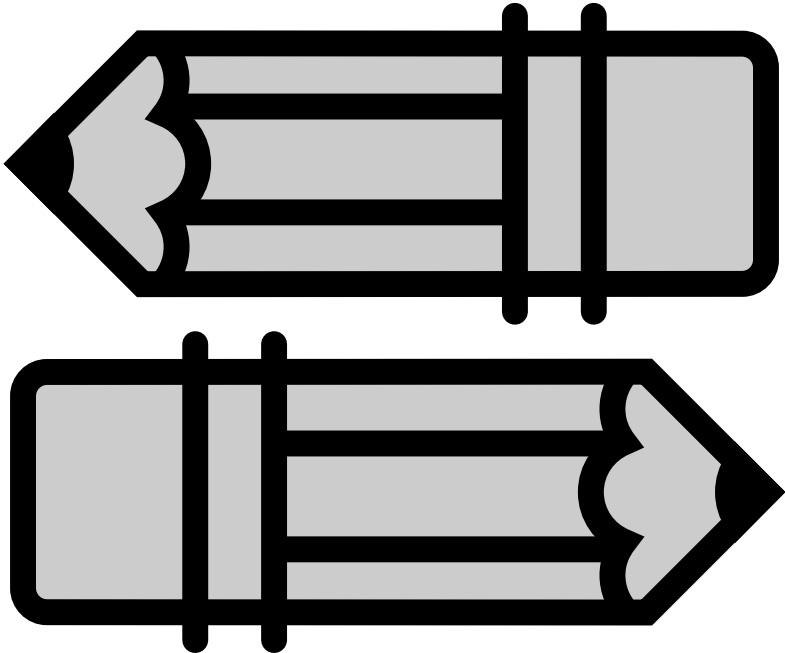


PERFORMANCE PLANNING & REVIEW

How to:
Identify Job Responsibilities
Establish Measurements
Write Goals
Plan Performance
Review Performance
Develop Competencies



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WORKITECT, INC.
2020 N.E. 53rd Street
Fort Lauderdale, FL 33308
(954) 938-5370

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INTRODUCTION

As an employee you are entitled to know what is expected of you and how well you are doing your job. Each person should accomplish certain routine job responsibilities, plus goals that stretch his or her abilities. Performance management actively involves both you and your supervisor in setting performance goals and measuring the results based on these goals. Its aims include improving communication and understanding between supervisor and employee with regard to responsibilities and expectations, as well as providing a framework for career discussion and development. This booklet briefly outlines the “ideal” approach to defining job responsibilities and goals. The actual approach that you and your supervisor take may vary from the steps outlined, as the situation requires.

A GOALS BASED SYSTEM

A good performance management system is based on written goals that directly relate to job responsibilities. Goals are the basis for work and assignments - they are statements of expected results against which step-by-step performance to larger goals is measured. Goals should be clear, precise, meaningful, and measurable. The establishment and measurement of goals and performance must never become a chore or an end in itself – but a fundamental tool for job evaluation, growth and development. Goals focus on the following questions:

WHERE AM I?

WHERE AM I GOING?

HOW WILL I GET THERE?

You must know:

