

APPENDIX K

PERFORMANCE MANAGEMENT AND REVIEW

INTRODUCTION TO PERFORMANCE MANAGEMENT

An Overview

For the Institution to be successful, each individual employee must focus on and achieve our organizational goals. To accomplish this, employees need to understand what is expected of them and recognize the impact their efforts have on meeting corporate objectives. We do this through a process called "Performance Management."

Performance Management helps coordinate individual goals and performance with the Company's organization goals. The process is cyclical and includes:

- ◆ **Performance Planning:** Setting goals with your employees.
- ◆ **Feedback and Coaching:** Exchanging comments and ideas with your employees on expected performance.
- ◆ **Performance Review:** A formal discussion with each of your employees to discuss his or her performance for the year, and ideas for improvement.
- ◆ **Merit Review:** This actually is an outcome of the process rather than an element of the cycle. Employees' pay is based on their performance, compa-ratio, and the merit guidelines established for the year.

Performance Management is a logical, structured process that manages and measures individual performance to help meet Company objectives.

Keys to Success

To be successful, Performance Management must be:

- ◆ Ongoing
- ◆ Interactive

Performance Management is designed to:

- ◆ Improve the performance of the Company and employees. We need our performance tied to meeting our customers' needs.

- ◆ Be a tool for managers and employees to use when planning and measuring performance. Performance management provides structure and accountability for managing employees. This will help the manager and the employee set and meet expectations.
- ◆ Create a fair and structured pay delivery system. By setting up a clear structure, pay will be handled more consistently.
- ◆ Provide a forum for career planning discussions. Employees' performance plans can provide guidance for career planning. Together the manager and employee can develop ways to match employee abilities with organizational needs.

Roles and Responsibilities

For managers:

- ◆ Help employees align individual performance with Company objectives.
- ◆ Help employees develop and improve. Create a framework in which to measure the quality and quantity of work.
- ◆ Maintain an open atmosphere for ongoing performance discussions.
- ◆ Help employees help you. Share responsibility for all aspects of Performance Management with your employees.

For employees:

- ◆ Work with managers to plan, measure, and improve performance.
- ◆ Take responsibility for their part in the process

PERFORMANCE PLANNING

Purpose

Planning builds the connection between each employee's performance and the overall direction of the Company. It is the foundation of the Performance Management process. It sets out what each employee is expected to accomplish during the year.

The plan provides:

- ◆ Focus and direction for performance.
- ◆ Benchmarks for assessing progress and achievement.
- ◆ A mutually understood set of expectations between managers and employees.

Steps to Performance Planning

1. Schedule a planning meeting with your employee.

2. Based on the job description and last year's plan, you and your employee independently draft a performance plan. In doing so, you each develop six to ten critical goals and pick dimensions that most directly relate to the job. Remember to keep in mind the Institution's objectives as well as the job's specific function.
3. You and your employee meet, discuss performance goals and dimensions, and agree on specific expectations for the coming review period.

Keys to Success

To be successful, your plan must meet the following criteria:

Specific:	Clear tasks and activities.
Measurable:	Quantitative or qualitative results.
Attainable:	Challenging, but not impossible goals.
Relevant:	Contributions to what is important to the Company.
Trackable:	Benchmarks or events to gauge progress.

Roles and Responsibilities

For managers:

- ◆ Ensure an updated job description exists.
- ◆ Prepare for the planning meeting by reviewing The Institution's business objectives, the job description, and last year's performance plan, if applicable.
- ◆ Develop goals and choose dimensions that are related to the employee's major duties and responsibilities.
- ◆ Work with your employee to set specific, challenging expectations for the coming year that link his or her performance with the Institution goals.

For employees:

- ◆ Prepare for the planning meeting by reviewing the job description and last year's plan.
- ◆ Participate with manager in setting goals and dimensions for the coming year.

FEEDBACK AND COACHING

Purpose

Feedback and coaching, when used in an ongoing and consistent manner, helps you guide your employees in reaching their goals. Feedback and coaching are the basis of future planning and ensure that there are no surprises during the performance review.

Feedback and coaching help you and your employee:

- ◆ Assess progress toward goals in terms of strengths and areas for improvement.
- ◆ Identify problems or opportunities and work toward enhanced performance.
- ◆ Provide and receive guidance and support.
- ◆ Recognize achievement.

The Process

Feedback and coaching can be in the form of:

- ◆ Comments on a job well done.
- ◆ Discussion aimed at improving performance, knowledge, or skills.
- ◆ A meeting behind closed doors.
- ◆ A brief exchange.

To be effective, feedback must match the needs of the receiver. There are various types of feedback and different situations will require a different approach. For example, feedback could be an observation about behavior or an interpretation or assessment of the behavior. Or, you may need to take it further to coaching - where you discuss ways to modify or adopt new behaviors to enhance results.

When you give feedback:

- ◆ Make it a part of ongoing, open communication with your employee.
- ◆ Give it in a positive way - constructive or reinforcing.
- ◆ Position it as an observation of behavior and avoid judgments.
- ◆ Match the kind of feedback to the needs of the receiver.
- ◆ Be sure it can be acted upon.

When you provide feedback:

- ◆ Model supportive behavior for your employee.

- ◆ Be open to discussion.
- ◆ Remind yourself that actions or behaviors are being critiqued.
- ◆ Invite comments by acknowledging mistakes or concerns.

