Special Report:

The Secret to Increasing Workforce Performance through Great Objectives Management

StaffCircle
your people unified

Introduction —
Why Your Workforce is Biggest Contributor to Business Success

The business marketplace has never been more competitive. Lower barriers to entry, a global audience, rapid product development, and several other areas combine to create a fast-moving, ever-changing environment. Against this shifting background it's vital to take a step back and look at the most important part of your business — your employees.

Smart, forward-looking companies prioritize their workforce ahead of almost everything else, and they get some excellent results. A Gallup study compared employee engagement with business performance and found that:

○ Businesses in the top quartile for employee engagement outperformed bottom-quartile units by **10%** on customer ratings, **22%** in profitability, and **21%** in productivity.

○ Businesses in the top quartile also saw significantly lower turnover, shrinkage, and absenteeism.

○ They had fewer safety incidents or quality defects.

The results are in — prioritizing workplace performance and,employee engagement results in happier, more productive employees and is good for your customers, bottom line, employee morale, and competitive advantage. The question is, how do you implement this in your organization?

It's not as complicated as you think.

Performance Management Helps to Drive Engagement and Productivity

Good employee performance comes from:

○ Easily-understood, mutually-agreed, business-aligned objectives for everyone.

○ Visibility of performance and tracking results, for employees and managers.

○ Software to help manage performance and drive up engagement.

○ Immediate feedback loops on progress, what is working, gaps, and improvements.

○ Freeing performance and objectives from yearly cycles.

○ Improving administration and processes throughout HR and employee support.

It's time to take the same disciplines used in other parts of your business (think Sales with their CRM tools or Customer Service with their call center metrics) and use them to boost performance and engagement throughout your business.

Executive Summary

- Businesses who maximize employee engagement achieve higher revenues, greater profit margins, and happier customers.

- Employee performance and objectives management is a vital part of workforce motivation.

- Medium-sized businesses have vastly different levels of HR and performance management maturity.

- A centralized software system supported by best practice, strong policies, and streamlined processes will greatly-improve objectives and performance management.

- It is increasingly difficult for businesses to attract, engage with, and retain Millennials through traditional performance evaluation processes.

- Performance management that combines visibility with active feedback and aligned objectives creates much better outcomes for managers, employees, and organizations.

Vital statistics:

- Top quartile employee engagement results in improvements of **10%** on customer ratings, **22%** for profitability, and **21%** in productivity.

- **47%** of disengaged Millennials are looking to switch jobs over the next year, compared to **17%** of engaged Millennials.

- **More than half** of respondents say traditional performance reviews drive competition among coworkers and increase personal stress.

- Almost **two-thirds** of office workers and managers say that "traditional" performance reviews are outdated and not useful.

- **55%** of office workers and **66%** of managers wish that their companies would get rid of or change the current performance review process.

- Managers spend an average of **17 hours per employee** preparing for a performance review.

How Does Your Business Run Performance Management?

Here at StaffCircle, we've been working with medium-sized businesses (50 - 1,000 employees) for a while, and we've seen performance management implemented in vastly-different ways.

Some organizations devolve performance and objectives management to individual managers and let them develop their own processes, measures, and approaches. These managers might use a combination of Word documents, emails to HR, and ad-hoc one-to-ones for performance management. Needless to say, this isn't the best way to run performance management!

Businesses with a stronger HR and objective management strategy will have some centralized processes linked with some best-practices. Typically though, they will only carry out performance management and reviews on a cyclic basis, every quarter, six months, or annually.

The most mature organizations use one centralized system and establishes common policies, streamlined processes, and an actively-managed performance and feedback loop. The right approach and software can quickly elevate performance management from an inconsistent, fragmented process to a consistent, well-regarded one that employees and managers actually enjoy.

Benefits of Proper Objective and Performance Management

We touched on the benefits of performance management and employee engagement in the introduction, but it's worth digging a little deeper.

The Harvard Business Review found that **93%** of Millenials left their job to join another company, rather than staying with their current employer. Investing in performance management will let you identify, incentivize, and challenge good performers. This helps you promote from within, retain talent, and lower hiring costs.

