



# Performance Management

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Strategic HR

Hire ❖ Develop ❖ Retain

# Performance Management

Performance management is an ongoing organizational process that is conducted to maximize the productivity of employees with the overall intention of improving the organization's effectiveness. It is strategic in nature and involves every person and all HR processes in the organization. All are directly tied to achieving the organization's goals.

The performance appraisal is a periodic event to reflect and evaluate past performance with the intent to identify the strengths and weaknesses of an employee's performance and to identify developmental goals. A performance appraisal is just one part of a performance management system.

- Source: Mondy, R. (2008). *Human resource management*, 10<sup>th</sup> ed. New Jersey: Pearson Prentice Hall, 224-225.

**Why is performance management important?** People are the base of every operation in a business and their performance directly correlates to the success of the business. Benefits of an effective performance management system include:

- Helps drive results
- Ensures a legally defensible, fair system
- Motivation to perform is increased
- Self-esteem is increased
- Managers gain insight into subordinates
- Self-insight and development are enhanced
- Administrative actions are more fair and appropriate
- Organizational goals are made clear
- Employees become more competent
- Employee misconduct is minimized
- Better protection from lawsuits
- More timely differentiation between good and poor performers
- Manager's views of performance are communicated more clearly
- Motivation, commitment, and intentions to stay are increased
- Employee engagement is enhanced



### **Who is involved in the process?**

**Organization:** The performance management process involves all levels in an organization. Strategic goals set by the organization filter through the organization and affect the goals and activities of each employee. In addition, the performance management process gathers and updates current employee data to maintain the human resource information system (HRIS). The HRIS contains a skill bank of employee information that enables the HR department to determine if the organization has the right mix of skills and people to achieve the organization's goals in an ever-changing world. This information is used in all areas of HR decision-making.

**Supervisors:** Effective performance management requires ongoing communication between supervisors and staff. The assessment and review part of the process provides the opportunity for documentation and formal communication. It's the time for the supervisor and the employee to set developmental goals that reinforce the organization's strategic plan and if there are areas of problem performance, action plans for improvement. There should be a discussion of the employee's career progress and plans made for training and long-term career growth. Many supervisors see the appraisal process as a motivation tool to improve employee performance.

**Employees:** The employee's main objective is to obtain feedback from the supervisor on his or her work performance. Ideally, employees receive feedback at all times and not just through the review process. The employee will also expect organizational support in his or her career growth. Together, the employee and the supervisor should identify areas for improvement and set goals for training and skill development. Anything the supervisor can do to enhance the employee's skills will benefit both the employee and the organization.

If the organization links performance appraisal to compensation, most employees will expect a raise as a result of a positive review. Though supervisors generally conduct the review, they may not have a say in the amount of compensation awarded because compensation is normally determined by organizational policy. This can be particularly problematic for supervisors who want to motivate employees through the appraisal process but find the organization's compensation to be a de-motivator when increases are not as much as employees would like. For this reason, many supervisors prefer that compensation increases are not linked to the performance appraisal process.

Source: Gusdorf, Myrna (2009), "Performance Management and Appraisal" SHRM



**List 3 reasons salary increases should be associated with performance appraisals.**

1.

2.

3.

**List 3 reasons salary increases should NOT be associated with performance appraisals.**

1.

2.

3.



## The Performance Management Process

An important concept of performance management is that it is a continuous process characterized by open communication between employees and supervisors in which feedback is exchanged and coaching is given if needed.

The second concept is a clear identification of the link between employees' contributions and organization's goals.

Before the performance management process begins two important prerequisites must occur.

First, strategic planning must be completed because the performance management process builds on an organization's goals. Once organizational goals are established, employee goals cascade from there. Remember, an important objective of the performance management process is to enhance employees' contributions to the organization's goals.

