Implementing a Strategy for Business Development and Growth:

A Guide to Getting Things Done

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Introduction

It happens every day. A person gets a great business idea; they put together a plan, create a product and before you know it they are operating a small business! They are excited because the idea really worked and they are finally making a little bit of money. The days, weeks, and sometime years go by – and then they wake up one day and feel like they have gotten stuck.

The day-to-day challenges of running a business can sometimes lead to burnout, and with it the potential of losing sight of the original vision. When this happens the organization simply plods along, not really making any progress. Sure the bills might be getting paid, the customers may be happy, but is the organization moving in the direction that was originally intended? Is it achieving all that it could be?

Business growth and development does not happen by accident. It takes strategy and planning for an organization to be successful; further, an organization is only as successful as its ability to implement its strategy. Business strategy is birthed out of a mission and a vision – why it exists and where it is going. Only once an organization understands what it is trying to achieve can it develop a strategy and plan to get there.

We all know that a strategy and plan is only as good as an organization's ability to implement that plan. Implementing a plan requires focus and accountability.

This eBook walks through the steps of articulating a mission and vision (purpose) and creating an actionable and measurable plan that incorporates accountability to ensure it is completed. Once a plan is in place it is a matter of managing employee performance and holding people accountable for their goals. This is done by setting clear job expectations, coaching employees when they don't hit the mark and rewarding them when they do.

A structured process is required to align strategy with day-to-day job responsibilities. When employees operate off of a job description that aligns with

the business's strategy, understand what is expected of them and are rewarded for doing a good job, the organization can't help but be successful!

This eBook was written to help small business owners determine their mark and create a strategy and plan to hit the mark – I hope it does just that for you!

Implementing a vision is a multi-step process. The process begins with articulating a vision and mission and works through strategic planning, goal development, job descriptions and finally employee performance management.

Let's walk through each of these steps individually.

Vision, Mission and Values

Every business owner should be able to articulate why the business exists and what it hopes to achieve. Operating with this fundamental business objective is what can, and often does, separate the successful from the not so successful businesses.

Before an organization can be led, it needs to know why it exists, where it is going and the steps to get there. This is why it is important to have a guiding Vision, Mission and Values Statement that articulates why the organization exists, where it desires to go and the guiding principles that will help direct its decision-making process.

Those who have been charged with the responsibility of overseeing the organization should be involved in the development of a Vision, Mission and Values Statement – typically the governing board and high-level leadership (or if the company is not large enough to have a governing board, the founder and upper management).   Such a statement provides direction and a strategic target for the business. It is a tool to help the organization fulfill its mission – it is the bullseye!

A vision statement is typically 2-3 sentences that describe what the organization hopes to become or achieve. Some organizations write paragraphs describing their vision, while others develop a shorter statement with the understanding that a shorter statement is easier for employees to absorb, memorize and ideally explain to others. This is important because employees need to have a good understanding of what the organization is trying to accomplish so they can buy into its mission and support the vision. The value of a vision statement is that it gives management and employees a shared goal.

Every organization needs to understand where it is going before it can develop a strategic plan and map out the steps for how to get there – this is where a vision helps!

7 Steps to Writing a Vision, Mission and Values Statement

1. Gather senior leadership

Writing the Vision, Mission and Values Statement should be an exercise that is done by the governing board (if there is one) and senior management. Ideally this would be done in a retreat setting, such as the back room of a restaurant, a hotel conference room or someone's home. It needs to be devoid of interruptions and distraction – hence a 'retreat.'

2. Solicit help from an objective facilitator

It may be worth investing in a couple hours of time with a professional who can help the process. The facilitator will help the group brainstorm and articulate the vision. Their job is to drive the process, not the vision. An experienced facilitator will know how to do this.

3. Dream out loud

A visioning session is the process of articulating a future state for the organization. In the visioning session I like working with whiteboards or flipcharts, because I think a visual aid helps spark thoughts and ideas.

Depending on the number of people in the session, have the group break down into groups of 3-4 people, provide each group with a flip chart and have them discuss and answer the following questions:
- Who are we?
- Where do we want to go as an organization?
- What do we want this business to look like at some future point in time?
- Where do we want to be 1, 5, 10 years from now?
- As a group, create a newspaper headline about something the organization has done/accomplished at some future point – this helps the group visualize the future.

