Self Help Guide - Performance Management

An effective performance management program helps you and your employees communicate goals, promote learning and development, explore career opportunities and increase productivity. This guide will explain the goals of a performance management program as well as how to establish and maintain an effective program.

The purpose of a performance system is to:

- Establish a clear link between organization and individual objectives.
- Promote ongoing communication through coaching and meaningful feedback to employees.
- Encourage discussion and development of skills and competencies.
- Attract and retain staff.
- Identify, recognize and reward high performers.
- Identify, recognize and manage low performers.

For the employee the benefits of performance management are:

- Clear understanding of how individual performance contributes to the company’s success.
- Clear understanding of how to meet expectations.
- Individual performance is clearly linked to rewards.
- Identification of employee learning and development needs.
- Fair, accurate and regular feedback on strengths and areas for improvement.

For the company:

- Increased productivity.
- Link between individual performance and organizational objectives.
- Accurate and consistent evaluation of employees’ overall performance.
- Acknowledgment of employee contributions.
The building blocks of an effective performance management program generally consist of:

1. **Objectives and performance plan**
   
   Written criteria used to determine employee success, such as job goals and performance standards and indicators of goal achievement.

2. **Essential competencies**
   
   A list of the skills required for a particular job. Essential competencies help inform an employees’ training needs. Competency defined in the recruitment stage should match the competency elements used in performance management.

3. **Assessment of development needs and potential**
   
   Identification of training required to perform successfully and achieve career goals.

4. **Recognition of employee performance**
Deliberate recognition and acknowledgement of employees’ efforts and accomplishments (see Recognition and reward ideas and recognition guidelines).

The role of a supervisor in performance management is to:

- Establish performance objectives and identify areas for development—based on an operational plan—with employee.
- Monitor and document employee progress on performance objectives, and discuss observations with employee two or more times a year.
- Identify employee-development needs, follow a learning plan, and fund learning activities.
- Assist employees with career goals and aspirations.

The role of the employee is to:

- Discuss performance objectives and identify areas for development with supervisor.
- Identify development activities to meet career goals.
- Track and document progress on performance objectives, develop an action plan and provide feedback to their supervisor at key points throughout the year.

Timing

Organizations typically hold formal performance reviews annually. Informal check-in reviews 2 or 3 times a year are recommended.
The performance management process usually consists of the following stages:

I. Setting performance objectives and performance plan,

II. Ongoing monitoring and feedback

III. Performance evaluation to determine progress against goals.
Stage I: Setting Performance Objectives

Set goals the **SMART** way. Define performance expectations using the following five criteria:

**Specific:**

Clearly defined objectives ensure both managers and employees understand what is to be achieved and the standards used to evaluate performance.

**Measurable:**

Objectives and standards should be based on observable and measurable indicators rather than subjective factors.

**Achievable:**

Objectives should be attainable, while providing a challenge to an employee.

**Realistic:**

Employees should have both the authority and resources to achieve objectives.

**Time-bound:**

Accomplishment of goals is more likely with deadlines.

Work with your employees on the development of performance objectives. This will give you an opportunity to learn about your employees’ career goals and inform them of performance expectations and evaluation criteria.

Stage II. Ongoing Monitoring and Feedback

When dealing with employee motivation and feedback it’s easiest to think of performance along two dimensions;

- willingness (or unwillingness) to do what’s necessary to achieve success and,
- ability (or inability) to perform what’s needed.

The following grid is a useful way to focus your actions to motivate employees
Effective feedback is;

- immediate and aimed at improving performance - always praise employees for significant accomplishments and good work. When employee performance does not meet expectations, deliver constructive feedback in a direct, non-judgmental and socially desirable way.

- specific - provides information about how an employee is—or is not—meeting expectations. Pinpoint the employee’s strengths and identify areas for improvement.
While not always easy providing constructive critique helps poor performers recognize their strengths, identify skills for development and realize their full potential. With a bit of preparation and some well-honed communication skills, you can motivate—not deflate—your employees with constructive criticism.

Stage III: Performance Evaluation

The formal performance evaluation occurs at the end of the annual cycle. If progress-review meetings are conducted regularly, both parties will know what to expect. The following process will help you conduct a successful performance review meeting (see Sample Employee Evaluation form).

Prior to a review meeting:

- Notify the employee about the meeting date, time and place. Allow the employee time to prepare for the review by making lists of areas in which they met and exceeded performance expectations or demonstrated shortfalls in performance.
- Have the employee complete a self-evaluation and return a copy to you.
- Review the employee’s previous evaluations.
- Review observations on performance made during the last year.
- Obtain feedback on the employee’s performance from others such as, colleagues and customers.
- Prepare an initial draft of the evaluation.

During a review meeting:

- Explain the purpose of the meeting and review agenda.
- Compliment the employee on their accomplishments.
- Discuss the evaluations prepared by the employee and his or her supervisor. Have the employee summarize major accomplishments and needs with respect to responsibilities. Describe what you believe to be the employee’s accomplishments and areas of improvement.
- Together, diagnose the potential causes of any discrepancies between the employee’s performance objectives and actual performance.
- Come to a common understanding about the quality of the employee’s performance over the review period.
- Identify ways in which the supervisor can help the employee improve.
- Identify performance and development objectives for the next review cycle.
• Discuss career development if the employee so desires.
• Develop action plans to enhance performance.
• Allow for time at the end to discuss other topics the employee may want to cover.
• Set a time and date to finalize action plans or discuss progress.

After the interview:
• Continue to observe the employee’s job performance and provide timely feedback.
• Throughout the year, note observations and document feedback, input from the employee, and his or her reaction to feedback. Be sure to include details about specific situations, behaviours and outcomes.