

Appendix 3:

Case study in the service sector

1. The organization

Location	Single site, servicing over 200 entertainment outlets which are basically franchisees
Employees	40
Structure	Run as a division of a large tourism hospitality group
Timeframe	2002
General features	Office administrative work, plus an operations centre working 7 days, 24 hours, 365 days per year, to service the outlets plus an on-the-road group working with the outlets A number of performance problems existed in the business There was little or no performance feedback at the time we became involved
Economic base	Strong – financial performance excellent
Union	A few union members but not a big influence

2. Background to performance management implementation

- 2.1 The general manager knew our work from a previous business and had come to the conclusion that a similar system was needed to establish and maintain performance standards, which he considered to be below standard. There was also evidence of underperformance in relation to four individuals and some behavioural issues. It appeared there was some harassment of some of the female employees but it was not thought to be particularly serious; nonetheless it needed to be dealt with.
- 2.2 Being a relatively small organization, the consultant carried out the project working directly with the general manager. His senior management were supportive of what the general manager was wanting to do, but did not become involved.

3. Designing the approach

- 3.1 The enthusiasm and support that the general manager demonstrated to the employees and the other managers virtually ensured the programme would be a success.
- 3.2 However, as is often the case, two managers and two employees were not particularly fond of the idea that their performance was to be managed so closely – a natural reaction given the laziness of the previous management.
- 3.3 Nonetheless, the performance standards were developed in a relatively short space of time (many already existed) and the performance improvement programmes for the managers were driven directly from the business plan. These direct linkages helped to convince people that this system would work.
- 3.4 The development of the code of conduct was particularly fascinating and taught us a lot about the range of behaviours people find appropriate in the workplace. It was clear that a considerable number of the younger employees thought that their mode of behaviour was acceptable to everyone else on the work site. They soon found out they were wrong, as participants in the process spelt out conduct they considered inappropriate. There was also a lesson in not underestimating or ignoring reports of harassment. It became clear that one situation that

the management considered needed to be fixed but wasn't particularly serious, could have become extremely serious.

- 3.5 The training as usual was participative and helped sell the key concepts that were being put forward to the managers and the employees:
 - i. early intervention;
 - ii. coaching to help people develop;
 - iii. formal development activities.

It showed the importance of these elements being incorporated in the individual development plans for both managers and team members.

4. Implementation

- 4.1 Unlike the case study in Appendix 2, there was considerable consultation with the employees, with the general manager and the consultant jointly conducting the sessions. The value of these consultations became very obvious as the greater majority of people accepted the introduction of performance feedback and the coaching model as a real opportunity for them to improve their performance and, as stated by a number, improve their job satisfaction.
- 4.2 The other interesting response that came out of these consultative sessions has since become a feature of the early steps of implementation in a number of other organizations. The management and the consultant went to the sessions to hear what the team members had to say, respond to it, act on it, involve them and give them some ownership. It was known before we started that at least two people (and perhaps four) had commented about the proposal in a negative way and would resist it.
- 4.3 In fact they asked a series of questions at the consultative sessions that had a remarkable outcome. One asked what would happen if people did not comply with the code of conduct. The answer was that, depending on the seriousness of the breach they would either be informally coached or formally dealt with under the discipline procedure. It was explained to the person that, as the team members had put together the code (not management) and since new employees would be inducted into the code both by a formal process and workplace coaching, the second outcome theoretically should never occur. If everyone believes in it, accepts the need for it and complies with the outcome, there

will be a harassment-free workplace. There was no response to this at the time.

- 4.4 The second employee then quizzed us on the performance side of the feedback. What would happen if people didn't meet the standards? The answer was almost identical to that provided to the person earlier on conduct. Again, there was no response at the time.
- 4.5 The following week both of these people resigned within two days of each other. The attitude of the other employees and the managers to this was, *the system is already starting to work*.
- 4.6 Following on from the implementation, two managers were given their 'benchmark review' and they didn't like it. Negotiations with these managers followed and they left the organization amicably. In the case study in Appendix 2, we had both resignations and dismissals (which stood up in the industrial courts). In this situation we had four people go and no litigation at all. Through the implementation of this approach, two other employees have also chosen to leave.

5. Evaluation of results

- 5.1 The general manager has been quite forthright in his views on this approach. He has always been a 'planner' and as a consequence he believes this approach, which is an extension of the business plan into the individual performance improvement plans of managers and employees, has delivered the outcomes he had sought.
- 5.2 Business results have reflected the continuous improvement built into the performance improvement plans, and the employees have expressed a concerted view that knowing what is expected of them and being able to regularly discuss how they are doing and how they can improve, has raised their job satisfaction enormously.

6. The lessons

- 6.1 As with the previous case study, the involvement, commitment and competence of the general manager helped considerably in introducing the concept. In this case it was also aided by the overall quality and enthusiasm of the employees to put a system in place. The lesson is: involve the people in the design and implementation as much as possible.

- 6.2 The fact that the introduction of this approach would lead to better quality training and greater developmental opportunities was a big selling point with the employees and delivered a rapid improvement in their overall competence and confidence.