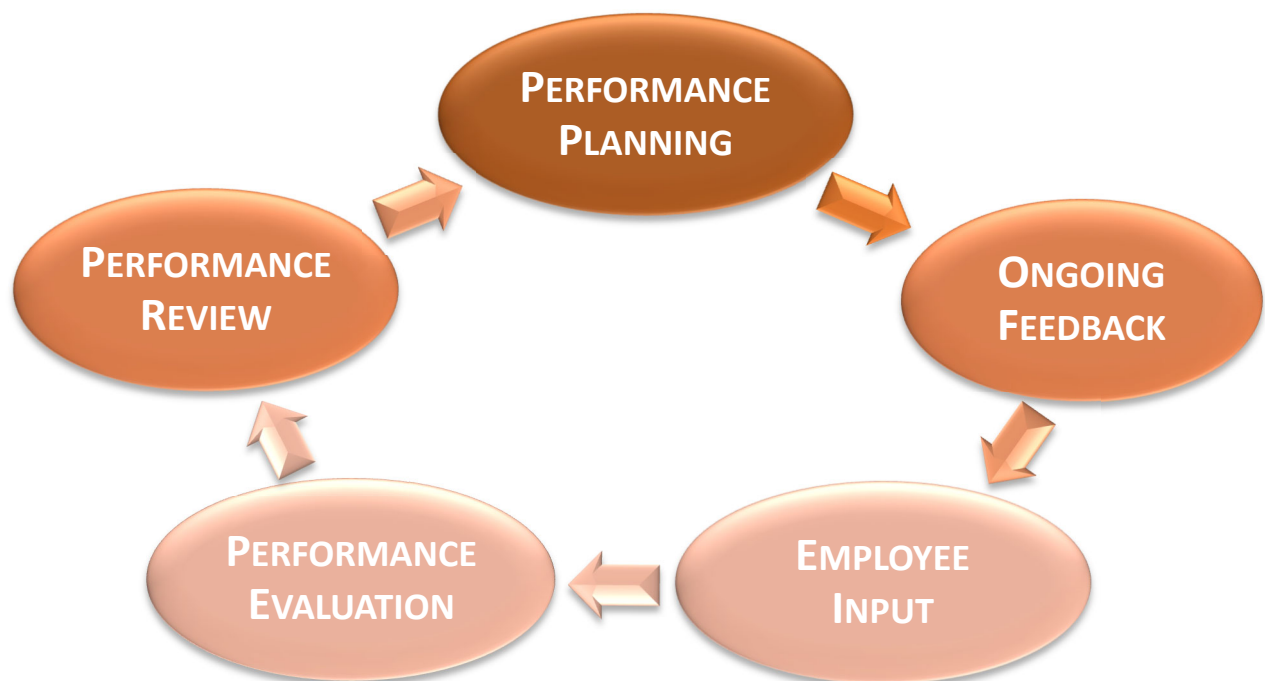
Second, a thorough understanding of the job must take place. This is done through job analysis. If it has been some time since a job analysis was conducted for a position, it may be necessary to conduct a new analysis before starting the performance management process.

Once the prerequisites are done, the Performance Management Process can begin.



## Five Steps to Performance Management:

1. Performance planning
2. Ongoing feedback
3. Employee input
4. Performance evaluation
5. Performance review



## Step 1 – Performance Planning

- Set performance expectations.
  - Behavioral Expectations
    - Teamwork
    - Communication
  - Results Expectations
    - Increase sales by x percent
    - Successfully mentor employee x to develop skills x
- Connect goals to organization/department goals
- Set SMART goals
  - Specific
  - Measurable
  - Action oriented
  - Realistic
  - Time-based
- Set goals that motivate performance



## SMART Goals – You Try It

**Case:** Pets Eats Inc. is a mid-sized private company that manufactures gourmet dog food. The executive team recently completed their annual strategic plan and agreed upon the following key business objectives for the next fiscal year:

1. Increase revenue by 10%
2. Decrease administrative costs by 10%
3. Enter the cat food market
4. Develop a line of vegan dog and cat food

**Assignment:** Using the job description below, write 2 SMART objectives for the Training & Development Manager (you might have to use your imagination but make sure the goals somehow tie to the business objectives).

**SMART Goal 1:**

**SMART Goal 2:**





# Training & Development Manager – Job Description

**Classification:** Exempt

**Salary Grade/Level/Family/Range:** 3

**Reports to:** Vice President of Human Resources

**Date:** 1/1/2018

## Summary/Objective

The training and development manager is responsible for improving the productivity of the organization's employees. This position assesses property-wide developmental needs to drive training initiatives and identifies and arranges suitable training solutions for employees. This position actively searches, creatively designs and implements effective methods to educate, enhance performance and recognize performance.

## Essential Functions

Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

1. Conducts annual training and development needs assessment.
2. Proposes training and development programs and objectives.
3. Develops and monitors spending against the departmental budget.
4. Obtains and /or develops effective training materials utilizing a variety of media.
5. Trains and coaches managers, supervisors and others involved in employee development efforts.
6. Plans, organizes, facilitates and orders supplies for employee development and training events.
7. Develops and maintains organizational communications such as bulletin boards and newsletters to ensure employees have knowledge of training and development events and resources.
8. Conducts follow-up studies of all completed training to evaluate and measure results.
9. Modifies programs as needed.
10. Exemplifies the desired culture and philosophies of the organization.
11. Works effectively as a team member with other members of management and the HR staff.

## Competencies

1. Business Acumen.
2. Communication.
3. Consultation.
4. Global & Cultural Awareness.



5. HR Expertise.
6. Leadership & Navigation.
7. Relationship Management.

### **Supervisory Responsibility**

This position is responsible for up to 3 direct reports..

