



CLOVER HR EMPLOYER GUIDE

Understanding Performance Management

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What Is Performance Management?

PERFORMANCE MANAGEMENT IS AN ONGOING PROCESS BETWEEN A MANAGER AND HIS / HER EMPLOYEES, WHICH IS USED TO MAINTAIN AND IMPROVE THE PERFORMANCE OF A WORKFORCE AND SUPPORTS ACCOMPLISHING THE STRATEGIC OBJECTIVES OF THE COMPANY.

It is a collaborative communication-based process where employees and managers work together to plan, monitor, and review an employee's objectives, long-term goals and contribution to the company. It involves measuring, reporting and managing progress to improve performance, at both individual and corporate level.

A good performance management system should align a team to the business objectives whilst developing and supporting employees and helping to improve their performance. A happy and content team will always perform better than a team that feel unrecognised and undervalued.



Performance Management Techniques

THERE ARE MANY TECHNIQUES THAT CAN BE USED FOR PERFORMANCE MANAGEMENT, IT IS VITAL THAT EMPLOYERS CHOOSE THE RIGHT TECHNIQUE FOR EACH SCENARIO.

MONITORING PERFORMANCE

Managing against expectations and targets
- meetings and check-ins

PROGRESS CHECKS

Reviews and summaries

SETTING EXPECTATIONS

Demonstrating what is expected and how to achieve it

OFFERING INCENTIVES

Rewards, recognition and addressing poor performance

CONTINUED PROFESSIONAL DEVELOPMENT

Conferences, mentoring and coaching

Two of the most important steps are making the companies and individual performance objectives clear and using feedback to review and improve processes and performance.

The Five Key Elements of Performance Management

THE PERFORMANCE MANAGEMENT PROCESS HAS 5 KEY ELEMENTS FOR SUCCESS:

01. PLANNING & GOAL SETTING

Goals must be set and how these goals will be evaluated must be made clear and given specific time frames for achievement. (SMART Goals)

02. MANAGEMENT & EMPLOYEE INVOLVEMENT

For reviews to work employees need to know the process isn't just a tick box exercise. Employees need to be engaged in the process and understand that it is a two-way process between manager and employee.

03. MONITORING & FEEDBACK

This allows managers to track an individual's performance and provide them with ownership of their development. It also allows to provide help and support if the employee needs this to help achieve their goals. Feedback intervals could be monthly or quarterly.

04. DEVELOPMENT & IMPROVEMENT

An employee's further improvement and development will need to be encouraged. An employee on target to meet their goals should be encouraged to exceed and go beyond the goal that was set.

05. REWARD & COMPENSATION

For employees to continue to achieve and develop there needs to be some kind of encouragement for them to do this. This may include: recognition, promotion, salary increases, bonuses, shares in the business and extra holiday days.



WHY SHOULD EMPLOYERS HAVE A PERFORMANCE MANAGEMENT PROCESS?

Investing in or developing performance management tools, techniques and processes is an important part of creating a high performance culture within a business. Every business regardless of its size should be aiming for a strong performance at every level of the business.

Businesses need to consider what techniques will fit their size and structure and how performance arrangements will fit with other business policies.

The techniques that will work best depends upon the needs of the business, for example an engineering company will probably do things differently than a retail business. Smaller businesses may prefer the idea of more informal techniques based upon regular face to face meetings, larger businesses will need to consider the number of teams they have and how they can best measure their employee performance across the business.

PERFORMANCE MANAGEMENT TECHNIQUES

PEER REVIEWS/360 DEGREE FEEDBACK

360 reviews allow peers to provide both positive and constructive feedback. It provides individuals with a broad assessment of their individual performance based on the views of the people around them. This process also allows members of the team to grow as they can identify areas for improvement in others while they consider their own development needs. Managers should oversee the reports that are generated to ensure that any concerns, praises or claims are made note of and addressed.

By doing this it shows teams the importance of peer review because it has resulted in action being taken and therefore team members are more likely to be engaged in the process.

Insights from 360-degree feedback usually are used in employee training and development. If done correctly 360-degree feedback helps to democratize the performance review process as it uses the opinions of others around the individual instead of just the line manager.



UTILISE FEEDBACK

If an employee is under performing, they may not know it. Meetings should be held to identify possible causes for their under performance and solutions to help the employee.

When giving feedback to an under performing employee it is vital that a manager does not just give negative feedback, positive feedback is needed also to

encourage them to continue to do the good things they do - managers need to let under performing employees know what their strengths are. Feedback needs to be done regularly, not done just at a yearly review, as this can create stresses within teams, regular feedback, for example monthly, helps to keep teams motivated and engaged.

KEY PERFORMANCE INDICATORS (KPIs) & METRICS

These provide a way to measure how well companies, units, projects or individuals are performing in relation to their strategic goals and objectives. The main value of KPIs is enabling data-driven performance conversations and better decision making.

Well-designed KPIs should be vital navigational instruments that provide a clear picture of current levels of performance and shows if the business is where it needs to be.

PERFORMANCE APPRAISALS

These are probably the most commonly used performance management tools. When used properly they can be very powerful for aligning the goals of individuals with the strategic aims of a business To be beneficial employees must feel the appraisal

is a regular, fair, honest and constructive two-way conversation between them and their manager. If they are not, then appraisals can become a tick box exercise and end up a de-motivator which can lead to a decline in employee performance.

MANAGEMENT BY OBJECTIVES (MBO)

This process is defining specific objectives and setting out how to achieve each individual objective. It is powerful for specific work that must be done one step at a time. This method is a good way to create a culture of working towards common goals as once

each objective is achieved those involved are aware of their achievements which helps to improve morale and motivation. MBO measures individual performance and compares that performance to standards previously set.



BALANCE SCORECARDS

These are one of the best-known management frameworks and have been popular over the last 20 years, they have been voted one of the most influential business ideas ever in the Harvard Business Review.

The balance scorecard helps businesses to:

- Clarify their strategy and communicate their business priorities and objectives
- Monitor progress by measuring to what extent priorities and objectives are being delivered
- Define and manage action plans to ensure initiatives are in place to deliver the business priorities and objectives.

PERSONAL DEVELOPMENT PLANS (PDP)

A PDP is an action plan that is based on reflection of an employees performance and needs. PDPS set out goals for future performance and actions that will support personal development. They are often used to identify specific training and development needs and create actions plans to meet those needs. PDPs help employees set out how they want to grow and what actions they need to take to achieve that growth. This helps employees to feel more invested in the business Managers play a vital role in promoting employee commitment, motivation and engagement and are key to developing and nurturing employees.

The top 7 tips for managers to promote enhanced employee performance are:

1. Set meaningful and attainable expectations – be clear about expectations and explain what measures will be used
 2. Approach the process as a collaborative effort – work with employees to engage them in the process and gain employee ideas to lead to the achievement of business goals
 3. Provide employees with the necessary tools they need
 4. Continually assess and communicate progress
 5. Provide coaching and mentoring to optimize employees' strengths and identify areas for improvement
 6. Do not leave feedback until the end of year, feedback should be done monthly or quarterly and should be done via face to face meetings.
 7. Provide employee recognition
- Feedback should be timely and specifically reference to each goal



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