



GUIDE TO PERFORMANCE REVIEWS

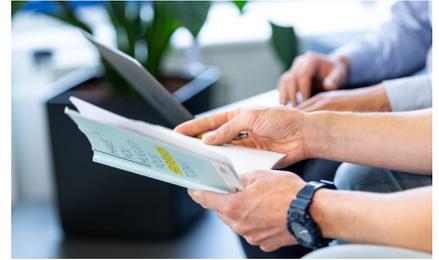
Employee evaluation and setting employee objectives: How managers can conduct constructive reviews

A stylized, handwritten-style logo of the letter 'P' with a horizontal line underneath it, set against a white background.



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INTRODUCTION

Performance Reviews – The Basis for a Good Working Relationship

For many managers, performance reviews are something they associate with awkward discussions about employee objectives or dancing around the uncomfortable topic of employee evaluation. However, performance reviews can actually be an invaluable management tool that can strengthen **trust between managers and team members, increase team satisfaction and lead to better performance.**

But any of us would struggle to come up with a constructive performance review strategy on the spot. As a manager, you will find that adopting a well-structured approach will help you to confidently take the lead and focus on the relevant objectives.

THE EIGHT PHASES OF A PERFORMANCE REVIEW

- 1 Create a productive atmosphere
- 2 Clarify the goal and purpose of the review
- 3 Look back together over the review period
- 4 Appraise, consult and formulate a specific course of action
- 5 Ask employees specific questions
- 6 Define new target agreements
- 7 Plan the further course of action
- 8 End the review on a positive note

01

A PRODUCTIVE ATMOSPHERE

Goal:

To facilitate an open, transparent and constructive discussion



To create the kind of environment in which you can have a constructive discussion, make sure that your invitation to the performance review is clearly formulated. Avoid vague wording and you will avoid causing unnecessary stress to your team.

Would you like to discuss the team member's performance over the last quarter? Or are you more focused on setting the employee objectives for the new year? It's only fair to make sure that the employee has just as much chance as you to prepare for the review.

Incidentally, the fact that an employee takes the time to prepare for their review already tells you something about their level of engagement and way of working.

Your employee will most likely have a certain degree of anxiety about coming to a meeting where their performance is going to be judged. So, try to communicate the fact that they are valued and that you see the upcoming review as an opportunity to strengthen what is already a good working relationship.



Companies that offer their employees regular feedback on what they do well have an employee turnover rate that is 14.9 % lower than in organizations that do not give feedback (source: Gallup).

Helpful hints

- Adopt a **calm and focused approach**; do not rush the conversation.
- Use verbal and non-verbal signals to create a matter of fact, relaxed atmosphere – such as by **smiling and using open body language**.
- Start off by asking the employee a **non-work-related** question. This will help to relax the atmosphere, and the employee will be more likely to go into the review feeling positive.



Please note: You can change and adapt this guide to each individual situation – after all, every conversation has its own dynamic.

02

THE REASON FOR THE REVIEW

Goal:

To create motivation for new projects and objectives

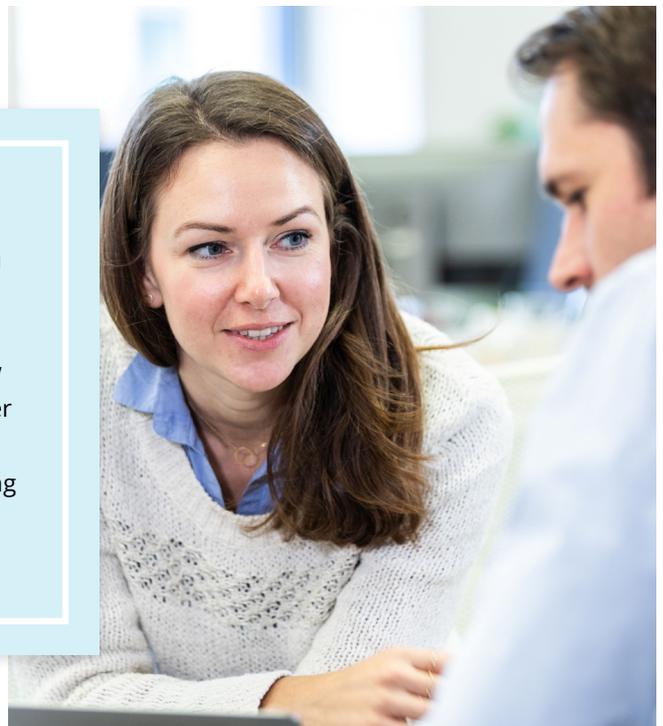
In phase two, you lay the groundwork for a transparent and interactive discussion. Firstly, you should make it clear which key points you want to discuss with your employee. However, be sure to sprinkle in a dash of motivation. Point out **how your team member can also benefit from the discussion**, for example by:

- Receiving feedback about their work and identifying their potential for improvement.
- Getting feedback on their strengths, allowing them to further develop them.
- Discussing their professional development and agreeing on development opportunities.
- Understanding what is required and expected of someone in their position.
- Making their own suggestions and shaping their own professional development.
- Communicating openly with their manager, which should be good for their working relationship.