Note: If there is more than one group, there should be simultaneous groups going on at the same time. This session should take 20-30 minutes.

4. Combine ideas and at the end of this session:

- Have all the groups come back together and share the thoughts and ideas they came up with.
- Use the entire group to pick the best and most consistent thoughts and ideas from each of the smaller groups, writing the common words on a flipchart.
- Go around the room and allow all the participants to begin to add/subtract and formalize the sentence structure of the statement. Have a laptop available to use a thesaurus, dictionary and Wikipedia as references.

5. Test the statement

After a couple of sentences have been written, read them out loud to the group again and determine if everyone agrees that the statement reflects a common direction and describes a picture of an ideal future state of the organization. Make sure the description of the future state is "measurable" so the group can monitor progress toward the vision.

6. Clarify the mission

Once the vision statement has been written, do a similar exercise to come up with a mission statement. Remember a mission statement is a short description of "why" the organization exists. Vision and mission statements are the cornerstone for decision making. For example, I worked for a pediatric hospital and the mission was "We will do what is right for kids." Simply stated – but very powerful in the board room when difficult decisions needed to be made. When challenged with difficult questions, senior leadership would ask, 'is this decision in the best interest of the kids we serve?' This tool helps to keep the organization focused on its priorities. A great book that can help teach your group how to simplify a message is ***Made to Stick*** by Chip and Dan Heath.

- While in the same groups, spend 20-30 minutes coming up with descriptive words for why the organization exists.
- After all groups have posted their thoughts on the flip chart, have the groups present their ideas to each other.
- Use one flip chart to combine ideas and begin word-smithing them until the group creates a short phrase that reflects all of the ideas.

- Have all of the groups read the final statements and come to agreement that the phrase truly reflects the mission of the organization and why it exists.

7. Define Organizational Values

Once there is a vision and mission statement, break the team into groups again and allow them 20 minutes or so to list the core values (values=a principle, standard, or quality considered worthwhile or desirable) of the organization. Remember these will become shared values or principles that the organization operates by.

- Once each group has developed a list, have them present their lists to the entire group. Combine ideas and refine them into one list. There is usually a lot of overlap of ideas, which is good.
- A list of values should ideally be 5-10 words. The goal is for the people who align themselves with the organization to be able to simply memorize the vision, mission and values. The more concise the better.

See, that wasn't so difficult, right? Many businesses don't come up with a guiding vision, mission and values statement because the process of doing so scares them. I would argue that with the right people in the room, it can be done in a few short hours. Once a Vision, Mission and Values Statement is written the strategic planning process can begin!

Strategic Planning

Once the vision is articulated, the next step is to develop a strategic plan. A strategic plan reiterates the mission and vision and creates a road map to get there. The written plan describes where the organization is today and how it will achieve its vision.

Strategic planning can be a very tedious process, taking a lot of time, thought and focus. The process typically takes weeks or even months, depending on how much time can be devoted to it on a day-by-day basis, and should be done at the Board level with senior leadership involvement.

The strategic planning process identifies **what** needs to be done (vision and strategic plan), **how** it gets done (organizational and departmental goals) and **who** will do it (employee job descriptions). This structured process helps to ensure the vision is implemented throughout the entire organization.

Developing the Plan

Strategic plans help to map out the steps, process and timeline to get from the present state of the organization to the desired future state. In order to do this, there are two different levels of planning that need to be done - short-term (3-6 months) and long-term (12-36 months). It used to be that strategic plans were written for anywhere from 5 to even 10 years out, but with as fast as things change today, a three year plan is probably as aggressive as you can get without needing to modify the plan along the way.

Strategic Planning Process

The first step in the strategic planning process is to identify the outcome – where you want to be in three years. Take some time to brainstorm or visualize what that future state looks like. For example, strategic objectives or outcomes may be things like increasing market share, becoming a customer service leader, increasing sales revenues, improving product quality – whatever will take organization closer to achieving its vision.

Next create a timeline for the completion of these objectives and determine how many weeks, months or years it will realistically take to complete

the objectives. This is done by thinking through the high-level action steps needed to complete the tasks involved.

