



HR Function in an SME

May 2013

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HR Compass

Why Manage Performance

Definition

‘Performance management is the process of involving employees in accomplishing your organisations mission and goals’

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‘Performance management is the process of involving employees in accomplishing your organisations mission and goals’

- **Your employees represent a very significant financial commitment on behalf of the company**
- **There is a need to quantify the return you get on your investment and ensure that everyone is contributing to the success of the business**

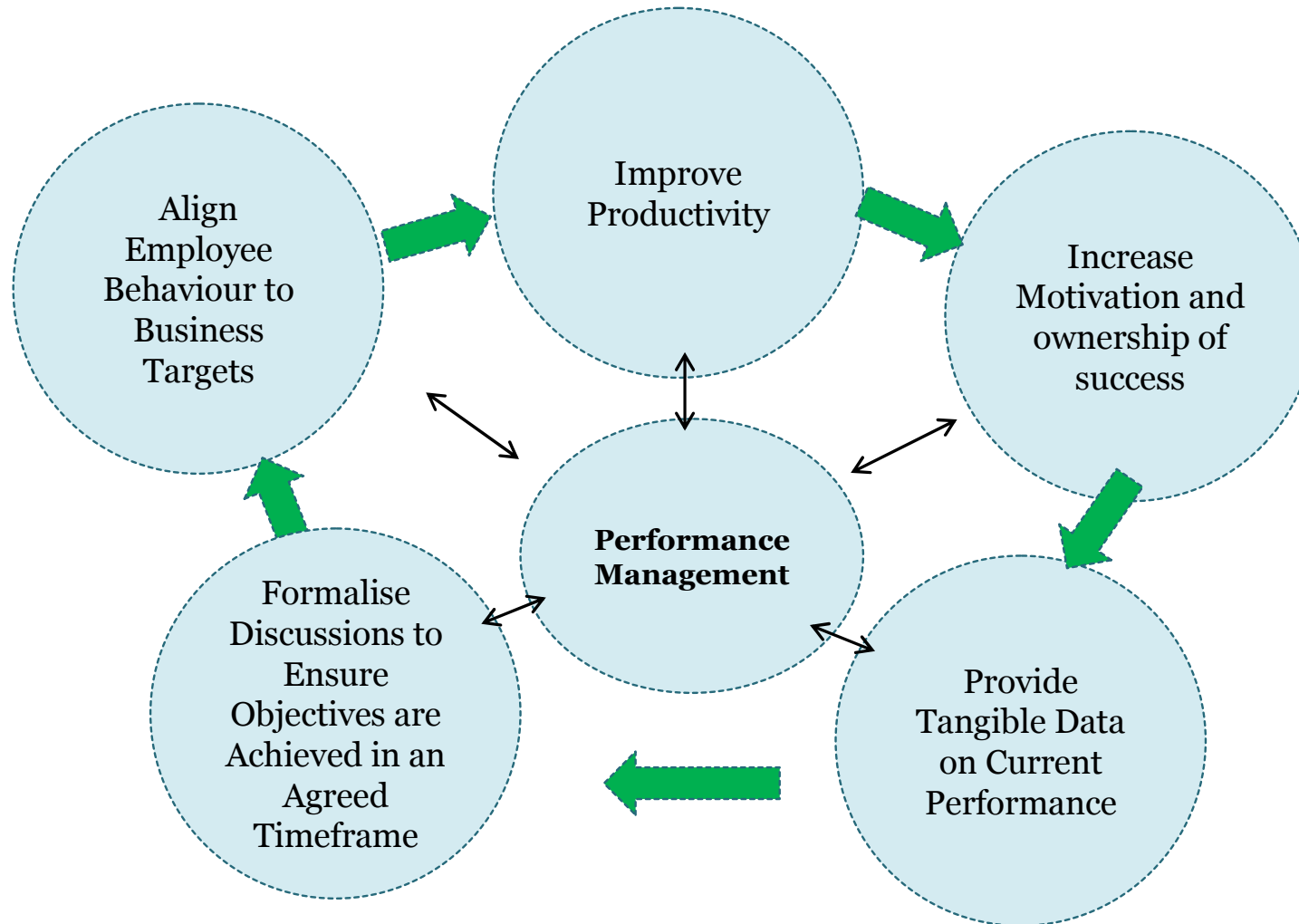
Matching Business Strategy to HR Strategy



