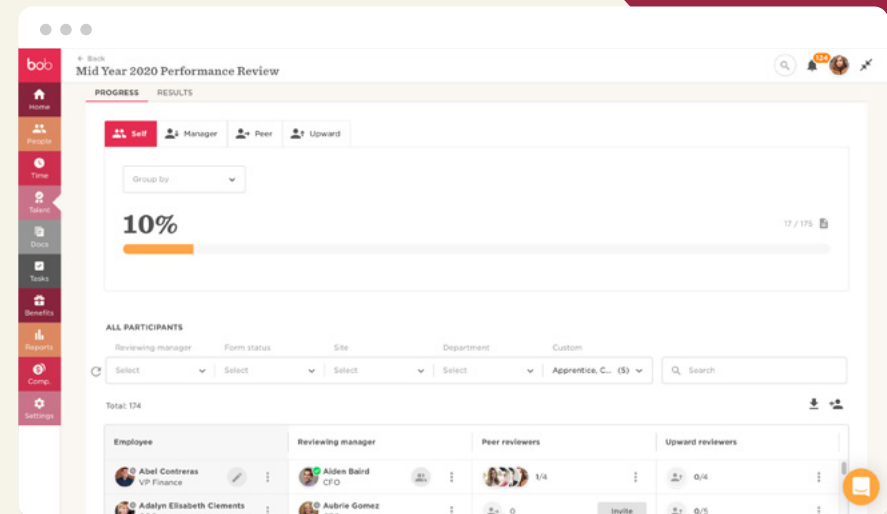


PERFORMANCE MANAGEMENT TEMPLATES

FOR EASY AND EFFECTIVE CYCLES



Introduction	3
What is performance management?	4
Benefits of performance management	6
Three stages of performance management	8
Choosing a performance management framework	10
Performance management approaches and templates	12
Following up	17
5 tips for remote performance management	18
Conclusion	20

Introduction

Historically, end-of-year performance reviews or appraisals were the standard for evaluating employee performance. This model, however, isn't without downside: it tends to hold employees accountable for past behavior without focusing on improving performance and developing skills for future success.

Newer perspectives on performance have shifted towards more frequent conversations between employees, managers, and other stakeholders about performance and development. This model creates more opportunities for communication and corrective action without waiting until the end of the year, ensuring that performance improves continually and that employees receive more direction and training.

This guide will:

- Explain the meaning of performance management
- Walk through the three stages of the performance management process
- Explore different performance management frameworks and approaches
- Dive into performance management approaches
- Provide templates for performance management
- And more!

What is performance management?

Performance management is an integrated approach to helping an organization achieve its aims and objectives by monitoring, measuring, and improving the performance of individuals, departments, and the organization as a whole.

Performance management, when done right, can help employees become more productive, develop new skills, and take an active part in promoting organizational goals. Organizations can improve processes, systems, and procedures towards greater efficiency and growth. When done wrong, however, performance management can intimidate employees and cripple communication. This makes building an effective, fair, and transparent performance management framework vital to organizational success.

