



# The Manager's Handbook For Effective Performance Management

Learn what performance management is and how to manage employee performance in your organization

# Table of Contents

<b>1. Introduction</b>	<b>03</b>
Who Should Read This Book and Why	04
What You Will Learn from This Book	04
<b>2. Getting Started</b>	<b>06</b>
<b>3. What Is Performance Management Really?</b>	<b>08</b>
<b>4. 4 Keys To Stronger Performance Management Process</b>	<b>11</b>
Set Goals Everyone Can Buy into	12
Set up Real-Time Feedback between Leadership and Employees	16
Hold Regular, Frequent 1-on-1 Meetings — and Do Not Cancel	17
Make Performance Management Easier with Process and Technology	21
<b>5. Keep On Coaching</b>	<b>23</b>

# Introduction

As a leader, you know the joys, aches, and pains of managing people. YOU are the one responsible for your team, department, or company's results—the good and the bad. The buck stops with you.

Congratulations—that's quite an accomplishment!

At the same time, you're probably reading this book because you want more. You want more from your team. You want more from yourself.

You want to be an exceptional leader. That starts with managing performance the right way.

This isn't just one school of thought.

Managing performance is the most important role you have as a leader—regardless of the size of your team or type of organization.

Yet performance is often pushed aside for more urgent things. Admit it: How often do you push yearly performance review conversations until the last minute?

This guide was written as a set of principles to help you think about the right things so that you'll put your care and attention into them.

**Let's begin.**



## Who Should Read This Book and Why

### New Managers

**Leaders who are new to the role.** You have little to no management experience, yet have a strong desire to excel from Day 1 — and get ahead fast.

### Middle Managers

**Leaders with the hardest job.** Your title is a VP, Director, or Manager. It's on you to manage performance while reporting to an executive team demanding results.

### Executives

**The highest-level leaders.** You own the culture and struggle to form deeper connections with employees. Yet it's still on you to model effective performance management and build a culture of accountability.

### HR Pros

**The folks who own the people side of the business.** You're responsible for ensuring effective performance management across the organization and providing critical training to new leaders.



## What You Will Learn from This Book

By the end of this book, you will be armed with intuitive, proven tactics that optimize performance. Here's how you'll benefit:

### Boost Your Career

With better performance from your team, you'll become known as an exceptional manager—one who has the talent to motivate others to perform. This kind of respect helps you climb the ladder—and make more money.

### Self-Confidence as a Leader

New managers need to get over any impostor syndrome and start feeling like seasoned pros. Great leaders seem fearless because they are authentic. They know how to motivate people even if it's difficult to do.

## Meaningful Connections with Your Coworkers

Think about the best leaders you've worked with. They are admired because they build deep, genuine connections with the people who report to them.

Their employees want to succeed for them, and they are willing to extend themselves so everyone wins.

Rest assured that you actually have control over employee performance. You possess what it takes to motivate employees to reach their highest potential.

If hitting your goals and achieving success as a leader is important to you, this book is for you. I hope you enjoy reading it as much as I enjoyed writing it.



**Best,**  
**Lori Li**



# Getting Started

I want to let you in on a little secret: You succeed if your employees succeed.

Maybe that's not such a secret, after all. Yet it is the most fundamental leadership advice I could ever offer you. Whether you just stepped into a leadership role or you have been at it for years, the best thing you can do for your career is helping employees excel in their own positions.

The rest will follow naturally. While you may be the one charting the course, it's your employees who ultimately help you get to your destination.

You can have spectacular ideas, unmatched energy and passion, and a drive to compete with the best of them. But if you can't motivate and coach your employees to execute at their best, you will likely fail.

This is harsh. But it's true.

That's why performance management is so important. Yet, surprisingly, it's not a priority for many new and seasoned leaders.

I get it. I understand the pressure you're under.

Think of your average day on the job. It's probably chock full of meetings with your own boss (the board if you're the CEO), upper management, customers, and vendors.

You may lose hours each day putting out fires. The little time you can salvage is spent poring over numbers and planning—all in the name of producing outstanding results. Every bit is important.

After all, you have people looking over your shoulder expecting—demanding, really—results.

I know fully well how easy it is to lock yourself in your office, trying to knock tasks off a never-ending to-do list. I've been there countless times, just like you.

