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ABOUT HALOGEN SOFTWARE
Helping your company deliver outcomes that matter to your business and people.
INTRODUCTION

What is performance management and why should my organization care?
What will I get out of this guide?

We’ll walk you through the steps that will help you implement a best practice employee performance management process or improve your current practices.

This guide will help you:

1. **Learn what employee performance management is and how it can benefit your organization.**

2. **Discover best practices for designing and implementing a formal employee performance management process in your organization.**

3. **See the value of implementing cloud-based performance management software to support your process.**

Throughout the guide you’ll find links to worksheets and resources designed to help you implement a best practice performance management process. Some are found at the end of this guide, others are available on Halogen’s website. We have resources for HR, executives, managers and employees.
What is performance management and why should my organization care?

Performance management is the set of ongoing management practices that help ensure employees get the direction, feedback and development they need to succeed in their roles.

A successful employee performance management process:

- **Aligns goals** – ensure employees clearly know what is expected of them and how their work contributes to the achievement of organizational goals.

- **Builds competencies** – help cultivate the organizational and job-specific competencies each employee and the organization need for high performance and success.

- **Focuses on employee development** – help employees develop and improve so they can be successful, continually improve their performance, increase their knowledge, skills, experience and capabilities, and progress in their careers.

- **Engages and empowers employees** – invite each employee to take responsibility for their own performance, development and career progression, while contributing to the organization’s success.

- **Facilitates a dialog about performance** – encourage regular dialog between employees and managers about expectations, progress, accomplishments, performance and development needs.

- **Ensures employees get feedback and recognition** – provide mechanisms for employees to get the feedback and recognition they need to continually improve and succeed.

- **Culminates in a formal review (at least once per year)** – provide an opportunity to gather up, review and document the results of the ongoing dialog about expectations, performance and development.

- **Improves your bottom line** – help increase productivity, efficiency and skill, lower costs, eliminate duplication of effort and waste, and facilitate the execution of your strategy.
GET SUPPORT
Build a case for performance management
Build a case for performance management: 4 steps

Even though most HR practitioners are familiar with the benefits that performance management can provide, many business leaders, managers and employees are not.

To be truly successful introducing performance management best practices in your organization, you need everyone’s support.

If you currently have no process in place you may find it helpful to communicate the importance of implementing a formal performance management process and tools, such as cloud-based performance management software. This can help your C-level executives understand the urgency and strategic value of the investment.

Already have a manual, paper-based process you want to improve? Reiterate the importance and value of formal performance management. Then calculate some of the savings and benefits your organization can get by automating and improving your current practices.

These four steps will help you build the case for performance management at your organization:

- Identify and prioritize the challenges your organization is currently facing
- Identify your objectives for implementing performance management best practices
- Estimate the ROI you expect to receive
- Communicate the benefits of employee performance management

“TALENT IS ONE OF THE LAST FRONTIERS FOR DIFFERENTIATION. ANY COMPANY CAN HAVE A PATENT OR PRODUCE A PRODUCT. THE DIFFERENCE IS THE QUALITY OF THAT PRODUCT COMES WITH THE VALUE OF THE TALENT YOU HAVE.”

– Elaine Orler, President and Founder of the Talent Function Group
Implementing a performance management process can be a significant initiative that requires thoughtful change management. Make sure you’ve clearly identified your business objectives and the benefits you expect to achieve, and communicate these to your workforce.

STEP 1: IDENTIFY YOUR CHALLENGES

Start by clearly identifying the impacts of NOT having a formal performance management process or of having only a basic, paper-based process. Rank or prioritize these challenges in terms of their impact on the organization, and its ability to achieve its objectives. Consult senior leaders, managers, employees and your HR team.

Worksheet: Identify your business challenges on page 36.

STEP 2: SET PROCESS IMPLEMENTATION OBJECTIVES

Now that you’ve outlined your organization’s performance management challenges, it’s time to identify your objectives for the new process. Objectives should relate directly to the challenges you’ve identified to your organization’s high-level goals and strategy.

Your objectives, which can range from tactical to strategic, will help you to measure your success as you implement your new performance management practices.

Worksheet: Set performance management process implementation objectives on page 37.
STEP 3: ESTIMATE YOUR ANTICIPATED ROI

Your leadership team will want to quantify the anticipated benefits and ROI to justify the allocation of budget, time and resources for implementing employee performance management best practices.

If you have a process in place and need to justify automating and improving it, you can calculate the time and material savings you expect to see.

If you don’t currently have a process in place, it can be hard to calculate anticipated ROI since you don’t have baseline costs to compare.

You can leverage some of these findings by leading consultants and analysts. Research shows that the investment of time and effort in your employees pays off:

- **Bersin by Deloitte**: Organizations that have employees revise or review their goals quarterly or more frequently are 45% more likely to have above-average financial performance and 64% more likely to be effective at holding costs at or below level of competitors.
- **McKinsey**: Companies with strong talent practices outperformed their peer group, earning 22% higher shareholder returns.
- **Watson Wyatt**: Good people practices can increase a company’s value by as much as 30%.
- **Russell Investments**: Firms on the Fortune “100 Best Companies to Work For” list outperform the S&P 500 and the Russell 3000 by as much as 10%.

