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Do's & Don'ts
of Performance Reviews
and Goal Setting

Most businesses wouldn't be where they are today without setting goals or reviewing performance of the company and its employees. Goal-setting and performance reviews create a solid foundation for company growth and success. Performance reviews enhance employee engagement and, according to The Hay Group, companies with high engagement have 2.5 times more revenues compared to those with low levels of engagement. As strategies to improve employee engagement continue to keep HR and business leaders up at night it's important to understand the factors that contribute to employee engagement. According to *Forbes* magazine, the five elements that drive engagement are:

1. **Meaningful work**
2. **Hands-on management**
3. **Positive work environment**
4. **Growth opportunity**
5. **Trust in leadership**

A solid performance review process touches each one of the fore-mentioned elements. Employee success is made possible by reviewing progress often, integrating personal goals with company goals and providing employees insight into how their actions contribute to company success.

Read on to explore the benefits of performance reviews and goal setting while also avoiding mistakes before they're made.

1

DO think of performance reviews as a process that begins during onboarding

The onboarding process can be a very overwhelming and exciting time for both the employer and new hire. However, when onboarding functions become weighed down by tedious details and paperwork, the new hire may become disengaged. It's important to set expectations and goals early on and begin tracking progress to get new hires on the right track. An automated onboarding process can simplify these tedious tasks and allow companies to engage employees from the beginning.

When employers are attentive to employees' success, new hires will understand the desired outcomes, want to work hard and this ultimately

results in increased engagement. Goals don't have to be complicated. In fact, in the beginning, straightforward goals foster trust and communication. Goals that will help a new hire get on track early could include:

- Quality of work
- Quantity of work
- Work habits
- Attitude/cooperativeness
- Job knowledge & skills

2

DON'T set goals that aren't attainable

Goals are the backbone of every business. It's important that employees are excited about meeting goals but it's also vital that the goals set are **SMART**.

SMART goals can be carried out through an individual development plan. This communication tool ensures employees know how they can achieve their goals, what resources the company can provide to them to help and describes how these goals align with organizational expectations. Managers can reference this plan on a weekly or monthly basis to keep employees on track. HR professionals can reference this plan when it comes time for performance reviews to track employee status toward achieving the agreed upon goals. SMART goals meet the following criteria:

S: Specific. Goals should be defined answering "Who, what, when, where, why and how?" They should include dates, resources and/or dollar amounts employees need to accomplish them.

M: Measurable. Identify appropriate metrics for achieving goals. Employees should be able to track progress and measure success.

A: Ambitious/Achievable. Goals should be within reach but stretching. It's important not to assign too many goals or ones that aren't attainable in the amount of time allotted to the goal.

R: Results-Based. Goals should align with company strategy. Goals should relate to attaining something that is necessary, of value and that supports the company's vision.

T: Time-Bound. Determine a date, timeframe or scheduled completion of the goal.

3

DO document progress

Creating documentation is one of the most important aspects of performance reviews. After all, it is what employers should reference when evaluating employees. According to the Society for Human Resource Management, documentation is important because it establishes a record of employment actions taken and the reasons for these actions. Memories fail, managers move on and other circumstances change. It also informs employees of what is expected of them and the consequences if they

don't meet the company's expectations. Employees should never be surprised by the feedback being given when they are in a performance review meeting.

From a performance management standpoint, documentation serves as a written record to guide both the employer and employee, providing opportunities for the employee to improve. Performance reviews promote fair and consistent treatment in the workplace.

4

DON'T make performance reviews one-way communication

When it comes time for performance reviews, it's tough to address everything that's gone on in the last year, six months or quarter in one meeting. It's best to document along the way in order to thoroughly cover key points of employee success, areas for improvement and also allow significant time for feedback. Performance reviews are a meeting not just for the employee to understand from an overall perspective how they're doing; the employee can also provide feedback and ideas of how the organization can improve. The company and its leaders should also look for trends in employee feedback regarding areas they could improve on as well as what they're doing that is working across the entire employee population.