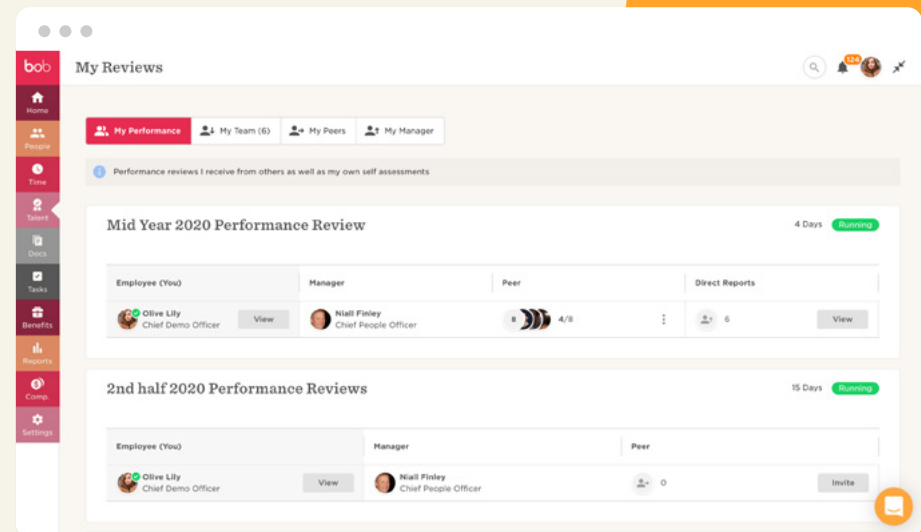
Traditionally, performance management was reduced to an annual review that focused only on measurable outcomes; however, this model has been found to be ineffective and [even harmful](#) to performance. So how does an organization monitor and improve performance without generating stress, anxiety, and inefficiency? Clarity, consistency, and kindness.

1. Clarity refers to setting goals and expectations that meet the SMART criteria. Developed by a [professor of organizational psychology](#) in the 1980s, this acronym describes goals that are Specific, Measurable, Achievable, Relevant, and Timely. Beyond individual goals and before setting any expectations, organizations must have clarity about overall values and vision. When these cascade down, there will be less confusion and greater unity in achieving both organizational and individual goals.

2. Consistency entails providing continual feedback at predetermined intervals and according to a specific methodology and protocol. By keeping information flowing, employees aren't blindsided once a year. If tweaks need to be made, they are identified and addressed quickly and kindly.

3. Kindness is a **culture** that organizations must adopt when implementing a performance management system. Simply rating people's performance won't positively impact a company's success unless it goes hand in hand with training and initiatives to improve skills and motivate productivity. Furthermore, if corrective action does need to be taken, it should be with employee growth in mind. Set your people up to succeed and they will meet every expectation.

With these three foundations in place, you're ready to build a project management process that promotes efficiency, work quality, adherence to company values, and teamwork.



Benefits of performance management

When it comes to measuring employees, the focus should be on improving skills and motivation, rather than just on outcomes. This indicates a culture of respect and collaboration instead of one of judgment. So, while standard metrics will include the apparent productivity-related measures, it is also important to offer feedback on soft skills such as flexibility, empathy, teamwork, and creativity.

Performance management done right has a wide range of benefits. Researchers have discovered that more than [half of American employees](#) are disengaged from their work, leading to lower productivity and increased turnover.



Greater employee engagement

Effective performance management is known to foster employee engagement, which in turn promotes greater productivity. In one study, companies with higher levels of engagement were found to have up to **three times** higher operating margins and **up to 22%** greater profitability compared to counterparts with lower levels of engagement.

Lower employee turnover

Research from O.C. Tanner found that almost 80% of employees who **left their jobs** did so because they didn't feel recognized or appreciated. Performance management provides an opportunity to commend employees and hone in on their unique skills. This aspect of performance management lets your people feel appreciated, contributing to **improved retention**.

Boost productivity

Performance management helps employees understand what they are supposed to do and when, but beyond this, it helps people appreciate their integral role in achieving organizational goals.

More than 70% of respondents in one survey expressed that their performance would improve with **corrective feedback**. Ongoing performance management keeps employees aligned and optimizing productivity.

Cut personnel costs

Along with the positive impact on employee turnover comes significant savings on offboarding and onboarding personnel. Voluntary turnover costs American businesses **over a trillion dollars** every year. Performance management lets companies reward good performance with promotions and bonuses.