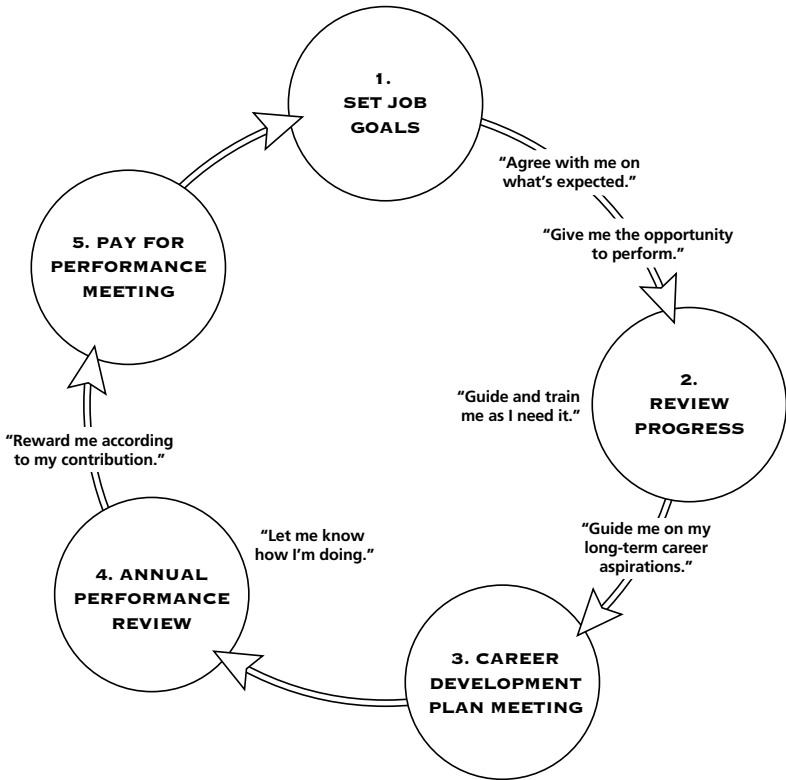
WHAT ARE MY JOB GOALS FOR THIS PERIOD?

WHAT RESULTS AM I RESPONSIBLE FOR?

HOW ARE MY RESULTS EVALUATED?

These questions should be part of your regular job. They should not be asked only during your performance review and then forgotten.

AN EMPLOYEE'S PERSPECTIVE ON THE PERFORMANCE MANAGEMENT PROCESS



From an employee's perspective, performance management involves five steps, as shown in the above illustration. Step 1 is to write your job goals and develop appropriate action plans. Step 2 gives you the chance to review your progress with your supervisor so he/she can let you know how well you are doing, allowing him/her to guide and

coach you as needed. Step 3 is where career development plans are discussed. Step 4 is the quarterly or annual performance review, where your overall job responsibilities and achievements are evaluated. Step 5 is a discussion of pay decisions related to your performance. The remainder of this booklet covers these your steps in more detail.

1

SETTING JOB GOALS LISTING JOB RESPONSIBILITIES

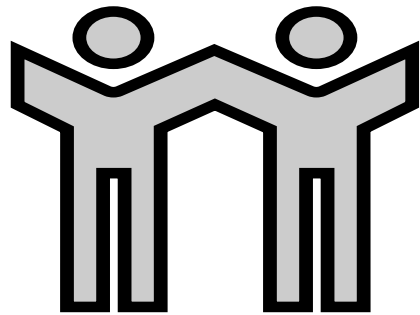
Each employee has a unique set of job responsibilities. These are areas where results are expected so that performance can be measured. When employees do not know specifically what results are expected, they can not effectively plan and control their efforts and the outcome is left to chance. Defining job responsibilities for some positions is rather easy, even though the job itself may be extremely complex. For other positions, defining the job is more difficult – responsibilities are continually changing in number, content and priority, and an orderly approach is needed. It is recommended that you keep a log or record of activities until it appears that you have identified all of your activities. In general:

- Job responsibilities may be thought of as “What value is added to the company as the result of my effort?”
- A job responsibility statement defines why the job exists in terms of output, i.e., market plans, contracts negotiated, costs controlled.
- Job responsibilities can usually be stated in three words or less.
- Job responsibilities are usually broader at higher levels, becoming more specific at lower levels.

Examples of job responsibilities include:

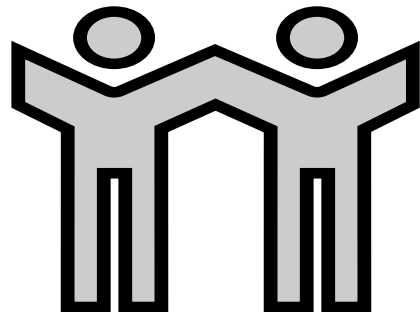
- Equipment troubleshooting.
- Product pricing.
- Customer service.
- Cost control.
- Health and safety.

Once job responsibilities have been defined, it is necessary to pinpoint the expected end products. Measurable end products of job responsibilities are called key performance indicators. Pinpointing key performance indicators will help you and your supervisor direct resources toward results that pay off. This will prevent many of the false starts,



Product pricing

Customer Service



Cost control

Health and safety

duplications of effort, and conflicts among employees that develop when responsibilities are not clearly understood. To determine key performance indicators, ask yourself:

- “What do I do for which I can be held accountable?”
- “How can my performance on a given job be measured?”