Example Long-Term Three Year Strategic Plan			
Strategic Objectives	Timeline		
	Year 1	Year 2	Year 3
Reduce operating budget by 5%, from $1M to $950,000.			
Reduce employee turnover rates by 50%, from 30% to 15%.			
Increase revenues by 20%, from $1M to $1.2M.			
Become market leader for customer service with 97% satisfaction scores.			

Once you've identified the **where** you want to be, the next step is to start mapping out what it will take to get there. For example, to become the market leader in customer service, several things need to be done: market research on customer preferences, developing products/services to meet requirements, establishing a baseline of customer satisfaction, and planning and implementing improvement opportunities, to name a few. This detailed planning can be put in the format of an "action plan."

An action plan is merely a written document outlining the objectives (goals), action steps, responsible person(s), possible team members, due dates for each action step and implementation status. Mapping this out creates a visual that is easy to see at a glance what needs to be done and by when.

Strategic Objective Action Plan				
Strategic Objective	**Action Steps**	**Responsible Person(s)**	**Due Date**	**Status**
Reduce operating budget by 5%, from $1M to $950,000.	Review prior 12 months spending.	Steve Jones	June 15, 20XX	Completed
	Identify areas of cost cutting opportunities	Steve Jones/Executive Committee	Dec 31, 20XX	Completed
	Meet with managers to discuss opportunities.	Steve Jones	Sept 30, 20XX	Completed
	Incorporate cost cutting into annual budget.	All Department Managers/Steve Jones	June 30, 20XX	In Process
	Monitor budget.	Steve Jones	Dec 31, 20XX	In Process
	Reassess operating budget.	Steve Jones/Executive Committee	Sept 20XX	In Process

As you create the action plan you will identify objectives or steps that individual departments need to take to support strategic objectives. As each department identifies its goals and objectives, it provides the information needed to write individual job descriptions that support the departmental goals – which support organizational goals and ultimately the strategic plan.

When goals and objectives are written to support the strategic plan it helps to achieve the long-term goals of the organization in a reasonable time frame.

Organizational Goals

As the organization works toward accomplishing the strategic plan, there needs to be a structured process to take the organization from where it is to where it wants to be. This can be done by developing annual **organizational** goals. Annual goals are written to break long-term goals into bite-sized pieces. This provides the framework to accomplish them in steps and stages rather than the overwhelming task of trying to do them all at once; it also provides a tool for performance monitoring. This is done by taking the goals down to the departmental and staff level and ensures that what the staff is doing on a day-to-day basis lines up with the vision and goals of the organization. It is easy for employees to get off track, but this process keeps them focused on the organization's priorities.

Goals are important because they provide direction, clarify job roles, give something to strive for, show how far you've come and help make the vision attainable.   Having goals written down makes them more real and achievable. It allows you to see where you are going and the steps to get there.

The structured process should include a cycle that begins with writing goals, communicating expectations, monitoring performance toward goals, assessing performance and ends with the performance appraisal. This cycle is repeated on an annual basis.

Once the organization has some direction for where they want to go over the next twelve months, the organizational priorities can be driven down to the departmental level. This step ensures that there is a person or group of people with responsibility for goal completions.

Example Year 1 Annual Goals

- Assess employee satisfaction and develop a plan to improve the employee work experience.
    - This supports the strategic objective of reducing employee turnover rates by 50%, from 30% to 15%.

Now take these annual goals and break them down at the department level. This requires assigning the goal to a specific department. For example, the human resources department would be responsible for this particular goal.

This is an example of what that departmental goal might look like:

