

# Insight Into

## Performance Management for Business Owners

*"A leader should be slow to punish and swift to reward."*

The key to growth comes from the business owner's ability to effectively communicate, educate and motivate their teams. This is easy at the beginning when the company is small and built on the drive and personality of the business owner. As the business grows the lines of communications become stretched the very thing that made the company successful may well become the bottleneck, preventing growth.

To break through this "glass ceiling" the business owner has to become more of a leader and less of manager. More of a motivator, and less involved in the daily detail of running the business. Failure to do so at best prevents further growth and at worst can kill what was a very successful business.

### The consequences of not introducing performance measurement tools and guidelines

*If your team do not perform it's nobody's fault but .....*

Does this sound familiar? "I have good people working very hard for me but they just don't deliver anything on time. We have a lot of customer complaints and customer referrals are rare. They (the staff) just don't understand how important it is to be

profitable and keep the costs down. We waste far too much time and materials and fail to deliver a good customer experience time and time again. They just don't understand".

### There are some very simple tools that you can use to improve your teams performance

There are three basic aspects to achieving improved performance from your management team. They in turn should pass these on to their teams.

#### **Communicate**

In everything you do you must communicate effectively, tell them clearly and precisely in writing what is expected of them. Periodically review these communications and ensure they stay in line with your goals and that your team have the capability to respond to changes in the market. Meet regularly to discuss business issues and share problems and solutions.

#### **Educate**

Ensure that your team know how to deliver against their targets and that they have the skills, capabilities and experience required to deliver on time and within budget.

#### **Motivate**

Every thing you do as a leader should motivate and empower your team to have the confidence to act in the correct way on your behalf.

#### Getting it right:



#### THE KEY STAGES

- **Communicate your vision.** If your team do not have a clear and concise view of where the business is going you can't expect them to aspire to achieve and deliver the appropriate results.
- **Document your core values.** You acquired or built your company by applying a set of personal values. Standards of behaviour that you always apply to your decisions and actions. If you want your team to deliver your vision in the way you would wish, you need to ensure they all understand your core values.
- **Job descriptions.** Ensure that everyone knows what is expected of them and that they have the skill experience and motivation to deliver against your expectations. You can't take issue with none delivery if the lines of reporting and accountabilities are not very clearly defined and communicated to your direct reports. They in turn need to do the same with their direct reports handing down through this process your vision and values.
- **Develop key performance indicators.** These are measurements that provide a guide to business performance. Used wisely they will motivate staff, encourage over achievement and give you an insight into how cost effective and profitable each team is.
- **Review and take corrective action.** As a team use the KPI's to guarantee profitability and reduce costs.



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### So how do I install an effective performance management system?

- **Vision.** If your team do not have a clear and concise view of where the business is going you can't expect them to aspire or achieve and deliver the appropriate results. Write it down in no more than three or four sentences, detail where you are going as a business and how you are going to get there.
- **Values.** These will be the things you do and don't do in the day to day running of your business. Some will be specific to your market. Some will be about the way you treat staff, suppliers and customers. Five or six key bullet points should be all that you need to articulate what it is that makes you what you are.
- **Job descriptions.** Write down what each member of your management team are responsible for and ensure that they are accountable. No more than five bullet points. Describe the duties and daily tasks they will have to perform to deliver those responsibilities.
- **Key performance indicators.** These are not numbers to beat them up with but a guide to their team's performance. Structured properly they should be motivating and encouraging. They will also give you and your managers an insight into the costs incurred by the team and their effectiveness to deliver against their budget.
- **Review.** Hold regular management meetings and encourage managers in turn to hold team meetings. These meetings will always have a fixed agenda, be short to the point and effective. First item on the agenda will always be business results.

### An example

An IT provider experiencing rapid growth promoted two of its most loyal members of staff as Directors. One of the first things they did was to meet up for half a day and under the guidance of the business owner agree where the business was going and how they were going to get there. They also debated and set in concrete a set of values that would be passed down through every aspect of the business. Once this had been achieved and signed off by the business owner each Director agreed a job description with the MD and then in turn delivered job descriptions to each and every member of their teams. Following this some members of staff were moved to new positions where their skills and experience was better suited. A couple of additional people were recruited to fill gaps in the talent pool. This provided additional experience. This process was followed by the development of a set of key performance indicators for each team. These KPI's quickly revealed previously unknown aspects of the daily business operations. The team were then able to identify areas of good practice, areas for improvement and to take the appropriate corrective action.

### The result

Morale improved, so did business performance and the initial targets for growths were exceeded.

*Andante [UK] Ltd helping you to achieve your objectives by guiding you through the development of a performance management process.*