



INNOVEST SME

Accelerating Small Business

How to conduct effective staff reviews

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My grandfather once told me that there were two kinds of people: those who do the work and those who take the credit. He told me to try to be in the first group; there was much less competition.

INDIRA GANDHI

PREFACE

Any great boss will tell you that employee reviews are a cornerstone for having happy and productive employees. Employees need to know what their strengths and weaknesses are. Once an employee understands their performance, you and the employee can take steps to improve their weaknesses.

*Recently, I was asked
if I was going to fire
an employee who made
a mistake that cost the
company \$600,000. No,
I replied, I just spent
\$600,000 training him.
Why would I want
somebody to hire his
experience?*

THOMAS J. WATSON



HOW TO CONDUCT ANNUAL REVIEWS

An annual review can help you keep your employees happy, engaged, and focused. It is human nature to want to succeed. Giving your employees feedback on their positive and negative attributes is part of the pathway to success. A poorly designed annual review can have the reverse effect. In this chapter, we will discover how to conduct a well-designed employee annual review.

DEVELOP THE PROCESS

A well-developed annual review process can help strengthen your employees and your company. Reviews help employees see their strengths and weaknesses, it is a great way to recognize them for their great work and let them know what needs to be improved. Here are some ways to develop your annual review:

- **Put thought into your evaluation-** You should decide what it is you are wanting to convey to your employee, what message you are wanting them to leave with. Many times these evaluations are rushed, but your employees need to know that the evaluation is important, because they are important.

- **Set categories**- Decide what categories of the job are going to be included in the employee evaluation.
- **Set benchmarks for the categories selected**- Take the time to decide what the benchmarks should be for the set categories. Make sure to do research, the benchmarks should be realistic.
- **Location, location, location**- Take the time to find a place that is private, and not too sterile. You want the employee to be comfortable, and don't want to have the whole office eavesdropping.
- **Have an agenda**- Having an agenda helps relieve some anxieties an employee may be having about the review. Your agenda should include:
 - **Past Performances**- What the employee's performance was the previous year or years
 - **Current Performance**- What the employee's current performance is.
 - **Next Year's Goals**- What new goals or benchmarks you'd like the employee to meet.
 - **Game plan**- The plan that you are going to utilize in order for the employee to correct any problems, and meet the future set goals.
- **Have periodic reviews** - You don't want to go a whole year and have an employee suddenly find out they are not performing to the best of their abilities. You want to prepare them before an

annual evaluation. The best practice to facilitate this is to have periodic evaluations throughout the year. This way, the employee can understand what they are doing correctly, and what needs work before their annual review. These periodic evaluations help the employee to change whatever is prohibiting them from being the best they can be. They also help you as a supervisor determine if additional training is necessary.

- **Decide the appropriate paperwork-** Decide what paperwork you will need for the review. This could include job descriptions, your periodic reviews, etc.
- **Get organized!** - Make sure you have the employee's records organized so that the annual review is not traumatic for the employee or reviewer.

Other little tips for your review process:

- **Get it together!** - Make sure you have all of your paperwork ready before the meeting. No one likes their time wasted because someone was ill prepared.
- **Get and give feedback-** Give feedback to employee about the areas in which they are excelling and need work on, but also give them the opportunity to give you feedback on what you excel at and need to work on.
- **Don't be tardy!** - When conducting employee evaluations, you should try to make sure you do it within a few weeks of their

anniversary. It is easy to get side tracked, but these evaluations are a priority!

- Encourage self-reflection- Allow the employee to tell you what they think they do well, and what they think they need work on. It can help your employee learn the value of self-assessment, but also show them how much you value their opinions.
- Encourage venting- Give the employee the opportunity to address any comments, concerns, or suggestions that they may have.
- Be straightforward with negative feedback- Give constructive criticism, it's not always easy, but it will help everyone in the long run.

SET BENCHMARKS EARLY

It is important when you are performing annual reviews, that the employees know what is expected of them. Setting a benchmark is how you can show your employees what you and your company expect of them. So what is a benchmark? A benchmark is a baseline standard that you or your company sets for your employees. A benchmark could mean that your employee has to have a certain quality of work, rate at which a function is processed, the number of units completed, or any combination of these. Employees should be aware of the benchmarks that are set, as soon as possible. A great way to notify new employees of benchmarks is to include them in the orientation or initial training. Keep in mind though, that there is a lot of information given to employees during orientation or

initial training, so it's advisable to periodically remind your employees of the standards they are expected to meet.

AGREEMENT WITH SET BENCHMARKS

Now that you understand what a benchmark is, you can determine appropriate benchmarks to set. It is important when setting your benchmarks that you, your company, and employees feel like they are reasonable benchmarks. Your company wants to have optimal productivity, so the benchmark needs to be high enough to facilitate the minimum standards of the company's expected productivity. Employees need to feel like it's not impossible to meet the standard, setting the benchmark too high can make employees feel insecure, underappreciated, and cause job dissatisfaction. So how can you make sure everyone is in agreement with the benchmarks? There are several ways to do this, however the most successful is a committee. Forming a committee of employee representatives and upper management can help you make sure that everyone is onboard with the benchmarks. Keep in mind when you are setting these benchmarks that they are meant to be a baseline standard, and the goal is for employees to meet and surpass the benchmark.