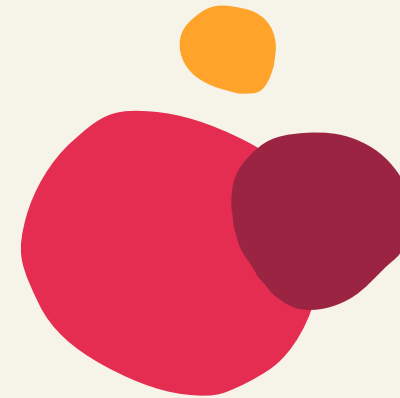
Promoting people from inside an organization is often more efficient than hiring from outside. For example, in one **study from Wharton**, researchers found that external hires are 61% more likely to be let go over people promoted from inside. This amounts to a serious reduction in costs and empowers employees to grow their careers.

Three stages of performance management

Performance management consists of three stages: planning, check in, and review. Each of these milestones is administered in coordination with an overarching performance management system founded on a company's core values.

1. Planning

Planning involves setting individual goals in the context of departmental and organizational goals. Each employee will be evaluated against their personal targets and deliverables, so it's important to clarify and collaborate with the individual to ensure that everyone is on the same page.

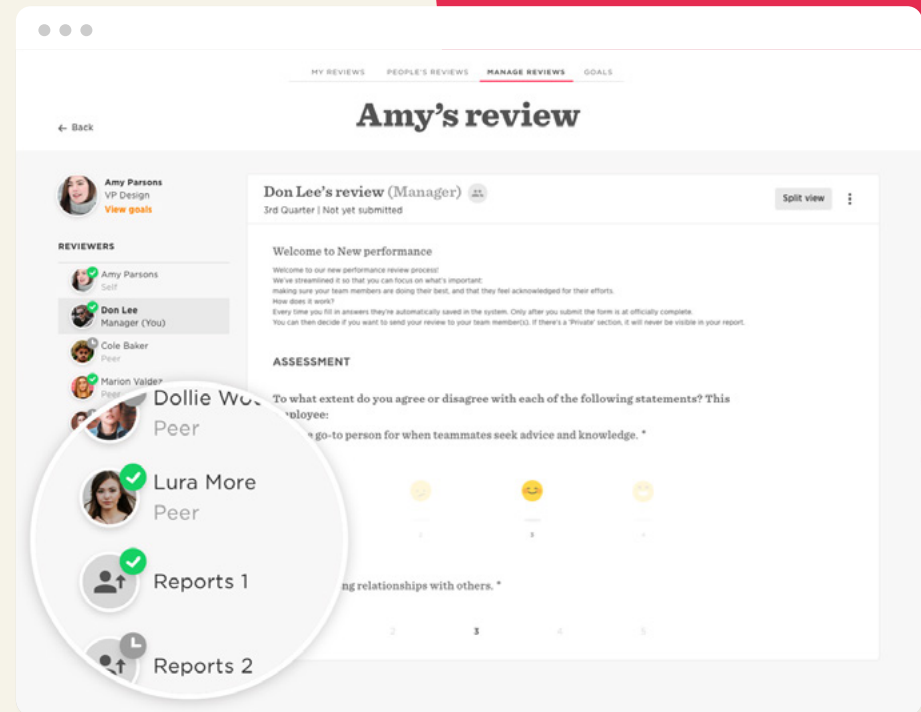


2. Check in

To keep project management functioning and consistent, set times for periodic reviews or check ins to address any pain points. This is also an opportunity to move the target if the employee is performing at an optimal level. Communication is key here, so create ample opportunities for employees and managers to revisit goals and make adjustments as needed.

3. Review

Regular check ins culminate in a review, or performance appraisal, where an employee's job performance and overall contribution to the company is evaluated according to set criteria. Performance appraisal meetings focus on employee development and how management and teams can work together in achieving organizational goals. Often administered quarterly, performance appraisals discuss accomplishments, challenges, and possible areas of improvement based on previous check ins. Nothing discussed should come as a surprise.



Choosing a performance management framework

Performance management is an integrated approach to helping an organization achieve its aims and objectives by monitoring and improving the performance of individuals, departments, and the organization as a whole. To ensure that all things run smoothly at the micro level, it is necessary to first address upper-level messaging and strategy:

1. Align organizational strategy

The purpose, values, and goals of the organization will inform departmental and individual targets. With alignment between departments and strategy cascading from an organization's leadership, each time that a goal is achieved, everyone moves forward.

