Table of contents

What will I get out of this guide? .......................................................................................................................... 4
What is employee performance management and why should my organization care? ................................................................. 5
4 steps for building the case for performance management ......................................................................................... 7
Design a best practices performance management process .............................................................................................. 15
Rolling out your new performance management process and strategy ........................................................................... 31
Get your head into the clouds. Support effective performance management with cloud-based performance management software ........................................................................................................ 35
Worksheets ................................................................................................................................................................. 37
About Halogen Software .................................................................................................................................................. 55
Introduction

What will I get out of this guide?

If you want to learn more about how to implement an employee performance management process or to improve your current practices — this is the ideal guide for you.

The content that follows will help you understand:

1. **What employee performance management is and how it can benefit your organization.**
2. **Best practices for designing and implementing a formal employee performance management process in your organization.**
3. **The value of implementing cloud-based performance management software to support your process.**

Throughout the guide you’ll find links to worksheets (.exist) 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 employee 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** — ensures employees clearly know what is expected of them and how their work contributes to the achievement of organizational goals.
- **Builds competencies** — helps cultivate the organizational and job-specific competencies each employee and the organization need for high performance and success.
- **Focuses on employee development** — helps 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** — invites 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** — encourages a regular, ongoing dialog between employees and managers about expectations, progress, accomplishments, performance and development needs.
- **Ensures employees get feedback and recognition** — provides mechanisms for employees to get the feedback and recognition they need to continually improve and succeed.
- **Cumulates in a formal review (at least once per year)** — provides an opportunity to gather up, review and document the results of the ongoing dialog about expectations, performance and development.
- **Improves your bottom line** — helps increase productivity, efficiency and skill, lower costs, eliminate duplication of effort and waste, and facilitate the execution of your strategy.
Tip: To obtain executive and manager buy-in, you will want to be armed with the facts.
4 steps for building the case for performance management

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

And to be truly successful in introducing performance management best-practices in your organization, you need everyone’s buy-in.

If you currently have no process in place at all, you may find it helpful to first 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.

If you already have a manual, paper-based performance management process in place, but need to improve it and increase its efficiency, you can reiterate the importance and value of formal performance management, then calculate some of the savings and benefits your organization could realize by automating and improving your current practices.

There are four basic steps to building the case for performance management. You’ll need to:

1. **Identify and prioritize the particular challenges your organization is currently facing**
2. **Identify your objectives for implementing performance management best practices**
3. **Estimate the ROI you expect to receive**
4. **Communicate the benefits of employee performance management**

Now let’s take a closer look at each step.

“**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
Tip: Potential sources of valuable input are senior leaders, managers, employees and HR professionals.
Step 1: Identify your performance management related 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 and results. To do this, you’ll want to consult senior leaders, managers, employees and your HR team.

Worksheet: Identify your business challenges on page 37.

Step 2: Set performance management 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, as well as 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 38.

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.

Learn how to make the business case for talent management.
Get buy-in

Case study

Global manufacturer achieves 120% ROI with online employee performance management software
Learn how leading workwear company Carhartt, Inc. automated their performance management process and:

- Improved employee engagement and visibility into the process.
- Put HR in control of the system creating forms and processes, with little involvement from IT.
- Achieved a 120% ROI for the company and major measurable time/cost savings, particularly for managers.

“Talent is implicit in creating enterprise value.”
– Dr. Henryk Krajewski
President, The Anderson Leadership Group

Step 3: Show them the money. Estimate your anticipated ROI

Your leadership team will most likely be interested in quantifying the anticipated benefits and ROI to justify the allocation of budget, time and resources for implementing employee performance management best practices.

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

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%.
• 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 who 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 those firms that do not.

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

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.

Revealing numbers
Investment of time and effort into your employees pays off.

22%↑ 30%↑ 20–40k↑
In shareholder returns In company value In stock market value

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.