Matching Business Strategy to HR Strategy



Performance Management enables the organisation to:



Pointing YOU in the Right Direction

Steps for Implementation

- Gain Commitment
- Communicate the purpose of the performance management systems and the benefits to the business and its employees
 - Management
 - Implementation from the top is key. Need to be seen to be supporting and buying into the process
 - Conducting reviews in a timely manner should be an objective of all people managers
 - If you use a rating system, ensure managers have a consistent understanding of how to apply the ratings
 - Ensure managers have the skills to give constructive feedback and deal with underperformance

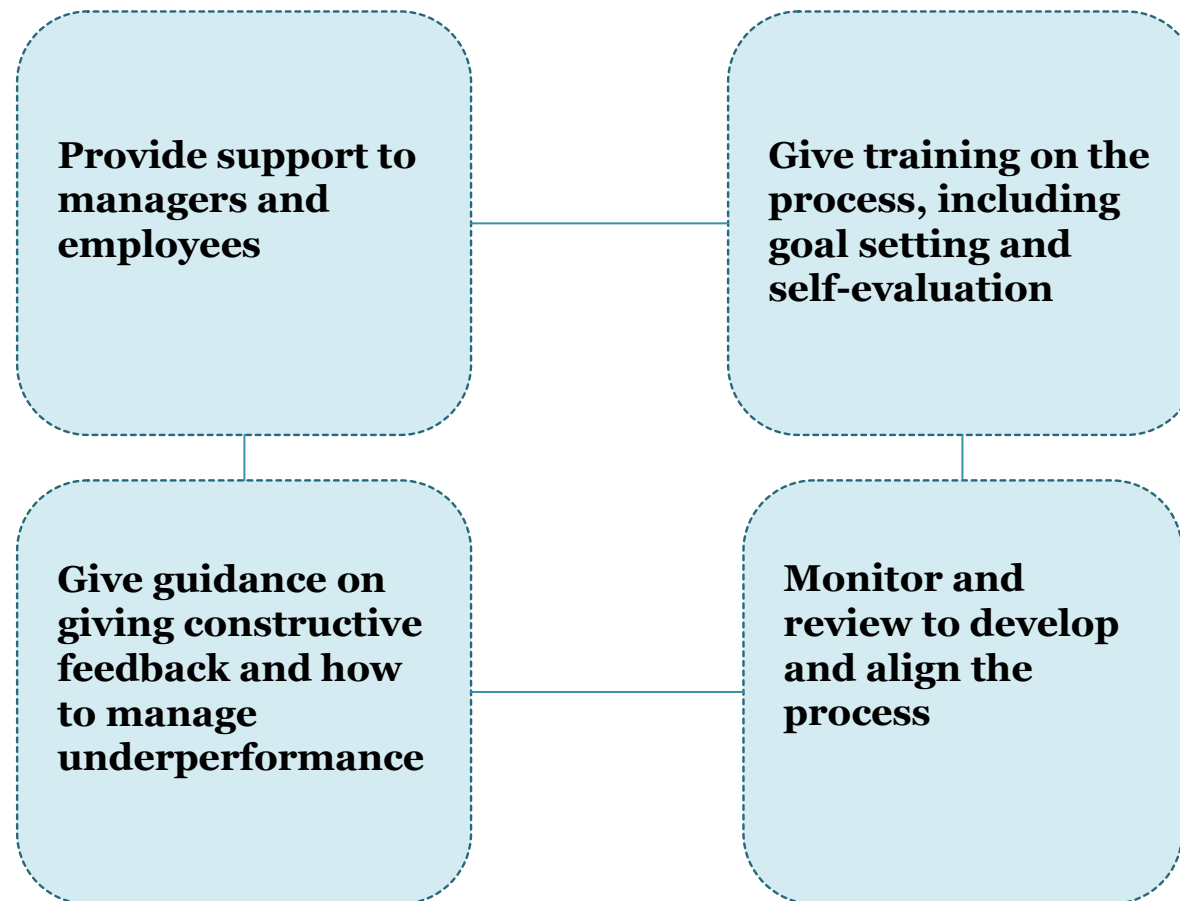
Steps for Implementation

- Gain Commitment
 - Employees
 - Ensure that the system is clear and easy to use
 - Consult to allay any fears
 - Explain how the system will work for them
 - Seek feedback