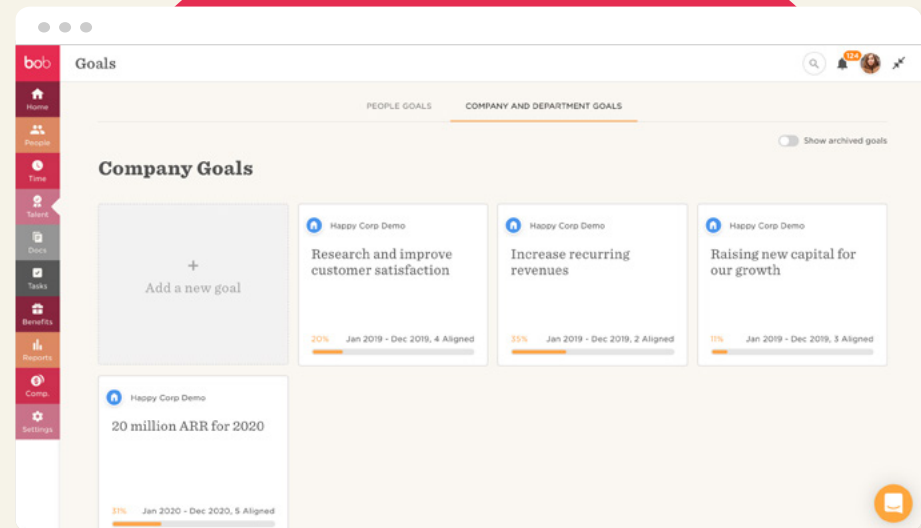
2. Set standards, criteria, and indicators

Transparent management is vital to the credibility of the performance management process. Picking a system and sticking to it across all departments and roles is essential to maintaining transparency and efficiency. Additionally, setting clear standards and indicators that correspond with organizational goals allows every individual to understand their role and unique contribution.

3. Choose a performance management framework and develop templates

There are a number of performance management frameworks to choose from depending on what you are trying to accomplish, what roles are included in the system, and what industry you are in. Most of these systems have been [in place for decades](#); however, your organization can apply them in whatever way serves you best.

Digital templates provide a comprehensive performance management solution that not only empower managers and employees to communicate clearly, but also provide an integrated way to track progress and analyze data in real-time. By compiling responses to surveys, managers can get a fuller picture of an employee's performance and companies can maintain cross-organizational alignment.



Performance management approaches and templates

1

Management by objectives (MBO)

2

Critical incident method

3

Checklist method

4

360-degree performance appraisal

5

Competency-based

6

Graphic rating scale (GRS) appraisals

Here are some examples of different performance management frameworks and templates. The metrics used should be behavioral, observable, and objective, making it easy and transparent to track employee progress.

Management by objectives (MBO)

In this method, measurable goals are set collaboratively for the organization, various departments, and each individual member. Employees are evaluated annually based on how well they have achieved the results specified by the goals.

MBO is a good method for evaluation in nonroutine jobs, such as those of managers or project leaders who cascade organizational goals down to employees and fosters productivity by providing specific, detailed targets in the context of organizational needs.

Some examples of objectives include:

- Increase revenue by 15% in Q3
- Generate 500 new MQLs per month
- Increase employee retention by 20%
- Decrease client onboarding time by 50%

Each objective is then broken down into smaller tasks or initiatives that will achieve the objectives. For example, to accomplish the goal of “generating 500 MQLs per month,” the smaller initiatives will be:

- Launch three SEO blogs
- Implement email workflow for new signups
- Publish one gated lead magnet

Once completed, each task contributes to the overall objective that corresponds to organizational goals.

Critical incident method

By describing specific events (or incidents) where the employee performed well or in a way that needs improvement, the **critical incident method** (CIT) puts performance in context and illustrates patterns in employee behavior, for better and for worse.

