

## Performance Management Considered in Light of Sexy Younger Cousin - Talent Management

Performance Management has been around for decades while its sexier younger cousin, Talent Management, presents a more modern, 21<sup>st</sup> century emphasis on strategic employee selection and retention. This article explores the differences and relationship between these two human resources initiatives, how one supports the other, and finally explores “best-in-class” resources that can be used to develop supervisors and managers to support broader organizational goals.

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**Talent Management** refers to the process of developing and integrating new workers, developing and retaining current workers, and attracting highly skilled workers. The process of attracting and retaining profitable employees has widely come to be known as "the war for talent."

Talent management as a strategic process emerged in the 1990s and continues to be adopted, as more organizations have come to realize that their employees' talents and skills drive their success. Talent management processes have been adopted in order to solve employee retention problems as organizations have come to realize that effort spent attracting employees is less critical than spending time and effort retaining and developing talent.

An effective talent management system is carefully worked into the larger business strategy and implemented in daily processes throughout the organization as a whole. The business strategy should include line manager responsibility for people development. Communication is also key; areas within the organization benefit from openly sharing information with other areas in order for employees to gain knowledge of the overall organizational objectives.

Companies that focus on developing their people integrate plans and processes to track and manage their employee talent, including:

- Sourcing, attracting and recruiting qualified candidates with competitive backgrounds
- Managing and defining competitive salaries
- Training and development opportunities
- Performance management processes
- Retention programs
- Promotion and transitioning

**Performance Management**, on the other hand, generally focuses on goal achievement, and meeting goals in an effective and efficient manner. Performance management can focus on performance of the organization, a department, processes to build a product or service, employees, etc.

An effective employee Performance Management process includes:

- Establishing Performance Goals
- Performance Plans
- Observation and Feedback
- Evaluating Performance
- Rewarding Performance
- Recognizing Performance Problems ("Performance Gaps")
- Performance Improvement / Development Plans
- Firing Employees

Armstrong and Baron (2004) define performance management as, *“a process which contributes to the effective management of individuals and teams in order to achieve high levels of organizational performance. As such, it establishes shared understanding about what is to be achieved and an approach to leading and developing people which will ensure that it is achieved.”* They go on to stress that it is, *“a strategy which relates to every activity of the organization set in the context of its human resource policies, culture, style and communications systems. The nature of the strategy depends on the organizational context and can vary from organization to organization.”*

In other words performance management should be:

- Strategic - it is about broader issues and longer-term goals
- Integrated - it should link various aspects of the business, people management, and individuals and teams.

It should incorporate:

- Performance improvement - throughout the organization, for individual, team and organizational effectiveness
- Development - unless there is continuous development of individuals and teams, performance will not improve
- Managing behavior - ensuring that individuals are encouraged to behave in a way that allows and fosters better working relationships.

At its best, performance management is a tool to ensure that managers manage effectively; that they ensure the people or teams they manage:

- know and understand what is expected of them
- have the skills and ability to deliver on these expectations
- are supported by the organization to develop the capacity to meet these expectations and are given feedback on their performance
- have the opportunity to discuss and contribute to individual and team aims and objectives.

It is also about ensuring that managers themselves are aware of the impact of their own behavior on the people they manage and are encouraged to identify and exhibit positive behaviors.

So, performance management is about establishing a culture in which individuals and groups take responsibility for the continuous improvement of business processes and of their own skills, behavior and contributions. It is about sharing expectations. Managers can clarify what they expect individual and teams to do; likewise individuals and teams can communicate their expectations of how they should be managed and what they need to do their jobs. It follows that performance management is very much about inter-relationships and improving the quality of relationships - between managers and individuals, managers and teams, between members of teams, and so on, and is therefore a joint process. It is also about planning - defining expectations expressed as objectives and in business plans - and about measurement; the old dictum, 'If you can't measure it, you can't manage it' applies here. It should apply to all employees, not just managers, and to teams as much as individuals. It is a continuous process, not a once-a-year event. Last but not least, it is holistic and should pervade every aspect of running an organization.

**Performance Mgmt vs. Talent Mgmt.**

Recently, talent management has been getting the press in HR circles, but performance management still plays an important, strategic role on a day-to-day basis. Perhaps we can consider these two approaches this way:

PERFORMANCE MANAGEMENT ...	TALENT MANAGEMENT ...
<p>is about helping people understand what they are expected to do in their jobs and giving them clear and frequent feedback about how they are doing it. This means that a once a year performance appraisal is not performance management. Employees continually complain that supervisors don't talk to them about how they are doing unless they make an error. Employees need to know what they are doing right so they can keep doing it and they need to know what they are doing wrong so they can change it. This requires frequent feedback.</p>	<p>is about developing peoples' skills, abilities, and knowledge so that they can contribute more to the success of the organization. This is not just about putting down a learning goal on a performance appraisal for the next year and sending someone to a seminar. This is about coaching and counseling, giving job assignments for learning and growth, and encouraging people to learn on their own.</p>

A strong performance management system can be used as a talent management tool if it is used to provide frequent feedback for the employee to know what he or she is doing well or should develop. Goals can be set for honing skills or for learning new skills to prepare people for future positions.

Even though there are many people looking for jobs today, the time will come again soon when we have a talent shortage, so this is an excellent time to be making the most of the people assets you have by developing a consistent and frequent means of monitoring and measuring performance. This will also help you manage the talent you have now into the talent you will need in the future.

### **Tools to Help Manage People Better**

Performance management is more than just common sense and great managers are more often “made” than “born”. Expecting your managers to know how to effectively lead, inspire, motivate and yes, even hold people accountable when they under-perform, is unrealistic and unfair to them and the people they manage. Even the smallest organizations need resources in place to educate supervisors on how to become skilled performance managers.

A number of resources can be used to ensure effective performance management, including the Janus suite of downloadable booklets in the ReadyToManage Webstore (<http://store.readytomanage.com/store/c/3-Performance-Management.aspx>). This popular series of 10 booklets covers the full range of performance management topics, was developed by Dr. Jon Warner and has been used worldwide to train and assist managers and human resources professionals with effective performance management methods and tools. Each booklet runs about 40 pages long with many samples, charts, examples and illustrations. At just \$17.50 each, you can select just those topics you need the most help with, or the entire series for a discounted price.

Even the most seasoned HR Pro will find useful information to help guide their clients toward more effective Performance Management.

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**ReadyToManage** is the home to the [Janus suite of performance management resources](#) written by Dr. Jon Warner, and include a series of manuals (\$17.50 each) written for HR and line managers on the following topics:

1. Career Planning and Development
2. Coaching for Excellence
3. Conducting the Performance Update Discussion
4. Giving and Receiving Feedback
5. Handling Unacceptable Performance
6. Performance Action Planning
7. Performance Competencies
8. Preparing for the Annual Appraisal Discussion
9. Setting Performance Objectives
10. Taking the Performance Initiative

Go to <http://readytomanage.com> for more information or to order.