### **Work Environment**

This job operates in a professional office environment. This role routinely uses standard office equipment such as laptop computers, smart phones, photocopiers, filing cabinets, and other presentation materials.

### **Physical Demands**

The physical demands described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

While performing the duties of this job, the employee is regularly required to talk or hear. The employee frequently is required to stand; walk; use hands to finger, handle or feel; and reach with hands and arms.

### **Travel**

This position requires up to 25% travel.

### **Required Education and Experience**

1. Bachelor's degree in a relevant field.
2. Five years of experience.

### **Preferred Education and Experience**

[Indicate education based on requirements that are job-related and consistent with business necessity. See examples below.]

1. Certified Professional in Learning and Performance (CPLP) credential.
2. SHRM Certified Professional (SHRM-CP) or SHRM Senior Certified Professional (SHRM-SCP) credential.

### **Other Duties**

Please note this job description is not designed to cover or contain a comprehensive listing of activities, duties or responsibilities that are required of the employee for this job. Duties, responsibilities, and activities may change at any time with or without notice.



## Step 2 – Ongoing Feedback

- Provide positive and developmental feedback as close to the event as possible
- Provide feedback in private
- Be specific about what behaviors were effective or ineffective
- Focus on what the person did or did not do, not on personal characteristics
- Collaboratively create a development plan
- It is a 2-way process – employees should solicit feedback as well



## What Feedback Would You Give?

For each of the examples below, consider yourself the manager/supervisor and determine what feedback you would give the employee and how you would go about giving the feedback.

**1. Toby** is an Accounts Payable Clerk that has been with the company for one month. He came highly recommended with over 5 years of experience. He has been slower to catch on than you would have thought and has been making a lot of little errors. What feedback would you give Toby?

**2. Colleen** has been an average performer over her 3 years with the company. Until recently, she has had average attendance, but nothing severe enough to warrant a coaching session. When reviewing your quarterly reports, you notice Colleen has been absent 11% over the last quarter. What feedback would you give Colleen?



**3. Sharon** has been with the company for just under 2 years. You have observed she has established positive relationships with her teammates and is spoken very highly of by customers. You feel Sharon might have the ability to move up in the organization and want to encourage her. What feedback would you give Sharon?

**4. John** has been with the company for over 10 years and is one of the most productive machine operators the company has. Recently, the Quality Manager brought it to your attention that there have been a number of errors coming off of John's machine. You observe that John is not following procedure and has eliminated a pre-material check, which seems to be the cause of the errors. What feedback would you give John?



## Step 3 – Employee Input

- Collect employee input – ask employees to prepare statements of their key results or accomplishments to include:
  - The situation or circumstances faced by the employee
  - Description of what specific actions the employee took to achieve results
  - Description of the impact the accomplishment had on the work unit or organization

### **Employee Input – You Try:**

Think about your personal performance over the past year. Pretend you are getting ready to meet with your manager for your annual performance appraisal. What input would you want to contribute to the process?



## Step 4 – Performance Evaluation

### **Three key factors to consider:**

- 1) Elements of performance evaluation – who will have input into the evaluation and what will be evaluated?
- 2) Timing of performance evaluation – how often will evaluations be conducted?
- 3) Performance evaluation methods – what method will be used to capture the evaluation?

### **1. Elements of performance evaluation:**

When evaluating performance, it must be determined WHAT will be evaluated. The WHAT may include: Goals, Specific performance expectations, or Knowledge/skills

It must also be determined HOW performance will be evaluated. The HOW might include: Competencies, Behaviors, or Attributes

- Supervisor evaluation
  - Review goals and objectives, compare results
  - Determine reasons for deficiencies
- Employee self-evaluation
  - Review goals and objectives, compare results
  - Determine reasons for deficiencies
- Assessment from others (360<sup>o</sup> Review)
  - Co-workers
  - Direct reports
  - Customers/vendors
- Goal Setting
  - Updated strategic goals
  - Employee goals
- Development plan

### **2. Timing of performance evaluation:**

- Annually on anniversary date?
- Annually on organization-wide focal period?
- Semi-annually?
- Quarterly?



### 3. Performance evaluation methods:

#### 1. Comparison Methods

- *Ranking* – Employees are listed in order from highest to lowest performer
- *Paired Comparison* – All employees in a group are compared to each other one at a time
- *Forced Ranking* – Employees are ranked based on a bell curve with a small group at the high and low end and most in the middle

#### 2. Rating Methods

- *Rating Scales* – Performance is ranked on a scale either:
  - Numeric such as the scale of 1 – 10 or 1 – 5 (Likert scale)
  - Phrases such as “exceeds expectations” through “does not meet expectations”
- *Checklists* – A statement or phrase describes the level of performance (ie: always finishes work on time) and the most appropriate description is checked

