

# HR Mastery Toolkit

Building a High-Performance Organization

Launch Your Organization to a New Level of Performance Today!

Level 3

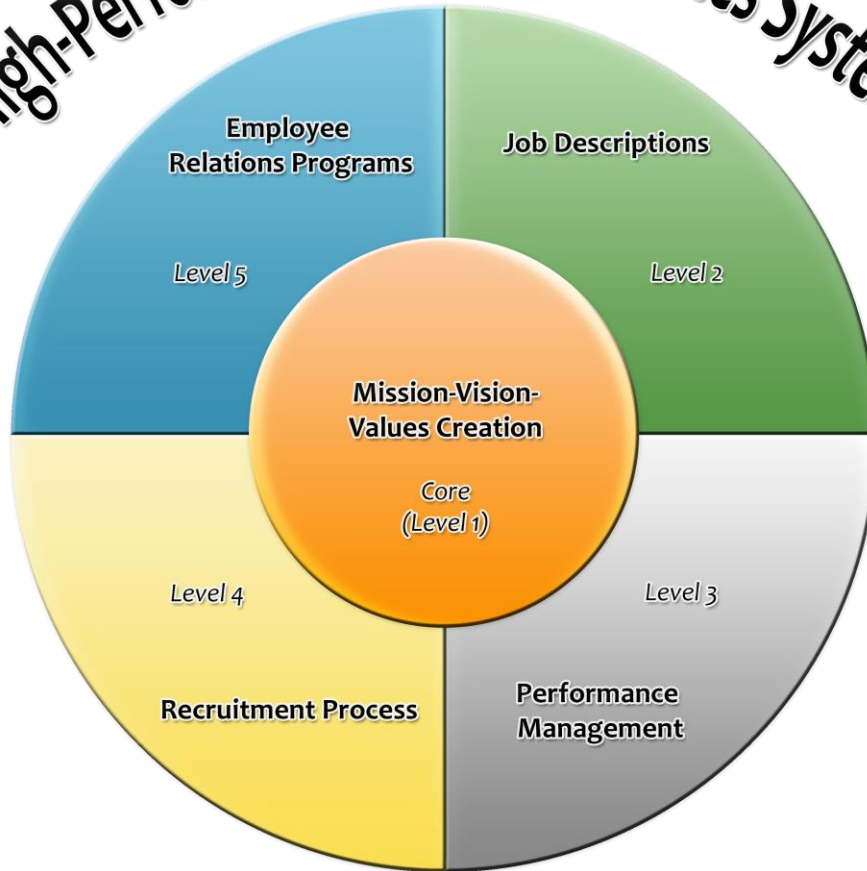
Performance Management



Your All-in-One Human Resources Solution

Mark A. Griffin

# High-Performance Human Resources System



**You are working on:**

**LEVEL 3**

## **TABLE OF CONTENTS**

<b>INTRODUCTION</b>	<b>4</b>
<b>LEVEL 3 OBJECTIVES</b>	<b>5</b>
<b>Important documents</b>	<b>5</b>
<b>UNDERSTANDING A PERFORMANCE REVIEW PROGRAM</b>	<b>6</b>
<b>10 reasons why performance review programs matter</b>	<b>6</b>
<b>Features of an effective performance review process</b>	<b>16</b>
<b>HOW TO CREATE A PERFORMANCE REVIEW PROGRAM</b>	<b>17</b>
<b>LET'S REVIEW!</b>	<b>19</b>
<b>NOW, TAKE YOUR ACTION STEPS: IT'S TIME TO GET STARTED!</b>	<b>20</b>
<b>WHAT'S NEXT?</b>	<b>21</b>

## Introduction

It's time to learn how to create a High-Performance Organization through creating high-quality Performance Management programs.

This Performance Management level will ensure that the Mission, Vision, and Values you created in Level 1 are executed well and cooperatively in your organization by building a way to effectively track and maintain progress and productivity together to assure success.

The Performance Management level will also demonstrate how to use the Job Descriptions (JDs) created in Level 2 as a tool to create the performance process.

This level provides very valuable documents to aid the process, so you won't have to start from scratch. The manual, worksheets, and guides provided are designed to supplement this material and make the process smoother.

**Be prepared to see this level to completion.**

When you do, you will have set the foundation for creating and maintaining growth and high performance within your organization.

