



**WHITEPAPER**  
VOLUME FIFTEEN

**PERFORMANCE MANAGEMENT**  
GETTING TO THE HEART OF THE MATTER:  
THE SIX STEPS TO GREAT PERFORMANCE REVIEWS

# WHITEPAPER

## PERFORMANCE MANAGEMENT GETTING TO THE HEART OF THE MATTER: THE SIX STEPS TO GREAT PERFORMANCE REVIEWS

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# PERFORMANCE MANAGEMENT

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## 1 :: INTRODUCTION

“If you cannot measure something, you cannot manage it, and if you cannot manage it, you cannot improve it.”

—Mary Day



- Does your organization have a performance management system that retains and develops successful employees?
- Can you measure what makes your top performers successful?

There has been much debate on the value of traditional performance reviews. They are often viewed by line managers as a necessary evil as opposed to a constructive tool to improve employee performance and enhance career development. This is because typical reviews are based on activities and skill sets that have little to do with achieving business objectives. They become isolated discussions about good or bad performance that are documented and relegated to the filing cabinet upon completion.

Aligning the values and objectives of a company to the behaviours of its very best individuals is the central concept of an effective organizational performance management strategy. How can employee performance be enhanced on a daily, weekly and monthly basis without knowledgeable coaching? What are the real costs that go beyond the salary and benefits of an underperforming employee? What are the ramifications of low productivity, the decreased morale of others that must work overtime to pick up the slack of underachievers, and the potential damage to a company’s reputation in the marketplace, if an underperformer is client-facing?

This whitepaper will explore how to align an integrated performance management program with career development going beyond activities to focus on measurable results.

# PERFORMANCE MANAGEMENT

## 2 :: PERFORMANCE REVIEWS VS. PERFORMANCE MANAGEMENT

Annual performance reviews are often the only time employees receive any feedback. This is a mistake. Integrating performance reviews into every average working day can be a challenge. Drake's methodology is to develop careers on a day-to-day basis, shifting the process away from one of annual performance review to one of ongoing **performance management** that directly links HR and line managers toward organizational objectives.

An organization must be clear on its overall vision and objectives before it can even begin to select the criteria by which employees will be measured. The problem is that leaders are often adept at being visionary but fall short on execution. From a high level they understand the benefits of an integrated review process, but the optimal techniques for an implementation that consistently adds value and offers a return on investment isn't their expertise.

## 3 :: THE PERFORMANCE REVIEW AS CAREER DEVELOPMENT

"The great thing in this world is not so much where you stand, as in what direction you are moving."

—Oliver Wendell Holmes

Organizations that are serious about improving performance are recognizing the need for a performance review process that is fully integrated with their career development programs. This ensures that the criteria for performance are clearly defined and used as a foundation for identifying and developing top talent. This also allows for the alignment of personal employee goals to the organizational objectives of a company.

Traditionally, reviews have focused on activities and skills with no real tie-in to actual accomplishments. A performance review tool that incorporates career management strategies with individual achievement ensures that you place focus on employee results and contribution not just the activity or effort. This links organizational and individual goals and enables the six steps that will collect the information needed to manage, coach and develop employees.



## STEP ONE: DEFINE AND DEVELOP A TOP PERFORMER PROFILE



Consider

- Can you define the skills, knowledge and behavior of your top performers?

Performance and development programs begin with a clear understanding of the personality traits of the top talent within a role. This information is used to create an ideal job profile that identifies skills, knowledge and behavior and is applied to the first step in a performance management strategy to hire the right people—the first time.

Once skills have been defined, it is important that behaviours be reviewed. Using web-based behavioural assessment solutions—like Drake's P3, or Picasso—hiring managers can be sure that a candidate's personality traits, cultural values, and overall disposition will be a strong fit for their organization. This allows you to compare and contrast with the ideal job family profile to which they are applying. Productivity among teams can be predicted based on these assessments. A rating system based on the established ideal profile will create an overall score for each candidate and a ranked short list of the best choices.



## STEP TWO: ONBOARDING AND ORIENTATION



Consider

- What does an employee need to know about their role and your organization to become immediately productive?

The quality of your onboarding and orientation directly affects the productivity and longevity of all new hires. Companies that adopt a proactive approach to onboarding and orientation decrease the time it takes an employee to become productive. Starting an employee off in the right direction is critical to establish their expectations and how they will be measured, developed, supported, and rewarded throughout their career.