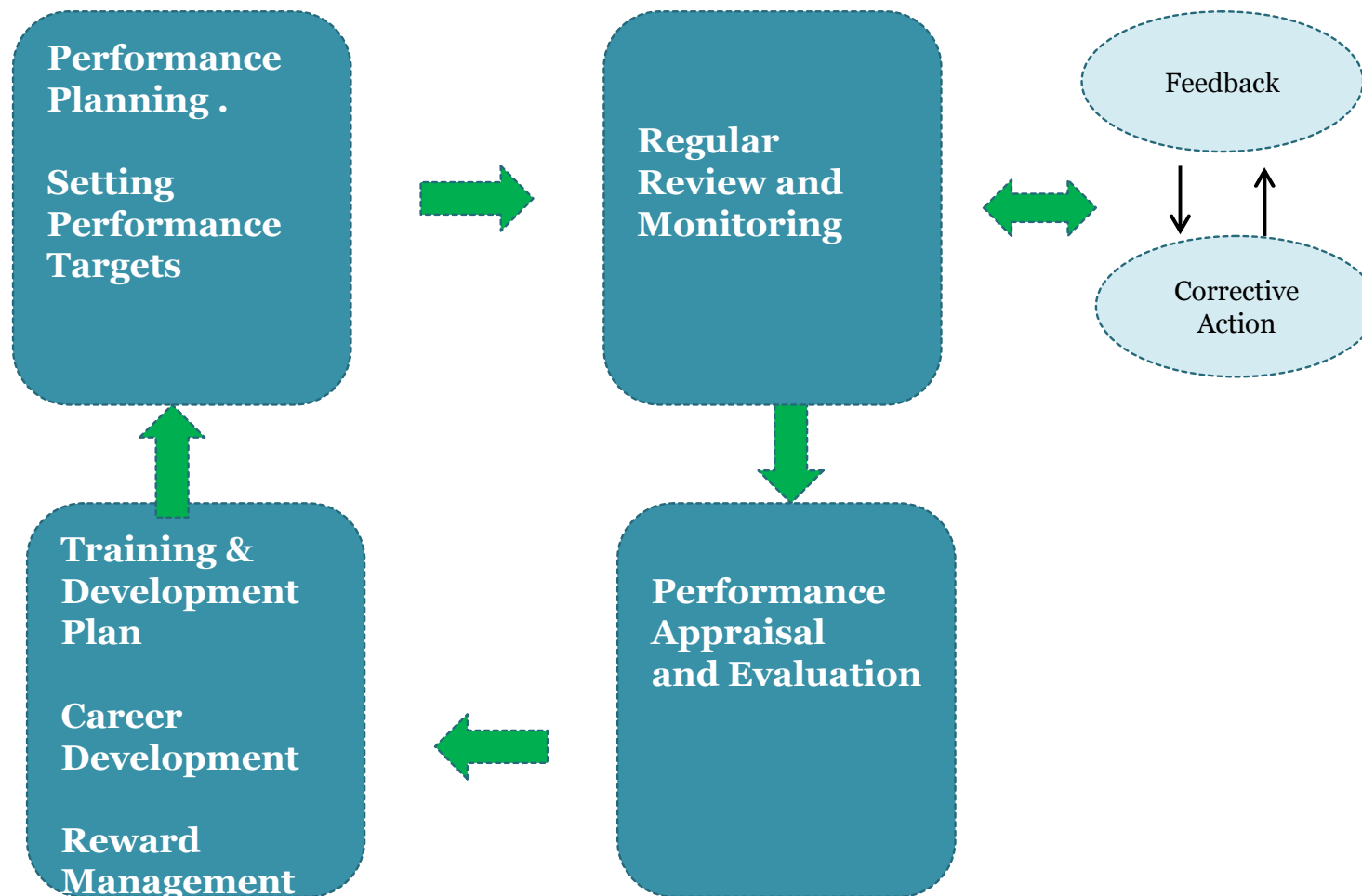
Steps for Implementation

- Clearly Define the Goals and Objective
 - Ensure that strategic objectives of the organisation are defined
 - Consider non-financial measure, such as customer retention, speed of response and how these can translate into individual objectives
 - Be clear about where the focus needs to be and what are the short-term, medium-term and long-term goals
 - Align the objective setting process for the needs of the business – quarterly allows for flexibility