The analysis also showed that **47%** of disengaged Millennials are looking to switch jobs over the next year, compared to **17%** of engaged Millennials. **Two-thirds** want to learn and grow in their roles, while **60%** are looking for high-quality, engaged managers. Performance management lets you embed these disciplines throughout your workforce, enhancing retention and encouraging productivity.

A PWC report on the Workforce of the Future found that **three-quarters** of workers are ready to take on new skills or retrain. Performance and objectives management can be tied into your training, learning, and development programs. You can talk to employees about upskilling and give them the resources to learn and grow, and prepare them for a fulfilling future with your organization.

Finally, a report from Adobe sheds light on what employees and managers think of performance management itself:

○ **88%** of workers report going through performance management reviews.

○ **More than half** of respondents said these reviews drive competition among coworkers and increase personal stress.
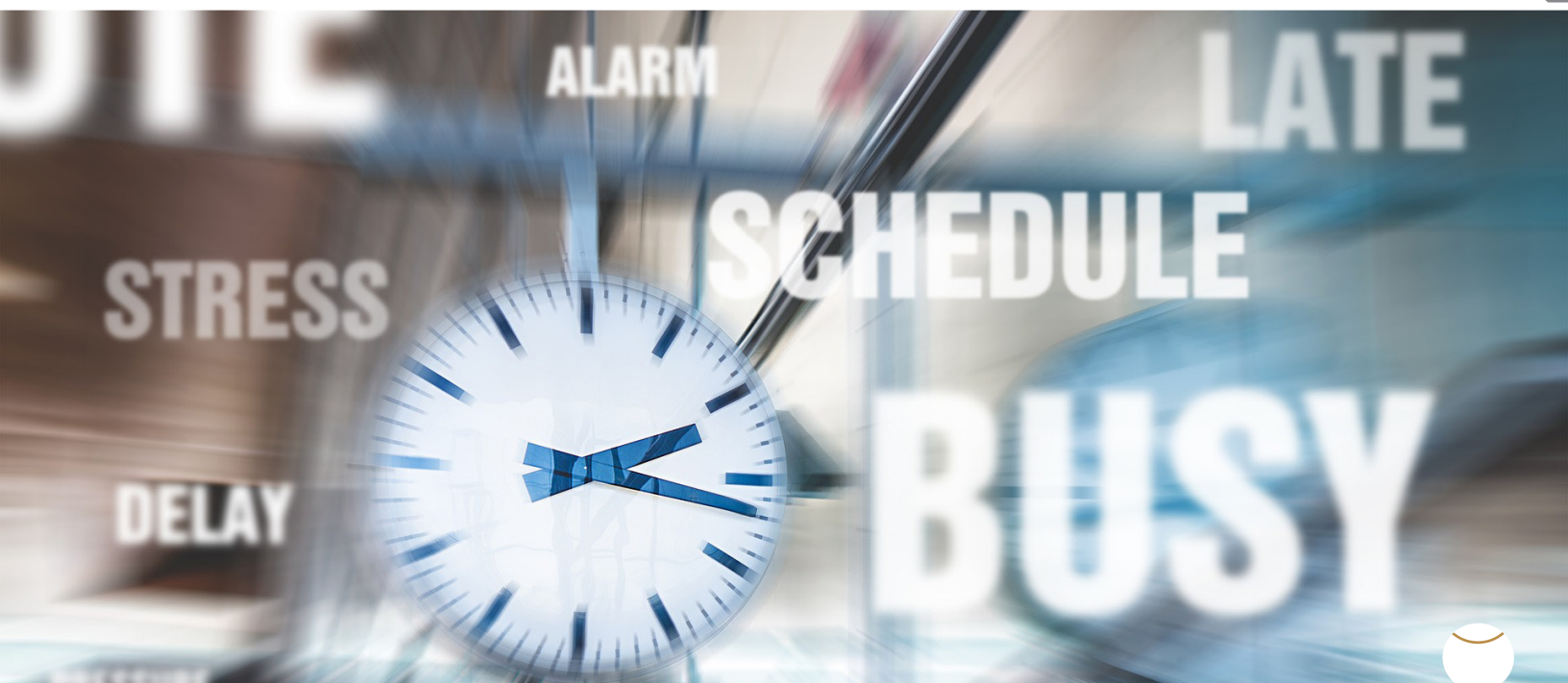
- Office workers and managers consider performance reviews an unproductive use of their time.

