HR, and so much more

Performance Management Ins and Outs

"It is an immutable law in business that words are words, explanations are explanations, promises are promises, but only performance is reality."
~ Harold Geneen, *a businessman famous for his management structure*

Managing performance is one of the best ways to optimize your most valuable resource—your employees. Performance management is defined as the ongoing process of providing performance feedback, planning, coaching and reviewing an employee's performance. The purpose of performance management is to focus on achieving results. In doing so, your company's efforts are directed towards becoming more effective, and away from simply being busy.

What Is Involved: When managing performance, executives and managers complete a variety of tasks, including identifying and evolving performance goals and standards, establishing performance ratings and assessments, reviewing progress, writing performance reviews, establishing development goals, writing improvement plans and providing ongoing feedback to employees.

An effective performance management system provides an opportunity to:

- Translate overall business and department goals into specific goals for each position in the company.
- Coach and manage performance, instead of just reacting to it.
- Provide a formal process for written acknowledgement of work.
- Gather new information and ideas from staff.
- Discuss skill- and career-development.
- Document performance issues, which can help protect the organization from frivolous law suits.
- Reduce supervisor stress and anxiety through managing performance rather than reacting to performance issues.
- Reduce stress and increase motivation for the employee through an understanding what is expected of him or her.

When setting up your company's performance management system, be sure to incorporate the following **five keys to effective performance management:**

Train Your Managers: Managers are a big part of an employee's success or failure. Most good employees leave a position because of a poor manager, not because of the company. It is true that there are employees who won't perform, no matter what a manager does. But it's also true, and more likely, that an average employee will become a star performer when working for a good manager. Managers must understand their personal role in the performance management process, including how to: stay involved and provide effective feedback; communicate specific and measurable performance standards; fairly assess performance, based on business objectives as well as on how others are performing in like positions; and write a professional review that effectively communicates performance for the review period.

Create Effective Performance Goals: Effective performance goals should relate to and be important to the company's goals, objectives, mission and vision. The best goals are specific and measurable (meaning you can gauge whether you are reaching the goal). Both short- and long-term performance goals should be defined and measured.

Short-term goals can be accomplished within six months and are generally employee-driven. Appropriate short-term goals include changing a negative or dysfunctional employee behavior, learning a computer program, developing writing skills or working more collaboratively with team members.

Long-term goals take longer than six months to accomplish, are driven by both the company and the employee and are typically based on the company's business goals and initiatives. Examples of long-term goals include creating a profitable division, acquiring experience and skills to be promotable or managing a large company initiative.

Establish Systems and Processes: The performance management process should be systematized and should clearly state what is required of the employee—this helps employees be more confident on the job. All communications regarding the employee's role should be clear and easy to follow, including deadlines, where to find the review, how to complete it and even the set-up of the performance review form.

Reward Performance and Behavior: Most managers believe the highest performers should receive the biggest merit increases. However, employee behavior also plays a part in performance. And ignoring dysfunctional or inappropriate behavior will cost the company in the long run. For example, a sales manager who hits performance goals at the expense of others will cost the company money when a good administrative person leaves because he or she cannot work with the sales manager. Therefore, it is important to properly reward and reinforce both performance results and desired behaviors.

Create a Good Performance Culture: It's important for managers and executives to create an environment that encourages performance, because only then can the company achieve a true performance ethic. A good performance culture includes:

- Well trained managers who know how to provide feedback, follow up and coaching.
- A consistent performance evaluation system. Whether it's annual, bi-annual or quarterly, it should be done on a consistent basis.
- Honest and open feedback that is constructive and reliable from both the employee and manager.
- A section for an employee's self review.
- Support and effective role modeling from executive management.
- A system to track development goals.

In short, performance management includes a variety of activities designed to provide feedback, which produces the desired performance results. The most effective performance management system includes regular, ongoing and consistent feedback, in addition to the formal performance review. In fact, employees should receive some sort of feedback at least once every seven days, according to Ken Blanchard, a consultant, speaker, trainer and author on management and leadership.