You may have specific duties or tasks, including getting information for your job, completing work on or before schedule, continuing your education, and keeping your work area neat and orderly. Several such duties or tasks may be grouped into one responsibility. State your responsibilities as job outputs – results -then focus on those results. A list of job responsibilities and key performance indicators will never cover your full job, but it will identify the areas that are the most important. If these areas are identified properly, setting job goals becomes easier.

The entire process of building commitment to goals depends on how much agreement exists between you and your supervisor about responsibilities and measurement. It is important that you can accept the key performance indicators as a fair measure of your performance and that you can influence the outcome of the measure.

Examples of key performance indicators include:

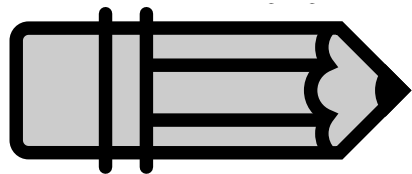
- Percent of work performed against a standard.
- Units of output per day.
- Lost time hours.
- Programs accepted/implemented.

WRITING JOB GOALS AND ACTION PLANS

A job goal defines how far and in which direction work activity should go during a set period. It does not state how the activity is to be done. Goals are direction, not fate; commitments, not commands; flexible, not ironclad. As information changes, so do expectations, and so should goals. Although goals are formally established yearly, the process should be dynamic and changing.

A WELL WRITTEN JOB GOAL IS:

- Results oriented – identifies a specific end product.
- Measurable – in quantitative or qualitative terms.
- Clear and concise – can be covered in 24 words or less.
- Time bound – related to specific time commitments.
- Realistic – attainable in terms of what you and your supervisor know at the time.



A well written goal also consists of three key elements:

- A given.
- An accomplishment verb.
- A unit of measurement.

The *given* states what conditions, tools forms, equipment or other resources are

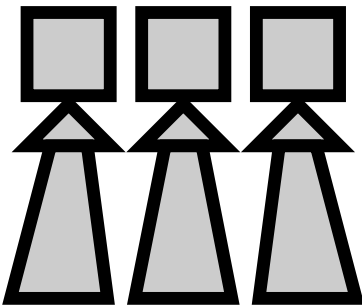
involved. The *accomplishment verb* – e.g., reduce, increase, eliminate, complete – states the direction and aim of the objective. The *unit of measurement* states the degree of change anticipated. These key elements make it possible to categorize three types of goals.

TYPES OF GOALS

Regular or routine goals reflect day-to-day activities that must be performed to accomplish assignments. The number of routine goals varies from employee to employee, depending upon job responsibilities and position. *Project* goals, sometimes called problem-solving or innovative goals, reflect new tasks, projects, or programs that you may undertake in addition to regular or routine goals. *Personal* goals provide for the learning of new skills, allowing for growth and the completion of routine or project goals.

Examples of measurable goals include:

- *Routine*: Reduce time required for approval of travel expense reports by one day, with no increase in expense or personnel. Complete by June 1.



- *Project*: Develop a travel expense procedure that allows payment within 24 hours and establishes total control of expense advances. Have operational by September 1.
- *Competency Development*: Develop competency in report preparation and written communications so reports can be sent to senior management without needing editing.

AGREEMENT ON GOALS

Agreement on goals is a major element in the success of any performance planning and review process. You can be given a great deal of freedom in setting goals and developing action plans. You and your supervisor need to agree that your goals are challenging, attainable, and consistent with departmental and organizational goals.

DEVELOPING ACTION PLANS

Following agreement on goals, it is helpful for you and your supervisor to agree on action plans. Action plans provide a logical, step-by-step sequence of activities with target dates and resources required. They describe what is to be done, how, when, where, and by whom, and what is required to reach the stated goals. Action plans can also:

- Help test the feasibility of reaching a goal.
- Give early warning of problems and offer alternatives that increase the chance of achieving desired results.
- Facilitate the smooth transition from stated objectives to implementing activities leading to their achievement.

