



## I D C   A N A L Y S T   C O N N E C T I O N



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### **What Gets Measured Gets Better: Improving Performance Dynamically**

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*Most workforce performance measurement practices are more art than science. Just like some professors give out A's easily while others are stingy with their grades, managers vary in how they measure and appraise their employees. The results yield inconsistent ratings that can lead to employees being measured inadequately for potential and unevenly compensated. The best and brightest may leave due to lack of recognition, while lower performers chug along with little incentive to improve.*

The following questions were posed by OpenConnect to Lisa Rowan, research vice president for IDC's HR and Talent Management Services practice, on behalf of OpenConnect's customers.

**Q.    What are some of the challenges with workforce performance measurement as it is practiced today?**

A.    The number 1 challenge is that workforce performance measurement is a very subjective process. In other words, there is very little that's put in place to measure performance objectively. So employers end up with inconsistencies within a team and possibly from team to team because they lack an objective set of metrics or measurements by which to gauge an individual's contribution.

It is not unusual for a company to have some managers who might be more inclined to give higher scores or higher performance grades than other managers. This results in a very inconsistent set of measurements and a methodology that's not backed up by true statistics and metrics. All of this in turn leads to a lack of visibility into what's really happening from a performance standpoint.

There's a risk with either underrating or overrating an individual's performance. In this scenario, employees can become disenchanted, which therefore affects their job satisfaction levels. Employers might actually lose top performers because there's no evenhanded approach to measure performance across the organization.

**Q.    What alternatives are available for better measuring performance?**

A.    For some positions, there are straightforward ways to measure performance; for example, sales quotas in the case of sales professionals. However, measuring the performance of employees with diverse responsibilities is more challenging because it's very difficult to tie performance to the actual work being done. Organizations just don't have the tools in place to tie work to results. What organizations really need are measurements that are real time — that are readily available so that supervisors and managers can make course corrections and

intervene if needed. Such tools give managers actionable information that allows them to make the corrections to get people on the right track if they're not performing up to the standards that the company has set.

In addition to real-time actionable information, companies need to have clear goals and an understanding among managers and employees as to what is being measured. Everyone needs to understand what the goals are and how employees are being measured; this information should be transparent and visible to everybody. An organization can then use the real-time information to measure actual performance versus desired performance. Employees understand what they are being measured against, what their goals are, and how they will be measured because feedback is provided in real time. This also allows managers to offer corrections to get employees back on the right track.

**Q. How do organizations benefit from a more dynamic approach?**

- A. There are a lot of benefits to having a more real-time dynamic approach. The top benefit is improved productivity. If an organization can course correct — get people working more effectively, more efficiently, and in a smarter fashion — then productivity across the organization will improve. The organization will achieve better business outcomes.

With the visibility that a dynamic approach offers, employers will be able to identify any roadblocks or bottlenecks. If employees aren't able to meet their goals, visibility provides insight into what is keeping them from achieving their goals. In addition, organizations can tie performance to outcomes, and that lends itself to the kind of open, transparent approach that allows employees the chance to get feedback and understand what they are being measured on. This approach provides managers with an opportunity to make informed business decisions based on metrics and analytics. If a process is broken, managers have the insight to fix it. Also important is that a manager can reward and recognize individuals on true merit. If people are exceeding their goals, then a manager can recognize that performance and reward it as it happens.

At the same time, a real-time approach can help companies reduce unnecessary costs of overtime and rework. If a company is focusing on the right work and has everyone in place with the visibility to see what's being done, the organization is better able to head off any overages in terms of potential overtime. This also prevents rework because employees get things right the first time. All of these benefits are enabled by a more dynamic approach.

**Q. How do employees react to more oversight and accountability? And what is in it for them?**

- A. Employees have more visibility into their own performance, allowing them to get immediate real-time feedback on their own patterns. They will have insight into the peak times during the day when they do their best work. They can see when they make mistakes. The ability to self-monitor and understand performance is a good thing for people — it's very enlightening. This can also help the organization better apply training where and precisely when it's needed. Just-in-time training can be added in areas where employees are underperforming.

There is also an increased sense of democratization. Employees understand how their performance is measured and that the same metrics are applied throughout the organization. Employees can expect recognition that's tied to a job well done. This really does increase the sense of ownership for work. As a result, employees tend to have a higher level of satisfaction. They understand how they are measured and what they are recognized for, and they have the autonomy to see their weaknesses and their strengths and make adjustments where needed. Everyone in this environment has a greater sense of ownership and, in the end, a greater level of satisfaction.

**Q. Can performance measurement extend beyond the traditional workforce?**

- A. The makeup of our workforce is changing. Gone are the days when the vast majority of employees were part of a traditional on-premise workforce. In many organizations, employees no longer show up at a particular location or walk in and walk out at the same time. Work is also increasingly spread across external service providers — contractors and freelancers who might sit alongside an organization's internal workforce. The ability to provide levels of visibility and measurement as well as real-time results to individuals — whether contractors, external workers, or mobile workers — gives workers a certain peace of mind. Individuals will know how they are performing — when they are performing well and when they are not. An organization that is employing a diverse set of internal and external workers has a single yardstick by which it can measure the work being performed by everyone.

**ABOUT THIS ANALYST**

*Lisa Rowan serves as research vice president of IDC's HR and Talent Management Services practice. In this role, Ms. Rowan provides expert analysis focused on the business services and software used to address HR and talent-related processes. Her research encompasses human capital applications, HR consulting, HR processing services, and HR business process outsourcing (BPO) services.*

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