Unfortunately—albeit understandably—when you are in the trenches, performance management is often the first thing to move down your priority list, or off it altogether.

It can't be this way—not if you want to be really amazing at your job.

But there's good news: You've got this!

You can become a master at performance management and—in the sections ahead—I'm going to show you how.

I wrote this for all the managers out there who want to help their companies succeed, yet also want to experience deeply rewarding success in their own careers.

Let's jump right in.



# What Is Performance Management Really?

## Personal benefits of performance management

Leaders who commit to performance management experience:

- ▶ Better individual and team performance
- ▶ A boost in confidence, as control over employee performance and results increase
- ▶ Advancement opportunities, as they continually produce strong results
- ▶ Respect from and the trust of colleagues, supervisors and employees
- ▶ Growth, as new leaders develop into their roles more quickly
- ▶ Meaningful connections with coworkers that promote loyalty, collaboration and cooperation

Performance management is all the ongoing activities, interactions and communication between you and your employees, for the purpose of helping them meet their own goals and contribute to the team's and organization's success.

Think about it. The better you are at influencing, coaching, and advising employees to success, the better the team performs.

***At its very foundation, performance management is about fostering authentic, deep connections with your employees and it is the most important responsibility you have as a leader.***





At its very foundation, performance management is about building authentic, deep connections with your employees. It's worth repeating: This is the most important responsibility you have as a leader. Because without those connections, you can't foster trust or loyalty among your employees.

One of the often-overlooked key components of performance management is ensuring employees are happy.

[Only 34% of employees are actively engaged at work](#), and low engagement leads to high turnover, poor customer service, lower performance and more.

If you haven't done the work to build those connections, employees aren't going to be open with you about their concerns or job satisfaction. This means you could lose talented employees, or worse, retain disgruntled ones who don't care about the job.

You have two very good reasons for making performance management a priority. For one, goals and bottom-line results matter to the C-suite. Additionally, effective performance management is critical to keeping employees engaged and happy.

Let me show you why.



## Move Beyond the Annual Performance Review

It's not that annual performance reviews are terrible. They're just not sufficient.

Researchers have built a bulletproof case against the annual review by itself. In a nutshell, managers complain they are time-consuming and ineffective, employees dread them, and [HR professionals say they don't paint an accurate picture of employees' performance](#).

Still, [for most organizations \(92%\)](#), the annual performance review is an integral part of performance management, largely because it is used to calculate and assign merit-based pay increases.

It's just the way it's been done. So why change it?

Annual performance evaluations are still highly valuable, offering both manager and the employee the opportunity to look at each year from a holistic point of view, set career objectives for the year ahead.

Yet a once-a-year heart-to-heart with employees isn't enough, neither is it effective.

What you should do instead is to make the annual performance evaluation I don't recommend getting rid of annual performance evaluation altogether, instead, make it a part of the ongoing performance management.

### How You As A Manager Can Improve Employee Satisfaction

What does it really take to increase job satisfaction? According to an Aerotek survey, here are the top six factors driving employee satisfaction:

- ▶ Business practices align with their values
- ▶ Opportunities for growth and advancement
- ▶ Ideas are taken seriously
- ▶ Recognition for their work
- ▶ Manager cares about their career
- ▶ Transparent communication about job and company

**Guess what:** You can fulfill each of those needs, while boosting employee job satisfaction and fostering a high-performing work environment.



# 4 Keys To Stronger Performance Management Process

Bad performance management is real.

Managers can do or say the wrong thing and really mess things up. Everyone does at some point because they're human. No one bats a thousand in management.

So, when I talk about “bad performance management,” I'm really talking about a lack of performance management.

Here's a prime example: Managers avoid providing negative feedback because it's uncomfortable. They don't find time to recognize employees' efforts. They wait until the annual review to address any concerns. They're just not communicating expectations and goals clearly and regularly enough.

It's a common problem. [Eighty percent of workers](#) feel stressed because of ineffective workplace communication. When employees don't understand what's expected of them and they aren't being coached when their performance slips, they make mistakes.

They don't feel their effort is acknowledged, so they leave. All of this adds up. The cost of poor communication can set companies back [millions of dollars](#). No organization can be successful without performance management, which at its foundation is all about communication.

Yet what does it actually look like and how do you ensure you're doing it the right way?