An example of an action plan that can be stated in three steps is:

- Conduct research and report on ten other company computer systems by March 1.
- Meet with key division managers to identify problems within current systems by April 1.
- Write proposal for a new system by May 15.

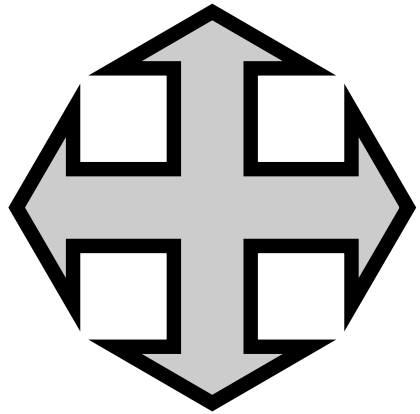
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REVIEWING PROGRESS

Circumstances are apt to change over the course of the year in any organization, usually requiring new or revised goals or action plans. Therefore, the entire performance planning and review process should be dynamic. Goals and progress toward them should be reviewed at least quarterly. Progress reviews are an important input for evaluating individual achievements at the end of the year – they let you know where you stand in relation to your stated goals. Progress reviews also focus on problem solving, corrective action and coaching.

Other factors to consider during progress reviews are:

- Modifying tasks and assignments.
- Reviewing and clarifying priorities.
- Reassessing the nature and scope of delegated authority, and many other activities designed to facilitate coordination and control.



In reviewing progress, the following questions can be asked:

- “How well am I doing on my goals?”
“Did anything change since the goals were set?” “Who influenced the goals and why?”
- “What got in the way of completing my goals?” “Was there lack of support, internal politics, conflicting goals, personal problems?” “What can be done to remove obstacles in the future?”
- “What went right/wrong?”
“What did I learn, and where do I go from here?”

Continuous appraisal of your performance is an integral part of your supervisor’s job and is essential for effective management. Periodic progress reviews, whether initiated by you or your supervisor, provide feedback essential for completing the cycle between planned performance and actual results.

3

CAREER DEVELOPMENT

In a separate discussion with your supervisor, your career aspirations and potential will be discussed. This is your opportunity to discuss your career desires with your supervisor. The term career development includes areas such as promotional opportunity and potential; staying in your current position and growing in that position – being the “best” at what you do; lateral movement into another department or division; or possibly taking a position at a lower level more in line with your capabilities and desires.

During your career development discussion with your supervisor, be honest and candid by letting him/her know how you truly feel. At the same time be realistic. Not everyone should strive for or think they must be a manager, director, or general manager.

Your supervisor should also be candid in his/her estimate of your potential and should try to assist you in identifying and addressing your developmental needs.

A sound performance management system encourages using the annual performance review for on-the-job communications and employee development via guidance and motivation.

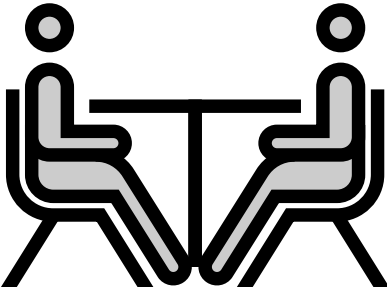
4

ANNUAL PERFORMANCE REVIEW

You will have a performance review with your supervisor at least once a year. This review will allow you and your supervisor to sit down and review your overall performance in depth.

The annual performance review is based on results achieved against joint responsibilities and goals. Your supervisor will help you evaluate those results against job responsibilities and written goals jointly established at the beginning of the year. He/she will also help you recognize your strengths and weaknesses, focusing on future performance in terms of job duties, goals, and developmental needs. You will receive an overall performance review rating which will be based on:

- The achievement of written goals.
- The difficulty and complexity of the written goals in relationship to total job requirements and responsibilities.
- The manner in which you accomplished the goals and job responsibilities. (i.e., The impact of applicable competencies, e.g., communications, delegation, planning.)
- How you handled your job responsibilities as conditions changed and unusual situations arose, requiring changes in priorities, etc. (How well did you anticipate and manage the unusual situation?)