HOLD AN EFFECTIVE MEETING

Meetings are imperative to any supervisor and employee relationship. Meetings are the venue to notify employees of new benchmarks, policies, procedures, and to show recognition. While meetings are standard in almost every company, a lot of supervisors have problems holding an

effective meeting. Here are the do's and don'ts to aid in having an effective employee meeting.

- **Have a clear purpose.** Identify the reason for the meeting, and stay on track. An awesome way to make your purpose clear is to include an agenda. An agenda helps keep you on track, and makes sure that everything needed to be discussed is addressed. It is easy to go off on a tangent and forget to discuss other pressing business, so stick to the agenda!! Agendas also help attendees remember what was addressed at the meeting.
- **Invite the appropriate staff.** When you are going to have a meeting, make sure your attendees really need to be there. You don't want to have a meeting about one particular department and require the whole company to attend. Just as you don't like to have your time wasted, neither do your employees, so be respectful.
- **Keep it short!** No one wants to be stuck in a meeting for hours on end. Hit your points, make sure there aren't any questions, and move on!
- **Be punctual.** A meeting needs to have a start time and an ending time. Be sure to stick with the schedule. Going over on a meeting causes your employees to quit listening to you and start focusing on the clock instead.
- **No distractions.** It's a great idea to outlaw technology in a meeting. Having one of these devices in a meeting can turn an

employee's attention from you to their device. If they aren't going to pay attention, what is the point of the meeting?

- **Any questions?** Not everyone is comfortable asking questions in front of a group. Save a little time at the end for people to personally come up to you and ask questions. This allows the employee to voice any questions they may have about the material shared, and feel safe doing so.

PRACTICAL ILLUSTRATION

Ursula is a new employee at the Preppy Bean coffee company. She was very excited to get this job, she has heard it is a great place to work. She works in the customer service department, which deals mostly with receiving and entering orders, and handling customer complaints. Walter is the supervisor of the department. His employees respect him a lot because he always tells them their strengths and weaknesses when it comes to job performance. He gives regular evaluations, annual employee reviews, and knows the benefit of retraining when necessary. Ursula has heard so much positive feedback about her new boss Walter, and has had the opportunity to receive feedback from him as well. He has expressed to her on numerous occasions how much of an asset he feels like she is to the company. When he gives her criticism, it is constructive and he always has a solution to the problem. Because of all of the positive feedback, Ursula has no problem voicing her questions or concerns.

*Far and away the best
prize that life offers is the
chance to work hard at
work worth doing.*

THOMAS JEFFERSON



CATEGORIES FOR ANNUAL REVIEW I

In this chapter, we will discuss a few different categories or criteria that can be included in your annual review. First, we will learn about company missions and values. Next, we will review customer service and quality control, and problem solving. Lastly, we will address annual reviews and production.

COMPANY MISSION AND VALUES

Every company has its own set of values and a mission. Adding these to your annual review process just helps make sure that everyone is on the same track. Your company spent the time to come up with its mission and the values, so it is obviously important. A mission is a short paragraph that outlines your company's goals and the values behind them. A company's values help make shape the mission. A value is a company's standard of behavior for its employees. Depending on the type of company you have, there could be many different values that you would want to instill in your employees. Here are some examples of company values:

- Leadership
- Integrity
- Accountability

- Diversity
- Quality
- Honesty
- Compassion
- Creative
- Respect

CUSTOMER SERVICE AND QUALITY CONTROL

Customer service and quality control are two very integral items for every company to master. Customer service is guidance or assistance given by employees of a company to a consumer. Here are some examples of commonly needed customer service skills:

- Be attentive to the customer.
- Be patient with the customer.
- Be able to communicate clearly with the customer.
- Be knowledgeable about the service or product.
- Be mindful of deadlines and timeframes.
- Be flexible.

Quality control is a structure that regulates the standard of quality. Quality control can be implemented in all facets of a company. Here are some examples of quality control:

- A fast food manager testing the temperature of a food product.
- A computer company testing every 20th microchip to make sure they are in working order.

- A report analyst reviewing the material of a report before turning it in to their supervisor.
- A shipping specialist verifying a large order with a customer before charging and shipping that order.
- A cookie company checking for broken or burnt cookies before packaging.
- A pharmacy tech double checking the patient's name and date of birth before giving a prescription to a customer.

PROBLEM - SOLVING/JUDGMENT

Employees who are great problem - solvers and show good judgment are an asset to any company. You want to instill these qualities in your employees if at all possible, and you can do that by adding it as a category to your annual review. Employees who show good judgment can point out problems before they exist. Allowing those employees to use their problem-solving skills helps the company as a whole. Although it is crucial for the supervisor to have keen problem-solving skills, it is equally important for the employees who report to you to have this skill because they have greater insight into various issues of the day-to-day tasks.