CASE STUDY

Oaklawn Hospital embraces a culture of continuous coaching and feedback

People at Oaklawn Hospital now understand better how their day-to-day work is tied to the what the hospital is trying to achieve.

- Managers feel empowered and more effective in their jobs.
- Employees are making decisions at all levels in real-time that are aligned with the hospital’s priorities.
- Standardized performance management process that engages employees in their own development.
• Stanford professors O’Reilly and Pfeffer: A change of one standard deviation in an index of human resource management practices produced increases of $20,000 to $40,000 in stock market value per employee.

• IBM Institute for Business Value: Companies of all sizes that invest in talent management practices outperform their industry peers.

• Jackson Leadership Systems: Organizations that have strategically aligned talent management, succession planning and executive development systems have significantly higher financial performance than firms that do not.

• Ulrich and Smallwood: Top performers are 2 to 4 times more productive than competent employees.

**Investment of time and effort into your employees pays off.**

22% ↑ in shareholder returns

20-40k ↑ in stockmarket value

30% ↑ in company value

**“HR NEEDS TO ASK: HOW CAN WE IMPROVE THE BUSINESS IMPACT OF OUR INVESTMENTS IN PEOPLE?”**

— Dr. Laurie Bassi, CEO of McBassi & Company and internationally-renowned HR analytics expert

**LEARN MORE**

To learn more about how to calculate your anticipated ROI, read *Estimating the return on your talent management investment*.

Or have us help you calculate it with our customizable ROI tool.
STEP 4: COMMUNICATE THE BENEFITS

Now it’s time to communicate your goals and the benefits of performance management to all levels in the organization. Start with your senior leadership team to get sponsorship at the highest level. Once they’ve approved your initiative, communicate your intentions and the benefits of performance management to your HR counterparts, to the management team and to employees. Though you’ll need to communicate the benefits again when you’re rolling out your new process, sharing them now will help set the stage for a successful implementation. This will help engage everyone in the change from the beginning. It also opens the door for input and ideas.

In all communications about the new or changed process, make sure you address each group’s specific concerns and priorities.

Worksheet: Benefits of employee performance management on page 38.

CASE STUDY

Sun-Rype’s performance management solution yields fruitful results - $85,000 estimated savings in year one.

Learn how Sun-Rype tapped into the efforts of the organization’s nearly 400 employees to help increase productivity. By improving the way they manage employee performance, Sun-Rype has seen:

- A complete turnaround in on-time appraisal completion, from 35% in 2007 to 93% in 2009 to 100% in 2010
- Better employee accountability and a higher sense of urgency
- An overall improvement in corporate culture and employee engagement
- Decreased turnover, from 20% to 4%
- 64% of leadership positions now filled by promotions from within
Consider using a variety of communication tools and processes appropriate to each audience to get your message across. Here are five ways you can send your message.

1. Post one or more articles about the benefits of performance management on your organization’s intranet.
2. Create a presentation for managers and employees.
3. Have your executives and managers communicate the benefits in staff or all-hands meetings.
4. Send an email to all employees explaining the benefits.
5. Include an overview of performance management best practices and benefits in your manager and new hire training.

Watch the webinar: How ongoing performance management connects to all talent management

This webinar provides an overview of the impact of ongoing performance management on hiring, development, training, recognition and compensation activities.
DESIGN
Layout your performance management process
Layout your performance management process

As you work on how your process is going to look and how you want to roll it out, these are the activities you’ll want to complete. There’s no set sequence, so take on each one in the order that makes sense for you.

ESTABLISH YOUR PROJECT TEAM

Once you have buy-in from all your key stakeholders, you’re ready to begin the design and implementation phase.

To do this effectively, you need to assemble a project team and have a number of strategic discussions about things like:

• the objectives of the program and criteria for success
• the design of your process and forms
• when to launch and the timing for key activities
• integrating the skills and competencies critical to your organization

• how to incorporate organizational goals and align your workforce
• your communication/change management strategy
• how you will train everyone
• approvals you need at each stage and from whom

You’ll want a core team of people who are responsible for the tactical implementation, along with a steering committee who guide the process, provide input and approve decisions.

Ideally, your project team should include key members of your HR team, a representative selection of executives, directors, managers, employees, and outside consultants.

Consider including at least one representative from each stakeholder group and part of the organization. This will help ensure that your new process considers everyone’s needs and that you start to build broad support for the new process.

Worksheet: Performance management implementation team on page 40.
DOCUMENT YOUR OBJECTIVES AND SUCCESS CRITERIA

Write down the key objectives for the new performance management process in your organization. Make sure each objective is SMART (specific, measurable, achievable, relevant and time-bound).

