A New Frontier:
Reinventing Performance Management for Commercial Success
Unprecedented change has left organisations perplexed about how to compete in the modern world. What is right today is no longer relevant tomorrow. When agility is needed more than ever before, complexity slows everything down. The ‘organisation’ is being shaken to its core and at the core of the organisation are its people.

So, enabling people to cope with change in order to maintain high levels of performance is central to success. Yet the damning account of the UK’s slumping productivity given in the Autumn budget suggests that organisations are failing to keep pace with change. Indeed, Chancellor Philip Hammond had no qualms about attributing the £84 billion productivity loss to poor performing Managers.

Therefore, there can be no doubt that performance management will be the subject of intense scrutiny in the next decade.

Of course, many organisations have already tried to introduce new performance management approaches but all too often these quick fixes backfire because of inhibitive organisational cultures and ineffective management behaviours that prevent real change from happening. This speaks volumes about the state of engagement in today’s organisations.

Let’s put this into context. In 2017 a shocking two thirds (67%) of employees reported that they were ‘not engaged’ and 38% of Millennials - the fastest growing demographic - said that they would leave their jobs within two years, regardless of the amount of change taking place.1

The good news is that these figures include people who actively want to be engaged and have bountiful yet untapped talent and potential. The Millennials may be a difficult audience to please, but give them meaning, purpose and connection and organisations will revel in the commercial benefits of their discretionary efforts.

The Millennials’ call for higher levels of engagement, autonomy and empowerment must be answered by reinventing performance management in a way that is relevant to the world they live in.

In fact, nowadays ‘performance management’ is a misnomer that reinforces the outmoded management propaganda that has facilitated poor engagement. Conversely, the potential impact of improved engagement is clearly illustrated in the 2017 Gallup Engagement Survey. It states that people who are involved in goal setting are 3.6 times more likely to be engaged than those who are not.2 So, isn’t it high time that Managers dropped the task master act and started to see themselves as performance enablers and coaches?

Most organisations agree, according to Deloittes 2017 Global Trends Report. It asserts that 80% of organisations recognise the high importance of developing agile and diverse leaders able to push the boundaries of traditional hierarchies in order to drive commercial success in rapidly changing networks.3

Getting to grips with this trend is a critical challenge for organisations that want to beat their competitors.

Consequently, the most competitive organisations in the modern world will be the ones that generate high levels of engagement, establish sustainable coaching cultures with enabling infrastructures and reinvent the way Managers respond and address performance. Here, we explore exactly how your organisation can lead the way and get that competitive advantage.

The annual performance appraisal has been institutionalised in most organisations. It provides a structured time for line managers to talk to staff about their achievements based on goals usually set in the previous year and to set new objectives for the coming year.

It’s also widely used as a way to manage performance, to distribute reward, and to identify future talent. When done badly, the process is perceived negatively by individuals worried about being ‘judged’ and by Line Managers who consider it as ‘yet another’ administrative task.

It’s worth noting however that the performance appraisal has sophisticated over time and well thought out processes are usually implemented and integrated easily with other HR strategies.

But, is the process really adding any value in today’s organisation?

Some of the characteristics that identify traditional organisations include: top down leadership models, hierarchical structures, lifetime careers, non-variable rewards, fixed locations and working hours, and steady incremental growth and change. However, organisations are changing beyond recognition and this paradigm has little relevance in the modern organisation.

“As organisations modernise, it seems the annual performance appraisal will be fossilised in history.”

The modern organisation is increasingly organic and individuals are more likely to have multiple ‘bosses’ and large portfolios of project-based work. In fact, their multi-staged careers are likely to be far more dynamic than any process that assesses them. Critically, processes that are based on out of date assumptions will fail to deliver against the diverse needs of today’s multigenerational workforce and will impede the organisation’s ability to engage and retain its talent.

As organisations modernise, it seems the annual performance appraisal will be fossilised in history. The new challenge will be for organisations to find a solution that engenders a performance mindset and perfectly harmonises the values of the individual and the organisation. To achieve this, organisations will move away from the formality of the appraisal and towards an environment of continuous performance management.

This takes performance management out of the office and off the annual calendar and into a ‘live’ environment where creative thinking happens, decisions are made and actions are transformed into results. The advantages of a more continuous approach to performance management is evidenced in companies that set performance goals quarterly – they generate 31% greater returns than those who do it annually – imagine what could be achieved if that goal setting process underpinned the intentions and daily focus on action within the workplace...
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Managers need to build and flex new muscles that help them to continually question and re-assess. They need to become masters of reinvention to enable them to deal with the barrage of change that comes their way. But, they can’t do it on their own – they also need to enable these behaviours in others. And, this calls for a new approach to performance management.

