



# Performance Management

A series of eBooks by fibreHR

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## Introduction

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As a business owner, it is crucial to ensure that employees are motivated, inspired, productive and working to their fullest potential.

As a manager of people, performance management of your staff and providing regular feedback falls onto you. Although it might be tempting to overlook the importance of regular performance reviews, particularly if you are busy, neglecting to provide your staff with feedback and continued support can lead to de-motivation, lack of productivity and preventable mistakes.

This e-book is intended to help business owners make sense of performance management, and avoid some of the pitfalls that can occur during performance reviews.



## What is Performance Management?

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Anyone who has employees will be familiar with performance management in one form or another, whether they realise it or not. Performance management is the process of managing the performance of your employees against a series of defined goals and behaviours. It can take place on a formal level (the annual review) and an informal basis (day-to-day feedback and suggestions).

Performance management is a necessary part of working with your managers. For your staff to work at their most effective, they need:

Clearly defined roles within the team.

Clearly defined roles within the organisation as a whole.

To be provided with regular feedback on how they are doing, and what they need to improve on.



Like a sporting team, it is important that each employee understands the exact part they play in the final result, and is coached to be able to carry out their job as effectively as possible.

As well as helping employees work more effectively for your business, individual team members can benefit greatly from constructive performance management. Rewarding and acknowledging staff members for their efforts and achievements can lead to improved staff morale, greater company loyalty, and reduced staff turnover.

Employers who provide feedback and areas for improvement can help employees develop and learn new skills that can be useful in their career development. This can also increase staff retention and employee satisfaction. If done well, performance management can have many benefits for both the organisation and employees. Done badly it can lead to disputes, conflict, reduced staff morale, legal issues and high staff turnover.



## The Outcomes of a Good Performance Review

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Regular formal performance reviews are part of any effective performance management strategy. A performance review is a meeting where an employee sits with their manager, and they discuss the employee's performance against a set of objectives.

Objectives are a set of achievable goals developed in correlation with an employee's position description. Opportunities are provided for employees to discuss any concerns they may have concerning their role, and to set new objectives for the future. A good performance review can have some extremely positive outcomes for your business, so it is worth taking the time to create a performance management strategy, and implement it.



## Expected Outcomes

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Here are some of the outcomes you can expect to see from a well executed performance review:

Managers and employees engage in a two-way discussion about the role and the employee's performance.

Feedback is provided against an agreed set of goals.

Expectations and objectives are reviewed and set for the future.

Recognition is provided to the employee for achievements and effort.

Any training needs are identified, and an agreed development plan is put in place.

Clear feedback is provided for any performance or behavioural issues.

The employer gains an understanding of the employee's future plans and career goals.

Although it might be tempting to delay conducting performance reviews, particularly when busy, taking the time to meet with your staff and discuss their progress on a regular basis can benefit not just you and them, but it can also have a positive, long-term effect on your entire business.



## Things to Consider When Planning a Performance Review

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Although performance reviews may seem like a fairly straightforward process, there are a few things that you should consider before you start the review process. One of the most important considerations is the timing of the review.

### End of Financial Year

A very common time to conduct performance reviews. This timing allows for reviews to be linked with budgets and bonus schemes. However for some businesses, this time of year is a peak period. If that is the case, it would be better to find an alternative period such as the end of May.

### End of Calendar Year

Conducting reviews at the end of the calendar year may also work well from a timing perspective. However, staff may be winding down for the year, preparing for holidays and may not be in the right frame of mind to receive feedback or act on it. If that is the case for your business, perhaps late November is a better option.



Consistency is also critical. Having all business units and managers following the same cycle and system will ensure that all employees are measured in a consistent manner.

Some companies even choose to include 360 degree feedback from peers, clients and other managers to provide a more rounded view of performance. If this is the case, additional time may be required to collect information from all the sources so this should be factored into the planning process. The key goal is to schedule performance reviews so that the process is thorough and all parties can be fully engaged.







## Conducting the Performance Review

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When delivering feedback, always remember to be respectful, yet direct. Talking around an issue, or being vague about a problem, will not help your employees improve in the future.

For the best results, be as specific and clear as possible when providing feedback, particularly on areas for improvement and performance issues. If staff members don't understand exactly what it is you are expecting of them, it will be extremely difficult for them to improve to meet your expectations.

It is also worth noting that a performance review should be a summary of events for the entire year, not just the past few weeks or months. There also should not be any new information in an end of year performance review. Regular feedback throughout the year can help avoid this happening.