PRODUCTION

Production is another category you can include in your annual employee review. Production has three major components;

- accuracy
- thoroughness

- effectiveness.

This could relate to the employee creating merchandise, processing data, and much more. A company wants its employees to complete their job with accuracy, because mistakes can cost a company much more than a little extra time on an employee's check. For example, you wouldn't want your accountant putting the wrong numbers into your budget. This could mean you think you have spent more or less money than what is available.

A company also wants their employees to act with thoroughness. This means that they are taking the time to look over everything before continuing on with their task. When your mechanic puts your car back together, you don't want to end up with extra parts.

Lastly, employees should work with effectiveness in mind. Effectiveness means they are creating / delivering their product or services successfully, maintaining quality and staying within the desired time parameters.

PRACTICAL ILLUSTRATION

Katrina and Lillian are star employees at The Dust-Off Cleaning Co. They embody the values of the company; compassion, patience, and honesty. They give excellent customer service, and always do a thorough job. They do their jobs quickly but still maintain the quality standards that are given to them by the company. When a problem arises, they are quick to come up with a reasonable solution. They often get high marks on their annual reviews, and it is apparent that they enjoy their jobs.

*Your number one
customers are your people.
Look after employees first
and then customers last.*

IAN HUTCHINSON



CATEGORIES FOR ANNUAL REVIEW II

There are many different categories for an annual review. We have discussed company mission and values, customer service, problem-solving, and production. In this chapter, we will discuss a few other categories that you can use in your annual reviews.

WORK STYLE

Have you ever gone to an interview and had the interviewer ask, “How would you describe your work style?” Work style is the way in which an employee works and has a lot to do with the employee’s personality. There are many different facets to a work style. To add work style as a category to your annual review, you would want to decide the type of work styles you would prefer in your team. Consider ideas such as, “Is it important that your employees are flexible?” “Is it important that your employees are organized?” Here are some examples of work styles. Remember, an employee can fit into a few different styles.

- Collaborative- An employee who is most comfortable working with a team.
- Independent- An employee who is most comfortable working by themselves.

- Planner- An employee who prefers to plan their course of action before taking action.
- Doers- An employee who takes immediate action.
- Innovator- An employee who excels at coming up with creative solutions, procedures, and ideas.
- Traditionalist- An employee who prefers to use time-tested methodology.
- Organizer- An employee who is very organized, and is great at bringing order to chaos.
- Adapter- An employee who is flexible, and great at changing course quickly.
- Controller- Want to control every facet of a project.

RESOURCE MANAGEMENT

Another category you could add into your annual employee evaluation is resource management. Resource management is the distribution of a company's resources, when they are required, in an efficient and effective manner. Resources could entail funds, supplies, or employee time. So how would you measure this? The best way to look at it is to assess if the employee conserves resources. Here are some examples:

- An employee who attempts to find better process that aids in completing tasks in a more efficient way. This reduces employee time.
- An employee who finds a way to use both sides of the page to conserve paper. This reduces supply costs and funds.

- An employee who figures out that the company is paying for supplies that are obsolete. This helps the company save funds.

COMMUNICATIONS SKILLS

In any relationship, communication is essential. You spend over 1/3 of your days at work, so communication in the workplace is very important. Most office conflicts are a result of misunderstandings due to poor communication between coworkers. Having good communication skills helps solve some of those issues. So what communication skills could you add to your annual reviews?

- Employee is able to identify issues that need to be communicated.
- Employee has good listening skills.
- Employee understands the right time and place to discuss issues.
- Employee understands how to phrase their comments and concerns appropriately.
- Employee understands how to use appropriate body language.
- Employee understands how to use the appropriate voice tone and volume.

TEAMWORK

Teamwork is another important aspect of any company. Teamwork is a group of people who come together to complete a task or action. One person can be effective and accomplish a lot, but a team can accomplish so much more. The benefits for instilling teamwork in your employees is immeasurable. Teamwork helps create camaraderie. On

a project, team members are communicating with one another almost on a continuous basis. This creates familiarity between co-workers, and helps reduce 'workplace drama.' Working as a group pulls everyone's skill sets together, improving the performance of each employee, and increasing productivity. Working as a team also allows team members to learn new skills from one another. Because team members are familiar with each other, it enables them to be able to ask questions where they wouldn't have been comfortable asking previously. The ability to learn new skills only strengthens your employees! These are just a few benefits of teamwork.

PRACTICAL ILLUSTRATION

There has been a change in management recently at the Rocking Panda Toys Company. A lot of the employees are worried because the new management is implementing an annual review process. The employees feel like the annual review process is a way to criticize the employees. Irma has worked at the company for 3 years, and is not a fan of change. She talks to her co-worker Darcy, who started around the same time that Irma did, and asks her opinion. Darcy said that she was in favor of the new changes. She had spoken to her supervisor earlier, and he told her of some of the categories in the review and the reasons behind them. She told Irma that the review was to help them be better employees. Some of the changes the new management wanted to make included better teamwork, conserving materials, and communication among co-workers. Talking to the supervisor made Darcy feel like the new management team wanted to help strengthen the employees, not critique them. After talking

to Darcy, Irma felt better about the changes also. She was even kind of excited for the review.

