

**HR** INSIDER SERIES

# Taking the Performance Review Process from Painful to Productive

For Small & Mid-sized Businesses

**SuccessFactors**   
Business Execution Software

Let's face it – EVERYBODY hates performance reviews. For HR, it's just the beginning of the annual paper chase. Executives don't see value in typical reviews because they don't tie back to the organization's overall success. And, most employees see the whole process as busy work, without much real value.

**There is good news though.** Today's forward-thinking small and mid-sized businesses are discovering automated performance review and goal management solutions not only take the pain out of the process, but actually drive better employee participation and improve performance.

Automating the review process gets valuable employee performance information “out of the drawer” and into circulation where it can be useful. Executives and HR personnel armed with ongoing, easy access to past performance data can clearly map out future milestones, expectations and compensation rewards for each employee. In doing so, they are creating a true pay-for-performance culture can dramatically improves productivity and drives overall business success. These comprehensive, easy-to-use solutions are now affordable to companies of all sizes, thanks to web-based, on-demand technology.

**Better still, getting everyone engaged in maximizing productivity has become simpler too:**

- ▶ HR MANAGERS ENJOY A VASTLY STREAMLINED REVIEW PROCESS, PUTTING AN END TO THE PAPER CHASE.
- ▶ MANAGERS AND EMPLOYEES SAVE TIME AND FRUSTRATION WHILE WRITING HIGH-QUALITY REVIEWS.
- ▶ EXECUTIVE MANAGEMENT GETS THE INCREDIBLE BENEFIT OF CENTRALIZED PERFORMANCE DATA, PROVIDING POWERFUL INSIGHTS AND DRIVING PRODUCTIVITY BY FOCUSING EMPLOYEES ON STRATEGIC GOALS THAT ARE ALIGNED FROM TOP-TO-BOTTOM.

This guide highlights the features to look for in an automated performance review solution and the rewards for individual participants at each level of your company.

## WHY HR LIKES IT:

### NOBODY WANTS TO BE THE “REVIEW POLICE”

For HR managers, automated performance reviews eliminate the endless hassles of “baby-sitting and policing.” Imagine a world without nagging or coercion (to get employees to complete performance reviews, that is). By switching to an on-demand, online system, you dramatically streamline the entire process, while avoiding major capital expenditures and enjoying the benefits of a system based on industry best practices and processes.

#### Some of the features HR can enjoy are:

- ▶ **ELECTRONIC FORM ROUTING.** Automatically route forms for review or approval, saving your company administrative time and reducing your environmental footprint.
- ▶ **CENTRALIZED ONLINE ACCESS.** Instant web-based access to all required forms from anywhere.
- ▶ **AUTOMATED EMAIL REMINDERS.** Send reminders at any time without the need to physically track people down.
- ▶ **INTEGRATION WITH OTHER SYSTEMS.** Use with other performance management tools and reports to make well-informed decisions regarding employment development and compensation.

Making the review process easier for employees will dramatically increase participation. And, because automated reminders keep things moving along on schedule, you’ll enjoy better on-time completion without having to coerce, cajole, or play the heavy.

### ELIMINATE THE WASTE

Additionally, companies establish a “greener” profile by saving trees while benefitting financially by reducing their carbon footprint. A complete, centralized, eco-friendly solution allows you to continue to work within your preferred formats, while eliminating paperwork, paper waste and a cumbersome paper trail (while still providing the necessary audit trail). This customizable solution is now affordable to companies of all sizes and, with its on-demand nature, minimizes the need for additional IT-and HR-specific resources. You’ll enjoy undeniable cost savings while establish an eco-friendly business profile — an increasingly important consumer value.

