

But doesn't success just happen if you have the right people?

For far too many organizations a performance management “system” consists of having an annual review which may or may not be held in a consistent manner, constructed around consistent expectations, and based on consistent criteria. What usually happens is an unstructured conversation which both the manager and employee dread and that is ultimately of little value to the employee, the manager, or the organization.

CASE STUDY

We once worked with a business owner who was really struggling with one of his key leaders. There were clearly performance issues, and he indicated that the problems had been ongoing. We asked to see the employee's most recent performance evaluation and in every single area the owner had rated the employee very good to excellent. There were no notes about any performance problems at all and not a single goal established for improvement. This was not helpful to the employee and did nothing to help them get to the level expected by the owner. In fact, the employee was left with no indication as to what was really expected of them. *People can't live up to your expectations if they don't know what they are!*

Achieving remarkable success takes ongoing effort



Whether you're a New England Patriots fan (or even a football fan) or not, you can't argue with the long-running success of the New England Patriots. Do you think coach Belichick waited until the end of the season to have one conversation with each of his players about what they did well over the course of the season and what they needed to improve for next year? Of course not! Instead, he was constantly analyzing the performance of each player and communicating what needed to happen, making small adjustments along the way to pave the way for success. Every person on and off the field knew exactly what was expected of them at all times.

Key Components of an Effective Performance Management System

Continuous Feedback and Communication

- ✓ Provide regular, constructive feedback to employees.
- ✓ Encourage two-way communication between managers and employees.
- ✓ Focus on strengths as well as areas for improvement.
- ✓ Use real-time feedback to guide employees toward achieving their goals.

Performance Reviews

- ✓ Conduct formal performance reviews at regular intervals (quarterly, bi-annually, or annually).
- ✓ Use a combination of self-assessment, peer reviews, and manager evaluations.
- ✓ Evaluate both qualitative (skills, behaviors, cultural fit) and quantitative (KPIs, targets) aspects of performance.
- ✓ Maintain consistency in the evaluation criteria to ensure fairness.
- ✓ Use these opportunities to ask questions about employee satisfaction and aspirations. To guide this conversation, refer to STM's [Stay Interview Questions](#) in Appendix B.

Goal Setting

- ✓ **Individual Goals:** Align employee objectives with the company's strategic goals. Goals should be SMART (Specific, Measurable, Achievable, Relevant, and Time-bound).
- ✓ **Departmental and Organizational Goals:** Ensure that individual performance is linked to the broader objectives of the department and the organization.
- ✓ **KPIs (Key Performance Indicators):** Develop measurable KPIs for performance tracking and assessment that are meaningful to the organization and to individual roles.

TIP

See Appendix A for STM's **Start/Stop/Continue Tool** which is useful in guiding ongoing performance conversations in a focused and productive way. If used successfully, there should be no surprises for anyone when it comes to formal performance reviews.

- S Specific:** What exactly are you trying to achieve?
- M Measurable:** How will we know when we've achieved it?
- A Attainable:** Is it realistically possible to achieve it?
- R Relevant:** Does it contribute to the company and/or employee objectives?
- T Time-bound:** What is the timeline in which this should be achieved?

Employee Development and Training

- ✓ Identify skill gaps and provide learning and development opportunities.
- ✓ Develop professional development plans for each employee.
- ✓ Offer coaching, mentoring, and job rotation to foster growth.
- ✓ Encourage employees to take ownership of their own learning and development.

Performance Improvement Plans (PIP)

- ✓ For underperforming employees, create a clear and actionable Performance Improvement Plan.
- ✓ Define specific goals, timelines, and resources to support improvement.
- ✓ Provide regular follow-ups and support during the improvement period.
- ✓ Ensure that the employee is aware of the consequences for not meeting improvement criteria.
- ✓ See Appendix C for a sample [PIP template](#).

Documentation and Compliance

- ✓ Maintain thorough records of performance reviews, feedback, and development plans.
- ✓ Ensure your performance management system complies with relevant laws and regulations, including fairness and discrimination.

Rewards and Recognition

- ✓ Align performance rewards with company policies and culture.
- ✓ Offer incentives such as bonuses, promotions, raises, recognition programs, or additional growth opportunities for high performers.
- ✓ Consider what would be a meaningful reward based on the individual – tickets to a concert or sports event, bonus time off, a donation to a favorite charity, etc.
- ✓ Acknowledge and celebrate milestones, achievements, and contributions, but be sensitive to the fact that not everyone is comfortable with public recognition. Sometimes a private thank you and acknowledgment is more appropriate..

Succession Planning

- ✓ Identify high-potential employees for key roles within the organization.
- ✓ Provide developmental opportunities for future leaders.
- ✓ Ensure that succession plans are integrated with the overall performance management strategy.