*We are what we
repeatedly do. Excellence
then, is not an act,
but a habit.*

ARISTOTLE



COMMON MISTAKES MANAGERS MAKE WHEN CONDUCTING EMPLOYEE REVIEWS I

Annual employee reviews can be a great asset for a company, if done correctly. Unfortunately, we are all human and are prone to make mistakes. It happens! Think of this chapter as a road map to show a few of the major pitfalls to watch out for, and avoid. Avoiding these pitfalls can help your annual review be a smooth ride!

CONTRAST EFFECT

We have all been affected on some level by the contrast effect, though we may not have known the term for it. Contrast effect means using one employee's standards to gauge another employee, instead of using the preset goals. Your company sets reasonable goals and standards for its employees. While one employee is able to produce at a faster rate, that doesn't mean another is. When conducting an annual review, you have to stick to the goals and guidelines set forth from your company. For example, telling an employee they are getting a low score because they don't answer as many calls per hour as Suzie, is not acceptable.

Telling an employee that the minimum standard of calls answered per hour is 15, and giving them a low score because their calls per hour is 8, is acceptable.

SIMILAR-TO-ME EFFECT

The next pitfall to watch out for is the similar-to-me effect. The similar-to-me effect means showing favoritism to individuals who share the same background or similarities with you, the reviewer. Favoritism and the workplace are never a good mix. So what happens when there is favoritism in the workplace?

- Respect for the supervisor is decreased.
- Work satisfaction is decreased.
- Camaraderie is decreased.
- Co-workers resent favored employees.
- Productivity is decreased.
- Job turnover is increased.
- Employee engagement is decreased.

HALO (OR HORN) EFFECT

Next we will learn about the halo (or horn) effect. The halo (or horn) effect means that a reviewer focuses only on a narrow set of goals to determine the overall rating, in an unfair manner. In an annual review, the final overall rating is determined by the summation of all of the categories. An annual

review would cover all aspects of an employee's job. With the halo (or horn) effect, the reviewer bases the overall score because on one or a few of the categories in the annual review. The score should be determined by the whole review, not just some of the sections. An example of this would be if a reviewer gave an employee a poor evaluation score because of not scoring high in one category. The employee scored high, and even exceeded in all other categories, but ended up with a low overall score.

CENTRAL TENDENCY

Central tendency is another pitfall to watch out for. Central tendency means taking the average of the entire score for everyone within the team and assigning to each individual on the team, irrespective of their accomplishments during the specified period. As we discussed before, teamwork is important in any company. Teamwork doesn't mean that the individual's accomplishments and attributes are not valid. Just because the team collectively does a good job, doesn't mean all of the individuals involved in the team did, and vice versa.

PRACTICAL ILLUSTRATION

Stella is a very hard working employee. She does her best, and looks forward to her annual reviews. She knows that her annual review is her chance to see what she excels at and what she needs to work on. Oliver works on the same team as Stella. He is a subpar worker, and seems to skate by. Most of the time, the other team members end up having to do some or all of his job for him. He usually makes decent scores on his

evaluations, the team thinks that is because he and his boss were on a high school basketball team together. This year, their boss has decided not to have individual evaluations. He decided that he would just evaluate the group as a whole. The team has a big issue with this decision. They feel like Oliver shouldn't make a good score on his evaluation, and they feel like their efforts are being undervalued.

*Business and human
endeavors are systems...
we tend to focus on
snapshots of isolated parts
of the system. And wonder
why our deepest problems
never get solved.*

PETER SENGE



COMMON MISTAKES MANAGERS MAKE WHEN CONDUCTING EMPLOYEE REVIEWS II

Unfortunately, there are a lot of different mistakes that a manager can make when conducting an employee review. We have addressed some of those pitfalls, but not all of them. In this section, we will discuss some additional issues. By the end of this chapter, you should understand some of the major pitfalls of employee reviews.

LENIENCY/DESIRE TO PLEASE

Leniency, or desire to please, is a huge pitfall of employee reviews. Leniency, or desire to please, means giving a favorable rating to an undeserving employee just to avoid conflict. Giving constructive criticism is never easy. No one wants to make an employee upset. Even though the employee may not be thrilled by the constructive criticism you're giving, they still need to hear it. Here are some ways to give constructive criticism:

- Be specific.
- Sandwich criticism between compliments.

- Offer solutions to problems.
- Don't overwhelm employee with too much criticism.
- Be direct.
- Show them that you care and understand.

FIRST IMPRESSION BIAS

Another thing to watch out for is first impression bias. We have all been there, had a bad day, and made a poor first impression on someone. First impression bias means allowing a prior impression of an individual to cloud all future decisions. An annual review should consist of the employee's full year, not just a first impression.