These objectives will guide your project team’s discussions and decision-making as you move forward as well as your evaluation of your success once you’ve rolled out the new process.

Worksheet: Project objectives and success criteria on page 42.

DEFINE THE STEPS IN YOUR PROCESS

One of your project team’s first tasks in designing your new performance management process is to decide what steps to include.

Regardless of company size or industry, most best-practice processes include the following five high-level steps:

Step 1: Planning

At the beginning of the performance management cycle, managers set and communicate expectations, expressing them as competencies and goals. Managers and employees also do up-front development planning to address known learning needs, and ensure the employee can successfully achieve their prescribed goals and demonstrate desired competencies. Discussions between managers and employees are important at this stage to ensure that expectations for the coming period are well understood. In an annual performance management cycle, planning (step 1) is often done at the same time as the annual performance review (step 3).

Step 2: Interim reviews

Interim reviews are flexible. You can choose the interval that best meets the needs of your organization: mid-year, quarterly or monthly. The important thing is to ensure employees don’t go a full year without receiving a review. If managers hold regular one-on-one meetings with employees, a formal semi-annual review may be sufficient. Some companies do reviews quarterly or monthly. Companies whose work is managed as projects or engagements often conduct project reviews at the conclusion of each one. These interim reviews should be shorter and easier to complete than an annual review. The purpose of any interim review is to review progress and performance to date, adjust goals and development plans as needed, capture any changes in priority or expectations, and document the expectations and current evaluation of performance.
Step 3: Annual performance review

Gather feedback and ratings on performance from employees, 360-degree multi-rater assessors and managers. This step can include several different types of reviews, depending on how you choose to design your process. In the final task of this step, usually the employee and manager sign off on the completed performance review form. Steps 3 and 1 are often completed at the same time.

Step 4: Review of your performance review results

This step includes a review by HR and/or others. Its purpose is to ensure all reviews are complete, that ratings are fair and accurate, and that performance gaps will be addressed with development. Some companies conduct manager peer group reviews to justify, modify and calibrate ratings, some have HR or senior managers perform this task, and others use a combination of additional reviews to ensure the fairness and integrity of their employee performance reviews.

Step 5: Review of your performance review process

Your HR team and executives should review the results of your process on an annual basis to identify things like:

- Overall performance ratings and trends
- Organizational skill gaps and trends
- Organizational, departmental or individual development needs
- High and low performers
- Biases in ratings or variations in the use of the rating scheme

Formulate an action plan to ensure you address any key findings and use the data to inform your other talent management programs as well as overall business decision making.

Review your process and forms to look for ways to optimize or improve them.

Work with your project team to define the steps you’ll include in your performance management process.

Continuous activities

Ongoing coaching, feedback and development are continuous activities. Managers need to provide their employees with coaching and feedback, and support their development throughout the year to encourage high performance. Feedback and coaching can and should be used to recognize and encourage desired behaviors and good performance as well as to identify areas for development and improvement. The goal is to maintain a continuous dialog about performance and expectations. This ensures employees aren’t surprised by the feedback and ratings they receive in their annual review and they get the support they need to continuously improve and succeed.

Worksheet: Defining the steps in your process on page 44.
ONGOING COACHING, FEEDBACK AND DEVELOPMENT

**Step 1: Planning**
- Set and communicate performance expectations, expressing them as competencies and goals
- Create development plans

**Step 2: Interim reviews:** mid-year, quarterly or monthly
- Review progress to date, adjust goals and development plans as needed, and capture changes in priorities or expectations

**Step 3: Annual performance review**
- Gather feedback and ratings on performance from employees, multi-rater assessors and managers
- Conduct performance review meeting
- Secure sign-off of completed form from employees and manager

**Step 4: Review of performance review process results**
- Ensure that all reviews are complete, ratings are fair and accurate, and performance gaps will be addressed with development

**Step 5: Review of the process**
- Review the organization’s performance-related results for the year to identify trends and areas for improvement
- Review your performance management process and forms and make adjustments as required
- Review analytics with executives
As you design your process, you’ll need to determine the types of reviews to include and how often they should be completed. The goal is to ensure that employees get the direction, feedback and development they need to succeed. You also want to encourage organizational alignment and high performance while fostering engagement in the process. Some of the more common types of reviews include:

**Manager reviews**

These are typically conducted by a manager for their direct reports. In this review, the manager can:

- rate performance on goals and demonstration of competencies
- give the employee feedback on their performance
- establish goals for the coming period, aligned with the organization’s high-level goals
- create development plans for the coming period
- discuss performance expectations

The manager could use this opportunity to discuss the employee’s career aspirations. This kind of discussion can have an impact on goals and development plans to help the employee develop and progress.

The interval or frequency of manager reviews can vary – quarterly, semi-annually, annually. However, you should conduct them at least once per year. Choose what works best for your organization and its business environment. For new employees, you might consider having managers conduct reviews after 30, 60, and 90 days to help onboard the employee and set them up for success.