- Managers spend an average of **17 hours per employee** preparing for a performance review.

- Almost **two-thirds** of office workers and managers say that "traditional" performance reviews are outdated and not useful.

- Many employees have become upset, looked for another job, or quit due to a performance review.

Fortunately, the Adobe report had some good news:

- Workers are looking for a collaborative process with regular and qualitative feedback.

- **80%** of office workers want feedback in the moment rather than aggregated feedback after a period of months.

- **55%** of office workers and **66%** of managers wish that their companies would get rid of or change the current performance review process.

- Office workers believe companies that have abolished traditional reviews are more likely to be flexible **(46%)**, have happier employees **(44%)**, and have a collaborative culture **(38%)**.

It's this approach where software like StaffCircle can help you transform performance and objectives management.

The Need for a Good Software Solution for Performance Management

There are three critical areas you'll need to address if you want to improve performance and objectives management:

1. Create policies, processes, and frameworks for a forward-looking, non-traditional, engaging performance management approach.
2. Communicate the benefits of performance and objectives management to employees, managers, and other stakeholders so you get buy in.
3. Manage the whole process from centralized, intuitive, accessible, easy-to-use software.

It's this third area where StaffCircle can help your organization shine. We've designed StaffCircle as the perfect people engagement and productivity platform and we've now added complete objectives, reviews, and performance management to the software.

Here's a quick overview of what StaffCircle can do for you and your employees.

Before StaffCircle	After StaffCircle
The Performance Management Process	
Inconsistent, fragmented performance and objectives management process — using Word docs, emailing HR, lack of best practice.	Consistent, easy performance and objectives management — all information stored in one place, accessible to all, and easily manageable.
Preparing for reviews is a labor-intensive, time-consuming process.	Employees, managers, HR, and others can easily collaborate on reviews.
Employees do not understand how they are performing against objectives, so six-monthly or yearly evaluations are stressful and hard.	Every employee has a unique, personalized dashboard that tells them exactly how they are doing on an ongoing basis. No surprises.

Properly-aligned and implemented Objectives

Poorly-implemented objectives, forgotten one-to-ones, no clear link between objectives and performance.	Fully-realized objectives supported by best-practice performance management with tools that empower employees and supervisors.
No strategic alignment between business goals, departmental, team-level, or individual objectives.	Distill company and departmental objectives down to an individual level and see how everything links together.
Very difficult to understand performance for individuals, teams, or departments, cannot collate and share aggregate information.	At-a-glance visibility of performance for individuals, teams, and larger areas. See how objectives align to drive business results.

Manager and Employee Engagement in Performance Management

No visibility of ongoing objectives and significant delays in collating and sharing performance metrics and closing gaps.	Complete visibility of objectives and performance at all times supported by active feedback and ongoing reviews, so expectations are met.
Lack of personalization for employees, a "one size fits all" approach to traditional performance management.	UNique objective and performance management tailored to each employee which enhances engagement and incentivization.

Processes and Productivity for Performance Management

No consistent approach to accessing systems or sharing information.	Available across all devices, in all locations, to all authorized users.
HR management of performance reviews across the business is difficult, time-consuming, and cumbersome.	Most background tasks for performance management are completed invisibly by the software, so HR can add true value.

How to Implement a Performance Management Framework

Although software will go a long way towards better employee and objective management, that software must be aligned with a robust performance management and objectives setting framework. There are several different ways to set and measure performance, but the one we've shared below works well for organizations that use it.
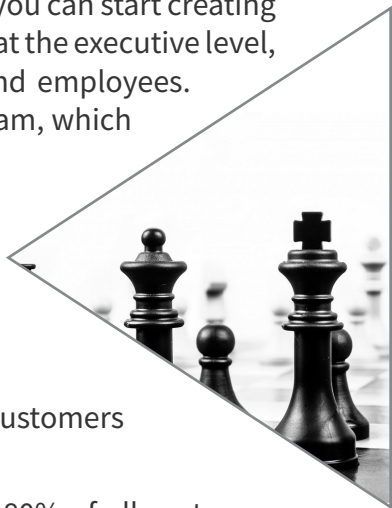
Start with Your Business Strategy and Goals

Every business should have a strategy that defines what your organization needs to accomplish in the short-, medium-, and long-term. That strategy will define the various business plans and initiatives that get you from where you are now to where you need to be. For good performance management that supports business goals, every objective in the organization should be aligned with your high level mission and initiatives.