“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
Get buy-in

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 discretionary 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

Step 4: Spread the good news. Communicate the benefits of employee performance management

The next step is 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 of course, to employees.

While you’ll certainly need to communicate the benefits again when you’re rolling out your new process, socializing the benefits now will help set the stage for a successful rollout later. It helps engage everyone in the change upfront and opens the door for input and ideas from interested parties.

When communicating the benefits to every audience, make sure you address each group’s specific concerns and priorities.

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 or Microsoft® SharePoint® server.**

2. **Create a Microsoft® PowerPoint® or SlideShare 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.**

---

**Learn more**

Watch the webinar: *Performance appraisals managers will love*, which highlights ways HR can create an appraisal process that works for managers and HR.
Tip: Ideally, your project team should include key members of your HR team, a representative selection of executives, directors, managers and employees, and outside consultants.
Design a best practices performance management process

The following sections outline some of the key activities you’ll need to undertake as part of your process design, creation and rollout. You don’t necessarily need to complete these activities in sequential order. You just need to make sure you consider and address each one.

Establish your dream project team

Once you have buy-in from all your key stakeholders to either create and implement a new formal performance management process, or to improve your current process, 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 your new process and the timing for key activities
- integrating the skills and competencies that are critical to your organization
- how to incorporate organizational goals and align your workforce
- your communication/change management strategy
- how you will train everyone
- what approvals you need at what stages of your project and from whom

You’ll want a core team of people who are responsible for the tactical implementation as well as a steering committee who guide and provide input to your work and approve your decisions.

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 41.
Document your objectives and success criteria

Now it’s time to formalize your objectives and define your 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 your process.

Worksheet: Project objectives and success criteria on page 43.

Define the steps in your performance management 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 performance management processes include the following five high-level steps:

Step 1: Planning

This step happens at the beginning of the performance management cycle. It’s when managers set and communicate performance expectations, expressing them as competencies and goals. Managers and employees also do upfront 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 annualized 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 here is to ensure that employees don’t go a full year without receiving some form of formal review. If managers hold regular (weekly) one-on-one meetings with their employees, a formal semi-annual review may be sufficient. Some companies opt to do formal reviews quarterly or even monthly. Companies whose work is typically 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 the 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

Here you gather feedback and ratings on performance from employees, 360 degree multirater assessors and managers. This step can include several different types of reviews, depending on how you choose to design your process. The final task in the step is usually an employee and manager sign-off of 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, adjust and calibrate ratings, others have HR or senior managers perform this task, and still others use a combination of these 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

You should then 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.

You should also review your process and forms themselves and 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.

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 so employees are not surprised by the feedback and ratings they receive in their annual review, and receive support to continuously improve and succeed.

Worksheet: Defining the steps in your process on page 45.
**Design**

**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
Select the types of reviews to include as part of your performance management process

When designing your performance management process, you’ll need to determine which types of reviews to include in your process, and at what intervals. Your goal is to ensure that employees get the direction, feedback and development they need to succeed and that you encourage organizational alignment and high performance while fostering everyone's engagement in the process.

Some of the more common types of reviews include:

**Manager reviews** — typically conducted by a manager for their direct reports. In this review, the manager:
- rates the employee’s performance of goals and demonstration of competencies
- gives the employee feedback on their performance
- with the employee, establishes goals for the coming period, aligning them with the organization’s high-level goals
- with the employee, establishes development plans for the coming period
- discusses performance expectations

In some organizations the manager also uses this opportunity to discuss the employee’s career aspirations, and may adjust goals and development plans to help the employee develop and progress.

The interval or frequency at which you conduct manager reviews can vary — quarterly, semi-annually, annually — but you should conduct manager reviews at least once per year. Choose what works best for your organization and its business environment. For newly hired 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, 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 especially helpful when the manager and employee are not co-located, work different shifts, or simply 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.
While 360 degree reviews are very commonly used to deliver upward performance feedback and developmental coaching to senior executives and presidents/CEOs who often don’t have a manager providing them with a review, they’re also extremely helpful for all employees.