***“IT ENABLES US TO ENSURE OUR EMPLOYEES ARE DELIVERING THE HIGHEST LEVELS OF SERVICE WHILE MEETING THEIR REVENUE TARGETS. WE’RE EVALUATING AND REWARDING PEOPLE BASED ON ACHIEVEMENT OF GOALS — ALL USING A SYSTEM THAT IS PAPERLESS, STREAMLINED, AND SCALABLE.”***

Michelle Byers, Vice President of Talent, Rocky Mountain Bank (60 Employees)

## WHY MANAGERS AND EMPLOYEES LIKE IT:

### MANAGERS AND EMPLOYEES: TRIMMING TIME AND BOOSTING PERFORMANCE

For managers and employees, performance reviews are as unavoidable and time consuming as taxes. Initially there's all the time in the world. Then, procrastination grows in direct opposite proportion to diminishing time. And finally, when pressure reaches critical mass, everyone cranks out reviews just to meet the deadline. Not an optimal scenario.

The most comprehensive solutions include tools that help both managers and employees complete the performance review process in a fraction of the time. Saving time, reducing the enormity of the task and providing assistance — these all contribute to the creation of truly valuable, high-quality performance reviews.

Leading performance review systems also include goal-setting and feedback tools to improve worker performance. To motivate employees, managers must communicate how each individual's contributions fit into the company's goals and develop clear measures that define on-task progress. This is what drives true business success.

#### Typical features that help managers and employees include:

- ▶ **BUILT-IN WRITING TOOLS.** A new breed of electronic writing assistants offer invaluable help in constructing meaningful, concise reviews allow employees to clearly understand how to measure their performance against their goals.  
Managers can draw from detailed lists of competencies for common job types to create customized reviews, and get suggestions on points to cover and appropriate language to use.
- ▶ **COACHING TOOLS.** Integrated tools offer professional advice on promoting employee achievement and coaching suggestions to help develop specific competencies. Improving the quality and relevance of feedback gives employees a clearer, more actionable understanding of what they need to do to be successful at their jobs.
- ▶ **360 DEGREE REVIEW TOOLS.** Users can select raters for 360 degree reviews and solicit feedback with just a few clicks. Anonymous feedback from peers allows managers to gain an all-around perspective.
- ▶ **ELECTRONIC FORMS.** Employees can electronically route self-reviews directly to their manager, who can in turn route the completed review for final approval and electronic signatures.

Writing Assistant
Coaching Advisor

**Integrity/Ethics**  
Deals with others in a straightforward and honest manner, is accountable for actions, maintains confidentiality, supports company values, conveys good news and bad.

<b>Improve</b>	<b>Meets</b>	<b>Exceeds</b>
<ul style="list-style-type: none"> <li>deflects personal responsibility for work</li> <li>may color, bend the truth</li> <li>mistrusted by others</li> <li>needs to promote ethics, values</li> <li>plays politics, focuses on own agenda</li> <li>reveals confidential information</li> <li>words, deeds not consistent</li> </ul>	<ul style="list-style-type: none"> <li>accountable for decisions</li> <li>admits to, learns from mistakes</li> <li>fair and ethical towards others</li> <li>gives facts, doesn't hide info</li> <li>meets commitments</li> <li>open and candid, builds trust</li> <li>supports company values</li> </ul>	<ul style="list-style-type: none"> <li>actively protects confidential information</li> <li>always confronts unethical actions</li> <li>always lets others know the facts</li> <li>consistently trusted, respected</li> <li>helps others sort out ethical dilemmas</li> <li>stands up for beliefs</li> <li>strong role model for others</li> </ul>

Positivity: 
-
+
 1

Narrative:  I  You  Marcus

Marcus stands by his decisions and makes the best out of situations where he encounters opposition or negative results.

*Built-in Writing Assistant and Coaching Advisor tools help managers complete high quality reviews in a fraction of the time previously spent.*

## WHY CEO'S AND CFO'S LIKE IT

### THE KEY TO MAKING A GOOD COMPANY GREAT

Automated reviews and goal alignment are the “insider’s” secret to driving productivity. With paper-based systems, employee reviews usually get filed away as soon as they’re completed. But an on-demand, always on solution collects and centralizes valuable performance data on every employee enable CEO’s and managers to make the best business decisions possible based on real-time data.