As a manager, your job is to lead your employees in the right direction, helping them reach their objectives and fully exploit their potential.

Helpful hints

You are effectively in charge here, and you should be keeping an eye on the overall objective. However, let the employee suggest the route they would like to follow to achieve this goal. Where necessary, offer assistance. Introverted or very insecure employees may need extra help in planning how they are going to work toward their goals.



69% of employees would be more dedicated to their work if they felt that their efforts were appreciated (source: Harvard Business Review).

03

LOOKING BACK TOGETHER

Goal:

To discuss performance during the review period

Look back with the employee at their performance during the review period and the goals that had been agreed on. Record the progress they have made in achieving these goals, and discuss what has gone well during this process and in which areas the employee still has room to improve and develop.



Helpful hints:

No matter whether or not they have achieved all their objectives, it is important to express your **recognition and appreciation** of their work. Be sure to point out how their performance contributes to the goals and vision of the company as a whole. Encourage employees who have achieved their goals to share their strategies for success with the team.

If targets have been partially achieved or missed:



Talk and detect:

Discuss why they were not able to achieve certain objectives and where the stumbling blocks were.



Document and reflect:

Establish what lessons you can learn from this, and consider how similar hurdles could be overcome in future.



Analyze and agree:

Analyze whether the employee communicated any problems they were having in good time and agree on some signals that would indicate when it's time for you to intervene.

04

EVALUATION, CONSULTATION AND PROCEDURES TO PUT IN PLACE

Goal:

To build strengths and develop potential



Employees whose supervisors mainly focus on their weaknesses are 26% less likely to be well motivated (source: Gallup, 2016).

In this phase, you should go through your internal assessment criteria systematically and address each point in the following way: **evaluate** (evaluate your employee first, then they should evaluate you), **consult** and formulate specific procedures to put in place.

A constructive dialog is especially important during this phase. Make sure that the employee has sufficient opportunity to contribute their own perspective.

Helpful hints

- Let your employee give their opinion on each review criterion before sharing your own evaluation. This helps them to develop their capacity for self-criticism and ensures a balanced dialogue.
- Make a point of emphasizing where you and the employee have come to the same conclusion. Explain any points of difference clearly and give the reasons for them.
- After that, move directly on to the consultation step of the process. This will allow you to support your employee by building on their strengths and addressing their weaknesses.

05

WHAT SHOULD YOU ASK THE EMPLOYEE?

Goal:

To elicit the employee's suggestions and concerns



Executive managers who ask for feedback more often than their colleagues tend to be perceived as the better managers (source: Forbes).

Helpful hints

Ask open questions about issues that affect employee satisfaction, motivation and performance. It can be particularly helpful to start this phase with a positive question, such as "What was your best moment in the last quarter/half year/year?" The answer can tell you a great deal about the employee, their motivations and the atmosphere in their team.

Other Suitable Questions Include:

- "How do you like your work station?"
- "How satisfied are you with your development opportunities?"
- "What do you think of the professional development opportunities available to you?"
- "Where do you see room for improvement in the way you and your team work together?"
- "How would you appraise our collaboration?"
- "How can I support you?"

After the employee evaluation, give the employee the opportunity to make suggestions and voice any concerns they may have. Make sure you show an interest in their point of view. Be open to receiving feedback on the way you come across and your management style. What they have to say may well help you improve the way your team works together.

06

AGREEING ON OBJECTIVES

Goal:

To ensure the employee can relate to their defined objectives

On the basis of your discussion, agree a new set of employee objectives with the employee. Remember that goals can only be motivating when the employee can relate to them and recognizes that they make sense. It is very important to structure this as the phase where you agree on objectives together, rather than simply setting targets for the employee.

Helpful hints

The objectives will generally arise from:

- the employee's personal and professional strengths and development potential
- corporate and broader strategic goals
- suggestions, personal aspirations, ideas, initiatives



Formulate SMART objectives. That is, they should be:

- **Specific:** The objective is clearly defined
- **Measurable:** Progress towards the objective is quantifiable
- **Attractive:** The employee feels that the objective is worth working toward
- **Realistic:** It is feasible
- **Time-based:** The objective has a deadline

07

DECIDING ON A COURSE OF ACTION

Goal:

To plan the implementation of the review outcomes

Show your employee that you care a lot about the smooth realization of the conversation results.