Effective orientation programs are presented in two sections:

1. **The Organization**  
Clarify organizational goals and corporate values for the employee as well as how individual departments contribute to the overall company vision
2. **Role Specific**  
Clarify your expectations on how employee performance is measured and how the company will support their success

By working closely with your employees during the onboarding period you will be aware of problems that may come up indicating that further development is required. Employees require frequent direction and feedback on their performance—are they on target? Where can they get help and resources? Creating pre- and post-orientation assessments will allow you to understand the degree of development needed. You can utilize the assessment results as a coaching tool. This way, performance is continuously reviewed as an integral part of your coaching strategy demonstrating your commitment to employee success.



# PERFORMANCE MANAGEMENT

## STEP THREE: THE FOUNDATION OF PERFORMANCE REVIEWS



- What is the relationship between your organizational goals and how your employees achieve them?

It is important to develop, communicate and agree upon the key performance criteria and inherent benchmarks that will define employee success. When developing the criteria, the end goal is to create a framework for the employee to understand how they can help the organization achieve and exceed its goals and how their contributions will be evaluated.

Many organizations make the mistake of creating generic criteria—not ones that are specific to the job family or role. This occurs because most companies, sometimes even those with large HR departments, simply do not have the experience or expertise to craft specific criteria that speak to a selected position.

Some areas to consider when developing criteria include:

### **The Organization**

All criteria need to align with organizational goals. Include end-result metrics that relate back to the profitability of the organization.

### **Job family and role specific**

The more specific your criteria are to the job family and role, the easier it will be for the organization to manage and measure employee performance.

### **Cross-Functional**

Define how a person interacts with other functional departments and areas.

### **Employee Participation**

Have employees participate in the creation of their performance review and career development as measured against benchmarks that they have helped to define.

### **Client Facing ( if applicable )**

Develop metrics to understand client service skills, including their ability to develop and close business.

## STEP FOUR: CREATING THE REVIEW

Effective performance and career development programs are structured to focus on results and on how an employee will approach their work in order to achieve those results.

A comprehensive program includes:

### **Job Description**

An accurate job description will provide an employee with a complete understanding of their responsibilities and duties as required to produce the desired result.

### **Metrics / End Results**

Employee involvement in setting metrics allows for ownership. The metrics detail what the organization expects from them and when and how their individual contributions lead to achieving the objectives. The results need to be attainable and measurable.

### **Performance Criteria**

How an employee approaches their work is as important as how they accomplish their objectives. For example, if someone is an excellent achiever but is unable to work well with others, then, overall, they would receive a lower rating. Consider the key components of a position. In order to meet their objectives, what happened? Who did they support? Spending time observing an employee that is already outperforming in their job, or job shadowing, is one of the best data gathering approaches in defining performance criteria



### Peer Feedback

When an employee's approach to their work has been defined, it is important to evaluate how their role interacts with other peers, departments and customers, if applicable. Solely involving line managers and their direct reports in the review process will generate one-sided evaluations. Employees may feel that their manager is unable to see the true value of their work if their peers are not consulted. This 360-degree feedback, gathering all sides of an employee's performance, is critical to getting the complete picture.

### On-the-Job Observation

Managers need to accompany and observe their employees in real-world, on-the-job situations. As an example, attending a presentation to clients by your sales team will tell you far more about their delivery than their recount of how it went.

### Client Feedback (if applicable)

Clients can provide a detailed picture of your employees from the perspective that matters the most to your business—theirs. For example, we recommend for a sales position that you solicit feedback from one client that is chosen by the salesperson and that an additional two be chosen randomly and surveyed to avoid bias.

## STEP FIVE: DELIVERY AND CAREER DEVELOPMENT COACHING



- How do you measure results?
- What commitments has your organization made to further develop employee strengths?

Formal reviews at the 30-day, 90-day and one-year anniversary dates build a culture of sustainable performance. This is the time to review actual performance against the agreed upon criteria; to acknowledge accomplishments, align goals and set objectives for the coming appraisal period. Some questions to ask within the discussion include: What went well? What could have gone better? What needs to change? How can I help you?