Leading automated systems allow the executive team to:

- ▶ TRACK THE COMPANY’S OVERALL PROGRESS AGAINST ITS GOALS.
- ▶ IDENTIFY EMPLOYEES’ KEY STRENGTHS AND WEAKNESSES, ORGANIZATIONAL SKILLS, COMPETENCY GAPS, REWARD DRIVERS, AND OTHER PERFORMANCE TRENDS.
- ▶ CLOSELY MONITOR ANY RISE (OR FALL) IN EMPLOYEE RATINGS.
- ▶ ASSESS EMPLOYEE-RATING DISTRIBUTIONS ACROSS THE COMPANY, SO THAT THE BEST PERFORMING INDIVIDUALS AND DEPARTMENTS CAN BE APPROPRIATELY REWARDED.



Having real-time access to centralized performance data for every employee helps CEO's and managers make the best business decisions possible.

### THE MISSING LINK — STRATEGIC EMPLOYEE GOAL ALIGNMENT

In today's streamlined business environment, a downsized workforce increases the demands on each remaining individual. This means that productivity—and ultimately, profitability—depends on making sure every person is working up to his or her full potential. Yet industry studies show that nearly 95% of workers are unaware of their employer's specific business objectives or what they can do to help achieve them<sup>1</sup>. The problem doesn't lie with the employee, but with the organization's inability to inform employees of the company goals, monitor progress on an ongoing basis, and provide each individual with a means of achieving those goals.

Automated performance review solutions streamline the process of creating and cascading goals from the top of the organization to each individual, aligning these goals with your business strategy, and monitoring performance metrics against them. According to a recent report, companies using automated solutions achieve 2-3% higher annual revenues on average, relative to industry norms<sup>2</sup>. By helping to create relevant and achievable goals throughout the organization, these systems ensure that:

- ▶ **EMPLOYEES AND MANAGERS UNDERSTAND HOW THEIR INDIVIDUAL GOALS MATCH UP WITH THE COMPANY'S BUSINESS OBJECTIVES.**
- ▶ **EMPLOYEES AND MANAGERS ACHIEVE MORE — IN LESS TIME — BY PROVIDING GREATER VISIBILITY INTO INDIVIDUAL AND COMPANY-WIDE GOALS.**
- ▶ **EMPLOYEES CASCADE HIS/HER GOALS TO OTHERS IN THE COMPANY, CREATING GREATER COOPERATION AND SHARED RESPONSIBILITY.**
- ▶ **MANAGERS STAY UP-TO-DATE ON EMPLOYEES' PROGRESS, ALLOWING THEM TO PROVIDE IMMEDIATE REINFORCEMENT TO KEEP PERFORMANCE ON TRACK.**

***“OUR OLD PAPER-BASED PROCESSES DID NOT OFFER US THE ACCOUNTABILITY AND VISIBILITY WE SEE TODAY. WITH THIS SOLUTION, WE ARE ABLE TO ZERO IN ON HR AND PERFORMANCE MANAGEMENT RESPONSIBILITIES AT A MOMENT’S NOTICE. WE HAVE A CLEAR LINE OF SIGHT INTO THE GOALS OF OUR MANAGERS AND ASSOCIATES, MAKING FOR A TIGHTER, MORE UNIFIED COMPANY CULTURE.”***