**Project reviews** — Project reviews are typically used for employees who work on projects or engagements, and often not under the direct supervision of their manager. The project review is conducted immediately after the project/engagement is completed, and serves to give the employee feedback on their performance on that specific project from the project lead and other members of the project team. The project reviews then help the manager get insight on the employee’s performance from the project team when they are conducting 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 46.*

---

**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 center of excellence](#)
- [Employee evaluation forms center of excellence](#)
- [Employee performance and corporate performance: making the connection: A 60-minute webinar featuring a case study of Smart Financial Credit Union](#)
- [Engaging managers and employees in your performance management process](#)
“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

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 (focal or common date process) 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 for that process. Companies typically either align themselves with the calendar year or their fiscal year when making this decision. You can then decide whether you want your annual performance reviews to be completed before the start of the new year, or to have managers and employees start working on them at the start of the year.

The most important thing is to align the timing of your performance planning with your organizational goal setting. You’ll need to make your organizational goals available to managers and employees when they begin drafting employee goals for the coming period, so they can align employee goals with organizational goals.

A typical annual performance management process that couples performance review with performance planning may look like this:
### Design

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

<table>
<thead>
<tr>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
</table>
| - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition | - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition | - Quarterly review of Q2 performance or mid-year review  
  - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition |

<table>
<thead>
<tr>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
</table>
| - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition | - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition | - Quarterly review of Q3 performance  
  - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition |

<table>
<thead>
<tr>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
</table>
| - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition | Preparation for annual performance review:  
  - Managers and employees reflect on the past year’s accomplishments  
  - Employees complete self-appraisals and draft goals and development plans for the coming year  
  - Managers complete employee appraisals and draft goals and development plans for the coming year  
  - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition | Annual performance review:  
  - Managers and employees meet to discuss performance reviews, ratings and feedback  
  - Managers and employees establish goals and development plans for the next cycle  
  - Initiate performance improvement plan if required  
  - Managers and employees sign off performance appraisals  
  - Weekly one-on-one meetings and ongoing coaching, feedback, and recognition |
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, all of which 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, and factor that into your planning.

If you plan to couple 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 47.

---

Decide how you will conduct, manage and administer your process

At this stage, you’re ready to start considering how you will conduct, manage and administer your performance management process. You can:

1. **Conduct it manually using paper forms.**
2. **Conduct it manually using forms in Microsoft® Word or spreadsheets in Microsoft® Excel®.**
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

One of the other key things your organization needs to do to support best-practice performance management (and indeed best-practice talent management) is build a competency model that captures the behaviors and attitudes that lead to success, then cultivate these in all your employees.

“A competency is any characteristic leading to successful productivity.”

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

Where goals describe “what” you want employees to accomplish, 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.
Including core and job-specific competencies on your performance review forms, evaluating employees’ demonstration of them, and providing learning activities that foster their development are all important ways to communicate performance expectations.

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

If your organization doesn’t have a competency model already defined, this would be 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 develops a meaningful, role-based competency framework and increases performance management participation levels from 50% to 95%

Learn how CarVal Investors developed a more meaningful competency framework, using language specific to roles in their industry and organization, and are now using these to coach employees and drive business success.
Tip: When choosing competencies, identify the abilities that embody your organizational culture, underpin leadership, support your strategic goals and provide a competitive differentiator.
Integrate organizational goals to encourage alignment

Goal management is about more than just the annual assigning of goals and reviewing of employee performance. It’s about getting every employee to use and develop their talents, skills and experience to help the organization meet its overarching goals.

With best-practice organization-centric goal management, every employee’s individual goals are directly and explicitly linked to the organizational or departmental goals they are designed to support. Then progress on all goals — individual and organizational/departmental — is monitored and communicated at least quarterly. When and where required, goals can be adjusted and realigned to adapt to changing requirements and realities.