Using CIT behaviors can be evaluated according to a Behaviorally Anchored Rating Scale (BARS) scale from one to ten, with one being poor and ten being excellent.

For example, a manager may record an incident where a specific project required significant retooling. By asking the employee to recount the incident, explain how they proceeded, and describe what influence this had on the outcome, managers are able to assess positive or negative behaviors that contributed to the result and express them numerically with the BARS.

Checklist method

This simplistic method consists of a series of statements that the evaluator responds "yes" or "no" regarding the employee's behaviors or performance. A checklist could look like this:

- The employee is punctual
- The employee is courteous and helpful to his/her team members
- The employee is engaged in his/her work
- The employee is reliable
- The employee works consistently towards assigned goals
- The employee performs tasks correctly

360-degree performance appraisal

This method involves collecting information about the individual's performance from supervisors, colleagues, or employees they manage. This group review focuses on employee development by getting feedback from a range of sources to inform performance management.

Relevant stakeholders will be asked anonymously about the individual's work-related behavior and about the impact this has on operations. Appraisals consist of online forms that give respondents the opportunity to provide feedback about the subject's competencies. This can be done using any rating format.

A Likert scale example would look like:

- On a scale of one to ten, please rate X's proficiency in leadership:
 - Motivates others towards their goals
 - Handles conflict in an appropriate manner
 - Is an adept problem solver
 - Leads by example

Competency-based

Instead of measuring performance according to measurable outcomes, specific tasks, or work-related behaviors, this project management method focuses on performance as measured against specific competencies assigned to each individual position. Competencies can be broken down into core competencies and behaviors indicating that the individual possesses these competencies.

For example, if "empowering others" is the core competency, then the observable behaviors are:

- Lets people make decisions regarding their work
- Encourages others to achieve individual and group goals
- Provides positive reinforcement
- Avoids micromanaging and encourages collaborative problem solving

Competency-based evaluations can be quantified on a Likert scale or as a polar yes/no question.

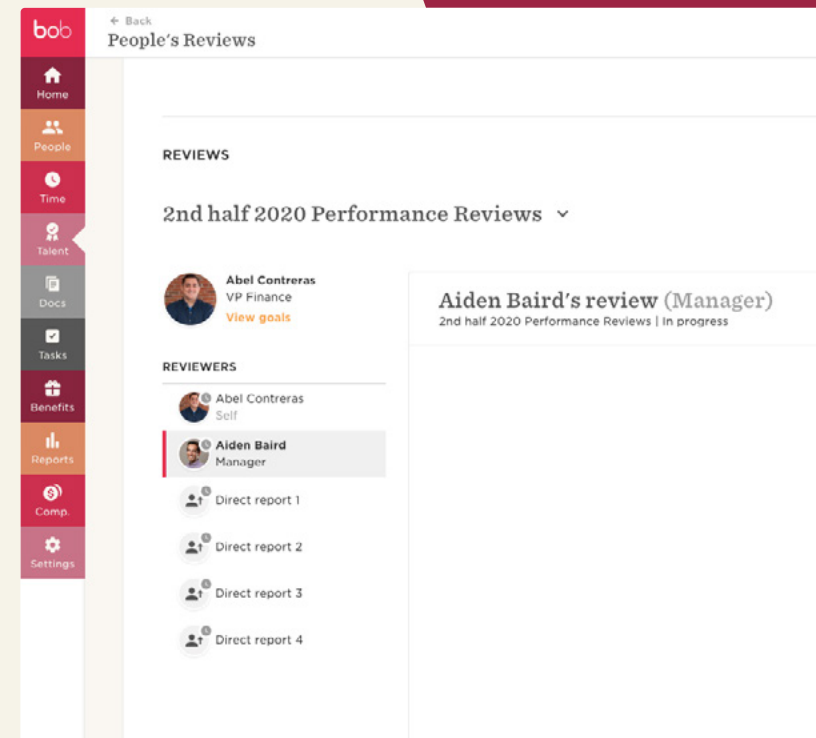
Graphic rating scale (GRS) appraisals

GRS lists several factors, including behaviors and characteristics that are used to rate the individual according to gradations (for example unsatisfactory, satisfactory, excellent).