<table>
<tr><th colspan="6">Example
Department Goal</th></tr>
<tr><th>Objective
(goal)</th><th>Action Steps</th><th>Responsible
Person</th><th>Measured by:</th><th>Due
Date</th><th>Status</th></tr>
<tr><td rowspan="7">Assess Employee satisfaction and develop improvement plan to improve satisfaction score by 10%.</td><td>Survey employees for baseline score.</td><td>Susan Jones</td><td>Completion by due date.</td><td>March 1st</td><td>Completed</td></tr>
<tr><td>Review results and identify issues.</td><td>Joe Smith
Susan Jones</td><td>Completion by due date.</td><td>April 15</td><td>Completed</td></tr>
<tr><td>Facilitate focus group and drill down on identified issues.</td><td>Susan Jones</td><td>Completion by due date.</td><td>April 30</td><td>Completed</td></tr>
<tr><td>Develop action plan based on feedback.</td><td>Susan Jones</td><td>Completion by due date.</td><td>May 15</td><td>In Process</td></tr>
<tr><td>Implement action plan.</td><td>Joe Smith
Susan Jones</td><td>Completion by due date.</td><td>June 30</td><td>In Process</td></tr>
<tr><td>Re-survey employees.</td><td>Susan Jones</td><td>Completion by due date.</td><td>Jan 1st</td><td>In Process</td></tr>
<tr><td>Compare results.</td><td>Joe Smith
Susan Jones</td><td>Improved results by 10% over baseline.</td><td>Feb 15</td><td>In Process</td></tr>
<tr><td colspan="6">This goal supports the strategic objective of reducing employee turnover rates by 50%, from 30% to 15%.</td></tr>
</table>

To ensure that the departmental goals are accomplished, they need to be driven down to the individual employee level. This is done by mapping the goals and steps each employee needs to take in order to accomplish the goals. As you will note, these goals will line up with individual departmental goals. This tool is very valuable during the annual performance appraisal process to ensure that what the organization wanted to accomplish at the beginning of the year ended up being accomplished.

Now we will take the above departmental goal and break it down into steps for an employee to accomplish.

Example Employee Goal					
Objective(goal)	Action Steps	Responsible Person	Measured by:	Due Date	Status
1. Facilitate employee focus group.	Identify employees representing each department.	Susan Jones Department managers.	Due Date	April 15	Completed
	Identify date, time and location.	Susan Jones	Due Date	April 30	Completed
	Send invitations to employees and copy managers.	Susan Jones	Due Date	May 15	Completed
	Review satisfaction scores and develop discussion points.	Susan Jones	Due Date	May 30	Completed
	Prepare room for focus group.	Susan Jones	Due Date	June 15	In Process
	Facilitate focus group.	Susan Jones	Due Date	June 30	In Process

As you will notice, the objective (goal) for Susan is taken from the action steps in the departmental goal. This allows Joe Smith to assign responsibility to Susan Jones for accomplishing this goal. This document will be used when Susan is reviewed at her annual performance appraisal, which will demonstrate her goal completion. By Susan completing her goal, that allows Joe Smith to accomplish his goal, which supports the organizational goals.

Job Descriptions and Individual Goals

Job descriptions should be written to reflect individual goals that support the departmental goals. Job descriptions should describe reporting relationships (this is to identify who the boss is). They should also list job duty accountabilities that this person is responsible for doing day-to-day. Job descriptions should be reviewed and updated annually (performance appraisal time is a good time to do this).

Example Employee Job Description
Human Resource Assistant **Job Description and Duties**

Position Purpose:	To support the human resources department and to ensure employee needs are met.
Reports to:	Human Resource Director
Salary Range:	$XX,000 - $XX,000

Job Responsibilities

- **Keeps weekly appointment calendar for department director.**
- **Makes all travel arrangements including air, hotel, car and expense reporting process.**
- **Takes minutes at weekly staff meeting and monthly Human Resource Council meetings.**
- **Facilitates new employee orientation and reviews new employee checklist with new hires.**
- **Ensures new employees have a designated phone line, computer login and workstation.**
- **Responsible for processing payroll the 1st and 3rd Mondays of every month. This includes tracking vacation, sick and unpaid leaves.**
- **Keeps records of paid time off, sick time and nonproductive hours.**
- **Acts as a liaison between organization and health insurance vendor. This includes adding new employees to insurance plan and terminating employees who leave the organization.**
- **Performs human resource file audits to ensure all required documentation is in all employee files.**
- **Facilitates employee satisfaction process and conducts employee focus groups as needed.**
- **Serves as an employee advocate and brings employee issues and concerns to the attention of management.**
- **Facilitates employee recognition program by planning employee related events and monitoring employee length of service.**
- **Other duties as assigned by director.**

As you can see, the responsibility of conducting employee focus groups is in the human resources assistant's job description. This provides a direct link between the job duties, department goals and ultimately the organizational goals - which support the strategic plan.

