

The Holistic PMS Model

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The time for annual performance reviews is nearing in most Indian organizations that still follow the appraisal system. The last year has brought in some refreshing trends in this context with organizations such as Adobe, Accenture, etc. leading the way and bringing in a more balanced system that integrates performance and competencies, and makes the feedback process more frequent. However, there are still a lot of organizations that work with the traditional PMS (Performance Management System) mechanism where the appraisal process is often a much-dreaded and maligned annual routine.

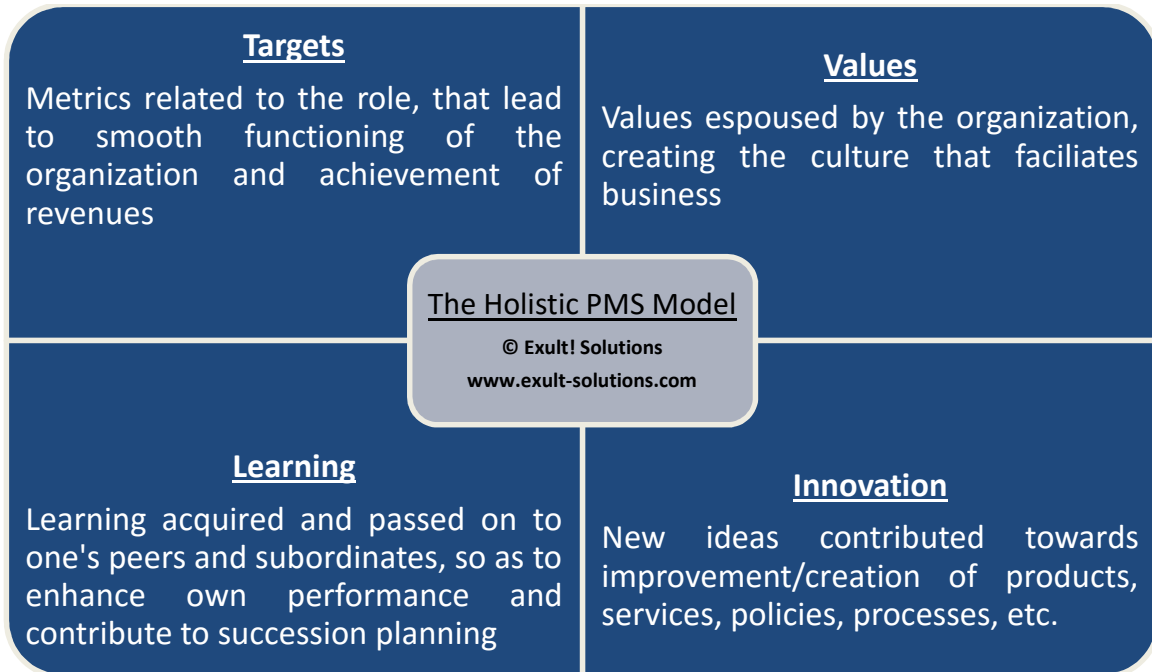
It is not easy to shift performance culture and the associated policies and processes, for various reasons. Often, the engagement or understanding of the top management is missing in this regard. Sometimes, performance management is seen as a HR task and hence no one else gets involved in improving these systems. Very often, line managers view appraisal as an unnecessary time-consuming formality and therefore do not take the process seriously.

I have a few propositions to make in this regard, from the perspective of creating a sustainable performance system that will be closely tied to achievement of the business objectives. Before we get to the proposed framework, let us clarify a few cultural parameters that need to be present:

- Performance management is a responsibility of the functional managers and the top management/business owners need to engage actively to get this message across.
- The HR department certainly is responsible to design and facilitate a suitable process. However, they also need to understand business and engage in an empathetic manner, to be able to co-create a system that suits the organizational culture and business needs.

Given these assumptions, here's what I propose as a holistic PMS model that can be deployed even in organizations that do not have a clear competency framework yet:





The Holistic PMS Model proposes maintenance of records and evidences and subsequent assessment on the following four fronts:

Targets: These indicate metrics related to one's area of work such as sales figures, units produced, number of people recruited, number of documents processes, etc. These tasks are core to the existence of the organization and lack of achievement of targets could derail the profitability in the long run.

Values: Assuming the organization has documented the values it chooses to espouse, it is important that these are not merely words on the wall, but lived on a day-to-day basis. Ultimately living the values creates the organizational culture and differentiates the company from its competitors.

Learning: From a sustenance perspective, it is important that individuals in the organization take active responsibility for their learning and also to mentor their teams. This way, they ready themselves for better positions while simultaneously grooming their teams to take over their positions. Learning may be through workshops, coaching or e-learning organised by the internal Learning and Development team and also through online courses, reading, networking, etc.

Innovation: Active assessment of and prompt response to the business environment and the opportunities it presents is critical. Therefore, everyone, regardless of their role, needs to engage in generating and working with new ideas pertinent to the business, whether it is in the form of minor changes to systems and processes or major ideas around new products or services.

While an organization can decide on the weights assigned to each of these parameters, we caution against assigning undue weight to the targets, since that leads to unsustainable performance and

retention of the wrong talent in the long run. It is recommended that a PMS constructed on this framework has quarterly reviews (using a simple, short automated form), where every person being reviewed (including the top management) brings in evidences in each of the four parameters to validate holistic performance. Based on the performance of the current quarter, the goals for the next quarter can be contracted/revised for the next quarter.

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