### Preparation tips

Ensure that all data is available and up to date, including KPI's and sales figures.

If external stakeholders form part of the feedback process, ensure that there is ample notice given to any third party.

Commit to a schedule and stick to it. It's better to have one thorough performance review per year, than multiple that are conducted poorly.



## How to Conduct an Effective Performance Review

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Performance management does not just have to mean a formal, sit down review. However, if you are conducting formal performance reviews there are a few things you can do to help make sure everything goes smoothly and the outcome is as beneficial as possible for both you and your employee. Here are some suggestions to help increase the effectiveness of your formal performance reviews. Regular feedback throughout the year can help avoid this happening.

Prepare beforehand and allow your employee the opportunity to prepare as well.

Keep the focus on facts, and, where possible, provide some solid examples to reinforce your message.

Schedule the performance review well in advance, and make sure you allow enough time - allocate at least one hour.

Avoid interruptions and conduct the review in a quiet and private place - an office.

Discuss future goals and make sure they are documented, as well as any other outcomes from the conversation - allocate at least one hour.

Focus on making the review a two-way conversation by allowing your employee to express their viewpoint, and bring up any issues or concerns they may have.

Be positive, and include positive and negative feedback.

If you need to provide negative feedback, focus on being direct, fair and factual, and avoid personal criticism.



As part of the preparation process, many businesses ask the employee to complete a self-assessment and return it to their manager prior to the performance review.

A self assessment should ask for feedback on how the employee performed against the agreed goals and KPIs and may also include a section on how the employee rates themselves against company values and behaviours. This allows you to note any discrepancies or potential areas of conflict and gather additional examples and evidence to help support the feedback you plan on giving.

If done appropriately, negative feedback can be a valuable tool for your employees' personal and professional growth, and can lead to performance improvements that benefit the entire company.





## Seven Common Triggers To Avoid When Giving Negative Feedback

Providing negative feedback is an essential part of the performance review process. Identifying areas for improvement can help employees develop their skills, and enhance their future career prospects. However, negative feedback is not always well received. To help reduce the risk of your performance review ending up in an angry confrontation, or potential HR issues, there are a few common things to avoid when delivering negative feedback. These include:

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**Personal criticism.** Try to keep things factual and job based rather than making it about the person themselves.

2

**Lack of recognition or having requests ignored.** These can lead to resentment and anger that can in turn lead to an extreme reaction to criticism.

3

**Making the employee feel like a failure.** Try to be constructive in your negative feedback, and encouraging where possible.

4

**Humiliating or embarrassing an employee.** Always conduct performance reviews in private, and avoid giving informal negative feedback in front of peers or colleagues.

5

**Catching them off guard.** The element of surprise can lead to a defensive response. Make sure you lead into your negative feedback, and prepare the employee beforehand.

6

**Restricting employees with mundane tasks.** If there is a performance issue around an area of work that an employee is responsible for, it is better to have the conversation about what is wrong rather than restrict the scope of what an employee can and can't do. This can lead to resentment and demotivation as well as frustration.

7

**Unfair treatment.** Make sure any negative feedback is reasonable and fair and measured against factual, documented criteria, and that all employees are treated equally.



## The Importance Of Following Up After A Performance Review

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Once the performance review itself is over, it is important to take a few follow up measures to keep the momentum going, and to make sure that any actions that have been discussed during the review are implemented effectively. It is important to remember that confidentiality must be taken seriously, and performance reviews should not be discussed with the employee's peers.

At the end of the review, ensure you schedule in your next meeting, even if it is going to be a few months, or even a year away. Booking it in ahead of time means it is less likely to be overlooked or forgotten. You have then also set a date for your employee to achieve any of the objectives they have been given.

After the review has been completed, provide a summary to your employee. This offers both parties a record of any points that have been raised, and a clear account of what was discussed. Providing staff members with the summary holds both of you accountable, and can be useful to help avoid any misunderstandings or disputes.

If you have made any commitments to your employee, such as arranging further training, be sure to honour them, and do it in a timely manner. If you don't follow through on your actions, how can you expect your employees to?

## Where To Next

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Hopefully this guide has given you some ideas for improving your performance management, and providing effective feedback to your staff.

By being aware of the importance of performance management, and taking a systematic approach to performance reviews, your entire business can benefit.

If you would like to learn more about how fibreHR can assist with your HR and recruitment needs, you can:

1

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