**Employee self-appraisals**

These occur before the manager writes their review of the employee. They allow the employee to assess their own performance, draft their goals and identify desired learning activities, and share this information with their manager. Self-appraisals help better engage the employee in their performance and development as well as in the performance management process. They also help the manager to better prepare for the employee’s review.

**360 degree, multirater assessments**

Gathering feedback from peers, direct reports, other managers, and customers (internal and external) can help the employee and/or manager get a broader, fairer assessment of an employee’s performance and development needs. They reflect multiple perspectives and interactions, providing a holistic view of performance. These assessments can be helpful when the manager and employee are not co-located, work different shifts or don’t have a tight working relationship because of work logistics or personality. You can keep the feedback anonymous and determine who chooses the assessors.
360-degree reviews are commonly used to deliver upward performance feedback and developmental coaching to senior executives who often don’t have a manager providing them with a review. However, they can be helpful for employees at all levels.

**Project reviews**

Project reviews are typically used for employees who work on projects or engagements and may not be under the direct supervision of their manager. The project review is conducted immediately after the project/engagement is completed and provides feedback on performance for that specific project from the project lead and team. The project review gives the manager insight on the employee’s performance from the project team for their regular performance reviews.

**Performance improvement plan or corrective action plans**

When an employee’s performance is judged to be below expectations, you can assign them a performance improvement or corrective action plan, where they get even more regular formal reviews of their goals, development plans and performance. This is usually managed separately from the regular performance management process. The goal of a performance improvement plan is to bring the employee’s performance back up to standards. Formal detailed documentation about expectations and performance are critical here.

*Worksheet: Type and frequency of reviews on page 45.*

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**LEARN MORE**

For more ideas on how to design a best-practice performance management process, check out the free resources in Halogen’s HR centers of excellence including:

- Performance management processes
- Employee evaluation forms
- 5 alternatives to the annual performance review: This webinar is a conversation about the tipping point we’ve reached with performance appraisals, with alternatives you can use to improve engagement and productivity.
- Developing and implementing an effective talent management strategy plan
SCHEDULE THE TIMING FOR YOUR PERFORMANCE MANAGEMENT PROCESS AND ACTIVITIES

Scheduling the timing of the various steps and activities in your performance management process is important.

Your first decision is whether to conduct all employee reviews at the same time or conduct them on the anniversary of each employee’s employment start date (anniversary process).

Read *Which is best? Anniversary vs. focal (common date) performance reviews* for guidance.

If you decide to use a focal process, you need to determine the start time. Companies typically align themselves with the calendar year or their fiscal year when making this decision. Then decide whether you want your annual performance reviews to be completed before the start of the new year or have managers and employees start working on them at the start of the year.

It’s important to align the timing of your performance planning with your organizational goal setting. Managers and employees will need your organizational goals when they begin drafting employee goals for the coming period to ensure proper alignment.

“NO INFORMATION SHOULD BE A SURPRISE WHEN YOU DO THE PERFORMANCE REVIEW. WHEN SHOULD PERFORMANCE FEEDBACK HAPPEN? AT LEAST ONCE PER MONTH.”

– Jamie Resker, Founder and Practice Leader, Employee Performance Solutions
A typical annual performance management process that pairs the review with performance planning may look like this:

<table>
<thead>
<tr>
<th>JANUARY</th>
<th>FEBRUARY</th>
<th>MARCH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Quarterly review of Q1 performance</td>
</tr>
<tr>
<td>Review and analysis of last year’s results</td>
<td>Recommendations for compensation adjustments made using previous year’s performance review data as guidance</td>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>APRIL</th>
<th>MAY</th>
<th>JUNE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Quarterly review of Q2 performance or mid-year review</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>JULY</th>
<th>AUGUST</th>
<th>SEPTEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Quarterly review of Q3 performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OCTOBER</th>
<th>NOVEMBER</th>
<th>DECEMBER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>Preparation for annual performance review:</td>
<td>Annual performance review:</td>
</tr>
<tr>
<td></td>
<td>• Managers and employees reflect on the past year’s accomplishments</td>
<td>• Managers and employees meet to discuss performance reviews, ratings and feedback</td>
</tr>
<tr>
<td></td>
<td>• Employees complete self-appraisals and draft goals and development plans for the coming year</td>
<td>• Managers and employees establish goals and development plans for the next cycle</td>
</tr>
<tr>
<td></td>
<td>• Managers complete employee appraisals and draft goals and development plans for the coming year</td>
<td>• Initiate performance improvement plan if required</td>
</tr>
<tr>
<td></td>
<td>• Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
<td>• Managers and employees sign off performance appraisals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Weekly one-on-one meetings and ongoing coaching, feedback and recognition</td>
</tr>
</tbody>
</table>
Note that there are a number of important scheduled events throughout the year to review and discuss performance. But don’t forget about those informal opportunities to provide employees with ongoing coaching, feedback and recognition that contribute to high employee engagement and performance.