Follow on for Success



Performance Management Cycle



Pointing YOU in the Right Direction

Performance Management Documentation

- Set out goals and objectives
 - Identify the goal
 - State the tasks within that
 - State the measurements criteria and the timeframe for completion
 - Place for comments and rating at end of review period

Performance Management Documentation

- Development Planning
 - What is the learning objective
 - How will it be met
 - How it relates to the goals
- Overall Performance Narrative
 - Sign off from manager and employee

Setting Individual Goals

- Employees should be able to answer the following
 - What do I need to deliver?
 - How will this be measured?
 - What skills, behaviour and knowledge do I need?
- In order to set and agree goals, you need:
 - The organisation / department objectives
 - A clear job description, containing role purpose and key activities

Setting Individual Goals

- Who has input to the goals – manager only or manager and employee combined?
- Are the goals clear and with specific targets?
- Ensure that they meet the SMART criteria –

SPECIFIC

MEASURABLE

ACHIEVABLE

RELEVANT

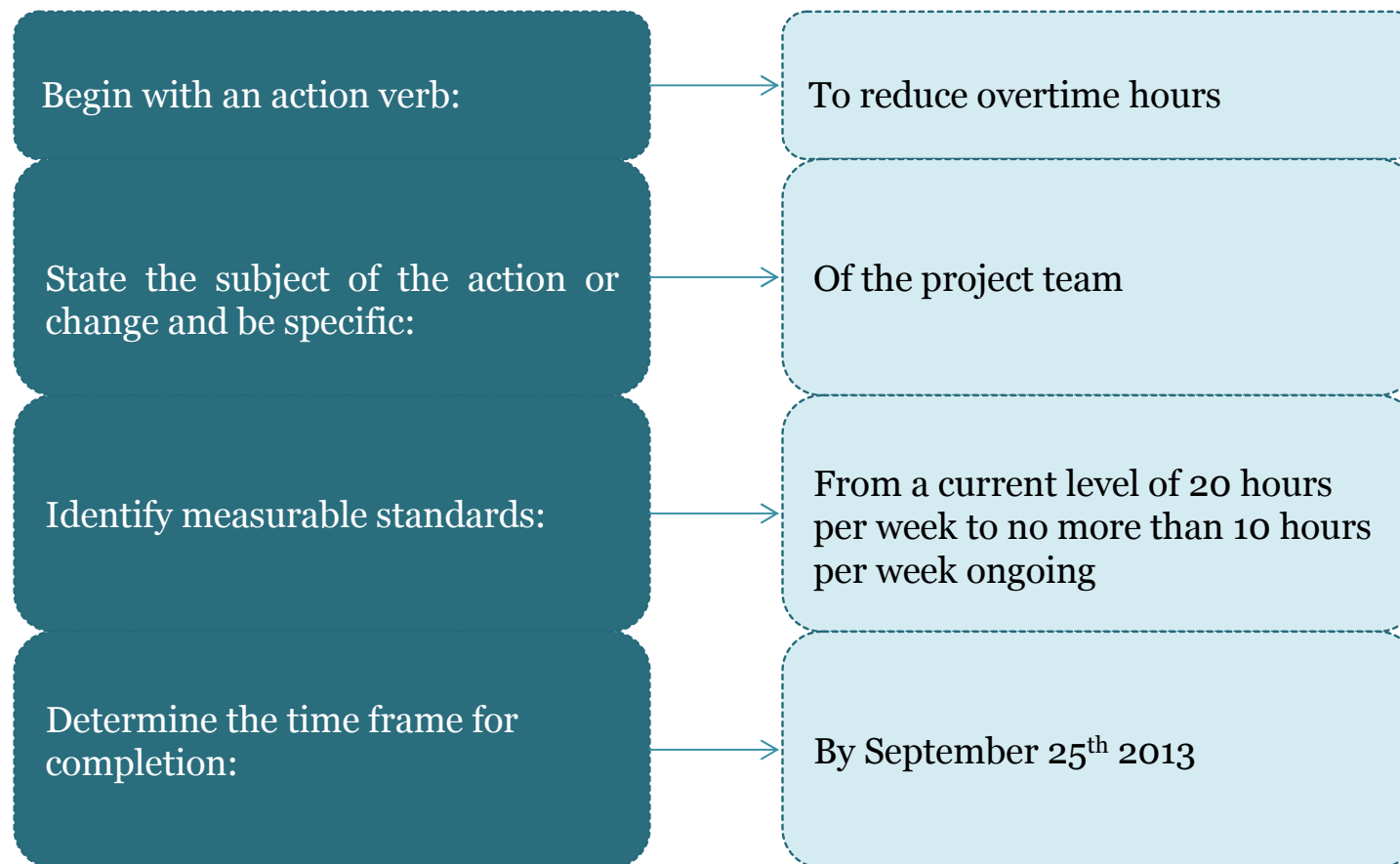
TIME BOUND

Setting Individual Goals

- Be clear about what your assessment will be based on
 - How will the employee and the business rate success. What does poor, average or excellent performance look like?
 - This is particularly important when looking at behavioural factors, such as team working or self-motivation. There is a need to define the behaviours into **observable** and **measurable** outputs.

Setting Individual Goals

When developing goals, use the following rules:



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Measurement of Goals

- Output indicators
 - Completion Rates
 - Reduction in expenditure
 - Increase in compliance rates
 - Reduction in errors
- Qualitative Indicators
 - Satisfaction surveys or customer feedback
 - Feedback from within the business
 - Tangible improvements in service deliveries

The Review Meeting

- Prior to the meeting, ensure that the employee has all of the documentation and a full understanding of the process
- Manager reviews all the available information – progress against targets
- In the meeting, the employee's view of their strengths and weaknesses is sought
- Manager asks probing questions for additional information
- Manager provides feedback. *There should be no surprises!*

The Review Meeting

- Manager and employee agree performance gaps and how to close them or raise standard of performance
- Manager and employee discuss objectives for next review period
- Manager and employee discuss development planning to support the achievement of objectives and career planning
- Agree timing for next meeting
- Documentation is signed off and employee get a copy of the new performance plan