This level of development and support offers what too few organizations do to run at a high-performing level, and it is a secret weapon to give you the edge over most of your competition. The key is to build your foundation properly and collectively, *from the ground up*, and ensure that this process is the norm at your organization, not an add-on element tried experimentally or only periodically.

**Your employees will gain further clarity, be better trained and developed, and grow more cohesive through a specialized management system tailored to suit your organization's unique needs.**

## LEVEL 3 Objectives

As the person acting as your organization's facilitator, you will learn how to:

- Craft a high-quality management system
- Create a review process to boost your organization's performance, incorporating an excellent communication process
- Properly enact your Mission, Vision, and Values
- Use JDs as a tool within the performance process

## Important documents

- Performance for Organizational Results (POR), HR Mastery Toolkit Document (Level 3)
- Performance Aligned for Organizational Results Training PowerPoint document
- Performance Aligned for Organizational Results, Guidance Manual for Managers and Employees
- Performance for Organizational Results (POR) worksheet

## Understanding a performance review program

The best performance review program is based on organizational annual goals and objectives that are created from your organization's top leadership and shared downward through your organization.

A Performance Review should **not** be based solely upon an employee's job description. This is a common misconception when creating performance reviews. Think of it this way: employees get paid every week because they are performing in accordance with their job description. If they are not performing, that should be addressed through corrective measures and coaching from their manager immediately. Day-to-day performance should be measured daily.

***Poor performance in day-to-day work should not wait to be addressed in a yearly performance review.***

By then, it's far too late. A review system consists of many contact points for the manager(s) and employee through the entire performance management cycle. This increased level of communication should be an organizational norm. A healthy review program builds this aspect in from the start. This is where many organizations fail. Don't let it happen to you!

Now, let's take a look at precisely why performance review programs matter. As you absorb these reasons, you may decide to advocate for the implementation of this review process. If you already have a program in place, you may choose to use this program exclusively.

Your goal is to show the leaders, managers, and employees the huge benefits of creating and implementing a good performance review system **collectively**, from the ground up. Their voice matters and is critical to the process.

## 10 reasons why performance review programs matter

### 1. Performance review programs align employee performance

## **to organizational goals and objectives**

Regrettably, most employees say they have no idea what the yearly top two or three goals are for their organization. This should be clear from the start. *What does your organization hope to accomplish this year?* Everyone should know.

*A great performance program sets these goals as their starting point.*

Remember that most employees do want to excel at their work, but are often unclear on exactly how to do that. This means they lack effective leadership. This deficit often translates to a failure to align their desire to excel at work to specific organization goals. An effective performance program makes the organization's goals and objectives clear, and makes it easier for employees to determine how to achieve them.

## **2. Performance review programs provide a basis for promotions, transfers, or terminations**

High-Performing Organizations are transparent and explicit about how one is promoted. This excites employees and motivates them for success. An effective performance review program helps to easily identify the following:

- Employees who deserve promotions in order to reward them. Everyone loves to be rewarded for a job well done!
- Employees who may require a lateral shift in position (transfer) to help them become great employees.
- Employees who need additional training, corrective measures, or to enter into a remedial program.

Employees appreciate a defined system because it aids in career planning, which increases determination at work and boosts overall job satisfaction. A good program helps create a sense of purpose. *This is a valuable gift to both the employees and the organization.*

## **3. Performance review programs enhance employee**

## **effectiveness**

Most employees want to know *how* they can be more successful at work. A performance review program helps employees identify their strengths and weaknesses; and informing them of their organization's performance *expectations* helps them to better understand the role they play within their organization and increases work efficiency.

*Comprehensive feedback reinforces good performance and discourages poor performance* by demonstrating to the employee the expected outcomes.

### **4. Performance review programs aid in designing individual training and development programs**

Instead of jumping on development trends that don't stick, you can use performance review data to accurately ascertain training needs and identify skills for training and development that are tailor-made to your organization's unique needs.

#### **What kinds of performance programs don't stick?**

Some organizations jump on a new idea to improve organization performance—they add something new to give the organization a boost. For instance, they might create an employee-of-the-month program, but the groundwork for maintaining it isn't there, or the employees were never vested in its success from the beginning. Three months later, it falls to the wayside and is discarded as having been ineffective.

