PERFORMANCE

Performance management is the strategic and systematic process of improving employee performance by setting clear expectations and providing ongoing feedback and development opportunities. With this type of cyclical management you'll replace the once-a-year annual performance review or evaluation. Performance management meetings typically occur between a supervisor and a subordinate. Companies can choose different ways to implement their performance management frameworks.

The performance management cycle

The performance management cycle is an ongoing process. In human resources (HR), it often consists of four main phases: Planning, monitoring, evaluating and reviewing, and rewarding and adjusting. Following a systematic approach establishes a repeatable mechanism for ongoing staff performance enhancement.

1. Planning

The first phase, planning, involves setting SMART (specific, measurable, achievable, relevant, time-bound) goals and objectives for the upcoming performance period. You could do this in collaboration with your employee by considering their strengths, weaknesses, and areas of improvement.

2. Monitoring

The second phase, monitoring, involves tracking employee progress toward the goals and objectives set in the planning phase. Check-ins and performance reviews help monitor this step.

3. Evaluating

The third phase, evaluating, involves assessing the employee's overall performance for the entire cycle. This includes looking at their successes and areas they can improve.

4. Adjusting and rewarding

The fourth and final phase, adjusting and rewarding, involves making changes to the goals and objectives for the next performance cycle based on learnings from the previous one. This way you ensure the process constantly evolves and grows along with your employees.

You'll also want to reward employees so that everyone is happy. The reward can be financial, positional, recognition-based, or increased responsibility. When you personalise rewards based on what's important to the staff member, you'll maximise their motivation.

A modern performance management approach

Organisations increasingly recognise that annual appraisals are no longer an effective way to measure and manage employee performance. Many organisations are moving away from the traditional appraisal process, focusing on feedback and development. Successful strategies require a culture of trust and transparency. You need to bring staff within the process to collaborate in performance management. Here are some modern performance approaches:

- **360-degree feedback:** One popular alternative to annual appraisals is using 360-degree feedback. This involves collecting feedback from an employee's colleagues, direct reports, and clients to get a well-rounded view of their performance. Feedback like this is valuable when helping employees identify improvement areas and set development goals.
- **Individual career planning:** Employees are increasingly encouraged to chart their career courses and take responsibility for their development. This helps the staff seek ways to improve their skills, become more valuable, and create a learning-focused work culture.
- **Coaching:** Another popular alternative to annual appraisals is coaching. This involves regularly working with a coach or mentor to improve performance and attain goals. Coaching is an effective tool to help employees develop new skills and behaviours. You can tailor coaching to meet individual needs.
- **Check-ins:** Check-ins are another tool you can use instead of annual appraisals. These involve regular, informal conversations with your employees to check progress, give feedback, and provide support. They focus on high-frequency changes in behaviour and attitudes.

Best practices

When you design and implement performance management in your company, you'll be more successful if you follow best practices. Remember, many employees want open feedback. They value opportunities to get feedback and learn. The following are areas you might consider as you build your process:

- **Align performance with company goals:** A significant goal of performance management is ensuring your employees work toward the company's goals and objectives. You'll align performance management by analysing and understanding roles and responsibilities and how they are part of the bigger picture.
- **Pursue continuous accountability:** Employees should continually be held accountable for their performance rather than just an annual review. Regular check-ins and feedback sessions can assess qualitative and quantitative performance metrics. Reviews focus on relevant outcomes, actionable interventions, and specific goals rather than a set of formulaic questions.
- **Establish excellent communication channels:** Performance management should involve excellent communication between managers and employees. This includes giving clear instructions, providing timely feedback, and being open to hearing about concerns or issues.
- **Use performance management software:** Many software programs can help you with performance management by tracking goals and progress, providing feedback and coaching, and managing employee records.
- **Set clear goals:** Team and individual goals must be clear, measurable, and achievable to be effective. You'll also plan goals that align with the company's overall objectives.
- **Incorporate learning and development opportunities:** A key to performance management is providing your staff with avenues to improve their skills and knowledge. This can include formal training programs, informal mentoring, and coaching relationships.

Learn more about performance management.

Performance management supports employees in working to their best abilities by adopting ways to identify strengths, weaknesses, and areas for focus. You'll achieve this through a cycle of planning, monitoring, evaluating, and rewarding.

Many routes exist to help you learn about performance management, and one of the most accessible is to earn a certificate. Courses include content about identifying and assessing

factors that affect performance, designing and implementing interventions to improve performance, and evaluating the effectiveness of those interventions.