As you define your schedule, consider the amount of time each step will take managers, employees, executives and HR to complete. Factor that into your planning.

If you plan to combine performance review with performance planning, the very first time you run your process, you’ll need to start with a performance planning step.

Worksheet: Performance management schedule on page 46.

**DECIDE HOW YOU WILL CONDUCT, MANAGE AND ADMINISTER YOUR PROCESS**

Now you’re ready to start considering how you’ll carry out the process. You can:

1. Conduct it manually using paper forms.
2. Conduct it manually using forms or spreadsheets.
3. Create your own in-house application.
4. Automate the whole process using cloud-based performance management software.

There are benefits and drawbacks to every approach. Carefully consider things like:

• your organization’s resources,
• the time each group can devote to performance management activities, and
• your need to integrate employee performance data with other talent management and/or business processes.
INTEGRATE YOUR ORGANIZATION’S COMPETENCY MODEL

You need to build a competency model that captures the behaviors and attitudes that lead to success and cultivate them in your employees. This is a key step to support best practice performance management (and talent management).

Goals describe “what” you want employees to accomplish and competencies describe “how” you want them accomplished. They’re also known as behaviors, skills, values, performance dimensions or performance standards.

An effective competency model typically includes both core and job-specific competencies. Core competencies apply to the organization overall and often relate to your organizational culture or key strategic differentiators. Job-specific competencies apply to a particular job or role.

“A COMPETENCY IS ANY CHARACTERISTIC LEADING TO SUCCESSFUL PRODUCTIVITY.”

– William J. Rothwell, Ph.D., SPHR
President, Rothwell & Associates, Inc.

LEARN MORE

How to make the shift from traditional to ongoing performance management

Expert Report: Making ongoing performance management a reality

A white paper about best-practices in competency management

Selecting A Talent Management Suite: Experts Share The Real Story
You can communicate performance expectations to employees by including core and job-specific competencies on your performance review forms, evaluating how they demonstrate them and by providing learning activities that foster their development.

If your organization has a competency model defined, then your project team needs to make sure you include core and job-specific competencies on the performance review forms you create.

If your organization doesn’t have a competency model defined, this is a great time to create one.

**LEARN MORE**

For help creating your organization’s competency model, check out the free resources in Halogen’s Competency management center of excellence, including:

- The basics of competency management
- Using weighting to prioritize competencies and goals
- Choosing the right method to assess and rate competencies in your organization

**CASE STUDY**

CarVal Investors developed a meaningful, role-based competency framework and increased performance management participation levels from 50% to 95%.

They wanted to:

- Ensure goal alignment so that the organization is focused on moving the business forward, and
- More easily measure the effectiveness of talent programs in delivering business results.
INTEGRATE ORGANIZATIONAL GOALS TO ENCOURAGE ALIGNMENT

Goal management is about more than assigning annual goals and reviewing employee performance. Best-practice goal management links every employee’s individual goals directly to the organization or department goals they’re designed to support. Then progress on all goals is monitored and communicated at least quarterly. Goals can be adjusted and realigned to adapt to changing requirements and realities as required.

To support organizational goal management, you need to communicate established organizational/departmental goals to all employees when they’re setting their individual goals so they can align their goals with the organization’s. You can do this by including the organizational goals on your performance review forms or making them easily accessible in some other way.

All goals, including organizational goals, need to be SMART (specific, measurable, achievable, realistic and time-bound).

“EMPLOYEES WITH GOALS ALIGNED TO THE ORGANIZATION’S TOP PRIORITIES HAVE 75% HIGHER ENGAGEMENT.”

– Leadership IQ, 2012

LEARN MORE

To learn more about best-practices for setting and managing goals, check out the free resources in Halogen’s Goal management center of excellence, including:

• Driving organizational success with effective goal management
• Writing SMART goals
• Improving employee accountability for goals in your organization
• Get managers to align and manage employee goals
CREATE BEST-PRACTICE EMPLOYEE REVIEW FORMS

Well-designed employee review forms will support the success of your performance management process. A poorly designed form can frustrate and disengage managers and employees from the process defeating the whole purpose.

“COMPANIES THAT REGULARLY REVISE AND UPDATE GOALS QUARTERLY GENERATE MORE THAN 30% GREATER IMPACT FROM THEIR PERFORMANCE MANAGEMENT PROCESS.”

– Bersin by Deloitte

Your employee evaluation form is a tool that helps:

• employees perform better as they’ll understand what’s expected of them, how their current performance is perceived and what they need to improve

• managers stay on top of their employees’ performance because it gives them a structured way to communicate expectations and perceptions

• HR and executives better understand and manage their workforce using data that helps them understand individual and organizational strengths and weaknesses. They’ll also be able to see how the organization is aligned to its strategy and objectives, and identify their high-performing, high-potential employees

LEARN MORE

For help in creating best-practice performance review forms, check out the free resources in Halogen’s Employee evaluation forms center of excellence, including:

• Employee evaluation form templates

• How to create best-practice employee evaluation forms

• Tips for creating effective employee evaluation forms
CASE STUDY

Oryx Gas to Liquids, a Middle East energy company, fuels business objectives through talent management best practices.