To develop the internal capability and agility needed to rise to the challenges of an unknown future, organisations need to bring into focus the extraordinary management that is already present, albeit often unseen, working tirelessly behind the scenes in most companies.

It is within the organisation’s under-culture that people demonstrate genuine creativity and where virtuous learning occurs. They possess the qualities that if harnessed effectively and deployed widely, can deliver the resilience needed to outperform in times of significant change.

So, rather than ‘managing performance’, which relies on hierarchy, systems and processes, the focus must shift onto ‘enabling performance’ which is much more about creating an engaging culture that changes the conversation within the organisation. Replacing an infrequent, often remedial, performance management tool with a means to continuously enable performance establishes the foundations for a generative outcome based dialogue.

“Rather than managing performance, which relies on hierarchy, systems and processes, the focus must shift to enabling performance.”

Enabling People to Perform

Self-confidence and resourcefulness will develop faster in an environment that demonstratively encourages enquiry. Insightful questioning (put simply, the ability to ask better questions) is a skill set that is largely missing and without it organisations are bounded by the capacity of the few, rather than the unbounded talent of the many.

A new psychological contract is needed which supports an environment that is primed to welcome questions necessary for creativity and change. This ‘Enquiry- Led Approach’ (as we have described it) has the power to revolutionise what occurs between individuals and groups and to unleash untold potential.

These behaviours can transcend the individual and have a profound impact on the relationships between people, the quality of ideas, and on the way things are done. By developing coaching behaviours in a culture that is open to questions and enquiry, organisations can also develop the collective mindset and skills needed to adapt, transform and perform in any new situation.

Enabling the workforce to be more self-reliant, to question the status quo and to be empowered to step-up and contribute at a higher level are the virtuous benefits of encouraging more of an ‘Enquiry-Led Approach’ to leadership and management. Set within the context of an emerging ‘coaching culture’ supported vocally by leadership, and you begin to see how untapped potential is unleashed. Higher performance and productivity are a most welcome outcome.
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Creating a Sustainable Coaching Culture - going from the 5% to 95%

In spite of an increasing awareness and far wider usage of Coaching in organisations, it has yet to have the transformational impact it is capable of.

Research conducted by Notion showed that typically coaching only reaches the top 5% of organisations. So how can organisations achieve a transformative coaching culture that will enable continuous performance management to occur?

Laura Ashley-Timms, Coaching Director at Notion, suggests taking six steps to ensure cultural change embeds and sustains in the long term.

1. **Define what coaching means to your organisation** It’s important to create a shared understanding of what coaching actually means to the organisation. Many people automatically think of a 1-2-1 executive coaching relationship; others might see it as part of a leadership style and an alternative way to lead. Both perspectives are valid but for cultural change to occur, coaching has to find a way to breach the constraints of the 1-2-1 relationship and become a way in which people do things in everyday circumstances and not simply in those extraordinary moments.

2. **Integrate bespoke 'just in time' training tools** Traditional workshops sit comfortably with the annual performance review - for sustainability and this requires organisations to go deeper.

3. **Know what you want it to do for you** Every organisation has its own distinct personality and unique trajectory. Therefore, is it really feasible to suggest that there is a one size fits all solution? Organisations that consider what they want coaching to achieve will be more able to determine what their journey looks like and be more prepared for the challenges they will face.

For organisations deeply entrenched in a command and control culture, the journey towards an ‘Enquiry-Led Approach’ may seem hard and arduous, but if the organisation wants to achieve higher levels of contribution, it is a necessary one. Whilst other organisations will have a less turbulent path, they will still require a change orientation, a plan and an outcome in mind. Incremental goals that set the foundations for a bigger change will be more achievable than trying to reach too far, too quickly.

4. **Prove it works** Integration is of paramount importance. In step 2, an organisation identifies its strategy and asks the question - how can coaching be used as a vehicle to help us to achieve our goals? But, to achieve real cultural change it must ensure that the approach is integrated and does not conflict with business activity. Deep understanding and strong alignment to specific commercial goals will help prove that coaching really does work to create change, in hard measures. Organisations that take the time to prove it - pilot, test and report genuine results - will have a greater chance of sustaining change in the long term.