Other types of performance programs that can become ineffective through lack of support are suggestion programs, safety award incentives, and recruitment bonuses. (In Level 5 – Employee Relations Programs, we will explore how to make these types of programs more effective without making them a part of your organization's performance review program.)

An effective training and development program works far better to boost performance when actual employee needs are assessed in a



thorough yearly performance review program.

## **5. Performance review programs help build teams**

Counseling employees may result in worker alienation when certain employees are singled out for direct guidance. Performance review program helps employees to internalize the norms and values of their organization. Managers should regularly speak to all employees about their performance to continue building the Team. By not addressing poor performance, your high-performance employees can become less effective and employee morale deteriorate.

## **6. Performance review programs remove discontent**

A performance review program gauges all employees by the same measuring stick. Identifying and removing factors for worker discontent motivates employees to perform better at work. Performance review programs also help to create a positive and healthy work environment in an organization. When an organization has a performance program in place, it creates fairness and eliminates subjectivity.

## **7. Performance review programs develop interpersonal relationships**

Relations between managers and employees are improved through the realization of mutual dependence. This leads to better performance and success for everyone. **By helping employees with *introspection, self-evaluation, and goal setting*, their behavior can be modified from the inside out.** Better interpersonal relationships lead to positive team building.

## **8. Performance review programs aid in wage administration**

A performance review program can help to develop more fair and equitable baselines for reward allocation, wages, raises, incentives, etc. When employees sense the fairness, they appreciate it. This, too, improves overall organizational performance.

## **9. Performance review programs help to exercise focus and**

## **alignment**

A performance review program provides a means to exercise better focus on projects and helps keep employees aligned to the agreed upon annual goals and objectives.

### **10. Performance review programs improve communication**

A performance review program serves as a mechanism for improved communication between leaders/managers and employees. Oftentimes, managers shy away from counseling employees because of the friction it can create. When performance review programs are formalized, it forces necessary tough discussions between employees and managers.

**When an employee-driven performance program is in place, it assures beneficial discussions and interactions on a regular basis.**

The types of programs that don't include this and, instead, rely on leaders/managers to bear the full burden of a program have a much higher rate of failure.

High-Performance Organizations have simple yet meaningful programs that include:

- goals
- objectives
- behaviors
- an employee training and development component
- assignments that stretch employee skills

Most employees desire all this and are happy to participate and support such a program.

The **key components** of a successful performance review process are:

- A built-in declaration and commitment to your MVV
- Shared goals and objectives throughout the organization
- Employee ownership of career and job performance
- A simple but meaningful process
- Solid guidelines and commitment from senior leadership

Arguably, the most dreaded HR process of all is the yearly performance review. It has gained enough of a bad reputation to be routinely lampooned in movies and sitcoms. Perish the thought! Performance reviews can and should be **useful and beneficial**, not only to the organization but to each and every employee.

Let's discuss these key components in greater detail.

### **A built-in declaration and commitment to your Mission, Vision, and Value statements (MVV)**

If you want your Team to fulfill your organization's Mission, reach your Vision, and operate within your Values, you must start by building these into your Performance Review process. This sends a strong message that your leadership believes in its MVV so much that they have included it in the measurement and core of employee performance.

**Ensure your organization's goals and objectives align with your organization's Mission and Vision from the start.** If they do not, as the facilitator for creating your organization's performance review program, you must reassess why they existed and discard any that no longer applicable. Ensure agreement from your organizational leadership.

## **SWOT analysis**

Most organizations appreciate a simple Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis to help develop goals for the organization. It is a valuable exercise to determine what your SWOT is and any gaps that may exist right from the beginning.

What is a SWOT analysis?

A SWOT analysis is a structured process that an organization undergoes in order to assess its internal strengths and weaknesses and external opportunities and threats.

Many organizations conduct a SWOT analysis as part of the brainstorming process to help create annual goals and objectives. A facilitator usually leads the analysis. It is a fairly simple process that lasts two to three hours and involves receiving input from all participants.

The process may include six to ten leaders of the organization and look like this: the facilitator draws two intersecting perpendicular lines on a flip chart paper creating four squares. The facilitator then adds a "S" to one square, a "W" to another square, a "O" to another square, and a "T" to the last square.