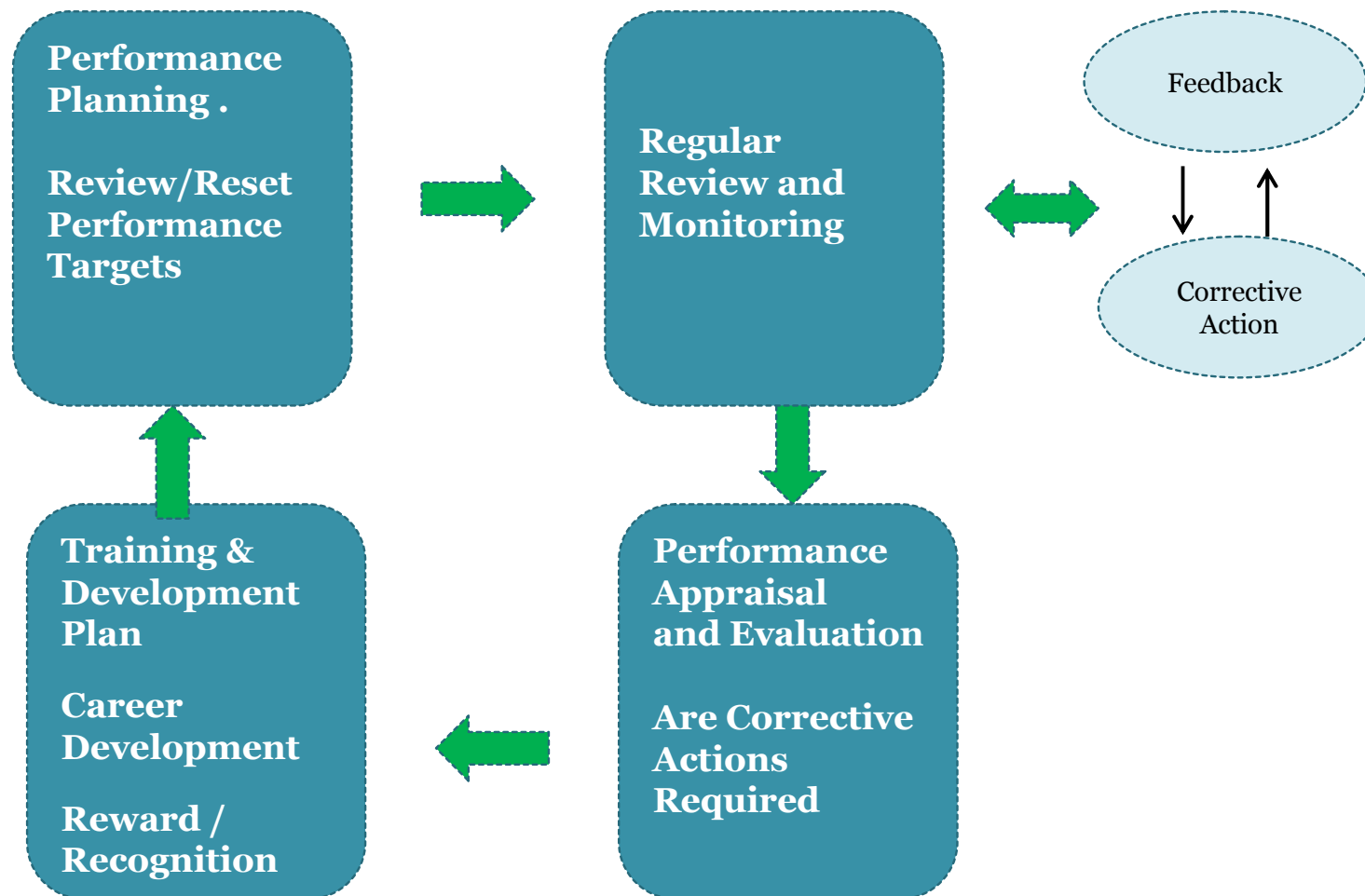
Constructive Feedback

- The aim of feedback is to encourage self- awareness.

Factors to consider:-

- Ensure that you provide specific examples to support your points
- Ensure that it is timely, not stored in a file for months
- Keep information factual, avoid sweeping statements
- Select the key areas and focus on them
- Give the employee the opportunity to give their input
- Keep focus on the behaviour, not the individual
- Ensure that the areas for feedback are within the persons control
- Make sure that you focus on the positives as well as the areas for improvement

Performance Management Cycle



Pointing YOU in the Right Direction

Case Study

In sub groups, review the case study

- Develop 3 performance management objectives for the International Sales Manager.
- Ensure that the objectives link to the achievement of the overall strategy of the Company.
- Identify clear measurement criteria that can be quantified.
- What are the biggest challenges for this business?
- What development goals would need to be set to meet these challenges?

Ensure that your goals meet the SMART criteria and have quantifiable measurement criteria

Time: 15 minutes

Reasons for Under Performance

- Why employees don't do what they are supposed to do:
 1. They have a lack of understanding of what they are supposed to do
 2. They don't have the skills or know how to do it
 3. They think they are doing it
 4. They don't believe it is the best way to do it
 5. They have different priorities
 6. They do not have adequate support to do it

Reasons for Under Performance

- Why employees don't do what they are supposed to do:
 7. There is a negative consequence for doing it or no negative consequence for not doing it
 8. There is no positive consequence for doing it or there is a positive consequence for not doing it
 9. There is a lack or loss of motivation to do it
 10. They are not capable of doing it
 11. They have personal problems outside of work that are impacting
 12. No one could do it!

Problems in Performance Management

**Poor planning
from the outset**

Lack of Standards

**No clear
understanding of
process by
management and
employees**

Lack of Training

**Poor and
Irregular
feedback to
employees**

**Poor
measurement of
performance**

**Not Managing
Poor Performance**

Errors & Biases

- Halo Error
- Central Tendency
- Leniency
- Positive/Negative*

Coffee / Tea Break

Time: 15 minutes