Performance Management

All employees should be held accountable for their job responsibilities. Accountability means, "subject to giving an account; answerable." Goals are only as effective as the person who has responsibility for completing them. When employees are not held accountable for achieving objectives, strategic plan implementation can be hindered.

In order for staff to be held accountable for their responsibilities, there needs to be a structured performance management process. Performance management is merely communicating expectations and managing the performance of employees. Unfortunately, not all employees are self-motivated to get things done in a timely and accurate manner. Anyone who has ever managed people knows that some employees are self-starters, while others need to be more actively managed.

What are the tricks to managing staff performance?

Setting Clear Performance Expectations

One of the biggest mistakes managers make is not communicating clear expectations to employees. I've counseled countless managers who voice frustrations when employees don't perform to the desired level. My first question is, "How did you communicate your expectations to the employee?" More times than not, the manager acknowledges an informal communication process that does not include a lot of detail.

Communicating Clear Expectations

The manager is responsible for articulating expectations in a goal document and allowing the employee to ask clarifying questions. This should be an open, two-way conversation that clarifies expectations.

As the illustration below demonstrates, the more time a manager spends with an employee on the front-end (orientation to job and clarification of expectations), the less time they need to spend with the employee on the backend. Clear communication with employees minimizes issues later in the process.

Monitoring Progress Toward Goals

Once expectations have been shared with the employee, the manager should follow up (occasionally) and ask the employee how things are going, if they have any questions and if there are any **barriers** to completing their goals. Often internal systems, processes and sometimes people hinder an employee's ability to achieve goals. The manager needs to be aware of this so they can help remove anything that might be interfering with an employee completing their goals.

Documenting Conversations

There are many things that compete for a manager's attention, making it difficult to remember every conversation with employees. Creating a structured note-taking process helps ensure there is a history and record of important employee conversations.

Note-taking is a simple way to document employee performance conversations. There doesn't need to be paragraphs of information, just enough to tickle your memory to have a conversation about it. Creating a system that works for you is the best approach. Here is an example of a model I've used:

If you use a planning calendar, you can keep a separate page for each employee in the back. On those pages simply jot down any significant incident or conversation that occurs with that employee. Make the following columns and fill them in after an employee conversation.
- Employee name
- Incident date
- Incident time
- Incident description
- Person(s) involved
- Action taken

| Example Note Taking Log					
Employee Name	Date	Time	Incident Description	Persons Involved	Action Taken
Maggie Jones	Jan 3	11:00 am	Maggie did a great job of proactively preparing for the staff meeting presentation.	Maggie Jones	Stopped by Maggies desk and thanked her for taking care of the presentation.
	Feb 9	9:00 am	Maggie arrived 45 minutes late for work.	Maggie	Stopped by Maggies desk and reminder her of tardy policy.
	April 6	1:00 pm	Noticed that the quarterly board report had three typos.	Maggie	Pointed out typos and coached Maggie on proofing techniques.
	June 12	6:00 pm	Maggie stayed late without being asked to finish report for John.	Maggie	Thanked Maggie for going above and beyond to finish the report.

This example log shows how a manager can document employee conversations. The log demonstrates that the employee is receiving continual feedback that helps the employee better understand their behavior boundaries and reinforces positive behaviors.

This log will also be very helpful when the manager prepares the annual employee performance appraisal form. The notes on this log will provide the information needed to create an objective performance appraisal. Taking advantage of 12 months of data allows for an honest, objective, factual and unbiased conversation with the employee. This kind of structured process reinforces employee successes and helps to correct behaviors that may have veered off course.

This approach to note taking may seem like extra work, but it is well worth the time investment because it provides lots of data for the annual evaluations. Developing employees is one of the most rewarding aspects of managing people; it is also a big responsibility that should not be taken lightly.

