

Why Performance Management is Vital to your Positive Business Performance

We are coming out of tough times with signs all around us. Stats Canada May and June job numbers were up, houses are being built everywhere you look and auto companies are making profits. These are three of the major indicators of a rebounding economy.

With that, employees who have been by your side through these tough times will be making decisions about whether to stay with your company or to leave to find something more suitable to them. Do you know what their decision will be? Chances are if they have been with you through the storm, they are very valuable to you and you don't want to lose them now.

While there are many ways in which a company can feel the pulse of their organization, Performance Management (PM) is a key factor for not only connecting with employees to get their input but when done correctly, it is the most effective way to ensure your organization is progressing the way *you* want it to progress to meet organizational goals. Effective Performance Management also cultivates continuous improvement and can foster cultural change.

Many of us have had horrid experiences with PM so here are a few tips to help ensure it is used effectively as a solid business tool (not an HR nightmare!).

- 1. *Never lose sight of the purpose. PM is the business tool that translates business strategy into actions for all employees.*** If it becomes a nightmare, it's time to relook at it.
- 2. *Develop clear performance objectives at the beginning of the year so employees and management know what their specific responsibilities are.*** Having a performance review only at the end of the year without setting clear goals at the beginning doesn't allow employees to course correct if they are struggling or provide clear focus for them.
- 3. *Ensure your leadership team knows how to develop, deliver and monitor effective performance.*** Part of the nightmare is how it's delivered. Effective PM cascades from the top down. Providing coaching to leaders on how to develop effective goals is the first step. They must also know how to speak to employees about how their role connects to the overall business strategy in order to deliver well. Monitoring is not a once a year or twice a year assignment for leaders. If you have a leadership title, you have an obligation to assist your employees all year long. PM is about regularly connecting with employees, encouraging and supporting where they are struggling and being a cheerleader and gently nudging top performers to exceed their expectations. Our world of work is very fluid so leaders have to ensure the goals established at the beginning for the year, stay relevant throughout the year.



4. ***Train your leadership team on how to give constructive feedback to motivate lower level, struggling and even your high potential employees.*** Even if you believe you have a good system, effective delivery is the key for motivation and retention of employees. If you have many employees performing less than adequately or you are losing your top performer, it certainly signifies some kind of systemic or leadership issue.
5. ***Keep it simple!*** Before you conduct performance management, you must have a clear goal for it so it is designed to suit your organizational needs.
6. ***Tie performance to your Total Rewards offering.*** Total Rewards, whether its base pay, incentive, educational opportunities, work life initiatives or a combination of all must have separate elements tied to top performers. Top performers expect to earn more and organizations must clearly differentiate. No longer can organizations play it “safe” and give equally. Top performers know they are good and as the economy settles they will seek employment where they are valued.

Having solid, personal conversations with your team around PM helps leaders to understand what motivates each of us individually and knowing that is your winning ticket in creating an effective, sustainable and product PM tool.

Take care,

Lotte