Each participant is then asked to come up with four strengths that they perceive in their organization and writes those on a sticky note, which is placed on the "S" square. Once all participants affix their sticky notes of what they feel are four strengths on the "S" square, the facilitator matches them by common words. Through negotiation and input from all participants, the facilitator ultimately pares these lists down to four to six strengths upon which the entire Team agrees, eliminating those not reflective of the whole group, and elevating those that have the most support.

The process continues in the same fashion for the perceived weaknesses, opportunities, and threats. The facilitator is key to ensuring that consensus is built for each of the four sections and that each section only has four to six agreed upon recommendations, thus

keeping the list manageable and meaningful. The final SWOT is then used to brainstorm goals and objectives that align with the organization's Mission, Vision and Values.

### **Shared goals and objectives**

In High-Performance Organizations, the performance review process is aligned to the shared goals and objectives of the organization.

Typically, the scenario works like this:

1. At roughly the end of the third quarter, the CEO defines four to six goals and objectives for the following year, which are approved by the board of directors.
2. Those goals cascade downward through the organization to the very bottom.
3. The employees align what they need to accomplish within their scope of authority, as delineated in their JD, with the goals of those position(s) directly above them.

The performance review process primarily focuses on annual goals; it focuses very little on the mundane aspects of day-to-day work. Day-to-day work is reflected in what the *job description* dictates, which we covered in the Level 2 – Job Description materials.

Managers maintain the employee's adherence to day-to-day duties. Improved, informal and direct communications are utilized for day-to-day performance reviews. When the daily work or adherence to values is not accomplished, the employee should be managed through direct assessment and communication, or coaching and disciplinary types of procedures.

### **Employee ownership of career and job performance**

Employees should be encouraged to approach their managers *throughout* the yearlong performance review cycle.

## ***Employees and management are both responsible for a good communication process***

Employee(s) must be nurtured and motivated to take ownership of their careers, their development, and their performance. This starts by clearly defining the whole process and ensuring they understand it. In this way, even if the direct manager isn't following through in the process, employee performance won't suffer for it.

It's important that the employee be obliged to prepare performance form materials, and be proactive in scheduling a performance review meeting with their manager, even if the manager does not keep up with the program. If the manager still fails to meet with them, the employee has an obligation to consult a Human Resources representative or, in the absence of an HR department, contact their manager's superior. *No one should have to wait for good leadership to step up. **Doing nothing is not an option.***

## **A simple but meaningful process**

Extensive forms and manuals that exceed sixty pages simply do not work. Ensure your process incorporates easily understood documents and a review form that does not exceed three pages.

Keep the goals on the form limited to **four to six operational goals and objectives** and **three to five behavior-based goals**. (We will discuss behavior-based goals further in the program.)

***KEY POINT: Always include behavioral goals***

**When goals are only production-related, employees can steamroll each other to achieve them.**

The best behavioral goals are those where the organization's Values are reflected in the **behavior** desired to meet the goals. This makes a balanced performance scorecard, and it yields better results all around.

## **Solid guidelines and commitment from senior leadership**

Although solid guidelines must derive from senior leadership, this does not mean that creating guidelines falls to one person at the top level of management. Operating in such a vacuum creates gaps and blind spots. Instead, guidelines should be developed by a cross-functional group of employees—a Team—from a variety of areas within the organization. This way, a rich blend of ideas and experiences come to the table.

It is important to understand that most employees are not capable of coming up with solid guidelines without group effort.

*Senior Leadership must buy into the process and support it from the beginning. If they don't, it is doomed to failure.*

An example is an organization that has a disconnection. No matter how hard the CEO works to convince a division manager to manage the performance review process, the manager balks at the process. The division manager's lack of commitment transcends through the organization, and the process becomes a joke, and no one nurtures it.

## **How to create individual training and development programs**

It's important that, on the final version of your organization's performance review form, the manager and the employee agree on individual training and development needs. The employee should sign an agreement, after which the HR representative will compile a list of all the needs of the organization and begin to create a training and development plan to address annually all of these needs.

The process of a performance review system allows you to achieve optimal results and become a High-Performance Organization.