The Performance Management Cycle

Creating a structured, predictable cycle for managing performance helps to get things done and supports completion of annual goals.
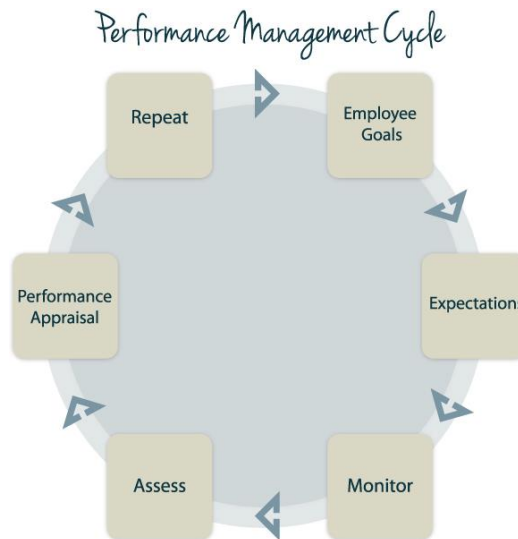
Expectations

Goals should be explained so that employees have a clear understanding of what is expected of them. The best way to do this is to have the employee involved in the goal development process. Employees need to be involved in the development of goals to ensure employee buy-in. Further, allowing employees to be part of the process gives them the opportunity to voice any concerns they may have about completing the goals. Once the goals are finalized and agreed upon by both employee and manager, the expectations should be laid out very clearly. The manager needs to be sure the expectations are very clear and the employee understands **what** is expected of them, **when** it is expected and **what actions will be taken** if the employee misses the agreed upon deadlines.

Ask the employee to verbalize the agreed upon expectations to ensure they can articulate their understanding and provide an opportunity to clarify any misunderstanding.

Monitoring Goals

The next step in the performance management cycle is to **monitor** the progress toward goals. A manager should meet with an employee on a regular

basis (depending on the level of the employee) and talk through progress toward their goals. This constant interaction will provide the employee the opportunity to raise concerns about meeting goal deadlines, and it allows the manager to help the employee think through resolution of any problem that may be hindering progress.

The manager should monitor the employee progress toward goals by **assessing** the progress of the timeline and providing feedback. This feedback should be constructive in nature, allowing the employee to make adjustments as needed. Doing an assessment on a regular basis (several times a year) eliminates last minute gathering of information at performance appraisal time.

Performance Appraisals

Why Do Performance Appraisals?

Organizations use the evaluation process to manage employee performance and ultimately achieve business goals. A structured process, coupled with well-trained managers, is the best approach to appraising employee performance. A well-managed performance appraisal process can result in a positive experience for everyone and help the employee see how what they do contributes to organizational goals. If not done well, it can be a very stressful time and one of the most difficult conversations of the year.

The performance appraisal process should be a time to reflect on the past year and celebrate successes. It should also be used as a time to course correct if an employee has gotten off track. Reinforcing the positive and celebrating the successes can influence future positive behaviors.

Statistics show that an estimated 40% of workers never receive performance evaluations. And for the 60% of the workers who do, most are poorly done. Wow, what a scary thought!   The fact is that employees *want* to know if they're doing a good job. A formal performance appraisal process forces managers to communicate both good and bad performance results to the employees.

Goals don't just happen - they need structured systems and processes. The performance appraisal process is an important part of the cycle.

Example Employee Performance Appraisal

The first step in creating an employee performance appraisal form is identifying those things (dimension measures) that the employee will be assessed on. This is done by looking at the values statement and guiding principles as well as employee characteristics that are important to successful performance. For example, an organizational value may be 'teamwork' or 'customer service'; it may be identified that successful performance is measured by an employee's ability to work with others, communicate or demonstrate job skills.

Some examples of common dimension measures of performance are: teamwork, communication, attendance, job knowledge and completion of goals. These dimensions should be specific and identified globally as part of the strategic planning process.

Each of the measures should have a description that is clear and understandable for the employee.

For Example:

Teamwork: Employee values team interactions and works effectively with others. Is a team player and helps encourage and orient new team members. Employee is able to balance personal effort and project team effort.

Communication: Employee communicates professionally with others and shares thoughts and ideas appropriately. Listens to others, asks clarifying questions, and controls emotions under pressure.

Customer Focus: Employee understands who their customers are and proactively responds to customer needs and adheres to customer service standards.

Attendance and punctuality: Employee shows up for work at assigned time and provides ample notice when unable to come to work. Uses designated time off forms to request time away from job.

Job knowledge: Employee understands every aspect of job tasks and responsibilities and proactively updates job skills. Employee offers assistance to help others improve skills.

