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Investing for the Future

One of the casualties of the economic recession has been continued investment in learning and development (L&D). As organisations have tightened their belts often the training budget is the first to be cut. Phil O'Reilly, Business New Zealand Chief Executive, acknowledges the [temptation to slash training budgets](#) but urges businesses to resist the trend. He warns that reducing investment in training will cause business to lose momentum coming out of the recession and put them at risk from their competitors. He suggests that once the recession is over, New Zealand will again face a skills shortage, leaving companies which abandoned training scrambling - and paying more - for skilled labour. *"There are still skills shortages in some industries and in the next 10 years there will not be enough workers because we're not having enough kids. We have to move up the skills pathway or we will fall behind."*

Research shows a clear line of sight between the quality of your staff and business results; they are a key point of competitive advantage and central to business sustainability. The combination of tighter fiscal pressures combined with the need to invest for the future means that businesses need to be more savvy and creative in where, and how, to direct their training spend, using a range of formal (courses and qualifications) and informal (coaching, mentoring, shadowing) means to achieve their development goals. O'Reilly suggests that businesses under financial pressure still need to invest in their people and take a future focus approach to thinking about the skills the company will need in five years time. *"If you're going to cut training spending, don't cut it to zero. Instead, think very carefully about who should be trained and in what."*

This then suggests the need for businesses to put to one side the notion of 'let's do what we've always done' and take a back to basics approach to setting their learning and development strategy. Developing a L&D strategy that will deliver on the organisation's objectives is about connecting the dots ... starting from the business strategy. An entry point is to ask 'What are we failing to do as a business?' and 'what do we need to do differently?'; this then leads into the question of 'what does this mean for our people and what do we need **them** to do differently?'. A user-friendly business improvement tool that I use in my work is the [Investors in People](#) framework.

There are three core building blocks to the framework:



Plan: Strategies to improve the performance of the organisation are in place; there are clear, measurable performance objectives; learning and development is planned to achieve the organisation's objectives

Do: Action is taken to improve individual and, in turn, organisational performance – these are the range of learning and development interventions that the organisation will use.

Review: Assessment and evaluation of learning and development takes place and identifies the impact of the investment on the performance of the organisation.

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Helping your people, your workplace and your business to.....

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The two areas that I find businesses generally wrestle with are the **Plan** and **Review** stages, especially around setting measurable performance objectives, and being clear about how their learning interventions translate into improved individual and organisational performance. Asking yourself 'how will the training help our business?' and 'what will the employee do differently when they come back to work?' will help achieve that focus and clarity.

Putting it simply, achieving L&D return on investment is about alignment to business strategy, clear learning objectives and robust assessment and evaluation to determine what has changed as a result of the training.

Getting the best out of your people: Managing Performance

Often when I discuss with business leaders their approach to performance management, their eyes glaze and they talk about the 'chore' of performance appraisals. Conversely, when I talk individually with people they will share, more often than not, negative experiences of performance management ranging from little meaningful discussion, not sure how they are performing but "I guess ok because I haven't been told otherwise", to "only getting feedback when something has gone wrong". Performance management, which is all about setting goals, developing capability and driving organisational performance, should be a shared common purpose for all people leaders— an intrinsic part of organisational culture and 'the way we do things round here'. Yet all too often performance management is seen as an annoying compliance exercise.

Performance management is one of the key practices of people management. It is about helping people to understand how they contribute to the strategic goals of their organisation and ensuring that the right skills and effort are focused on the things that really matter to the organisation and will positively impact on organisational performance.

In the reality TV series, Tabitha's Taking Over (Thursdays TV2), the lead 'super-hairdresser' Tabitha (somewhat brutal but effective!) works to turn round failing hair salons. In each episode, the standout learning has been a call from the staff for clear leadership and direction on future vision, performance expectations and standards. On the journey to recovery salon owners are coached into becoming leaders that staff want to follow, some tough calls are made, but overwhelmingly the result is a cohesive staff team all pulling in the same direction. It's an example of the link between performance management and business success.