Performance review rating categories are:

- Outstanding
- Exceeds Requirements
- Meets Requirements
- Fair
- Unsatisfactory

Generally, the majority of employees are expected to fall within the “meets requirements” category of the performance review. This category indicates that you are performing your job well, i.e. good solid performance.

5

CORRELATING THE PERFORMANCE REVIEW TO COMPENSATION ACTIONS

A question that inevitably arises during a performance review is “How will my performance translate into additional dollars?” Although your supervisor must make every effort to relate your performance to dollars as logically and as fairly

as possible, there is seldom a perfect correlation between a performance review and the salary action proposed. Many other variables enter into the salary determination picture, including the salaries of others in comparable positions, business conditions in the company, external market conditions, and your rate of improvement. Ideally, salary should not be discussed during the performance review. This tends to change the focus from counseling for improved performance and personal development to “How well did I do?” and “How much of an increase will I get?” It is better to discuss salary separately. Therefore, discussions regarding compensation decisions will be held each year during March.

SUMMARY

This booklet has presented a general study of management. By answering a few basic questions, it will help you apply the performance management process on the job. This process, however, cannot be learned overnight merely by reading a booklet on the subject. Normally it takes several years of practice, experimenting, making mistakes, and asking questions before most people feel comfortable with the approach. Training that gives employees additional skills may be needed. With commitment and support, performance management should ultimately become a way of life.

The following pages provide some additional examples of job responsibilities, key performance indicators, goals, and action plans which you may find helpful.

Additional Examples

JOB RESPONSIBILITIES

Procedures:

- Issue memos on changes
- Implement policy
- Provide operating manuals
- Communicate company policy to others
- Write procedures

Control:

- Monthly analysis
- Set up controls
- Review overtime spent in department
- Make sure control functions
- Analyze reports to management
- Meet schedules
- Review attendance records

Human Resources:

- Hire people
- Cross-train
- Review performance
- Personal counseling
- EEO requirements
- Train people on the job
- Review attendance records
- Review job descriptions
- Salary review
- Conduct interview

Planning:

- Plan work
- Set goals and objectives
- Budget human resource requirements
- Establish schedules
- Assign personnel
- Budget operating costs

Reports and Analysis:

- Monthly analysis
- Provide assistance to operating personnel
- Analyze reports to management
- Communicate data for management requirements

Communications:

- Interdepartmental communications
- Issue memos on changes
- Keep boss informed of work situation
- Keep people informed
- Maintain morale
- Provide assistance to operating personnel
- Communicate data for management requirements
- Conduct employee monthly management meetings

KEY PERFORMANCE INDICATORS

My job is well done when these targets are met:

- Actual vs. forecasted results
- Error rate
- Complaints/grievances
- Market share %
- Resources utilized
- Decisions made/tasks delegated
- Equipment downtime
- Reduction of work flow obstacles
- Percent minority employees vs. minority population in region
- Agreements/approvals
- Stock outages reduced
- On-time delivery
- Customer satisfaction ratings
- Profits maintained/gained
- Projects completed
- Collection rate
- Reduction of performance obstacles
- Weekly department staff meetings
- Monthly department employee meetings
- Monthly status reports for management

JOB GOALS

Routine:

Have a full plan submitted by January 15 on methods to cut administrative overhead costs 3 percent.

Increase production to 150 units per hour by March 1.

Financial report not move than 5 days after the first of the month, by second quarter, and sustained for balance of year.

Project

Complete installation of management information system with startup of Phase 1 by June 15.

Design and construct new facility for vehicle repair. Have operational by end-of -year, within budget.

Solve problems of travel expense processing so that complaints related to handling travel expenses are cut 50 percent with an 80 percent reduction in accounting department corrections accuracy.

Competency Development

Develop Managing Performance competency and complete first set of plans by April 15.

Develop ability to compile a business plan and submit plan for approval.