Goal completion: Employee completes annual goals as assigned.

Ok, now let's come up with a scale to measure these dimensions by. There are different schools of thought on scaling. Some prefer a five-point scale; others use a ten-point scale because it is a slightly tighter measure.

The way you word the description of the measurement dimension is determined by the rating scale. Common scales are:

- Strongly Disagree – Agree - Strongly Agree
- Never – Sometimes – Always
- Of no importance at all – moderately important – extremely important
- Dissatisfied – satisfied – extremely satisfied

Ok, now let's create these dimensions on a measurement scale in an example performance appraisal form. This form incorporates both the employee self assessment as well as the manager's assessment of the employee.

ABC Business
20XX Performance Appraisal

Employee Name: _____

Department: _____

Please check the box that best describes frequency of meeting performance measure.

Customer Focus: Employee understands who their customers are and proactively responds to customer needs. Employee adheres to service standards with every customer contact.

	Never 1	2	Sometimes 3	4	Always 5
Employee Self Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

Teamwork: Employee values team interactions and works effectively with others. Is a team player and helps encourage and orient new team members. Is able to balance personal effort with project team effort.

	Never 1	2	Sometimes 3	4	Always 5
Employee Self Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

Job knowledge: Employee understands every aspect of job tasks and responsibilities and proactively updates job skills. Offers assistance to help others improve job skills.

	Never 1	2	Sometimes 3	4	Always 5
Employee Self Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

Communication: Employee communicates professionally with others, in print and shares thoughts and ideas appropriately. Listens to others and asks questions for clarification. Controls emotions under pressure.

	Never 1	2	Sometimes 3	4	Always 5

Employee Self Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

Attendance and punctuality: Employee shows up for work at assigned time and provides ample notice when unable to come to work. Uses designated time off forms to request time away from work.					
	Never 1	2	Sometimes 3	4	Always 5
Employee Self Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

Completion of goals (refer to goal document): Goal #1 – Facilitate employee focus group.					
	Not Started 1	2	In Process 3	4	Completed 5
Employee Self Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

Overall Performance					
	Needs Immediate Improvement 1	2	Meets Requirements 3	4	Exceeds Expectations 5
Employee Assessment					
Employee Comments					
Manager Assessment					
Manager Comments					

List any employee accomplishments for the year that were not part of predetermined goals.
Employee Comments
Manager Comments

Employee Development Plan (including any continuing education needs).
Employee Signature: _____ Date: _____   Manager Signature: _____ Date: _____

Performance Appraisal Delivery

Since we are all human, it is common for us to make "errors" when assessing employee performance.   These errors are often reflective of our unconscious biases toward the employee and can give an employee an advantage or disadvantage over others in their peer group.

Rater Errors (*Human Resource Strategy*, Dreher/Dougherty) are reflective of our imperfect judgment of others. It is for this reason that it is important to understand these biases and take them into consideration when preparing a performance appraisal document.

According to Dreher/Dougherty, "A barrier to the accuracy and credibility of performance measures is posed by a number of rater errors, perceptual biases and other sources of distortion in performance ratings". There are 6 common rater errors that managers make when assessing performance. Understanding what these errors are can help keep managers from falling victim to them.

What are the 6 common rater errors?

Halo Effect

Halo Effect is when a rater's overall positive or negative impression of an individual employee leads to rating him or her the same across all rating dimensions. This is when a manager really likes or dislikes an employee and allows their personal feelings about this employee to influence their performance ratings of them.

Leniency Error

Leniency error is when a raters' tendency is to rate all employees at the positive end of the scale (positive leniency) or at the low end of the scale (negative leniency). This can happen when a manager over-emphasizes either positive or negative behaviors.

Central Tendency Error

Central tendency error is the rater's tendency to avoid making **extreme** judgments of employee performance, resulting in rating all employees in the middle part of a scale. This can happen either when a manager is not comfortable with conflict and avoids low marks to avoid dealing with behavioral issues or when a manager intentionally forces all employees to the middle of the scale.