ORYX-GTL transformed its performance management process into an environmentally friendly one that:

- Aligns individual goals to company values and business objectives
- Creates a more transparent and consistent performance management system
- Supports its business objective to be a “green” company
- Improves completion rates for key talent processes, such as goal setting and performance reviews

“PERFORMANCE MANAGEMENT IS ABOUT FEEDBACK, ACCOUNTABILITY, AND GROWTH.”

– Dr. Christopher Lee, Ph.D., SPHR
Performance Conversations
IMPLEMENT

Rolling out your new performance management process and strategy
Rolling out your new performance management process and strategy

Now that you’ve designed your process and forms you’re ready to roll out your new process to the organization.

As with the roll out of any new organizational process, your change management initiatives are among the most critical parts of the project. You need to make sure that staff at all levels of the organization support the change and have the information and tools they need to follow your new process.

As part of the roll out you’ll need to:
- Design training materials
- Communicate the details of your new process, including:
  - The reasons why it’s being adopted/implemented
  - The leadership’s commitment to the new process
  - The benefits it will bring to the organization and participants
  - The timing of the process roll out and first activities
  - Everyone’s roles and responsibilities in the process
- Deliver training

DESIGN AND DEVELOP YOUR TRAINING MATERIALS

Executives, managers, employees and even your HR team will all need to be trained on how to use your new process, tools and forms.

Work with your project team to identify how to address all these training needs. You may want to offer a blend of training using different formats and media to suit the needs of different users. For example: leader-led classroom training, leader-led webinar training, web-based training, e-learning, video, job aids, etc.

Think about long-term and recurring training needs. For instance, all newly hired employees will need to be trained on your performance management process. And managers and employees may benefit from annual refresher training on your process and forms.

If you want everyone to follow performance management best practices, you need to provide employees, especially your managers, training on some of the new skills they’ll need, such as:
- Writing SMART goals
- Giving effective feedback
- Coaching employees
- Supporting employee development
- Preparing for performance reviews
COMMUNICATE THE DETAILS OF YOUR NEW PROCESS

Next you need to clearly communicate the details of your new process to all your employees by answering questions they’ll have, such as:

- Why are you implementing a new performance management process?
- What benefits will it provide individuals (employees, managers)?
- What are the benefits for teams and the organization?
- What steps and activities does it include?
- When does it start?
- What activities need to be completed and when?
- Where are the forms and information needed for the process?
- When, where and how will training and support be provided?
- What are the roles and responsibilities for individuals at each level?

Work with your project team to devise a solid communication plan that addresses all these questions. Make use of all the employee communications channels you have available to you. And make sure you communicate repeatedly. It takes time to affect the cultural and behavioral changes necessary to fully adopt a new process.

LEARN MORE

You can find lots of free training resources for managers in Halogen’s Performance management training for managers center of excellence, including:

- How to ensure consistency in employee performance appraisals
- Giving effective feedback: make sure to include the positives
- Coaching or cloning? How to coach more effectively

We also have a selection of reference articles to help HR, executives, managers and employees make the most of your performance management process, including:

- How to prepare for your performance appraisal
- Engaging managers and employees in your performance management process
When senior executives, managers and employees are fully informed and engaged in the process, it will result in higher participation rates and better quality performance management.

**DELIVER TRAINING**

Before people can begin following the new performance management process and using the tools you’ve selected or created, you need to deliver the training you’ve developed.

Make sure you offer sufficient sessions of any leader-led training to accommodate schedules and availability. And make reference materials easily accessible to everyone.

Don’t forget to solicit feedback on the training so you can improve it going forward.
TOOLS

Support effective performance management with cloud-based software
Support effective performance management with cloud-based software

Cloud-based performance management software automates, simplifies, and streamlines all the activities used to manage employee performance year-round, including regular performance reviews. It also allows you to aggregate and analyze data about employee performance and development so you can better manage your workforce and integrate with your other talent management programs (e.g. compensation, succession planning, employee development, recruiting, etc.)

Cloud-based software lets you give employees and managers access to all the information they need at every step of your process, including:

- Organizational goals to easily align individual goals and give context for their work
- Competencies and their definitions to build organizational strengths and culture
- Predefined feedback and coaching tips they can personalize to speed up the writing process and improve the quality and consistency of feedback
- Your catalog of learning activities so they can better support employee development
- Past appraisals and ratings to guide ongoing discussions and help chart progress
- Notes on performance
- Feedback, recognition and coaching received from others throughout the year

The software also enables you to automate workflow and forms and provides task lists and reminders so everyone knows what they are expected to do, at what stage, and by what date.