Follow these steps:



## Set Goals Everyone Can Buy into

You don't have to look far to find research supporting well-thought-out, documented goals.

Great goals improve your odds of success.

Yet you don't need the research to know this simple truth: If you aren't setting goals and measuring them, you have no way of knowing how employees—and you—are performing.

Everyone needs goals. Everyone needs something to aspire to and work toward. Without something to reach for, people become complacent, happy to just coast along.

It's how most of us are wired. Your employees need to be challenged, and you need a way to benchmark their growth and progress.

*If you aren't setting goals and measuring them, you have no way of knowing how employees—and you—are performing.*

It takes time. It can feel like a chore. But the discipline will pay off.

If you put the care and effort in, you're going to see higher performance and better results. Here's how to do it:

### Adopt Consistency

Whether you choose SMART goals, OKRs (Objectives and Key Results), or something entirely different to set goals and assess the results, it's important to use the same process consistently, across all employees.

It's going to make the process easier to manage.

## Setting SMART goals

Goals should be:

- ▶ **Specific.** Employees must know exactly what steps to take (no vague generalizations, such as “boost sales”).
- ▶ **Measurable.** You must be able to define what success looks like and measure employees' progress.
- ▶ **Attainable.** Employees must be able to reach the goal if they put in the work.
- ▶ **Relevant.** Employees often feel like cogs in the wheel, and establishing clear goals and explaining how they tie into the big picture is essential for gaining their commitment.
- ▶ **Time-bound.** Provide specific deadlines; otherwise, employees won't make a consistent, ongoing effort.

**If you want something even simpler than SMART, just choose Measurable and Time-bound. Starting with these two is infinitely better than nothing at all.**

## Define Success—and Failure

Employees need to know exactly what it takes to succeed. Yet they also need you to spell out what failure looks like. Your expectations must be crystal clear, and you must be able to articulate them verbally and in writing.

*Thinking I'll know what good performance looks when I see it is not enough.*

## Tie Goals to the Overall Mission

No doubt, your organization has goals, largely tied to revenue, innovation, or growth. Each department or team is responsible for supporting those goals. Everyone plays an important role in meeting the overall objectives of the organization.

Pinpoint how each employee specifically contributes to the organization's mission, and center goals around that mission.

Don't go overboard, though. Two to three long-term goals per employee is your best bet. If you give them too much to focus on, they'll feel overwhelmed.

## Break Larger Goals Down

For each major goal, you will need to establish several milestones with specific deadlines along the way. Otherwise, employees could wait too long to move forward and hurt their chances of success.

## Involve Employees in the Goal-Setting Process

Employees have their own career ambitions and professional goals. Ask them where they want to be a year from now or five years from now. Together, establish some objectives and chart some milestones to will move them toward those ambitions.

Most employees— [and a full 87% of millennials](#)—want growth and development opportunities. Offering them both is necessary to holding on to them and reducing turnover.

Additionally, offer employees opportunities to share their concerns about lofty goals and notify you of obstacles preventing their success.

They likely have information you don't have, and they possess a different perspective.

Enabling them to share those concerns—and adapting the goals if the concerns hold merit—increases the odds they'll succeed.

### Be firm though

Employees often feel they are being set up for failure, so they try to sit the whole process out. Don't let them. Emphasize the importance of them being an active participant in the process.

When being firm, explain you can only see the situation from your own perspective, and with their input you can ensure their perspective is also heard. Doing so helps ensure the goals are fair and attainable—and represent the true priorities of the team.

For most people, this is enough. For others who continue to resist, set the goals for them, and make it clear they are still accountable for them—even though they forfeited their right to speak up.

## Change Goals in Real-Time as Needs Change

Goals aren't something you can set at the beginning of the year and forget. The needs of the organization will change, and circumstances could force you to reprioritize.

Objectives that seemed ideal in January may no longer align with core strategies in June. Priorities can even shift mid-project. Whenever you assign new tasks or projects or change direction on initiatives, ensure employees know how to prioritize new work and goals against other assignments.

Additionally, make sure you are revisiting everyone's longer-term goals regularly and adapting them as needed.

Ongoing conversations about goals is key to ensuring everyone is doing exactly what needs to be done.

## Gain Agreement for Goals

The whole thing will be a waste of time if you don't gain employee buy-in. As I've noted, allowing employees to actively participate is important.