SHRM Mini Facts

A study done by the Society for Human Resource Management of employees (SHRM) identified that there are seven deadly sins during performance reviews that companies should avoid including:

- **Late evaluations** – don't leave employees feeling slighted
- **Over-evaluation** – keep reviews relative & consistent throughout
- **Being too vague** – provide clear, supportive examples
- **Focus on results** – the outcome might not be profit but at least there will be improved productivity
- **Extremes** – avoid words such as "never" and "always"
- **Inconsistencies** – comments should match numerical rankings
- **Stereotyping** – be objective to gender, age, etc.

5

DO link performance to learning and succession

Learning is key to performance and performance is key to succession. It's important that employees are always learning, collaborating and developing as individuals within the company. Creating an environment that promotes employee learning demonstrates an investment in your employees. An important aspect of learning is that it can support performance goals. If an employer sees areas for improvement within an employee's work performance, they can provide training to improve the employee's skill set. This will engage employees, increase productivity and boost employee retention.

What can be done to lengthen the employee lifecycle within your company? Reviewing employee performance keeps tabs and notes for HR professionals

to reference when an opportunity arises for promotion and filling positions of recently retired employees. Learning programs help managers fill in the skill gaps that may exist and help employees take their skill sets to new heights. Succession planning is the next part of the critical employee lifecycle chain where employees are identified for their successes and promoted.

Identifying and preparing successors for key positions is imperative to create business continuity. Using performance management supported by learning, employees understand competencies that will keep a company moving towards growth and stability.

6

DON'T treat performance reviews like a once a year event

Employee performance occurs every single day therefore it's important for HR professionals to make sure tracking is also constant. According to an article by Bob Rogers of Business Week, major companies such as Lockheed Martin, Merck, General Electric (GE), P&G and Kellogg's attribute a majority of their success to biannual performance reviews. Performance reviews shouldn't feel rushed, one-sided or inopportune. Rogers says that the same companies state that performance reviews are a waste of time only if they are merely an annual event instead of a formal year-long performance management process.

Companies that will see direct bottom line business benefits of performance appraisals will be those that:

- Create clear accountabilities in their performance management system linked to what drives their business
- Communicate effectively and involve employees in managing their own performance
- Focus as much time on developing people as they do evaluating them

7

DO get more than the managers opinion

Leaders and managers have much more on their plate than just overseeing what goes on at the operational level, they wear several hats. When preparing for upcoming evaluations, it's a good idea to get insight from indirect managers to see how projects are being carried out, deadlines are met and solicit feedback for any improvements that need to be made. There's much more that goes into evaluations than just work ethic and attitude, it's vital to make sure the company itself is successful.

Employees want to know they are providing value to the bigger picture. Being able to back up information and ratings in a performance review with indirect managers and peers' insight and experience will enhance the evaluation with credibility. These discussions are critical to the future success of every company; there's power in an effective performance management process.

8

DON'T do it all yourself – automate to engage

When employees know they're contributing to a growing company, they feel important and valued. In turn, employees are more engaged when they know they're contributing to company success. According to the Huffington Post, employee disengagement is costing the US \$500 billion every year. It's up to HR professionals and company leaders to treat employees as more than numbers on a spreadsheet.

On day one, it's vital to the future of employees and companies to align employee goals with what the overall mission and vision of the company is. How can they

contribute to the bigger picture? What is their impact on the company? These are questions are particularly important to the Millennial generation; they have a desire to contribute to the bigger purpose of the company. Automating these processes using software eases employers of many of the documentation responsibilities associated with goal management. HR software solutions provide a systematic process for tracking performance and setting goals for all employees.

With an effective and consistent performance management process employees will remain engaged. In Simon Sinek's book, *Start with Why: How Great Leaders Inspire Everyone To Take Action*, he states that "Great companies don't hire skilled people and motivate them, they hire already motivated people and inspire them." He goes on to say, "Unless you give motivated people something to believe in, something bigger than their job to work toward, they will motivate themselves to find a new job and you'll be stuck with whoever's left."



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