Though many companies still try to manage their performance management process and paperwork using manual, paper-based tools, they don’t see the same benefits and results from their process. Investing in cloud-based software is an investment in your workforce and its performance and development.
A closer look at Halogen TalentSpace™

Our powerful, configurable software, expert professional services, targeted learning content, best-in-class competencies and workflows ensure your talent aligns to your business strategy for winning results.

- **Ongoing Performance Management**
  Establish a culture of ongoing performance management. It is possible. With a performance management solution purpose-built to help you align, engage and inspire your people to achieve the results that matter to your business.

- **Learning & Development**
  Develop a highly skilled and engaged workforce with a performance focused learning solution that connects on-the-job learning, continuous coaching, and formal learning activities directly to your business strategy, for maximum results.

- **Compensation**
  Create a strong pay-for-performance culture based on objective, transparent processes. Align pay directly with ongoing performance, and simplify compensation management for everyone.

- **Succession & Leadership**
  Build deep bench strength and strong leadership skills across all critical areas of your business with competency-based talent pools that nurture top talent and ensure you retain a highly skilled, engaged workforce.

- **Recruiting & Onboarding**
  Attract and engage new hires with a seamlessly integrated recruiting and onboarding experience, including coaching and development, to accelerate the performance results that matter to your business.
WORKSHEETS

Worksheets and resources designed to help you implement a best practice performance management process
Identify your business challenges

What are the top business challenges you face with your existing performance management process or by not having a formal process in place?

Select and rank all that apply to your organization.

- Employees aren’t focused on organizational priorities, wasting effort
- No way to verify the organization has the competencies it needs to succeed
- No way to identify employee performance issues and verify that managers are dealing with them
- Managers are failing to deal with employee performance issues, hurting productivity and engagement
- No way to identify individual and organizational learning needs
- High employee turnover, especially among top performers
- No way to identify top performers
- Low employee satisfaction
- Low employee engagement
- Lack of formal performance documentation required for accreditation (e.g., The Joint Commission, ISO9001)
- Lack of formal performance documentation creating risks for litigation and wrongful dismissals
- The organization lacks the information it needs to do effective workforce planning
- HR and managers are spending too much time on the administration of performance management paperwork
- No effective way to track process adoption or performance review completion
- No effective way to aggregate and analyze the data gathered during the performance review process
- Performance management is treated as a one-time event (review), not a year-round activity
- Other (specify)

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Return to Step 1: Identify your challenges
Set performance management process implementation objectives

Choose 3-5 high-level objectives for your new process. These items are in order from tactical to more strategic.

- To ensure employees get regular feedback and coaching on their performance from their managers so they can be their best
- To identify and document sub-standard performance so it can be addressed
- To identify and address employee development needs
- To ensure all employees have goals that are aligned with the organization’s
- To better identify organizational learning needs, areas of strength and key skills
- To meet regulatory, ISO, or other requirements
- To introduce a pay-for-performance model in the organization
- To identify high performers or high-potential employees and target them for retention, development or progression
- To improve employee accountability
- To improve employee engagement

- To better align our workforce
- To improve organizational performance
- To build or reinforce organizational culture
- To help deliver on our mission, vision and values
- Other (specify) ________________________________

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Set objectives

Depending on your organization’s existing culture and predisposition towards performance management, implementing a performance management process can be a significant initiative that requires thoughtful change management. So make sure you’ve clearly identified your business objectives and the benefits you expect to achieve, and communicate these to your workforce.
Benefits of employee performance management

Use the checkboxes to identify the benefits you think will interest each stakeholder group.

**BENEFITS FOR EXECUTIVES AND SENIOR LEADERSHIP**

- Access to data on employee performance to make better decisions
- Ability to identify high and low performers
- Align workforce goals with the organization’s goals
- Ability to track progress on goals across the organization
- Ability to provide training and development programs that address performance and skill gaps for individuals and groups
- Verify the effectiveness of training and development programs
- Ability to get a clear understanding of your workforce’s potential, strengths and weaknesses
- Ability to establish an effective pay-for-performance culture grounded in employee performance data
- Better employee performance and productivity
- Better employee retention and engagement to help develop employees who are ambassadors of your organization and its culture

**BENEFITS FOR HR**

- Legally defensible documentation on employee performance
- Ability to ensure all employees are getting the direction, feedback and development they need to succeed
- Insight into the competencies, skills and experience that lead to high-performance in specific roles
- Reduced employee turnover
- Ability to better manage and allocate the compensation budget
BENEFITS FOR MANAGERS

- Better employee performance and engagement
- Better employee accountability for work
- Easier identification of employee development needs
- Better ability to assign, track and evaluate the effectiveness of employee development activities
- More informed, balanced decisions about pay and promotions
- Greater focus on performance and development
- Improved personal performance as a manager

BENEFITS FOR EMPLOYEES

- Clarity of expectations and better context for their work
- Understanding of how they fit into the organization and how their work is contributing to the overall success of the organization
- More regular, better quality feedback on their performance and specific details on how they can improve
- Clear insight into skills they need to develop to progress in their career
- Better, more targeted support for their development and career progression
- The ability to provide performance feedback to managers and peers

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Return to Step 4: Spread the good news. Communicate the benefits of employee performance management.
Performance management implementation team

Use the tables below to identify the members of your core team and your steering committee.