That's why you must start with your business strategy. Break this down into clearly-defined goals for the organization, then understand the various departments and teams that contribute to each of those goals.

Create and Cascade Objectives Downwards

Once you know what your business goals are, and the initiatives needed to get there, you can start creating high-level objectives that contribute to each of those goals. These objectives will start at the executive level, then cascade down to senior management, middle management, team leaders, and employees. An employee should be able to understand how their objectives contribute to the team, which benefits the department, which ultimately takes the business in the right direction.

Here's an example of a goal turning into objectives:

- **Business strategy:** Lower customer churn and bring on new customers.
- **Business goal:** Reduce customers leaving and going to competitors.
- **Executive** — Customer Service Director: Reduce churn rate to fewer than 20% of customers a year.
- **Senior management** — Contact Center Director: Train employees to respond to 80% of all customer enquiries within 24 hours.
- **Middle management** — Head of Contact Teams: Develop and implement a training program for customer service employees.
- **Team leader** — Customer Service: Ensure all employees take part in and implement the training in the next six months.
- **Customer Service Agent:** Follow up by email or telephone to 80% of respondents within 24 hours.

You can see how the objectives of the individual customer service agent aligns with everyone above them, to contribute to the overall business goal and strategy.

Create SMART Objectives for Employees

Objectives shouldn't be created in isolation. Performance management must be a collaborative process and a conversation between manager and employee. Ideally, objectives should be challenging, but they should also be SMART — this means:

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Specific — the objective should be clearly-defined and unambiguous.
Measurable — the objective should have a defined way of measuring, whether that's a yes / no, quantitative measurement, or qualitative measurement.
Actionable — the employee should reasonably be able to achieve the objective, even if the objective is challenging.
Relevant — the objective should be relevant to the employee's job role and ambitions.
Timely — the objective should be accomplished within a specific timeframe.

Talk to your employees so you can develop reasonable objectives that will challenge them but also give them a sense of accomplishment.

Implement a Continual Review Process

SMART objectives form part of the review process between a manager and an employee. Our software makes it easy for employees to update their performance with quantifiable measurements, and for managers to see progress, provide suggestions, and offer feedback. You will want to make the review process continual and ongoing, rather than relying on aggregated feedback over longer time periods.

This helps to create a continual improvement culture for employees, since they know what they're working towards and how to get there.

Link Objectives to Incentives and Rewards

One of the great advantages of good performance management is the ability to fairly reward the employees who meet or exceed their objectives. The StaffCircle system includes an Awards system (personal/public recognition) and a Rewards system (material recognition - cash, days off, dinner, vouchers, etc) linked to the overall Review Scores. The system also includes an advanced weighting algorithm which can take into account time in service and other factors.

Implementing a performance management framework will help you to manage employees effectively and create a level playing field, where everyone is fairly-recognized for their contributions.

Conclusion

The benefits of strong, relevant performance and objectives management cannot be underestimated. Motivating your workforce comes from developing a strong culture, incentivizing and challenging employees, and ensuring everyone knows what's expected of them. Well-implemented performance management will:

○ Align objectives throughout your organization, so strategic goals turn into real actions.
○ Provide relevant, timely feedback, reporting, and understanding for employees and managers.
○ Reduce the burden of preparation and administration for everyone.
○ Support a sensible objectives management framework.
○ Make it easy to identify performance and address gaps for individuals, teams, and departments.

This directly results in happier, more engaged and productive employees. Reduce your hiring costs, optimize employee strengths, and increase retention. StaffCircle can help — we'll revolutionize your objective and performance management, enhance collaboration, and help you work smarter.

In just 20 minutes, we'll show you how we can transform your company.