resulting in natural, effective performance management.

PERFORMANCE MANAGEMENT OVERVIEW

Effective employee performance management encompasses the five key components presented above. The following information includes a graphic representation of the five components and descriptions of each, including the regulatory requirements, if applicable. Web sites are also highlighted for more in-depth research.

Performance Management Overview (continued)

PERFORMANCE MANAGEMENT



Planning

In an effective organization, work is planned out in advance. Planning means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. Getting employees involved in the planning process helps them understand the goals of the organization, what needs to be done, why it needs to be done, and the level of effort or responsibility required.

The regulatory requirements for planning employees' performance include establishing the elements and standards of their performance appraisal plans. Performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable. Through critical elements, employees are held accountable as individuals for work assignments or responsibilities. Employee performance plans should be flexible so they can be adjusted for changing program objectives and work requirements. When used effectively, these plans can be beneficial working documents that are discussed often, and not merely paperwork filed in a drawer and seen only when ratings of record are required.

Monitoring

In an effective organization, assignments and projects are monitored continually. Monitoring well means consistently measuring performance and providing ongoing feedback to employees and work groups on their progress toward reaching their goals.

Performance Management Overview (continued)

Monitoring (continued)

Regulatory requirements for monitoring performance include conducting progress reviews with employees in which their performance is compared against their elements and standards. Ongoing monitoring provides the opportunity to check how well employees are meeting predetermined standards and to make changes to unrealistic or problematic standards. Unacceptable performance can be identified at any time during the appraisal period and assistance provided to address such performance rather than waiting until the end of the period when summary rating levels are assigned.

Developing

In an effective organization, employee developmental needs are evaluated and addressed. Developing in this instance means increasing the capacity to perform through training, giving assignments that introduce new skills or higher levels of responsibility, improving work processes, or using other developmental methods. Providing employees with training and developmental opportunities encourages good performance, strengthens job-related skills and competencies, and helps employees keep up with changes in the workplace, such as the introduction of new technology.

Carrying out the processes of performance management provides an excellent opportunity to identify developmental needs. During planning and monitoring of work, deficiencies in performance become evident and can be addressed. Areas for improving good performance also stand out, and action can be taken to help successful employees improve even further.

Rating

From time to time, organizations find it useful to summarize employee performance. This can be helpful for looking at and comparing performance over time or among various employees. Organizations need to know who their best performers are.

Performance Management Overview (continued)

Rating (continued)

Within the context of formal performance appraisal regulatory requirements, rating means evaluating employee performance against the elements and standards in an employee's performance plan and assigning a summary rating of record. The rating of record is assigned according to procedures included in the organization's appraisal program. It is based on work performed during an entire appraisal period. The rating of record has a bearing on various other personnel actions, such as granting within-grade pay increases and determining additional retention service credit in a reduction in force.

Note: Although group performance may have an impact on an employee's summary rating, a rating of record is assigned only to an individual, not to a group.

Rewarding

In an effective organization, rewards are used well. Rewarding means recognizing employees, individually and as members of groups, for their performance and acknowledging their contributions to the agency's mission. A basic principle of effective management is all behavior is controlled by its consequences. Those consequences can and should be both formal and informal and both positive and negative.

Good performance is recognized without waiting for nominations for formal awards to be solicited. Recognition is an ongoing, natural part of day-to-day experience. A lot of the actions that reward good performance—like saying "Thank you"—don't require a specific regulatory authority. Nonetheless, awards regulations provide a broad range of forms that more formal rewards can take, such as cash, time off, and many nonmonetary items. The regulations also cover a variety of contributions that can be rewarded, from suggestions to group accomplishments.

Performance Management Overview (continued)



The following Web site overviews the OPM 5-Step Performance Management Model and provides additional guidance on each step:

<http://www.opm.gov/perform/overview.asp>

These other OPM Web sites provide additional information on performance management:

<http://www.opm.gov/perform/chron.asp>

<http://www.opm.gov/perform/setting.asp>

Note: Also see the tool in this Guide titled, "Checklist for Meeting Regulatory Requirements: Performance Appraisal Systems."