## Features of an effective performance review process

An effective performance review process will:

1. primarily develop employee performance and drive performance toward organizational goals and strategies
2. assign accountabilities
3. document objectives and results
4. assess performance that occurs during *each* performance relative to objectives and targets, independent of previous performance history (*see p. 11 in the Guidance Manual for Managers and Employees*)
5. accurately measure, assess, and differentiate performance, based on facts and observations
6. plan, measure, and document employee training and development goals
7. offer a consistent format while providing options for flexibility
8. serve as a tool to get work done and accomplish universal performance drivers and behavior objectives
9. link to wages, promotion, and/or other consequences
10. provide performance review training to all involved in the process (adhering to the *Guidance Manual for Managers and Employees*, and *Performance Aligned for Organizational Results Training PowerPoint* document)



## How to Create a Performance Review Program

Now that you've grasped the scope of what a performance review program entails, it's time to share this information with your leadership and get their valuable input and overall support. Gather the objectives—organizational and behavioral—and goals for the top-level leaders/ managers. You will use these as you cascade down the organizations creating descriptions at each level.

To gain your leadership's endorsement and backing in the initial process, we have created the following statement that you can use to help you discuss this with your organization's leaders/managers:

*For this project, it is important that we put a Team together from across the organization and have your full support. Once we've worked on the first steps, we'll send them to you for review and approval, and then move on to the next step.*

Once the leadership/management approves this, you can begin to gather a diverse team of employees from within your organization. These should work in differing capacities and departments and at various levels within the organization.

Everyone should understand the purpose of implementing a system from the start—to build from the ground up. You will attach a review process to organization procedures that is unique to the organization.

Next, work with employees to identify shared values and objectives that help them do their job better and meet the expectations their managers have set. Together, you will go through the performance review form, the simple performance manual, and the training slides provided to enable you to roll out the program.

Here are the simple steps your Team can follow:

1. The Team agrees on the performance review form format and obtains leadership approval. (*Use the templates included in the materials provided as your guide.*)

2. The Team agrees on the training manual and obtains leadership approval. (*Refer to the sample manual included in the materials to get you started.*)
3. The Team updates the PowerPoint training slides included in the Level 3 document material and develops the training process.

Make sure you see the whole process to the end *and* gain consensus with the Team and leadership while doing it. This is vital for a cohesive understanding and full adoption of this new performance program.

High Performance will be compromised if you falter.

## Let's REVIEW!

### What did we learn in Level 3 – Performance Management Programs?

Poor performance in day-to-day work should be addressed on an ongoing basis, and never put off until a yearly performance review is held.

Good performance programs align performance to organizational goals and objectives.

It is important when starting the program that a Team is put together, leadership is consulted, and employees have input.

Effective performance reviews incorporate:

- goals
- objectives
- behaviors
- an employee development component
- assignments that stretch an employee's skills

## Now, Take Your Action Steps:

It's time to get started!

- Once you **absorb** the concepts presented, start a dialogue with your owners, or upper level management
- Convey and **define** the key concepts of performance management to ensure mutual understanding
- Together, begin to **specify** what goals and objectives are unique to your particular organization
- **Enlist** the help and input of line supervision after an initial draft outline of your performance review program is formed
- Form employee focus groups to help garner creative ways to leverage performance for organizational results (see Level 5 for tools and techniques for effective brainstorming)
- Engage with employees and **educate** them on the basic meanings and intentions involved in a performance review program using the draft program outline
- Work with management, supervision, and employees to **build a consensus** and hone a final draft
- Implement your program! **Refine** as necessary. Oftentimes, programs take three to five years before becoming fully functional and wholly embraced

**Congratulations!**

**You are on your way to becoming  
a High-Performance Organization**

## What's Next?

In Level 4, you will learn to create a High-Performance **Recruitment System**. This process often eliminates the need for high-priced recruiters, the expense of placing ads in newspapers, or using online job board sites, e.g., monster.com, indeed.com, or careerbuilder.com.

Remember that poor recruitment practices can subtly cripple an organization. Without a proper system in place, your organization can experience higher rates of employee absenteeism, turnover, and decreased performance. This can add additional organization costs and greatly hinder overall organizational performance.

Poor practices also hurt an organization's internal culture and external reputation. And, if that weren't bad enough, certain recruiting and hiring practices are *illegal*, and you could be sued—not fun.

In developing your recruitment system strategy, you will weave several key concepts into the process that will help recruit the best candidates. These optimized candidates will make it simpler to manage within your Mission, reach your Vision, and operate within your Values.

Getting it right will make a big difference.

See you in Level 4!