#### 3. Narrative Methods

- *Critical Incident* – Manager notes successful and unsuccessful performance throughout the period and discusses each.
- *Essay* – Manager writes a short description of performance throughout the period.
- *Field Review* – Someone other than the manager evaluates performance

#### 4. Behaviorally Anchored Rating Scales (BARS)

- Uses the job description to create dimensions that represent the most important requirements of the job.
- Anchor statements are created that represent varying levels of performance

Rating	Anchor Statement
5	Greets customer warmly and makes them feel welcome
4	Pleasant to customers and answers their questions
3	Courteous to customers
2	Finishes other work before greeting customers
1	Rude to customers when they approach the desk





## **Sample Performance Evaluation – Self Assessment**

Your thorough and timely participation in the evaluation process will help facilitate a fair and comprehensive review of your progress and accomplishments since the last performance review. If you have been employed by the company less than a year, substitute references to "since the last performance appraisal/review" with "since you were hired" and answer the questions accordingly.

1. List your most significant accomplishments or contributions since last year. How do these achievements align with the goals/objectives outlined in your last review?
2. Since the last appraisal period, have you successfully performed any new tasks or additional duties outside the scope of your regular responsibilities? If so, please specify.
3. What activities have you initiated, or actively participated in, to encourage camaraderie and teamwork within your group and/or office? What was the result?
4. Describe your professional development activities since last years, such as offsite seminars/classes (specify if self-directed or required by your supervisor), onsite training, peer training, management coaching or mentoring, on-the-job experience, exposure to challenging projects, other—please describe.
5. Describe areas you feel require improvement in terms of your professional capabilities. List the steps you plan to take and/or the resources you need to accomplish this.
6. Identify two career goals for the coming year and indicate how you plan to accomplish them.
7. Evaluate yourself on all factors that apply to you since your last performance appraisal, or date of hire if employed here less than one year. If a category does not apply to you, indicate N/A.



**Rating Scale:**     **4** - Outstanding/Role Model                     **3** - Very Competent  
                                  **2** - Satisfactory     **1** - Inexperienced or Improvement Needed

<b>Category</b>	<b>Self-Rating</b>
a. Technical Skills related to your specific job	_____
b. Technical Knowledge (up-to-date on industry/discipline news, articles and best practices)	_____
c. Quality of Work Product (comprehensive, accurate, timely, etc.)	_____
d. Utilization or Productivity	_____
e. Business Development	_____
f. Project Management Skills	_____
g. Technology Skills	_____
h. Time Management & Organizational Skills	_____
i. Interpersonal Skills (positive attitude; ability to get along well with co-workers/clients/vendors)	_____
j. Communication Skills—Verbal/Written (proposals/reports, letters, e-mails, etc.)	_____
k. Innovation or Creativity	_____
l. Collaboration/Teamwork	_____
m. Mentoring Skills	_____
n. Employee Policies (knowledgeable of and compliant with company policies and procedures)	_____
o. Leadership Skills (applies to anyone—not restricted to supervisory level employees)	_____
p. Professionalism (punctuality, attendance; conduct; responsiveness and follow through)	_____
q. <b>Overall</b>	_____

8. Name any other management personnel, besides your current supervisor, that you feel should provide input toward your performance appraisal.



## **Sample Performance Evaluation – Qualitative**

**I. Performance of Objectives:** Summarize the most important objectives undertaken during the review period and comment on the results achieved. Attach additional sheets as needed.

<b><u>Objectives</u></b>	<b><u>Performance Results</u></b>
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

**II. Methods Used to Achieve Results:** Consider those behaviors that are critical to job success.

**A. Job Knowledge:** Technical knowledge and skills, analytical ability, problem-solving skills.

Comments:

**B. Communications:** Verbal and written communications, presentation skills, and listening skills. Are communications clear, concise, courteous?

Comments:

**C. Quality of Work:** Accuracy, neatness, thoroughness, completeness of work.

Comments:

**D. Quantity of Work:** Work output, speed, timeliness, effectiveness. Work habits.

Comments:

**E. Dependability:** How reliable is the employee in completing assignments and meeting deadlines? Attendance? Punctuality?

Comments:

**F. Interpersonal Skills:** Does employee work harmoniously and effectively with subordinates, peers, supervisors, and the public? Team player? Shares information with others as needed? Resolve conflicts? Welcomes and seeks constructive feedback on own performance? Cooperative?

Comments:



**G. Initiative:** Does employee work independently? Solves problems? Assumes additional responsibility? Looks for more efficient and cost-effective ways?

Comments:

**H. Adaptability:** Is employee able to adjust to a variety of situations? Flexible?

Comments:

**I. Decision Making:** Uses logical and sound judgment.

Comments:

**J. Planning and Organization:** Forecasting, setting objectives, anticipating changes; securing and budgeting resources, structuring tasks, establishing priorities.