Also, explain the goals clearly, confirm employees' understanding of them and document everything. Even go as far as asking employees to sign off on the goals.

Doing so eliminates any possibility employees will later claim they didn't know what was expected of them.

## Track progress

Not all employees will have numbers to hit, so to speak. You will need to decide upfront what milestones indicate they are progressing toward the goal and set deadlines for each.

My best advice here is to not make reporting on goal progress too much of a chore for you or employees. Keep it simple. Quick check-ins are often sufficient, either in person or by sharing a document to show completed steps or milestones.

## Hold Them Accountable

This is often the hard part, especially for new managers. However, it's important to establish consequences if employees fail to meet their goals, and especially if they don't even try.

Bonuses and perks for hitting goals can keep people focused. But most goals should be intrinsically motivated.

Decide what you are willing to do—including reorganizing employees—if they can't work toward goals, especially if those goals are designed to improve poor behavior and performance.



## Set up Real-Time Feedback between Leadership and Employees

Nearly 60% of employees want feedback on a daily or weekly basis. This number increases to 72% for employees under 30, [according to a study by PwC](#).

Think about it. As humans, we generally want to know how we're performing, contributing, and progressing in the moment.

Call it a need for instant gratification, if you will, but most of us don't want to wait weeks, months, or even a whole year to find out if we've met the requirements of a job.

Few things are worse than being blindsided by a terrible annual review because your boss gave you zero feedback throughout the year. Yet there is a more business critical need for real-time feedback. People make mistakes or their performance suddenly slips.

If you aren't correcting those issues the moment they pop up, the employee is likely to continue either making the mistake or performing below standards.

At the same time, humans want recognition when we are doing well. It's part of Maslow's hierarchy of needs—peer recognition and acceptance.



Recognition is much more meaningful and powerful when it happens immediately after we do something to warrant the praise. Publicly appreciating great accomplishments and behaviors is one of the most powerful things you can do as a manager.

Regular, frequent conversations with employees allow you to check in on how they are progressing toward their goals, address and troubleshoot problems, re-clarify expectations and praise them genuinely when they deserve it.

### Sharing constructive feedback

Structure your conversations to gain collaboration, prevent pushback and reduce defensiveness and conflict:

- ▶ **Be very direct and specific.** Don't beat around the bush or sugar coat the situation to protect their feelings. Clearly state what they did wrong and the impact of it. If you trivialize mistakes or poor behavior, they won't take your feedback seriously.
- ▶ **Stick to the facts.** Don't make assumptions about employees' actions or intentions. Explain what you know and ask them to fill in the gaps and explain their side.
- ▶ **Avoid "never" and "always."** It's highly unlikely your employees "never" or "always" do something. Such statements can immediately put them on the defensive and make them more likely to argue or ignore you.
- ▶ **Clarify your expectations.** Don't end the discussion without telling employees exactly what they need to do to correct the situation—and gain their commitment
- ▶ **Thank them.** If they participate in the conversation respectfully and commit to improving, show your appreciation.



## Hold Regular, Frequent 1-on-1 Meetings — and Do Not Cancel

Think carefully. What resonates more with you: being offered feedback in a room full of people or in a face-to-face, one-on-one meeting?

Most people would choose the latter, because one-on-one meetings offer them a chance to let down their guard, open up to their managers, discuss issues in detail and find solutions that work.

In fact, most employees want face time with their boss. Eighty-five percent of millennials—who now make up the bulk of the workforce—said they would feel more confident if they could have more conversations with their managers, according to a TriNet survey.

A well-structured 1-on-1 meeting allows you to do all the things I've shared so far, specifically enabling you to:

- ▶ Set, track, change and reprioritize goals.
- ▶ Address performance slips and mistakes in real-time.
- ▶ Praise solid work and helpful behavior.
- ▶ Ensure people are on the right track.

Most important: These sessions enable you to connect with your employees on a deeper, more meaningful level. They're personal. They show employees you are invested in them.

This is the most successful way to drive performance improvements. When employees know you have high expectations—and you're committed to helping them meet those expectations—they're more committed to you, your team, and the organization. In this light, 1-on-1s essentially become the foundation for your entire performance management strategy.

Just keep these tips in mind:

## Frequency Is Crucial

Ideally, you'll touch bases with each of your employees at least weekly. Depending on the size of your team, it could require allocating a block of time each day solely to meet with employees individually.

