



# Lean Housing Solutions



## Case Study - Performance Management

### Performance Management and Appraisals—the Lean way



It is the boast of Lean practitioners that Lean Methodology can be applied to any process or activity.

The Community Housing Group is one of the leading proponents of Lean. It has successfully applied Lean Methodology to a surprising process through its Lean Champion program. A process which is time consuming, costly, and largely ineffective—the Annual Employee Appraisal!



Marina Banner, Group Director (Strategy and Business Development) at TCHG said: “We were working with our partner, **Lean Business Solutions**, on Lean Champion Development, and looking for suitable processes to work on, as vehicles for team development. We had successfully applied Lean to Voids and Responsive Repairs, as well as Estates Management, but in a ‘what needs sorting out’ session, one of the processes which came up was our personal development review process, an annual event—effectively the annual appraisal process.”

The annual appraisal process was identified as something which was time consuming for both managers and employees, as well as in HR to organise and co-ordinate. It was seen as a real chore.

Looking at the appraisal process was a challenging project.

“At first the team couldn’t see how Lean could be applied to this, or that there would be tangible benefits. It was something that ‘we just did’,’ But the team approached it in the same way as any process - by mapping the process end to end in order to identify the waste in the process.”

There were significant issues in organising and carrying out this task, from an administration point of view, as well as the actual appraisal activity.

“What we found was quite startling. It was a full time job to manage this from an HR point of view – and when we looked at it most of our Managers were spending about a month of their year in carrying out this task – which no-one seemed to think was a very effective or positive experience. However, the biggest waste was that all this effort produced very little in terms of overall performance improvement.”

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Lean principles were applied this. The principle of Customer Value, and a simple questionnaire was devised, to ensure that the appraisee was aligned to the organisational objectives, and for assessing current performance.



“This approach was so simple. We simply asked the appraisee what they thought their manager was looking for from them, and compared it to what the manager was actually looking for. We then checked delivery – how were they doing?’We did this right the way up and down the organisation, which was an easy way to ensure everyone was aligned to the business objectives.

We also used it to check employee satisfaction. It was a more relevant way of doing it than the annual employee survey, by asking the employee what they valued personally, and checking the organisation’s ability to deliver it.

This approach also made us look at the recruitment process, because this is the start, and if you get this wrong you will get waste later on. We found that Job Descriptions tended to grow into several pages, and they always get added to – no-one ever removes anything – when really the job is really about delivering no more than 5 bullet points.

Another significant benefit was that any training needs that were identified were now ‘needs based’ – where there was a direct alignment of the training to the requirement of improving performance. The process is also the foundation of real time management, responsive to changes in priorities as they happen, not just once a year!”

And of course, how does the appraisee improve performance – close the performance gap? By application of Lean!’ This made it all make sense to the Lean Champions, it completed the circle.

Marina concludes: “We thought this was going to be a stretch – but in the end it actually turned out to be a core activity, and will probably end up being the highest value to cost lean project we have done!”

### Results Achieved:

- Performance gaps closed much quicker. A more agile organisation
- Managers and staff time freed up
- Training, aligned to actual business needs, delivered when it is needed
- Dramatic increase in motivation.

For an informed discussion about how using lean techniques can benefit your business, contact Andrew Schofield at:



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