### CORE TEAM

<table>
<thead>
<tr>
<th>ROLE ON TEAM</th>
<th>NAME</th>
<th>DEPARTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team leader</td>
<td></td>
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<tr>
<td>Consulting manager</td>
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<tr>
<td>Consulting employee</td>
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<tr>
<td>Process administrator</td>
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<tr>
<td>IT consultant (if you're automating your process)</td>
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</tbody>
</table>

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## STEERING COMMITTEE

<table>
<thead>
<tr>
<th>ROLE ON TEAM</th>
<th>NAME</th>
<th>DEPARTMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Team leader</td>
<td></td>
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<tr>
<td>Consulting manager</td>
<td></td>
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<tr>
<td>Consulting employee</td>
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<tr>
<td>Executive sponsor</td>
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<td>IT consultant (if you’re automating your process)</td>
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Return to *Establish your project team.*
Project objectives and success criteria

Document the objectives and success criteria for your performance management best practice process implementation.

<table>
<thead>
<tr>
<th>OBJECTIVE 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title:</strong></td>
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<tr>
<td><strong>Description:</strong></td>
</tr>
<tr>
<td><strong>How will success be measured?</strong></td>
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<tr>
<td><strong>When does this objective need to be achieved?</strong></td>
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<tr>
<td><strong>Dependencies: (e.g., resources, information or training needed, etc.)</strong></td>
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<tr>
<td><strong>Owner:</strong></td>
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</table>

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<tr>
<th>OBJECTIVE 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title:</strong></td>
</tr>
<tr>
<td><strong>Description:</strong></td>
</tr>
<tr>
<td><strong>How will success be measured?</strong></td>
</tr>
<tr>
<td><strong>When does this objective need to be achieved?</strong></td>
</tr>
<tr>
<td><strong>Dependencies (e.g., resources, information or training):</strong></td>
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<tr>
<td><strong>Owner:</strong></td>
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</table>
### OBJECTIVE 3

<table>
<thead>
<tr>
<th>Title:</th>
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<tbody>
<tr>
<td>Description:</td>
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<tr>
<td>How will success be measured?</td>
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<tr>
<td>When does this objective need to be achieved?</td>
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<tr>
<td>Dependencies (e.g., resources, information or training):</td>
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<tr>
<td>Owner:</td>
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Return to *Document your objectives and success criteria.*
Defining the steps in your process

Use this table to identify all the high-level steps you want to include in your process and the activities that will be completed in each step.

<table>
<thead>
<tr>
<th>STEP NAME</th>
<th>ORDER</th>
<th>ACTIVITIES INCLUDED IN THIS STEP</th>
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<tbody>
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*Click here to access an editable version.*

Return to *Define the steps in your process.*
## Type and frequency of reviews

Use this table to identify all the types of reviews you’ll be including and how often you’ll conduct each type.

<table>
<thead>
<tr>
<th>REVIEW TYPE</th>
<th>FREQUENCY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager reviews</td>
<td></td>
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<tr>
<td>Employee self-appraisals</td>
<td></td>
</tr>
<tr>
<td>360 degree, multirater assessments</td>
<td></td>
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<tr>
<td>Project reviews</td>
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<tr>
<td>Performance improvement plans or corrective action plans</td>
<td></td>
</tr>
</tbody>
</table>

*Click here to access an editable version.*

Return to *Select the types of reviews to include as part of your performance management process.*
Performance management schedule

Use this table to outline your ideal performance management schedule by month.

<table>
<thead>
<tr>
<th>JANUARY</th>
<th>FEBRUARY</th>
<th>MARCH</th>
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<tbody>
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<td>APRIL</td>
<td>MAY</td>
<td>JUNE</td>
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<td>JULY</td>
<td>AUGUST</td>
<td>SEPTEMBER</td>
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<tr>
<td>OCTOBER</td>
<td>NOVEMBER</td>
<td>DECEMBER</td>
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Return to Schedule the timing for your performance management process and activities.
Halogen’s talent management solutions help your company deliver outcomes that matter to your business and people. Ranked number one in customer satisfaction, Halogen helps you establish a culture of ongoing performance management with a configurable solution that aligns, engages and inspires your workforce. Build deep bench strength with talent-pool based succession plans. Develop a skilled and engaged workforce with performance-focused learning that connects formal and informal learning, and continuous coaching activities with your business strategy. Attract and engage new hires with a seamless recruiting and onboarding experience. Make pay for performance fair and transparent, and simplify compensation management.

For more information:
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