Recency Error

Recency error is the rater's tendency to allow more recent incidents (either effective or ineffective) of employee behavior to carry too much weight in the evaluation of performance over an entire rating period. This can be extreme on both ends of the spectrum. Perhaps an employee just finished a major project successfully, or had a negative incident right before the performance appraisal process, and it is on the forefront of the manager's thoughts about that employee. It is for this reason that it is important to keep accurate records of performance throughout the year to refer back to during performance appraisal time.

First Impression Error

First impression error is the rater's tendency to let their first impression of an employee's performance carry too much weight in evaluation of performance over an entire rating period. An example of this would be a new employee joining the organization and performing at high levels during their **honeymoon** period, but losing some of that initial momentum as time goes on.

Similar-to-me Error

Similar-to-me error is when the rater's tendency is biased in performance evaluation toward those employees seen as similar to the rater themselves. We can all relate to people who are like us, but we cannot let our ability to relate to someone influence our rating of their performance.

The performance appraisal process

Preparation for the performance appraisal is an ongoing process. A manager should always be thinking about the process; whenever a problem is noticed with an employees' performance, mention it to them and make a note of it. At the same time, whenever an employee demonstrates a desired behavior or result, mention it to them and make a note of it.

Performance appraisals need to be: Fair, Pertinent and Comprehensive. All employees should be treated the same and their behaviors should be tracked and observed the same way. Terminology of observations and documented behaviors should be the same so there are no biases in the process.

Some questions to ask yourself when completing the PA form:

- Would I have made the same note on a different employee?
- Are my observations the same or am I over-emphasizing a single event?
- Am I giving immediate feedback after a problem is observed so the employee has a chance to change their behaviors and improve?

The appraisal should be pertinent to how the job is performed and relevant to job expectations and standards of work that have been established. It should be comprehensive in monitoring and observing behaviors that tell a story about the employee throughout the entire performance period. All unusual events that affect performance should be documented and filed. It is also important to make note of positive performance and major accomplishments in order to be fair and balanced. The positive notes are important for celebration of successes at the performance appraisal time. Documentation helps you not to forget the details of the observation. Use a third party occasionally to review your observations to help keep you focused and objective.

Performance Appraisal Preparation

When it's time to do the performance appraisal, determine what information should and should not be included in the final appraisal. Look for information that shows patterns in behavior. This is not a time to surprise the employee, which is why each time you make a note for the file the employee should be made aware of it.

It is important to block out time on your calendar to write the performance appraisal. A good rule of thumb is to allow at least one hour per employee to

review their file, organize the content and write the performance appraisals. Take time to write and do an initial draft of the appraisal ahead of the deadline. Sleep on it then look at the draft the next day and test it to be sure it is fair, pertinent and comprehensive.

Take time and discuss the employee's performance with the second level supervisor. This will help to ensure that you have no biases in your evaluation. Schedule the performance appraisal at an appropriate time and a neutral location. Try to use a conference room, as a manager's office can be intimidating to an employee.

When delivering the performance appraisal, be sure that you will be free of interruptions. Be prepared with specific examples of effective and ineffective performance and be ready to answer questions if asked.

Performance Appraisal Discussion

When you begin the discussion, be sure to state the purpose of the appraisal and the process you will be using for the discussion. Review the appraisal with the employee while probing for additional information, misunderstanding or views that differ from yours. Once the discussion is finished, summarize the performance discussion and have the employee sign the appraisal for the files.

Managers must be willing to commit significant amounts of time to performance management. A lack of clear performance expectations and detailed performance feedback is a major source of stress for employees. It is important to make sure the employee's job description reflects what is written in their goals.

Lastly, try to remember that most employees want to do a good job; it is the manager's responsibility to help them identify their boundaries and goals and to provide them with the necessary resources to accomplish them.

Parting Words

We've looked at a global view of your business and the steps necessary to implement your vision. It starts at the top and is filtered throughout the entire organization. This kind of structured process creates the infrastructure to ensure development and completion of goals and ultimately strategy. Hopefully these tools will provide a necessary resource to manage employee performance.

I hope this eBook has provided some helpful tools and resources for you as you pursue achievement of your organization's vision and mission.

If we can offer further support at Thriving Small Business, we would love to help you think through strategy, develop action steps and walk through implementation. We would also value your feedback on this eBook; if you have any thoughts please comment here.

Thanks for visiting.

Patricia Lotich
Small Business Coach
Thriving Small Business