This organization-centric goal management model is different than the old people-centric model that had employees simply link their goals to their manager’s. It’s far more robust and effective.

To support organizational goal management, you need to communicate established organizational/departmental goals to all employees when they are 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
Create best-practice employee review forms

Well-designed employee review forms are key to 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.

When well-designed, an employee evaluation form is a strategic tool that:

- helps your employees perform better, because it helps them clearly understand what is expected of them, how their current performance is perceived and what they need to improve
- helps your managers better manage their employees’ performance, because it gives them a structured way to communicate expectations and perceptions
- helps HR and executives better understand and manage their workforce, because the data it gathers helps them understand individual and organizational strengths and weaknesses, see how the organization is aligned to its strategy and objectives, and identify their high-performing, high-potential employees

Example: The components of a great performance review form.

"Companies that regularly revise and update goals quarterly generate more than 30% greater impact from their performance management process."

– Bersin by Deloitte
WHPacific saves $100,000 per year by moving their performance review forms online

WHPacific used to rely on a paper-based system to rate performance, give feedback, and assign goals and development plans for its employees, but it was inefficient and paperwork occasionally got lost. By automating their process and forms, they:

- Were able to use categories and weighting to set individualized performance goals and reinforce organizational priorities
- Saved HR, manager and employees significant time
- Are able to continually make small improvements to their forms, quickly and easily

“Performance management is about feedback, accountability, and growth.”

– Dr. Christopher Lee, Ph.D., SPHR
Performance Conversations
Tip: Well-designed employee review forms are key to the success of your performance management process.
Rolling out your new performance management process and strategy

Now that you’ve designed your process and forms, ensuring they integrate core and job specific competencies, and organizational goals, you’re ready to roll out your new process to the organization.

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

As part of your rollout you’ll need to:

- Design training materials
- Communicate the details of your new process, including:
  - The reasons why it is being adopted/implemented
  - The organization’s and leadership’s commitment to the new process
  - The benefits it will bring to the organization and to all 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 you will 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.

You should also think about long term and recurring training needs. For example, going forward 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.

And if you truly want everyone to follow performance management best practices, you need to provide employees, and especially your managers, with training on some of the new skills they’ll need, like:

- Writing SMART goals
- Giving effective feedback
- Coaching employees
- Supporting employee development
- Preparing for performance reviews
Roll out

Communicate the details of your new process

Next you need to clearly communicate the details of your new process to all your employees, including things like:

- Why are you implementing a new performance management process?
- What benefits will it provide employees, managers and the organization? (Focus on “what’s in it for me”)
- What steps and activities does it include?
- When does it start?
- What activities do they need to complete and when? (“What’s my role?”)
- Where and how do they access the forms and information they need to use?
- When, where and how can they access training and support?
- What are their roles and responsibilities?

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 effect 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 conduct a successful annual performance appraisal
- Giving effective feedback: keeping it positive
- Coaching or cloning? How to coach more effectively

We also have a selection of references 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
Having engaged and informed senior executives, managers and employees will ultimately result in higher participation rates and better quality performance management.

**Deliver training**

Before your executives, managers and employees begin following your new performance management process and using the tools you’ve selected or created, 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.

**Learn more**

Halogen’s reference article *Roles and responsibilities in a best practice performance management process* can help you clearly articulate to your executives, leaders, managers, employees and HR team exactly what is expected of them in your new best practice process.
Tip: Cloud-based performance management software automates, simplifies, and streamlines all the activities used to manage employee performance year round.
Get your head into the clouds. Support effective performance management with cloud-based performance management 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 inform and integrate with your other talent management programs (e.g. compensation, succession planning, employee development, recruiting, etc.)

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

- Organizational goals so they can more easily align employee goals and give them a context for their work
- Competencies and their definitions so they can build organizational strengths and culture
- Predefined feedback and coaching tips they can insert into a review and 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 performance appraisals and ratings to guide current discussions and help them chart progress
- Notes on performance
- Feedback, recognition and coaching received from others throughout the year

It also automates your 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.