RATER BIAS

Rater bias means rating an employee based on personal feelings instead of actual facts. It's easy to let your personal feelings cloud your judgment. Regardless of if your bias is in favor or not in favor of your employee, it's wrong to let your personal feelings effect an employee's review. Annual reviews need to be based on an employee's performance only. Your personal feelings are not valid in this arena.

REGENCY EFFECT

When giving annual employee reviews, you also will want to avoid the Regency Effect. The Regency Effect is allowing the most recently concluded evaluation rating to skew the rater's judgment with regards to the present performance evaluation. Have you heard that saying "I'm only

human?” As humans, we are prone to error, but also have the ability to learn and adapt. Employee reviews help employees learn what they need to improve. Having previous performance reviews in mind while doing one’s current review doesn’t allow them to grow. The point of an annual review is to show the employee what it is they need to work on, and what they are doing well. If you don’t take into account their growth, they will only become disengaged from the whole process.

PRACTICAL ILLUSTRATION

Greg is a supervisor at the Dust-off Cleaning Company. Today, Greg has given Bethany her annual review. Bethany feels like her review was unfair, for the third year in a row. When she first met Greg, she made a joke about the shirt he was wearing. Ever since that day, she feels like Greg hasn’t liked her, and that discontent has reflected her reviews. She keeps getting the same poor marks on every review. She asked Greg how she should fix the issue, and has taken steps to do so, but she still gets the same poor rating. Bethany is so upset by this last evaluation, she is really considering looking for another job.

Employees who believe that management is concerned about them as a whole person – not just an employee – are more productive, more satisfied, more fulfilled. Satisfied employees mean satisfied customers, which leads to profitability.

ANNE M. MULCAHY



SUCCESSFUL TIPS FOR CONCEPT OF PAY FOR PERFORMANCE

When doing annual reviews, it's common to financially compensate for good reviews. When dealing with money though, there are some issues to watch out for. In this chapter, we will discuss some of the ways you can make financial compensation a positive change to your annual review process.

NO SURPRISES

When it comes to money, no one likes surprises. When you are adding compensation to your annual reviews you need to insure that there are no surprises, otherwise problems will arise. You should make sure performance benchmarks are communicated in a clear and concise manner. These benchmarks should be shared well in advance. If you are able to, these benchmarks should be shared with your employees at their orientation. It's important that they know exactly how the process works, so they don't end up feeling like they were hoaxed at the end.

FOCUS ON THE BASICS

When you start utilizing an annual review process, it's easy to get caught up in the incentive part of the process, such as awarding bonuses. As a reviewer, it's important that you first understand the performance review process. This means that you should understand the benchmarks, and exactly what is expected of the employee in order to receive the rewards. If you don't understand the benchmarks as a reviewer, how is the employee supposed to understand them? Once you understand the process of an employee review, then you can move on to more complex items such as incentive bonuses, stock options, etc.

SHOW CLEAR DISPARITY

Have you ever been to a children's competition where every participant was an equal winner? Those events are great for not hurting the children's feelings, but it doesn't encourage them to strive for greatness. In general, people have a natural inclination to strive to be the best, and that drive is an asset to your company. If every employee is striving to be the best they can be, then your productivity will go through the roof! Sometimes people need a little push, or incentive, to help them with that desire for greatness. When you are creating your performance appraisals, make sure to show clear disparity. That means you are making sure the difference between what high-achievers and underachievers get is contrasting enough to encourage motivation to perform.

ONE FOR ALL AND ALL FOR ONE

When setting up an incentive system with your employee reviews, you want to make sure that the system doesn't discourage your employees. The biggest drive for an annual review system is to drive up productivity and employee engagement. Yes, you will want to make sure top performers are rewarded, but remember that there is no 'I' in team. Part of the reward should be shared with the team, to keep morale high for the overall profitability of the company. When the team has success, the team should be rewarded, not just the key player on that team. You can address this issue by rewarding the team as a whole, and then rewarding the MVP (Most Valuable Player) employees in that team. This will help your team feel like they are contributing to the company, which will help them feel recognized and engaged in their jobs. You could also include the team as a whole to elect an MVP. Having an MVP will push the other team members to work harder, so they can be the MVP next time. In the end, it's a win for the company and the employees!

PRACTICAL ILLUSTRATION

Ethan has just had his one year anniversary at the Snacker Cracker Company. He has worked really hard, and is excited to see what kind of a pay increase he will get. His review seems to go pretty well, but he is unsure what the benchmarks are for the raises. His boss said he is doing an excellent job, but never discusses his pay increase. Ethan thinks that he will see a difference in his check, but a month passes and he sees no difference. Ethan is upset and talks to his co-worker Javier. Javier tells

him that he had the same problem. The company didn't provide any training or materials on what the benchmarks or incentives are. He ended up having to call human resources to get the answers he was needing. Ethan finds out that while he has done a good job this year, he has not met the benchmark for an hourly raise.