A performance framework

Done well performance management has an important role to play in driving sustainable organisation performance. It is a framework by which line managers effectively manage the people they are responsible for in line with organisational objectives and goals, and is a clear driver of employee engagement. It is the primary means by which they ensure that individuals:

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

**Tell me and I'll forget,
Show me and I'll remember,
Involve me and I'll understand**

Chinese Proverb

How Shine People Consulting can help you. Services offered:

- Business improvement using the international Investors in People framework
- In house or outsourced Human Resources support
- Change management support – change planning & communications; upskilling your people leaders to lead and manage change; *Working with Change* workshops to help transition your staff from A to B
- Employer of Choice strategies – attracting, engaging & retaining high performers
- Employee engagement strategies – how to get the best out of your people resulting in improved productivity and business results
- Recruitment and selection support
- Diversity specialist – strategies to create a diverse, inclusive and high performing workplace
- Project management – from project inception and design to execution and review
- Strategic and operational planning – facilitation and development
- Management skills training (*change management, managing diversity, recruitment & selection, appraisal, managing performance & more*)
- Staff development – from training needs analysis to personal development plans and development frameworks
- Coaching and mentoring (*inc. leadership, performance management, delegation, communication, time management, career and interview skills*)
- Employment policy, procedures, process and systems development and implementation – including staff handbook, job descriptions, performance management frameworks and practical guidance on how to apply them in the workplace.
- Internal communication strategies and planning



Bringing out the best in your people continued

Research carried out by the Chartered Institute of Personnel and Development found a great deal of confusion around what the term performance management actually meant, although there was general agreement that performance appraisal, objective-setting, regular feedback, regular reviews and assessment of development needs formed the cornerstones of performance management. Whilst these are important components, performance management has a much broader linkages, including:

- Recruiting the right people against the skills, competencies, attitude and behaviours needed by the organisation
- Effective induction – clarifying the organisational vision, goals, individual performance objectives and indicators, expectations and standards, and what good performance looks like
- Ongoing and regular feedback about how a person is doing, with early intervention in problem areas
- Annual performance reviews
- 360° feedback
- Formal performance related issues
- Performance related pay
- Career development conversations
- Talent management and succession planning – spotting high potential early on, nurturing and fostering the talent into key identified roles.

Often people get caught up in the 'process' and the 'need to get the paperwork back...', hence it being seen as a compliance rather than a goal setting and developmental exercise. It's important to make a distinction between process and outcomes. The process is simply the vehicle. It's the quality of the outcomes that count. It's about discussing performance, holding people to account and providing feedback as well as giving praise for a job well done (or not as the case may be).

To get buy-in and traction across the board, it needs to be driven from the top. Strategically it should take a big picture, future focus to understand what the organisation needs to achieve over the next two, five and ten years and therefore what kind of skills and behaviours are needed to shape the competency framework that underpins performance management. Discussion need to take place at a senior level to understand why business streams aren't delivering and then address the issues directly. Managers and individuals need to understand what performance management is trying to achieve, not just how it should be done.

To put it another way, you can have the flashiest, rinky-dinky set of forms & processes going, but if quality, meaningful discussion, engagement with purpose and follow through aren't there you won't get the performance outcomes that matter. Ultimately there is no point in carrying out performance management if it doesn't deliver on the business objectives. Before I hear you all crying 'hurrah' and chucking the performance review forms in the bin, think about what a non-performance focused organisation looks and feels like. There would be a lack of direction, lack of communication, lack of clarity, lack of motivation and engagement amongst staff. How rosy does the future look now?

Carried out well, performance management is a powerful tool to focus activity and effort, resulting in enhanced business performance. Done badly it can disengage staff, foster unproductive activities, waste effort and misdirect rewards.

STOP PRESS: The Dept. of Labour is currently reviewing the personal grievance system established under the Employment Relations Act 2000. You can find out more about the review, read the discussion paper and make a submission on [DoL consultation page](#).

To have a further discussion about anything in this newsletter please contact:

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