While many companies still try to manage their performance management process and paperwork using manual, paper-based tools, they just 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.
Halogen Performance™ is a cloud-based software application that makes implementing and managing your organization’s performance management process easy. Whether you’re looking to implement performance management in your organization for the first time or to replace a manual paper-based process, Halogen has the tools to help you succeed.

Halogen Performance is part of the award-winning Halogen TalentSpace™ that also includes:

- **Halogen 360 Multirater™**: 360 degree reviews
- **Halogen Learning™**: integrated performance-based learning management
- **Halogen Succession™**: talent pool-based succession planning
- **Halogen Compensation™**: pay-for-performance
- **Halogen Job Description Builder™**: job descriptions
- **Halogen Talent Acquisition™**: talent acquisition and recruiting
Identify your business challenges

What are the top business challenges you face by not having a formal performance management process in place or with your existing process? Select and rank all that apply to your organization.

- Employees are not focused on organizational priorities, wasting effort
- No way to verify that 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, driving down productivity and engagement
- No way to identify individual and organizational learning needs
- No way to identify and address low employee performance
- 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) ________________________________

Click here to access a Microsoft® Word version

Return to Step 1: Identify your performance management related challenges

Share: Facebook Twitter LinkedIn
Worksheets

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 improve their performance
- To identify and document sub-standard performance so it can be addressed
- To better 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 requirement
- 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): ________________________________

Tip: 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.

Click here to access a Microsoft® Word version

Return to Step 2: Set performance management process implementation objectives
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 support better decision-making
- Ability to identify high and low performers
- Alignment of your entire workforce with the organization’s goals and priorities, and the ability to track everyone’s progress
- Ability to provide training and development programs that address performance and skill gaps for individuals and groups, and verify their effectiveness
- Ability to get a clear and strategic 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, which can help develop employees who are ambassadors of your organization and its culture (which can improve recruitment and even sales)

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 (which can improve hiring, decisions about promotions, etc.)
- Reduced employee turnover
- Ability to better manage and allocate the compensation budget
Benefits for managers

- Better employee performance and engagement as a result of regular, consistent feedback and coaching
- Better employee accountability for work as a result of clearly defined and aligned goals
- Easier identification of employee development needs
- Better ability to assign, track and evaluate the effectiveness of employee development activities
- Fairer and more informed decisions about pay and promotions
- A greater focus on performance and development
- Improved personal performance as a manager

Benefits for employees

- A clear understanding of expectations and a context for their work
- An understanding of how they fit into the organization, and how their work is contributing to the overall success of the organization
- More regular, and better quality feedback on their performance and specific details on how they can improve
- Clear insight into the skills they need to develop if they wish 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

Click here to access a Microsoft® Word version.

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>
<td></td>
</tr>
<tr>
<td>Consulting manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process administrator</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT consultant (if you’re automating your process)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Worksheets

**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>
<td></td>
</tr>
<tr>
<td>Consulting manager</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consulting employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive sponsor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IT consultant (if you're automating your process)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Click here to [access a Microsoft® Word version.](#)

Return to [Establish your dream project team](#)
# Project objectives and success criteria

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

## Objective 1

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

## Objective 2

<table>
<thead>
<tr>
<th>Title:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Description:</td>
<td></td>
</tr>
</tbody>
</table>
## Worksheets

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

### Objective 3

| Title: |  |
| Description: |  |
| How will success be measured? |  |
| When does this objective need to be achieved? |  |
| Dependencies: (e.g., resources, information or training needed, etc.) |  |
| Owner: |  |

Click here to [access a Microsoft® Word version](#).

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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Click here to [access a Microsoft® Word version](#).