Set clear deadlines for the agreed actions and schedule check-in meetings to review the progress together.

Document the most important points of the conversation and make sure that your employee can view the summary at any time.

Helpful hints

Of course, you do not want to micromanage your employees, but as a manager it is important for you to be aware of how everything is going:

- You want to make sure that your employee can handle their new objectives.
- You would like to be able to offer your support when it's needed.
- You want to see if the agreements you have made are being adhered to.



08

FINISHING ON A POSITIVE NOTE

Goal:

To boost motivation and confidence



Recognition from their supervisor motivates employees more than anything else to do an excellent job (source: Forbes).

01

Make sure that your employee leaves the review feeling positive – even if you have expressed some criticism.

02

Thank them for the positive discussion you have had, their good ideas or their openness.

03

Make it clear that you trust them and that they can rely on your support if they have any problems.

Helpful hints

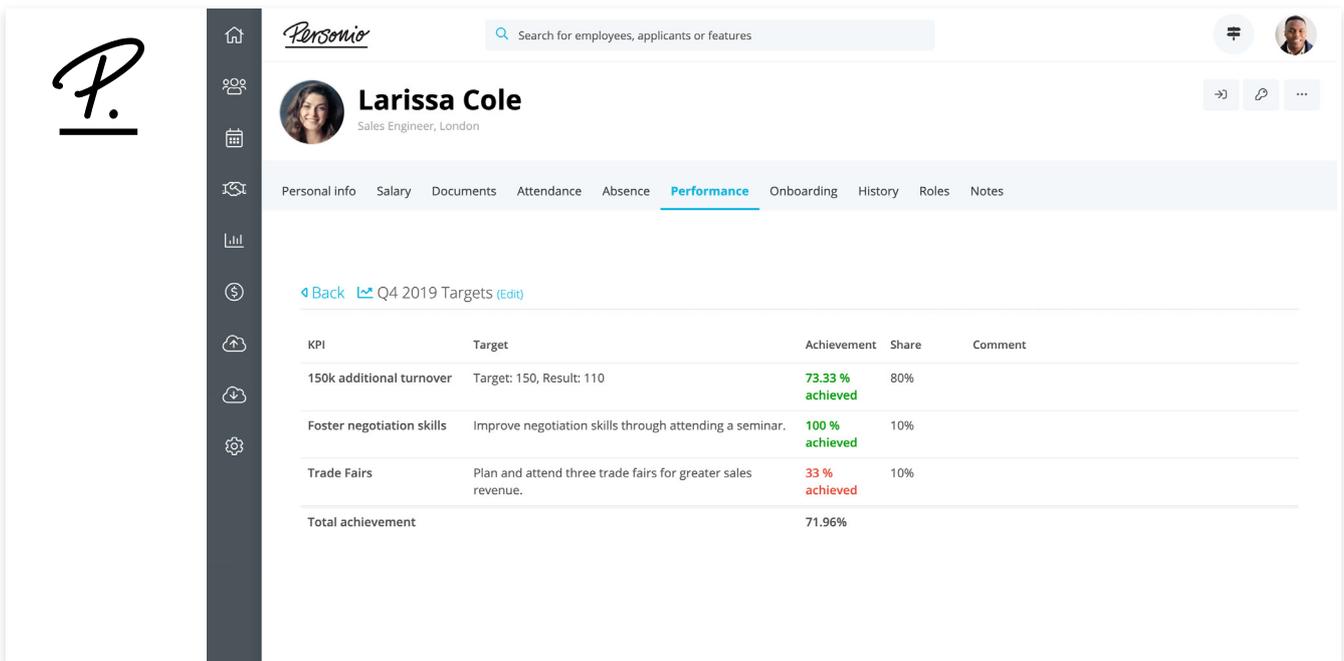
- If they have identified any ways that you yourself could improve your performance, thank them for their honest feedback.
- With your employee, agree on a specific course of action that you can follow to improve your managerial capabilities. In this way, you can demonstrate that you are willing to work on your own performance, rather than just expecting others to do so.

09

BOOSTING EMPLOYEE PERFORMANCE PERSONIO MAKES IT EASY

Goal:

Simplify your performance management



Define Employee Objectives

Set monthly, quarterly or annual employee goals using as many qualitative and quantitative indicators as required.



Keep Track of Performance

Regularly recording performance data in a standardized way allows you to track employee development over time.



Define Individual KPIs

Set individual objectives for each employee or reuse predefined ones.



Calculate Variable Bonuses Automatically

Personio can calculate flexible salary components based on employee objectives and incorporate them into monthly salaries.

[Discover more](#)

Personio