Taking a partnership approach to performance reviews will ensure that both managers and employees communicate openly and honestly. A common understanding of the objectives and expected results takes the guesswork out of the process and ensures that at the time of the appraisal there are no surprises for either party.

The review process and the sustainable growth of performance are supported by coaching. Companies often conduct reviews and then relegate their evaluation documents to a drawer to be dusted off the following year. Drake's performance management process directly connects to a coaching methodology that can be used throughout the year to drive employee improvement.



# PERFORMANCE MANAGEMENT

## STEP SIX: COACHING

Coaching is defined as inspiring an individual or team to produce a desired and meaningful result. Both motivating and inspiring, coaching is also a method for understanding what drives an employee. This knowledge ensures that strengths and talents are applied to day-to-day performance.

There are typically four parts to the coaching process:

1. Clarity on the situation, or issue
2. Expanding awareness
3. Setting actions
4. Defining results

This is a two-way conversation, with the focus on the employee. Coaching exists to address issues, changing the role of the manager in a performance review from that of a judge to that of a partner. Partnering with employees, a manager can provide regular guidance, information and the opportunity for personal development by listening, asking the right questions and offering feedback. The benefits from coaching include accountability, focus, commitment, and motivation.

## 4 :: THE DRAKE SOLUTION

“The productivity of a work group seems to depend on how the group members see their own goals in relation to the goals of the organization.”

—Paul Hersey and Ken Blanchard

Heightening the performance of your employees starts with having the right people, in the right roles, to begin with. Drake uses skills testing and behavioural assessment solutions, like Drake P3, Picasso, Web@ssessor, and DrakeWize to determine the skills, knowledge and behaviours of your candidates. In addition they can be used to assess your workforce and to create 30-day, 90-day and one-year anniversary evaluations for performance measurement and career development.

Our solutions identify training opportunities that may exist, as well as other personality traits or issues that could benefit from on-the-job-development activities and coaching. Increasing performance is about addressing the needs of the employee as they align to those of the organization.

Drake operates from the philosophy that every solution must be tailored specifically to an organization's needs. Starting with a Career Performance Review Audit, a Drake consultant will quickly learn your business and assess or develop Top Performer Profiles for the applicable job families as well as the position descriptions that apply to those roles. This leads to a customized Career Performance and Development Program with defined criteria that employees need to continuously improve their performance and contribute to driving your bottom line.



## 5 :: RETURN ON INVESTMENT

“The professional’s grasp of the numbers is a measure of the control he has over the events that the numbers represent.”

—Harold Geneen

In measurable terms, return on investment is defined as reduced costs, avoided costs, and potentially increased revenues. Productivity suffers as a result of ineffective career performance and development programs, hurting the bottom line.

For example, let’s assume company ABC has 100 employees that have a 30% annual involuntary attrition rate based on poor performance. For those employees leaving the organization, assume that they have a 50% productivity rate with average annual salaries of \$36,000. To break it down further, 70 out of 100 employees are 100% productive and 30 employees out of 100 are 50% productive. What is the cost to a company of that lost productivity?

This cost can be viewed as having two distinct negative impacts on revenue:

1. Lost productivity—the organization was not able to achieve full production due to the fact that 30 employees were only performing at a 50% productivity rate. This could cost the company lost revenues and sales.
2. The 50% rate led to the additional unwarranted headcount of 15 full-time employees, at an expense of \$540,000 / year.

	100	Employees
x	30%	Multiplied by the percentage of employees performing only at the 50% level
	30	Number of Employees underperforming
x	50%	Productivity rate for those employees
x	\$36 000	Annual employee salary
=	\$540 000	The cost of carrying employees performing at a 50% productivity rate
		Implementing an effective performance management process can improve productivity. If you were to achieve an improvement of just 10%, the cost savings would be \$54,000
-	\$25 500	Total Career Performance and Development Solution costs <sup>◇</sup>
=	\$24 500	Equal Return on Investment (212%)