Comments:

**K. Leadership:** Ability to take charge. Select, direct, and coordinate activities of others to do better work, assume more responsibility or prepare for future job opportunities. Coach, motivate, develop others. Serve as a role model. Make decisions, communicate.

Comments:

**L. Control:** Select control points, measure and report results, evaluate and correct performance, direct policy, and procedure, operate within budget.

Comments:

**M. Other Factors Relevant to the Position:**

Comments:

**III. Performance Improvements:**

Briefly identify areas showing improvement or areas that required attention from the last review.

**IV. Employees Strengths:**

Comments:

**VI. Recommendations:** What are the major goals and accountabilities for the next review period? What are the priorities for the next 6 months?

**VII. Developmental Plans:** What is the plan to build on performance and to support continued professional development? What actions can be taken to improve performance? Are there on-the-job activities or outside programs or training that would help the employee?

**Definition of Performance Ratings:**



**Exceptional:** Employee consistently exceeds performance objectives with virtually no detected preventable/controllable errors. Makes significant contributions well beyond normal job responsibilities. Individual requires little direction or supervision.

**Exceeds Objectives:** Employee exceeds performance objectives on a regular basis. The employee is making a valuable contribution to the company. Errors are infrequent and are typically detected and corrected by the employee.

**Expected Performance:** Employee consistently meets but does not exceed performance objectives. The employee is fully competent and is satisfactorily performing the job.

**Marginal/Needs Improvement:** Employee does not adequately accomplish objectives nor fulfill all responsibilities; must improve performance within a designated time period. Or, the employee is new to the position and tasks presently assigned are adequately performed as expected.

**Unsatisfactory:** Unacceptable performance; below expectations. The employee does not accomplish most or all position objectives.

**Not Applicable/NA:** Category does not apply.

**V. Overall Performance Rating:** Consider all performance criteria and indicate overall rating, using definitions of performance levels above as a guide.

Exceptional

Exceeds Objectives

Expected Performance

Marginal/Needs Improvement

Unsatisfactory



## Sample Performance Evaluation – 360<sup>0</sup> Manager

### Instructions

Using the following rating scale, please circle the number that best reflects your rating of your manager's performance during the past year.

### Rating Scale

1	Unacceptable
2	Needs improvement
3	Meets standard
4	Exceeds standard
5	Outstanding
6	Have not experienced or observed

### Valuing Behaviors

Seeks input from all team members	1	2	3	4	5	6
Measures results instead of individual styles	1	2	3	4	5	6
Maintains a balance between "people" issues and "business" issues	1	2	3	4	5	6
Shows genuine concern for team members	1	2	3	4	5	6
Keeps the focus on fixing problems rather than finding someone to blame	1	2	3	4	5	6
Treats people fairly, without showing favoritism	1	2	3	4	5	6
Cares about me	1	2	3	4	5	6
Protects confidentiality	1	2	3	4	5	6
Recognizes and rewards my individual contributions in a manner meaningful to me	1	2	3	4	5	6

### Interdependent Behaviors

Supports a team environment by recognizing and rewarding collaboration, cooperation and activities contributing to others' success	1	2	3	4	5	6
Recognizes and rewards team-supportive actions and behaviors	1	2	3	4	5	6
Doesn't criticize those who are not present	1	2	3	4	5	6



- Considers the impact of actions and decisions on other departments before implementing 1 2 3 4 5 6
- Recognizes and supports the work of other departments 1 2 3 4 5 6

**Communication Behaviors**

- Encourages others to express different ideas and perspectives 1 2 3 4 5 6
- Is open to other perspectives and is willing to change his or her position when presented with compelling information 1 2 3 4 5 6
- Is open to negative and/or constructive feedback 1 2 3 4 5 6
- Keeps me informed on the status of my work and updates in the organization 1 2 3 4 5 6
- Gives open and constructive feedback 1 2 3 4 5 6
- Effectively deals with conflict 1 2 3 4 5 6
- Lets me know how I am doing 1 2 3 4 5 6
- Involves me in decision-making when appropriate 1 2 3 4 5 6
- Sets a clear direction for our department 1 2 3 4 5 6

**Valuing Diversity Behaviors**

- Ensures that department activities are inclusive by verifying scheduling needs 1 2 3 4 5 6
- Seeks input/feedback from diverse individuals and groups, including internal and external customers 1 2 3 4 5 6
- Treats everyone with respect and fairness 1 2 3 4 5 6