*The way your employees
feel is the way your
customers will feel. And
if your employees don't
feel valued, neither will
your customers.*

SYBIL F. STERSHIC



HOW TO TIE EMPLOYEE COMPENSATION TO FIRM-WIDE RETURNS

When you are administering employee reviews, the overall goal is to have happy employees. Employees who are happy and engaged help raise productivity and profits throughout the company. In this chapter, we will discuss how to tie your annual reviews to profits and productivity.

SET QUARTERLY REVENUE TARGET

One of the ways you can tie employee compensation to company-wide returns is to set a quarterly revenue target. Setting a company target may sound intimidating, it's not as daunting as one might think. Here are some simple steps to set your quarterly revenue target:

- Decide your anticipated growth rate for the next year
- Identify your primary market segments (different types of consumers- Teenagers, Swedish population, etc.)
- Identify a plan on how to target each of your market segments
- Identify your employee time and resources needed to achieve your target for your various market segments
- Get company-wide commitment to meeting the set goals.

SET EMPLOYEE GOAL

Once you have identified your company's quarterly goals, you will want to set goals for your employees. These goals can be set for employees to meet quarterly. When you are setting your employees' goals, make sure the goals are reasonable. Here are some ways to ensure you are setting appropriate goals for your employees.

- Be specific about what you expect from the employees, and it should be easily measured by their supervisors.
- Employees should have milestones that assist in tracking the process.
- The goal should be attainable. Achievement should require effort, but not too much or too little effort.
- The goal should be relevant to the goals of the company.
- You should allow enough time for the goal, but not so much time that the goal becomes irrelevant.

CONDUCT QUARTERLY REVIEWS

Quarterly reviews are a great way to make sure you are on track to completing your goals. When conducting these reviews, the results need to be shared with your employees as well as upper management. Everyone needs to be 'in the know.' Share with employees the current state of affairs of the company, it helps employees take more ownership. You will also want to identify and share with employees any problems that are prohibiting the company from obtaining a goal. Share with the

employees the various solutions the company plans on implementing to solve the problem. Ask employees their thoughts on the solutions, and if they have any other suggestions. Lastly, discuss with employees other goals that may be coming in the future.

PAY OUT QUARTERLY

So you've set your company goals, set your employee goals, and conducted your quarterly reviews. Now it's time to pay out! The incentive helps motivate people to do the best they can. Yes, the satisfaction of achieving a goal is nice, but it helps to have a little motivation. A little incentive pay-out quarterly is just enough to keep your employees moving towards achieving your company's goals.

PRACTICAL ILLUSTRATION

Roger has been working at Chick's Chocolate Company for 3 years now. Recently, the company hired new management, who is making a lot of exciting changes. Nancy is one of those members on the new management team. She is in charge of finding what markets their product is not doing well in and coming up with ways to improve sales in those markets. She has decided that they need to focus more on women between the ages of 20-25 years of age. She has come up with a goal, and a plan on how to achieve that goal. Roger is very excited because one of the changes Nancy is making is that they are going to do quarterly reviews with pay-outs. These new changes have really motivated Roger and his co-workers to work even harder than before.

*Culture is about
performance, and
making people feel good
about how they
contribute to the whole.*

TRACY STRECKENBACH



HOW TO COMMUNICATE EMPLOYEE EXPECTATIONS EFFECTIVELY

In any relationship, communication is key, and that includes the employee – supervisor relationship. Good communication can impact all aspects of your company. In particular, when you are implementing an employee review process, you need to be able to communicate what you expect of your employees.

HAVE REGULAR CONVERSATIONS

One of the ways you can convey your expectations to your employees is to have regular conversations. Regular conversations help build a familiarity between you and your employees. They feel more comfortable talking to you, and asking questions. Questions lead to better performance, and thus bigger productivity in the company. Employees who feel comfortable talking to their supervisors, also feel comfortable expressing any problems that they may be having. The ability to express those issues can save that employee from quitting their job. Job turnover is a major expense for

any company. When an employee abandons their position, productivity lessens. Either there is no employee who can fill that position, or additional employee resources have to be stretched to bridge the gap.

STATE WHAT'S WORKING

We talked earlier about giving constructive criticism. While constructive criticism is important, positive feedback is equally as important. There is no employee who wants to be told only the things they are doing wrong. Employees do need to hear what they should work on improving, but telling them what they are doing well is crucial to the success of the employee and company as a whole. Employees who are recognized for their achievements are generally driven to do better and better. Here are some examples of positive feedback:

- Suzie, I want to take a moment to thank you for taking ownership of the project you worked on yesterday. It was evident that you put a lot of thought and effort into it.
- Hey, Great work today Sam!
- I am so glad to have a team member like you, I know that the team can rely on you.
- Thank you so much for your hard work.
- I value your opinion on this issue.
- Your work has really impressed me!