Please note: Feedback and coaching are not positive or negative. They are applied in an effort to correct a problem or pursue an opportunity.

Keys to Success

To be successful, feedback and coaching must be:

- ◆ Applied consistently.
- ◆ Focused on behavior and actions.
- ◆ Based on ongoing, open communication.
- ◆ Constructive and supportive.
- ◆ Specific, descriptive, and solution oriented.

Roles and Responsibilities

For managers:

- ◆ Give ongoing feedback and coaching in a way that can be heard and acted upon.
- ◆ Strive for open communication.
- ◆ Set the stage for the performance review so there are no surprises.

For employees:

- ◆ Receive and respond to feedback and coaching in an appropriate manner.
- ◆ Ask for feedback and coaching.

PERFORMANCE REVIEW

Purpose

The performance review is a formalized feedback and coaching meeting for you and your employee to review past performance and improve future performance.

The performance review gives you an opportunity to:

- ◆ Review, discuss, evaluate, and document progress toward planned goals.
- ◆ Determine methods to improve performance where necessary.
- ◆ Evaluate the employee's net contribution to the business.
- ◆ Set the stage for next year's goals.

The Process

The process of setting goals, measuring goals, and conducting performance reviews is tied to the annual performance review cycle. In addition, when an employee's performance does not meet job requirements, a formal Performance Improvement Plan must be completed outlining the steps the employee and the manager must take in order to bring the employee's performance to an acceptable level.

Five Steps

1. The manager schedules a performance review time and date with the employee, asking the employee to complete the Self-Appraisal section of the Performance Review form.
2. The manager collects the employee's Self-Appraisal, gathers information from customers and prior supervisor(s), if applicable, and prepares the Performance Review form, determining the summary rating (1-3). *Please note: The summary rating is not an average of the individual ratings for each goal/accomplishment and/or characteristic. It should be an assessment of overall performance considering the relative importance of each item.* The next level manager provides input and approves the Review.
3. The manager and the employee meet to discuss the Performance Review, reviewing employee accomplishments and strengths, paying particular attention to areas where manager and employee input may differ. The manager and employee discuss recommendations for personal development, covering areas for improvement and/or growth potential.
4. At the conclusion of the performance discussion, any final review comments are documented by the manager directly on the Performance Review form. The employee may make any final summary comments, or voice disagreement with any aspect of the review.
5. Both the manager and the employee should sign the form. If there are any substantive changes as a result of the performance discussion, the manager reviews changes with the next level manager.

The original, signed review is sent to Human Resources for review and filing in the employee's personnel file.

Summary Performance Ratings

EXCEEDS JOB REQUIREMENTS -Performance surpasses most, but not all, position requirements.

Both in the achievement of difficult job tasks/goals and in day-to-day functions of the job, the employee's performance and results attained are noteworthy - not just customary and conventional. The individual clearly exceeds normal expectations of the job, merits confidence, requires little direction and review and seeks improvements.

Meets Position Requirements.

From the total job standpoint, both in the achievement of job tasks/goals and in day-to-day functions, this is completely acceptable performance requiring only normal direction, checking and review. The employee's performance is steady and reliable and decisions and recommendations are usually sound.

NEEDS IMPROVEMENT - Performance meets most, but not all, major position requirements.

For whatever reason, the employee is not meeting all the major requirements of the job, performance is below the level normally expected and improvement is required. This level of performance is temporarily acceptable if the employee is making progress; generally, a Performance Improvement Plan must be established as part of the review process.

Dispute Process

If an employee disagrees with the Performance Review, he or she can request further review. If the issue cannot be resolved with the immediate manager, the employee may request review by the next level manager and/or the Human Resources Director.

1. The dissent should be in writing.
2. It should be sent to the manager, the next level manager and the Manager, Human Resources.
3. The next level manager should acknowledge receipt of the dissent within 48 hours.
4. The next level manager together with Human Resources should respond to the employee regarding the dissent within 30 days of receipt.

Keys to Success

To be successful, the Performance Review should be:

- ◆ A private meeting, without interruptions.
- ◆ An open, constructive exchange of opinions and ideas.
- ◆ An extension of ongoing feedback and coaching - no surprises!

Roles and Responsibilities

For managers:

- ◆ Prepare for performance review by reviewing the employee's self-appraisal and collecting feedback from others. Then, draft a performance review - noting accomplishments and areas needing improvement.
- ◆ Encourage the employee to actively participate in gathering feedback and in the review discussion.

For employees:

- ◆ Be prepared to talk about your accomplishments, strengths, and areas for improvement.
- ◆ Be open to your manager's opinions and discuss feelings about work and contributions to the Institution.

NEXT STEPS

The key to Performance Management at the Institution is the partnership between you and your employees. All phases of the Performance Management process are built on that partnership: planning, ongoing feedback and coaching, performance review, and effective pay decisions.

Employees feel better about their jobs when they:

- ◆ See themselves as skilled at some tasks.
- ◆ Are able to influence the environment in which they work.
- ◆ Receive recognition for their contributions.
- ◆ Are paid fairly for the work they do.

To Build a Partnership

- ◆ Help employees understand the Performance Management process and encourage their participation.
- ◆ Consistently act in a manner that models effective behavior in all areas of Performance Management.
- ◆ Take personal responsibility for the performance management process within your group.
- ◆ Share concerns about and successes with the performance management process with HR and other managers.