◇Costs will vary depending on project scope



# PERFORMANCE MANAGEMENT

## 6 :: CONCLUSION

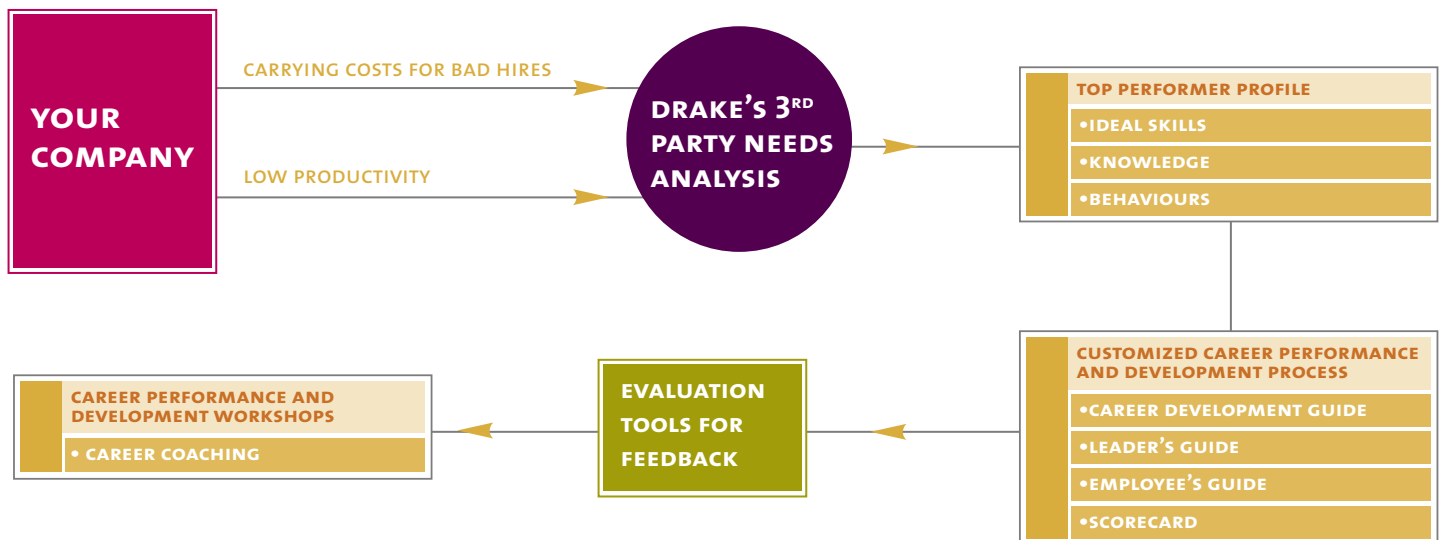
“The value of an idea lies in using it.”

—Thomas Edison

A professionally designed and fully integrated career, performance and development process will create a systematic and ongoing program that leverages established top performer benchmarks to guide your employees to outperform. Equipped with this information, your company will be able to attract, retain and develop successful employees and clearly differentiate and reward your best talent.

By engaging line managers as the primary drivers of the performance management process you will define a business strategy that connects day-to-day performance to business objectives. Drake’s fully customizable Career Performance and Development solution will help to ensure a direct link between the needs of HR as monitors of employee performance and line managers—those who must evaluate and collect performance metrics. Drake will do the work for you with a solution that takes the traditional review process and tailors it into a fully customizable performance management and career development tool that enables ongoing improvement.

### THE DRAKE CAREER PERFORMANCE AND DEVELOPMENT SOLUTION





## ABOUT DRAKE

Members of The Drake International Group of Companies are global leaders in the field of human resources, consultative management, staffing and technology solutions. For more than 50 years, Drake International has helped North American businesses solve productivity problems and recruit the best people. We begin with a business needs analysis which pinpoints the optimal way in which we can help your organization achieve its strategic objectives and overall workforce optimization strategy.

Using a partnership approach to deliver measurable results, Drake optimizes a company's profitability applying a blend of flexible staffing, permanent recruitment and technology solutions. Using innovative strategies, Drake reduces costs, increases revenue and customizes HR solutions including outsourcing of non-core business functions. Our unique vision plans to hire the right people for our clients the first time, thus saving them money by reducing their need for recruitment.

Drake's operating philosophy is based on the principle that organizations and people are at the highest level of productivity when they are working with the right skills, knowledge and behaviours, using the best processes and technologies.

We aim to assist your organization in achieving heightened productivity, performance and profit standards through the effective use of people and the application of proprietary technologies to help match workforce levels to workload. Allow Drake to help you and your company Outperform.

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