WRITING MEASURABLE PERFORMANCE GOALS

POOR		BETTER													
Activity Oriented		Results Oriented													
<p>Example: Manage control system to assure significant improvements in premium freight and demurrage costs at various plants.</p>	<p>Comment: Managing a control system is an activity. Specific results are not provided.</p>	<p>Example: Reduce premium freight and demurrage costs by the following amounts of the listed locations during (year):</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Loca- tion</th> <th style="text-align: center;">Premium Freight</th> <th style="text-align: center;">Demur- rage</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">A</td> <td style="text-align: center;">10%</td> <td style="text-align: center;">8%</td> </tr> <tr> <td style="text-align: center;">B</td> <td style="text-align: center;">15%</td> <td style="text-align: center;">12%</td> </tr> <tr> <td style="text-align: center;">C</td> <td style="text-align: center;">12%</td> <td style="text-align: center;">15%</td> </tr> </tbody> </table>	Loca- tion	Premium Freight	Demur- rage	A	10%	8%	B	15%	12%	C	12%	15%	<p>Comment: By specifying planned results, proposed objectives can be made acceptable.</p>
Loca- tion	Premium Freight	Demur- rage													
A	10%	8%													
B	15%	12%													
C	12%	15%													
Not Measurable		Measurable													
<p>Example: In cooperation with Manufacturing and Quality Control, improve warranty repairs for automotive products significantly during FY.</p>	<p>Comment: This revision is more specific and provides for measurability of results.</p>	<p>Example: Reduce by (date) automotive warranty repairs per 100 to the levels shown for each listed:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <tbody> <tr> <td style="text-align: left;">Product A</td> <td style="text-align: center;">2.5</td> </tr> <tr> <td style="text-align: left;">Product B</td> <td style="text-align: center;">10.0</td> </tr> <tr> <td style="text-align: left;">Product C</td> <td style="text-align: center;">14.5</td> </tr> <tr> <td style="text-align: left;">Product D</td> <td style="text-align: center;">18.0</td> </tr> <tr> <td style="text-align: left;">Product E</td> <td style="text-align: center;">8.0</td> </tr> </tbody> </table>	Product A	2.5	Product B	10.0	Product C	14.5	Product D	18.0	Product E	8.0	<p>Comment: This covers general results, but the words "improve significantly" need to be related to specific levels.</p>		
Product A	2.5														
Product B	10.0														
Product C	14.5														
Product D	18.0														
Product E	8.0														
Vague Language		Clear, Concise Language													
<p>Example: Spearhead a continuing effort to establish, review and revise productivity programs designed to provide maximum profit opportunities in the changing market and financial environment.</p>	<p>Comment: This objective appears to suggest improving profitability through productivity programs which are unspecified.</p>	<p>Example: Reduce X Plant's (year) direct labor costs 5 percent by the end of (year).</p>	<p>Comment: The revision leaves little doubt as to the achievement of the objective.</p>												
No Time Commitment		Timing Specified													
<p>Example: Develop and implement market representation plans to ensure increased market penetration.</p>	<p>Comment: The timing for the objective would have to be assumed.</p>	<p>Example: Establish market representation plans and secure management approval by (date) to establish 43 new distributors in the region during (year). Implement approved plans to open 15 by (date). 20 by (date), and remaining 8 by the end of (year).</p>	<p>Comment: This revision provides a means of tracking progress on a periodic basis.</p>												

ADDITIONAL READING

Beyond Management by Objectives

by J.D. Batten, Resource Publications, 2003.

Improving Employee Performance Through Appraisal and Coaching

by Donald Kirkpatrick, AMACOM, 2005.

The Performance Appraisal Question and Answer Book: A Survival Guide for Managers

by Dick Grote, American Management Association, 2002.

Performance Management: Changing Behavior that Drives Organizational Effectiveness

by Aubrey Daniels and James Daniels, 2004.

Powerful Performance Appraisals: How to Set Expectations and Work Together to Improve Performance

by Karen McKirchy, Career Press, 1998.

Strategic Performance Management: Leveraging Your Intangible Value Drivers

by Bernard Marr, Butterworth-Heinemann, 2006.

Stress-Free Performance Appraisals: Turn Your Most Painful Management Duty into a Powerful Motivational Tool

by Sharon Armstrong and Madelyn Appelbaum, Career Press, 2003.

Quest for Balance: The Human Element in Performance

Management Systems by Andre deWaal, Wiley, 2002.

The Value-Added Employee

by Edward Cripe and Richard Mansfield, Butterworth-Heinemann, 2001



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