Some characteristics that might be evaluated are:

- Attendance
- Work quality
- Teamwork
- Dependability

Regardless of the rating system you choose, including a form at the bottom for notes or additional comments is a great way to foster deeper communication between employees and evaluators.



Following up

Once you have implemented a performance management system and have collected the responses from the template surveys, the next step is to follow up with the employee about their progress with a performance appraisal. The focus of these meetings is to go over performance indicators gleaned from your management system and discuss next steps.

When sitting down with an employee for a performance appraisal, it's important to project collaboration and positive reinforcement, not criticism and judgment. If you have been checking in regularly, then nothing discussed in the appraisal will be a surprise.

This is an example of how a performance appraisal could be structured to emphasize employee success and potential for growth while relying on concrete data from surveys to evaluate performance:

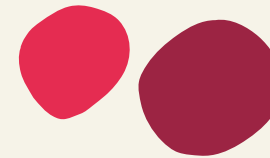
- Clarify organizational and individual goals and objectives
- Outline talking points
- Share evaluation criteria, documents, and results
- Share organizational achievements
- Discuss accomplishments
- Discuss possible areas of improvement
- Review previous goals and metrics
- Determine future goals in collaboration with employee
- Offer opportunities for career development
- Give the employee time to bring up any questions and concerns
- Set a time to follow up on the appraisal

Ahead of a performance appraisal, the employee should be given an opportunity to self-assess according to their achievements. These can then be compared to the performance management metrics and results collected from evaluation surveys.

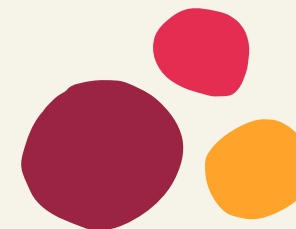
5 tips for remote performance management

There are a growing number of employees worldwide working remotely or in a [hybrid workplace](#). In one survey from June 2020, experts found that 40% of employees intend to move permanently to a remote model and 37% of companies anticipate that a quarter of their employees will work in a hybrid model, splitting their time between home and the office.

The hybrid workplace has many benefits, but it does require a shift in perspective. When employees are working from home, managers must trust employees to do their work and not micromanage them. This doesn't mean not managing employee performance.



Providing regular feedback is necessary to keep workflow on track and motivate employees. Open communication between team members and managers will ensure that employees know what their deliverables are and feel comfortable to reach out with any questions or pain points.



With video conferencing and [remote performance management](#) platforms, the hybrid workplace can stay connected and collaborative regardless of physical distance.

Here are some tips to keep remote performance management running smoothly:

1. Plan out targets, tasks, and deadlines according to your performance management strategy and framework
2. Trust your employees to achieve their targets
3. Schedule regular video check-ins
4. Conduct performance appraisals by video
5. Use digital templates, surveys, and forms to maintain continuity

Technology enables us to stay connected and maintain operational continuity even in remote or hybrid workplaces. This makes having the right tech deck vital to motivating employees and managing performance. The future of work is hybrid and this should inform any performance management processes you implement.



Lucas Stanley

SENIOR ENGINEER

SUPERPOWERS

Card tricks, Gardening

Conclusion

Performance management systems contribute to the overall success of an organization by aligning employees, management, and organizational leadership to work together towards predetermined goals and objectives.

Effective and continual performance management can improve retention and engagement, lower costs, and increase productivity. Beyond these benefits, performance management is an opportunity to convey company culture and demonstrate appreciation for your people's efforts. This isn't the scary yearly review of old: performance management is about communicating and collaborating for shared growth.



In 2020, it's time to make smarter decisions
when it comes to your people and organization.

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