Return to [Define the steps in your performance management 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>
</tr>
<tr>
<td>Employee self-appraisals</td>
<td></td>
</tr>
<tr>
<td>360 degree, multirater assessments</td>
<td></td>
</tr>
<tr>
<td>Project reviews</td>
<td></td>
</tr>
<tr>
<td>Performance improvement plans or corrective action plans</td>
<td></td>
</tr>
</tbody>
</table>

Click here to [access a Microsoft® Word 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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>April</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>July</th>
<th>August</th>
<th>September</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>October</th>
<th>November</th>
<th>December</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Click here to [access a Microsoft® Word version.](#)

Return to [Schedule the timing for your performance management process and activities](#)
The components of a great performance review form

Here’s a sample form created using Halogen Performance that illustrates some of the characteristics of a great performance review form.

Appraisal scores are automatically tabulated to avoid errors.

Relevant employee information is provided automatically, saving managers time.

Instructions help guide employees and managers.

The form moves from discussion about past performance to development needs, to discussion about new goals, career aspirations and professional/career development — all in a logical flow.
### Worksheets

**Worksheets**

- Provides sufficient space for comments.
- Dedicated section for goal results.
- Intuitive and easy to use rating scale.

---

**Goal Results**

<table>
<thead>
<tr>
<th>Title</th>
<th>Results</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain customer satisfaction rating</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td>Maintain customer satisfaction rating of 85%, as measured by quarterly sample and annual customer satisfaction surveys.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Increase global market share for LGP product line**

<table>
<thead>
<tr>
<th>Title</th>
<th>Results</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase global market share for LGP product line from 10% to 27%, reinforcing Dunne's market leadership, by the end of the fiscal year.</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td>Rating:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Implement customer satisfaction survey by June 30**

<table>
<thead>
<tr>
<th>Title</th>
<th>Results</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roll out the newly approved customer satisfaction survey to all new customers added within the last 12 months. Aims for 75% completion rate.</td>
<td></td>
<td>5.0</td>
</tr>
<tr>
<td>Rating:</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Worksheets

- Dedicated section for evaluating demonstration of core competencies.
- Option to attach feedback received from others throughout the year.
- Option to add development plans that are linked to competencies.
- Detailed descriptions of various levels of demonstration.
The rating scale is clearly explained to help guide managers in the selection of appropriate ratings.

Spell-check and comment helper.
Worksheets

Dedicated section for evaluating demonstration of job-specific competencies.

Competency rating method adapted to competency type.

Consistent, descriptive rating scale.

Prompts managers and employees to create SMART goals.
Dedicated section for new goals.

Provide a way to link each employee goal to the organizational goal it supports.

Section for capturing professional and career development plans to help employee improve and succeed.
Comments boxes for both employee and manager helps promote a two-way dialog about performance.

Return to *Create best-practice employee review forms*
About Halogen Software

Halogen Software offers an organically built cloud-based talent management suite that reinforces and drives higher employee performance across all talent programs – whether that is recruiting, performance management, learning and development, succession planning or compensation. With over 1,750 customers worldwide, Halogen has been recognized as a market leader by major business analysts and has garnered the highest customer satisfaction ratings in the industry. Halogen Software’s powerful, yet simple-to-use solutions, which also include industry-vertical editions, are used by organizations that want to build a world-class workforce that is aligned, inspired and focused on delivering exceptional results. For more information, visit http://www.halogensoftware.com.

Subscribe to Halogen Software’s Exploring Talent Management blog: http://www.halogensoftware.com/blog/ or follow Halogen Software on Twitter: https://twitter.com/HalogenSoftware.

Questions? Contact us!

North America
Toll-free: 1 866 566 7778
Direct: +1 613 270 2011
sales@halogensoftware.com
www.halogensoftware.com

Europe, Middle East, Africa
UK Freephone: 0800 587 4020
NA Direct: +1 613 270 1011
sales@halogensoftware.co.uk
www.halogensoftware.co.uk

APAC
AU Toll-free: 1 800 048 060
NA Direct: +1 613 270 1011
sales@halogensoftware.com.au
www.halogensoftware.com.au