**Leadership Behaviors**

- Encourages and embraces change by challenging the status quo 1 2 3 4 5 6
- Provides cross-functional development opportunities for team members 1 2 3 4 5 6
- Encourages and supports my involvement in training and development activities and events 1 2 3 4 5 6
- Encourages and supports my involvement in community activities and events 1 2 3 4 5 6
- Encourages and supports my involvement in company activities and events 1 2 3 4 5 6
- Uses actions and behaviors that are consistent with his or her words 1 2 3 4 5 6
- Is trustworthy 1 2 3 4 5 6
- Is a role model for continuous improvement 1 2 3 4 5 6
- Uses a coaching management style, rather than an authoritarian boss management style 1 2 3 4 5 6
- Supports me and helps me achieve results 1 2 3 4 5 6



Supports a customer service approach for both internal and external customers	1	2	3	4	5	6
Deals with issues that need to be addressed	1	2	3	4	5	6
Provides a clear sense of purpose and direction, roles and responsibilities, for me individually and for our group team members	1	2	3	4	5	6

**General Feedback**

Type or print your answers; add additional pages if needed. Please be as specific as possible by including examples.

1. What activities, behavior, feedback or coaching would you like your manager to stop doing? Please explain.

2. List and briefly describe examples of the behavior, activities, feedback or coaching your manager has provided that makes your job and work environment more enjoyable and meaningful to you.

3. Please provide comments that you feel will be meaningful for your manager to sustain or improve his or her effectiveness.





## **Step 5 – Performance Review**

- Formal meeting between manager and employee
- Should be pre-scheduled
- Recap performance throughout the period
- Explain ratings and rationale
- Two-way discussion
- Set goals for the next period
- Discuss performance development plans



## Performance Review Checklist

### Do you know your employee?

- Length of service with the organization
- Date of last promotion
- Experience and educational level
- Current projects employee is working on
- Career goals

### Interview checklist: Do you have?

- Employee job description
- Attendance records
- Salary and job grade information
- History of employee's training
- List of training courses available and appropriate for this employee
- Previous performance appraisal documents
- Completed performance appraisal form
- Recent examples of employee's work (if appropriate)
- Examples of work problems you want to discuss (if appropriate)
- Other items appropriate to this employee

### Are you ready? Have you:

- Notified the employee of the interview time?
- Give the employee at least one or two weeks' notice?
- Reviewed your ratings with a peer or with HR before the interview?



## Performance Review Interviews – Suggestions for Tom

Tom is the department manager of a retail store. He supervises four employees, and it's time for their performance reviews. He has written the documents and scheduled appointments to sit down to talk with each employee. As it gets closer to interview time, all of them are thinking about their performance and what they can expect in their interviews. Let's listen in to what each is thinking.

### ***Tom and Maria***

**Maria:** Oh, this is so exciting! This is my first job, and I've never had a performance review before. I'm a little nervous, but I'm sure Tom just loves my work! I know I was late a few times, and I've had a little problem with the cash register, but I'm really trying. I'm just not used to getting up every day and getting to work on time, and I didn't know you had to be so detailed—it's just retail, after all! But whatever. I'm really friendly with everyone, and I'm having a good time. I wonder if Tom will let me off a little early on Friday. I know Fridays are busy, but I have big plans for the weekend. I'll ask him—I'm sure he'll understand.

**Tom:** I'm just not sure things are working out as I had hoped with Maria. She can't seem to get to work on time—she was late three days last week and two days the week before. When I talked to her about it, she got here on time the next day, but then she disappeared into the ladies' room to put on her make-up. That's not being on time! And what about the mistakes she makes ringing up a sale? It's not just the prices that are wrong but the quantities and the item codes, too—now our inventory is messed up and accounting is on my back. And besides all that, she spends more time visiting with other employees than she does working. I just don't think she's taking this seriously.

What suggestions do you have for Tom?



### ***Tom and David***

**David:** September again and another annual performance appraisal. I don't know why we bother. We go through the process every year, set some worthless goals, but nothing ever happens one way or the other. They tell me I'm doing a great job, and then I get a measly 2½ percent raise. Big deal! Oh well, I'm just putting in my time until something better comes along.

**Tom:** David does a good enough job, but he doesn't show much spark. He just seems to be going through the motions around here. But with the economy getting tighter, everyone perks up with a little more income. I think a raise in pay is just the motivator he needs. It's 2½ percent this year.

What suggestions do you have for Tom?



### ***Tom and Jason***

**Jason:** Sometimes, I come to work tired in the mornings after going to school at night, but Tom's really helped me by scheduling my shift so I can attend classes. Another six months, and I'll have my bachelor's degree. I've been working really hard, got a wife and three kids to support, and I want to carve out a long-term career. I like this company; some say there's no opportunity in retail, but I don't agree. I think we'll always need good managers, and that's where I want to be. I hope there are opportunities in this company, but if not, I guess, after I graduate I'll be looking around.

**Tom:** Jason's a good man. In spite of a heavy class load, he always pulls his weight and does a good job. I know when he graduates, he's hoping for a promotion, and I'm not sure if that will be available. I've got to come up with something to keep him on the team. He's exactly the employee we want for the long haul.