The beauty of these types of sessions, though, is they can be short and sweet because you are meeting regularly.



In fact, some may not take more than five or 10 minutes. But you should always give it plenty of time in case your reports need the attention.

## 1-on-1s Belong to the Employee Not the Manager

If you want these meetings to have a positive impact on employees, you better put away the distractions and focus solely on them. Give them the space to propose solutions and ideas.

If you are answering phone calls or fielding emails during the meeting, employees will be frustrated and offended. Consider the time sacred. Shut out all the noise and actively pay attention to what is and isn't being said.

Remember: Body language can tell you so much.

## Have Some Structure to Your Sessions and Prepare

These meetings tend to be less formal, yet you still want them to be productive. Formulate some questions to ask your reports so no one forgets to cover anything important.

## Don't Be Afraid to "Get Real"

These meetings create one of the few opportunities for you to truly understand what is going on with your staff on an individual basis. So, don't shy away from asking the tough questions—especially during times of upheaval or stress.

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Asking open-ended questions, such as *How are you managing your new workload?* or *How do you feel about shutting down the ABC project?* offers employees the opportunity to vent, share concerns, and ask for help.

Doing so could prevent their work from slipping or even them quitting.

## Don't Just Focus on the Bad Stuff

Truth be told, 1-on-1s are definitely ideal for correcting mistakes, addressing performance slips and getting employees back on track. But if you don't have anything bad to say, don't nitpick for the sake of offering constructive feedback.

When you can, make the meeting all about how well the employee is doing, offering specific feedback instead of generalizations and platitudes.

For example, instead of *You are doing great work*, say *Your writing on the EFG email campaign was incredible*.

*We saw a 3% lift on open rates and a big jump in conversions.* Well-timed, personal recognition motivates employees to keep up the good work.

## Don't Get Discouraged

Results may not come as fast as you like, but remember, you're playing the long game. With each 1-on-1, you will increase your influence as a manager, while helping employees gain new skills and experience. At the same time ...



## Avoid Becoming Complacent

Even if your team is on fire, don't give up on the process. Things can go downhill fast if you aren't paying attention, monitoring employee performance and offering plenty of feedback.



## Make Performance Management Easier with Process and Technology

Once again, I understand the realities of your job. Being a manager is tough. That's why not everyone is cut out for the gig. For many managers, performance management comes down to simply not having enough time.

You must find ways to streamline wherever possible, including:

### Blocking off Time in Your Schedule

For example, schedule two hours every Tuesday and Thursday afternoon for 1-on-1 meetings. Mark it busy on your calendar so no one else will schedule meetings with you during the time. Then set recurring meetings through email with employees.

When you schedule the time, it becomes a commitment you must plan for and around.

This is the most reliable way to make 1-on-1 meetings part of your performance management strategy.

### Creating Templates for 1-on-1 Meetings

Whether you create a simple checklist or chart using Word or Excel or go with a more intuitive online [1-on-1 meeting tool](#), develop a discussion template you can easily tweak before each meeting.

It will save you time, while ensuring you cover all the important points during sessions.

## Use Numerical and Open-Ended Questions to Spark Discussions

Employees may not come out and share their feedback, so have a list of go-to questions you can always ask.

For example, “On a scale of 1-5, how are you feeling this week?” “What challenges are you facing right now?” “What was your biggest success this week?” and “What projects/tasks are you focused on today?”

If the conversation lags, you can reference your question sheet to keep the conversation productive.

## Turning to Technology

[Performance management software](#) can take so much of the work out of the process, enabling you to track progress on goals, better structure 1-on-1 meetings, gather feedback from employees and so much more.



# Keep On Coaching

Being an exceptional leader means figuring out how to bring out the best in your people, even when you are busy, stressed, or unsure of yourself as a leader.

Your effort will be more than worth it, however, when you cultivate a team of hard-working employees who are committed to their own success—and yours.

If you are ready to take your performance management strategy up a notch, visit [tinypulse.com](https://tinypulse.com) to learn more about our solutions.

We have helped more than 1,000 businesses build happier, higher-performing teams.

For questions and feedback I would love to hear from you. Contact me at [lori@tinypulse.com](mailto:lori@tinypulse.com). I read every single one of my emails, and I look forward to hearing from you.

Good luck, and here's to happier employees!

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