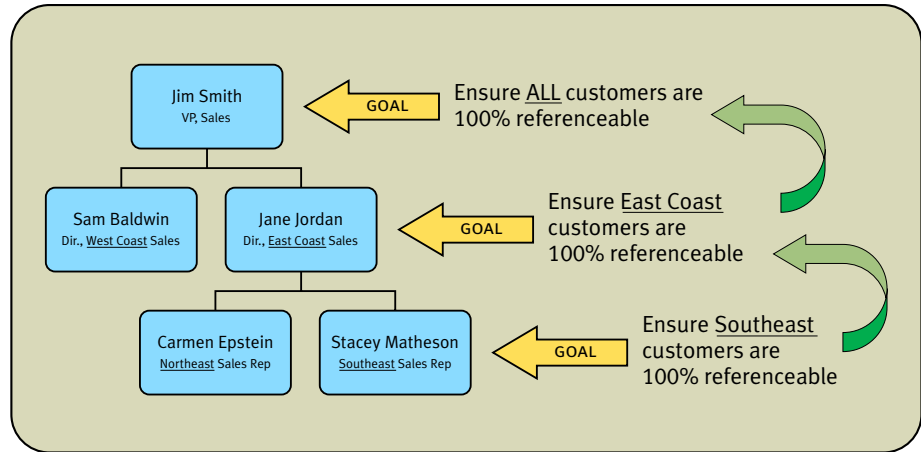
Denise DeSimone, CEO, Advanticom (40 Employees)

<sup>1</sup> “The Balanced Scorecard,” Robert S. Kaplan & David P. Norton, 1996.

<sup>2</sup> “Strategic Talent Management Solutions and Superior Topline Growth,” Saugatuck Technology, March 2008

## MAINTAIN BUSINESS FLOW AND REMAIN AGILE – ESPECIALLY IN TOUGH TIMES

By leveraging an integrated, automated solution to cascade business strategy throughout the entire organization, business leaders can ensure that company goals are being clearly defined and communicated, and, can easily monitor to make certain they are being executed upon by every employee, every single day. If market conditions change quickly, that company will be able to quickly adjust its strategy and goals, and rapidly communicate those changes throughout the organization ensuring continued success.



*By cascading goals from the top to the bottom of your organization, the executive team can ensure that the company's strategic objectives have been clearly defined and communicated, and are being executed upon by every employee.*

***“THIS SOLUTION HAS ENABLED ME AND MY SENIOR MANAGEMENT TO MAKE SOUND DECISIONS ABOUT HOW TO GROW THE BUSINESS EFFICIENTLY, WITH GREATER TRANSPARENCY AND ACCOUNTABILITY. I FEEL LIKE I AM IN BETTER CONTROL OVER THE DESTINY OF MY COMPANY.”***

Jim Hooker, CEO & President, Televerde (200 Employees)

## SUMMING IT ALL UP

Adopting a complete, on-demand solution removes the time drain and pain from the traditionally thankless process of performance reviews. It provides every member of the company a better understanding of the overall company strategy. It also improves the quality and “actionability” of goals and performance measures, and increases each individual’s motivation and opportunity to fully contribute to their own — and therefore the company’s — success.

By using an automated performance management solution to make assessments of performance against goals an ongoing process you ensure your goals are clear to everyone, projects stay on track and your business is agile.

To learn more, take a look at how these forward-thinking businesses have utilized automated performance reviews for greater success:

### **Rocky Mountain Bank**

[http://www.successfactors.com/docs/Rocky\\_Mountain\\_Bank\\_FINALv2.pdf](http://www.successfactors.com/docs/Rocky_Mountain_Bank_FINALv2.pdf)

### **MarketLeader**

[http://www.successfactors.com/docs/MarketLeader\\_CFO.pdf](http://www.successfactors.com/docs/MarketLeader_CFO.pdf)

## About SuccessFactors

With more than 4 million end users in 185 countries, SuccessFactors is the leader in on-demand Business Execution software. By enabling organizations to bridge strategy and execution gaps, cultivate top talent and optimize employee performance, SuccessFactors solutions help companies of all sizes drive productivity and increase business success.

For more information, please visit [www.successfactors.com](http://www.successfactors.com)

## The HR Insider Series

This ongoing set of guides is designed to provide HR professionals in small to mid-sized businesses with insights and solutions that can be applied in everyday efforts. Contributing authors include HR experts, as well as leading companies that have improved business results by using the latest HR technologies.

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