BE HONEST

According to a survey taken by Careerlink, 90% of the employees surveyed wanted more honesty from their supervisors. It's common to want to sugar coat or omit certain items when giving feedback to your employees, but they respond better to honesty, and can detect deceit better than you think. We have all lied, and most of us are fairly good at detecting a lie when we hear one. It's important for you to remember that your employees see you daily. Most of them will know you well enough to see if there are inconsistencies. You don't want to put your employees in a position where they have to worry if their supervisor is being honest with them or not. Employees who feel like their supervisor isn't honest can feel like they don't have job security. That job security is important because it keeps employees in their job positions rather than feeling like they may have to jump ship if things become very unstable. When managers are not honest with their employees, productivity may slow down, engagement decreases, and job retention decreases. In the end, honesty is the best policy you can implement for your employees!

PROVIDE MENTORING

There's an old saying, 'lead by example.' A great way to communicate your expectations with your employees is to mentor them. Mentoring your employees can help your company in many ways. Here are just a few of the ways mentoring helps your employees:

- Raises employee engagement
- Raises familiarity between you and the employee

- Creates a learning environment that feels safe for the employee
- Allows the mentor to share resources, knowledge, and skills

PRACTICAL ILLUSTRATION

Harold is a supervisor at the Quiet Kitty Pet Beds Company. Quincy and Martha are employees in Harold's department. Harold is a big believer in having a good relationship with his employees. He is currently in the process of mentoring Quincy and Martha. Harold believes in being honest with his employees, be it good or bad feedback. He also loves to have regular conversations with his employees. Quincy and Martha feel very comfortable with Harold as a supervisor and are not afraid to ask questions.

Research indicates that workers have three prime needs: Interesting work, recognition for doing a good job, and being let in on things that are going on in the company.

ZIG ZIGLAR



MEANINGFUL QUESTIONS TO GAUGE EMPLOYEE HAPPINESS I

In the end, employee reviews lead to happier employees. Happier employees mean better productivity for your company. In these next two chapters, we will discuss some of the ways to help keep your employees happy.

ASK QUESTIONS FREQUENTLY

Just as you want your employees to feel like they can ask you questions, you need to be able to do the same. Asking questions is the best way to get the answers you're seeking. It seems so simple, right? Making it a practice to frequently ask your employees questions about all aspects of their job helps you gauge employee engagement. Asking questions also helps you understand any problems your employees are having, and allows you to fix any issues you can.

How Transparent is Management?

Another way to keep happy employees is to ask, how transparent is management? When employees feel like management is hiding information, they can start feeling disengaged. No one wants to be lied

to, or feel like they are being left out of the 'loop.' Employees have a right to know what is going on within the company, and that knowledge will only make them work harder for you and your company. When you don't include employees in knowing what is going on with the company, they start to feel like their contributions are not important. Your job turnover rate will increase, while productivity declines.

Rate Quality of Facility?

The next question to ask your staff is for them to rate the quality of the facility. It sounds a little odd, but you have to remember that most of us spend an average 40 hours or more per week at work. That is a lot of time to spend in one place! If the facility is not up to par, that could make your employees feel like they are not important. Keeping the facility clean and in good working order is important. Making sure that you have a place for employees to go to that they feel safe in, is even more important. While those are two criteria for a workplace, you should also factor in aesthetics. If the beige wall color is making people feel depressed, why not change it to a calming green? Ask your employees what they would like, or what would make them feel better about showing up to work. A lot of changes are simple and inexpensive, but will give you better productivity and more profits.

Contributing Factors to Work Easier?

Hopefully as a supervisor you understand what goes into your employees' jobs. While that knowledge is important, if you don't do the job every day, you are lacking insight. Many companies hire someone to come in and

give suggestions on how to make work easier and more efficient. That may be helpful, but it's a lot cheaper, and you will get better results by asking your employees. Asking your employees what contributing factors they suggest that would make work easier is an easy way to gain insight into their jobs. Your employees do this job every day. They can tell you what in the processes are and aren't working. They can suggest better programs, procedures, electronic devices, etc. If the work is easier, then the productivity can increase.

PRACTICAL ILLUSTRATION

Vera and Yessenia have been working for the Perfect Pitch Bagpipe Company for the past 8 years. They were hired at the same time and have become very close. Yessenia and Vera are often asked by their boss if they can think of any ways to improve the processes they have in place. The company is wanting to soon expand into bagpipe cases and accessories. The management staff has been very forthcoming with its employees about the changes they are wanting to make. This makes Vera and Yessenia feel like they are really part of a great team.

Connect the dots between individual roles and the goals of the organization.

When people see that connection, they get a lot of energy out of work. They feel the importance, dignity, and meaning in their job.

KEN BLANCHARD



MEANINGFUL QUESTIONS TO GAUGE EMPLOYEE HAPPINESS II

We discussed some of the ways you can make sure your employees stay happy. We talked about the importance of asking questions, and keeping management transparent. The importance of having a good facility, and asking employees to contribute their input on making better the processes in the company were also examined. In this chapter, we will review more ways you can keep your employees happy.