What suggestions do you have for Tom?



***Tom and Wally***

**Wally:** I really like working here. After I retired from the plant a few years back, I found out retirement is pretty boring. Now, I get up early again, grab a cup of coffee and come to work raring to go. Not bad for an old guy! It really helped taking that computer class at the senior center. Sure, I'm not a young techie, but I can hold my own, and I think Tom is pleased with my work. I'd like to keep working and stay here for a long time to come.

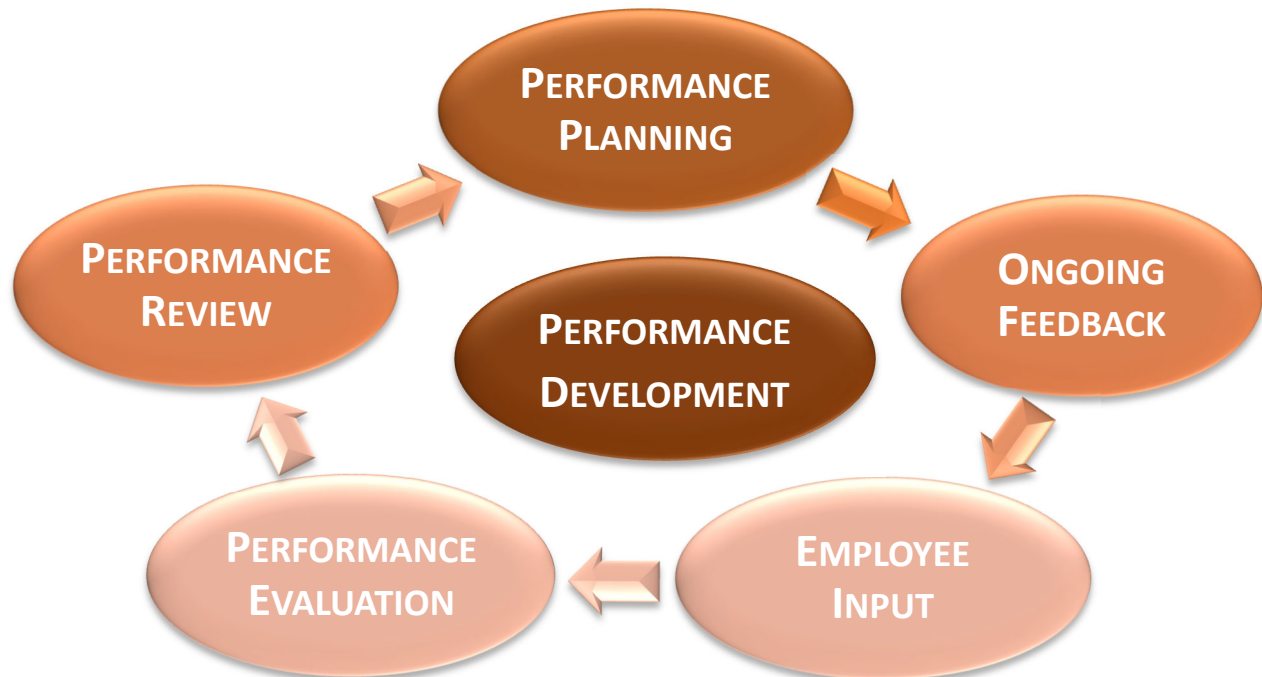
**Tom:** I don't know what I'm going to do with Wally. He's been here a couple of years now—management hired him when they thought it would be good PR to hire older workers. I don't know how old he is and I can't ask him, but I'd guess he's at least 140! He's so slow, and he thinks he has computer skills, but that's a laugh. He can't enter anything on the cash register without making mistakes. Maybe a computer class would help, but is it really worthwhile to train older workers? You know what they say about old dogs learning new tricks. I just don't think it's a good idea—he'll probably quit soon anyway.

What suggestions do you have for Tom?



## Performance Development – The Final Step

The final step of any performance management process should be a Performance Development Plan (PDP). During the PDP process, employees and managers work together to set development goals that will increase the employee's ability to contribute to the success of the organization.



Performance Development Plan Objectives:

- Improve performance in current job
- Sustain performance in current job
- Prepare employees for advancement
- Enrich the employee's work experience

Content of a Development Plan:

- Developmental objectives
- How the new skills or knowledge will be acquired
- A time line regarding the acquisition of the new skill
- Standards and measures that will be used to assess objectives



Development Activities:

- On-the-job training
- Courses
- Self-guided reading
- Mentoring
- Attending conferences
- Getting a degree
- Job rotation
- Temporary assignments
- Membership or leadership roles in professional or trade organizations





## Case Study – PDP at Brainstorm Inc.

Cathy is a sales manager at Brainstorm Inc., a computer software training company located in Lehi, Utah. Some of Cathy's responsibilities are to complete annual performance evaluations with all of her subordinates and create individual performance development plans for these employees based on their performance evaluation.