5. **Engage your stakeholders** Managing stakeholders’ expectations in any process of change is crucial. Organisations would be wise to include their cynics, leverage their heroes and repeatedly demonstrate results. If the leadership team is the biggest obstacle, then enlist the support of ‘nodal managers’ to use their networks and influence in order to encourage change.

6. **Focus on sustainability** A short burst of enthusiasm for a new initiative will be insufficient to create sustainable change. A comprehensive programme of change is required that unites business processes, establishes a common language and weaves seamlessly into the very fabric of organisational culture.

An ‘Operational Coaching’ approach reinforced over time helps to increase the time spent ‘coaching’ from as little as 4 hours per month to 80 hours. This will significantly increase the likelihood of coaching being embedded into the psyche of the organisation.

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Reprogramming Managers for Success Using Operational Coaching

After several years of research and development, Notion’s STAR® model, designed in collaboration with a team of world class Coaches, became the first ‘Operational Coaching’ model designed solely to help managers to change their habitual management style to embrace more of an ‘enquiry-led approach’.

Unlike other coaching models that focus solely on the Coachee, STAR® puts the Manager’s actions in the spotlight and focuses on changing how the Manager behaves and responds in everyday, operational settings.

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The STAR® model provides the framework for an alternative way of thinking that helps to re-programme unhelpful management responses and revolutionises the way people engage with each other. The resultant commercial outcomes are remarkable and provide the reward needed to reinforce the new behaviour.

Already used within programmes for FTSE organisations, the STAR® model has successfully improved engagement, performance and productivity and has repeatedly demonstrated its ability to generate up to 100X ROI in the early stages.

This releases Managers from the pressure of always having to hold the answers and gives them the capacity to relate to others in a new, more engaging way.

It happens in the moment
Typically, Executive Coaching models do not lend themselves to an operational environment. Life moves at a hundred miles per hour - more so now than ever before - and the stark reality is that Managers just don’t have the time to have multiple off-line coaching sessions. However, by using an ‘Operational Coaching’ approach, the Manager can coach in a split second, in every interaction, on the fly.

It deals with the “matter at hand”
In an Executive Coaching session, the Coach focuses on what the Coachee wants to achieve which may or may not relate to current business challenges. But, coaching conversations that happen on the fly always deal directly with the “matter at hand” and allows actions to be defined immediately.

In fact, Notion analysed 500 coaching conversations that took place within one of their major clients and found that 76% were directly related to business: technical issues, cost savings, revenue and improving operations.

So what makes Operational Coaching so different?

It is quick and often unstructured
A typical Executive Coaching session will follow a formal structure, guided towards an outcome for that individual. Operational coaching is often unstructured. It could occur in a chance encounter and it could take as little as 30 seconds. Operational coaching conversations can sometimes be exactly one question long. By using an ‘Enquiry-Led Approach’ the Manager creates an opportunity to pull from someone a different, unexpected and perhaps unique response.

It focuses on outcomes
Executive Coaching, if not managed effectively, can be perceived as superfluous or ‘fluffy’. When using the STAR® model, Managers quickly discover that the people they work with have genuinely creative ideas and solutions that can generate even better results, when leveraged effectively.

Upload the latest technology for an essential management upgrade - STAR® Manager

As discussed, traditional performance management tools such as the Annual Performance Review are gradually being ousted in favour of a more continuous form of performance management.

This requires an entirely different set of management skills to those typically used in top down hierarchical models of management.

But taking large chunks of time out for management training is increasingly unappealing in an omnipresent productivity crisis and won’t be well received by the new highly connected breed of learner. Millennials and Centennials crave just in time solutions and learning opportunities that they can access, consume and put into practice easily.

Of course, organisations need to account for other demographics too and aim to provide an effective solution for all.

However the consequences of failing to win the hearts and minds of the largest growing proportion of its population are considerable.

So, getting ‘training’ right is essential to any change effort.

It needs to be:
- Scalable, to reach and impact on the 95%/rather than the 5%
- Flexible, to meet the needs of the multi-generational workforce
- Cost-effective, to survive through the harshest of economic conditions
- Adaptive, to keep pace with the fast past change
- Sustainable, with the ability to deliver significant ROI

And ultimately it has to have the ability to Drive large-scale transformational behavioural change.

A tall order by any standard – until now!