WHAT MAKES YOU PRODUCTIVE?

Often times as supervisors, we rack our brains about how to increase productivity. Sometimes we even have third party consultants come in to give suggestions on how to increase productivity. Those consultants have their merit, but can be a big expense to the company. It seems silly to incur such an expense when the answer could be right in front of you. It's important to remember that your employees are your most prized resource. Who better to know what motivates them, than the employees? Take the time to ask your employees what makes them productive. They can be very effective in coming up with ideas, and different ways to raise productivity.

RECOGNITION?

We all know how important employee recognition is. Employee recognition helps keep your employees happy, and engaged in their jobs. When you have happy employees, you have healthy profits! One of the easiest, and best ways to check if your employees are receiving good recognition is to ask them. You can run fancy reports, but it's easier and quicker to just ask the question. Typically, employees will gladly tell you if they feel like they are being recognized for good performance.

OPPORTUNITIES TO GROW AND ADVANCE?

Another question to ask your employees is if they feel like you have given them opportunities to grow and advance in their careers. Not many people want to stay in the same job for the rest of their lives. Most of us want to 'climb up the ladder' and strive for advanced success. Opportunities for growth and advancement can mean many different things. Here are a few different types of opportunities you could offer:

- Additional job training
- Cross training
- Paying for an employee to obtain a certificate
- Paying for an employee to obtain a college degree
- Allowing an employee to advance to another career

CONFIDENCE IN LEADERSHIP?

Last, but not least, ask your employees if they have confidence in the leadership. We talk a lot about giving employees feedback, and how it's important. Feedback helps employees know what they are doing well and what they need to work on. Asking your employees if they are confident in their leadership helps you understand what they want from their leadership team. You can use their suggestions to become a better supervisor. When you have reached your full potential as a boss, employees feel safe. Job safety helps retain employment, which reduces job turnover costs, saving the company a lot of money. Just as you want your employees to do their best, they want you to do your best. Your job is to keep them happy and productive, and it can be a major issue if you are unsuccessful. You are their boss, yes, but you can improve just as they can.

PRACTICAL ILLUSTRATION

Howard is a newer employee at the Honey Tree Driving Range. He really enjoys his job and loves working for his boss, Chuck. Chuck is always checking in with Howard and asking his opinion on things. Howard really feels like an important part of the team because Chuck seems to value his opinion. Recently, Chuck asked how Howard felt about how he was doing as a boss. Howard had a lot of positive remarks to tell Chuck. He told Chuck that he enjoyed the feedback that Chuck gave him, and he feels like he gets a lot of recognition. He also enjoys all of the opportunities he is given to grow and learn as an employee.

*An employee's motivation
is a direct result of the
sum of interactions with
his or her manager.*

BOB NELSON

CLOSING THOUGHTS

- **Sam Walton:** Appreciate everything your associates do for the business. Nothing else can quite substitute for a few well-chosen, well-timed, sincere words of praise. They're absolutely free and worth a fortune.
- **Kenny Rogers:** You know, I think the greatest gift in the world is a good employee, you know, or people who can do your work for you and do it well the way you'd like to have it done. And I've always been able to surround myself with really good people."
- **Kathryn Minshev:** Understanding your employee's perspective can go a long way towards increasing productivity and happiness.



Rick Chisholm made history when he single-handedly changed the professional Audio Visual industry by breaking all the rules and capitalised over 50% market share in Australia with very little capital, no partners, mergers or lenders and set up the first franchise operation of its kind in the world in the late 1990's and early 2000's.

As a 7x founder of companies and 30x businesses such as Innovest, AI Machine, Lightsounds, LSW, Light Emotion with revenue in excess of \$300 million and having employed more than 1,000 staff over the last 35 years. Rick is known as the Start-Up and SME Guru and is Author of a number of books including Business Success for Life. Unlike many mentors, he actually walks the talk and has a number of businesses under management in such areas as Automation, Events management, Importing, Distribution, Retailing and E-commerce.

His BIG passion is Business Education empowering Businesses Owners through knowledge and skills. Whilst Rick has experienced great success, he has also endured many failures. Rick has faced and overcome the exact same challenges you are facing now.



Tala Chisholm is an SME specialist who has owned and managed several small to medium sized businesses in the last 20 years, several of which were eventually sold. She has extensive experience in the fields of retail, franchising, licensing, dealerships, education, importing, distribution and consulting.

Her expertise lies in building and implementing customised cross-platform database and software solutions for businesses, automation, IT, web marketing, advertising, graphic design, business administration, process refinement and implementation. Her business experience ranges from bricks-and-mortar Giftware retailing to highly technical fields such as Security, CCTV, Entertainment Lighting and Audio sales, hire and installations as well as e-commerce.

Throughout her career she also trained and mentored Franchise business owners as well as internal division managers. Some areas of training included retail operations, management practices, business strategy, accounting, cash-flow, marketing, customer service and IT. She has also headed up the drafting of Operating Compliance Manuals for Franchise operations and implementation of all the elements involved.

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