Recently, Jay, an inside sales representative, and Cathy's subordinate, finished his first year's performance evaluation with Cathy. Cathy's performance evaluation of Jay's key competencies and key results are as follows:

Key Competency	Manager Comment	Score
<b>Sales and Marketing:</b> Demonstrate knowledge of principles and methods for showing, promoting, and selling products or services	Could be more proficient with greater product knowledge. Needs greater understanding of the benefits of each of the products.	B-
<b>Customer and personal Service:</b> Knowledge of principles and processes for providing high-quality customer and personal services	Good verbal and sales skills most of the time. Had a couple of occasions when customers felt like they weren't getting enough personal assistance with recently purchased products.	B+
<b>Interpersonal Communication:</b> Talking to others to convey information effectively as well as giving full attention to what other people are saying, taking time to understand the points being made, and asking questions as appropriate.	Very good. Always enthusiastic with customers and quickly develops a good rapport with new customers.	A-
<b>Persuasion and Negotiation:</b> Persuading others to change their minds or behavior. Bringing others together and trying to reconcile differences.	Adequate, but could be more direct and persuasive with customers.	B
<b>Problem Sensitivity and Ethics:</b> The ability to tell when something is wrong or is likely to go wrong, ethically or otherwise. It does not involve solving the problem, only recognizing there is a problem	Excellent. Shown great ability to anticipate if contract negotiations are taking an unethical or unprofitable turn for the worse.	A
Key Result	Manager Comment	Score
<b>Monthly sales goal</b> - \$500,000 in sales revenue/month	Adequate. Met sales goals 66% of the time in the last six months.	B
<b>Referral goal</b> – 10 referrals/month	Needs improvement. Met referral goals 50% of the time in the last six months.	B-
<b>Cold Call goal</b> – 250 cold calls/month	Excellent. Tirelessly exhibits persistence and hard work in reaching out to businesses.	A



Please yourself in Cathy's shoes and use the performance evaluation to develop a performance development plan for Jay.

Source: Aguinis, Performance Management, 3<sup>rd</sup> Edition



## **HR's Role in Performance Management:**

- Conduct job analysis and write job descriptions
- Participate in strategic planning
- Develop and administer the performance management process
- Determine rating methods for performance appraisals
- Ensure the integrity of the system
- Determine goal setting methodology
- Ensure effective performance development process
- Train and support managers and staff
- Facilitate relationships between managers and staff
- Maintain records
- Ensure compliance with nondiscrimination laws

## **Performance Management Training Topics:**

- Philosophy and uses of the system.
- Description of the rating process.
- Roles and responsibilities of employees and managers.
- How to plan performance, set expectations, and set goals.
- How to provide accurate evaluations, minimizing rating errors and rating inflation.
- The importance of ongoing, constructive, specific behavioral feedback.
- How to seek feedback effectively from others.
- How to react to and act on feedback in a constructive manner.
- How to give feedback in a manner that minimizes defensiveness and maintains self-esteem.
- How to identify and address development needs.
- How to use the automated system and related software.

Elaine D. Pulakos, Performance Management: A roadmap for developing, implementing and evaluating performance management systems. 2004



## Guidelines for Addressing Legal Requirements:

- Employees must be evaluated on factors that are relevant to their jobs.
- Employees must be informed about what is expected of them and the standards against which they will be evaluated at the beginning of the rating cycle.
- There must be a standard, well-documented procedure for how the performance management process will be conducted, with defined roles and responsibilities for employees and managers.
- Managers and employees should be trained on the performance management process and relevant skills required to implement the process effectively (e.g., training for managers on how to provide feedback to employees).
- Managers should keep records to document examples of effective and, especially, ineffective employee performance to substantiate their evaluations.
- Managers should be held accountable for discussing performance issues with employees and providing them with feedback in a timely manner during the rating cycle.
- Performance evaluations should be reviewed by a higher-level manager or panel.
- The organization should provide a process whereby employees can formally comment on and appeal their performance evaluations.
- If performance evaluations are used for decision-making, the evaluation should be consistent with the decision. For example, individuals who receive higher pay raises/bonuses should have higher performance ratings than those who receive lower raises/bonuses.

Elaine D. Pulakos, Performance Management: A roadmap for developing, implementing and evaluating performance management



## Goals for Change:

**List 3 things you learned today that will help you become more effective in your role:**

1.

2.

3.

**List 2 things you will do differently back at work:**

1.

2.

**List one 1 thing you will commit to change in the next month:**

1.



**Corporate Membership**

**Compensation**

**Compliance**

**Background Screening**

**Recruiting & Talent Acquisition**

**HR Consulting**

**Training**

**Leadership Development**



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