The latest technological innovation in the area of behavioural change is now available to meet all of these demands as well as guaranteeing to eliminate the costs and loss of productivity caused by the ‘physical’ attendance at training workshops.

Designed by Notion, this new blended learning programme now exists within a virtual environment that can be accessed and followed on an individual basis - at any time, in any place, using any device, and at the learner’s own pace.

It is called:

So, how does Notion deliver what it promises? The STAR® Manager programme consists of four phases. Learners can complete 1 or all of the phases depending on what they want to achieve.

Hosted on a bespoke learning platform, Notion.Global, STAR® Manager offers an exciting and engaging blended management development journey that ensures that new skills are embedded and that real behavioural change occurs, whilst preserving ROI throughout.

Designed to meet the needs of multi-generational learners as well as Senior Leaders and first time Line Managers, STAR® Manager gives organisations the flexibility to respond to the different learning styles and development needs existing within its workforce.
Innovative, yes! But how does STAR® Manager really stretch learners’ thinking in order to deliver real behavioural change?

There are 3 key factors that are unique to Notion’s STAR® Manager programme:

1. Notion’s unique model for ‘in the moment’ coaching encourages learners to change their management style.
2. Live workplace Missions immediately reinforce knowledge and provide experiential learning and application of new skills - building confidence to utilise skills in the moment, every day.
3. A wide variety of blended learning activities keeps the programme engaging.

Live Missions have been designed to be used in different ways for every level and experience of leader or manager and to encourage the immediate application of what has been learned to generate meaningful personal evidence that it works. Missions feature throughout the programme.

Each Manager can choose their voyage, making it a completely unique and highly relevant learning intervention. For example: some may choose to stop or pause their journey after Phase 1 - Becoming a STAR® Coach, whilst Senior Leaders may get more value from going on to complete the STAR® Manager phase too.

STAR® Manager is 100% virtual and can be completed in groups or in cohorts of just 1. It provides short bursts of learning without any time bound events or time in classrooms.

Its blended content is delivered in a completely flexible format, which offers the learner an experiential and action based learning journey tailored to individual timelines, commitments and needs. Importantly, its virtual character does not prevent learners from accessing community support in missions, live sessions, forums, circles, Q&A sessions or even in 1-2-1 feedback from Notion’s expert Coaches.

This licensed programme gives organisations complete flexibility in terms of how it is set up, with options that meet an array of budgets. Indeed STAR® Manager requires only 5-25% of the investment an organisation would need to deliver a similar live programme yet still provides strong foundations for a scalable development programme for up to thousands of learners.

Conclusion

The annual performance review sits comfortably next to leadership models that support rigid, top-down hierarchies however to improve performance and increase productivity in a VUCA world, it is proposed that a more transformational leadership model is needed to generate multi-directional flow of knowledge, information, creativity and challenge. For organisations competing in such fickle environments, the annual performance review immediately lacks relevance, and an alternative approach is needed.

Continuous performance management offers a more aligned and effective way to enable performance within this new organisational model but to authentically achieve this, a cultural step change must occur that is supported by a new set of leadership and management behaviours.

Coaching is commonly understood to be an effective way to change behaviour yet when it manifests (as it does typically) in its ‘executive coaching’ guise, it fails to make large-scale transformational change. Swapping one ineffective process for another ill-fitted solution just doesn’t work.

Organisations wanting to create the conditions in which continuous performance management thrives should firstly address the culture of their organisation and get a better understanding of how introducing more of an ‘enquiry-led approach’ can be used as a vehicle for change and for an overall improvement in organisational performance.

Secondly, they can adopt an ‘Operational Coaching’ approach to leadership and management that has the ability to pervade the organisation at every level, in every way.

And thirdly, they can help people develop the required skill sets by integrating just-in-time bespoke learning tools that achieve behavioural change such as the innovative and commercially viable STAR® Manager programme.

Authentic organisational change, a clearly aligned leadership model and the most highly relevant learning tools available will make continuous performance management part of everyday organisational life and the once popular Annual Performance Review will be left behind in the annals of organisational history.

References

1. Gallup Engagement Survey 2017
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3. Deloitte Global Human Trends 2017
5. AON Global Trends in Employee Engagement 2017
6. AON Hewitt Managing Engagement in Times of Change 2017
Transforming organisations one STAR® Manager at a time.

Notion are global experts in driving transformational change and commercial success through individual and organisational performance improvement.

Formed in 2000 Notion has spent almost two decades helping organisations “change momentum”.

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