Supervisors Guide for Creating

Performance Plans

The following guide is meant to provide Supervisors with a general overview on how to create performance plans that are meaningful yet attainable for their direct reports. Feel free to modify or use this guide as a free service from CDL Staffing.

**SUPERVISOR’S GUIDE FOR CREATING PERFORMANCE PLANS**

This guide is meant to assist supervisors through the performance planning process. The following information empowers supervisors to create relevant performance objectives that enable clear differentiation between employees and/or groups.

**Effective Structure**

Good performance management should have three sections to provide adequate structure and guidance. The three sections to a high performing Talent Management system are:

1. Factors are behaviors that contribute to or have an influence on an employee’s ability to achieve a successful result. Specific factors can be customized to fit a specific position. This is how the employee will go about achieving goals.
2. Business Goals are the objectives set by the manager and employee to help the business unit accomplish its initiatives and achieve desired results. This is *what* the employee will ideally accomplish.
3. Development Goals are the personal improvement objectives whose purpose is to enhance the employee’s skill, talent, and value to the organization.

The result will be a working agreement specifying performance and developmental expectations and delineating how performance will be appraised. Now, it’s up to both parties to uphold their agreements throughout the appraisal period.

It is also important to note that goal verbiage should focus on statements that determine what the outcomes will be and when an objective will be complete. Goal verbiage should not focus on performing activities or how activities will be performed. Even a “Meets Expectations” rating should require effort on the part of the team member. Performance measures should be crafted in a way so that only truly exceptional performance yields the top rating of “Remarkable Performance”.

**Establishing Goals and Objectives with Your Employee**

The supervisor and employee should discuss specific objectives, goals, job responsibilities, developmental needs and projects that are critical for success and that represent the employee’s work plan for the coming review period.

1. Be sure the employee understands what is expected during the next review period.
2. In developing a plan of action, be specific in identifying steps to improve performance. Include objectives, quality, quantity, time frames and measurable outcomes that will demonstrate achievement of objectives. In short, use the SMARTER method (found below).
3. Include plans for increasing scope of activity and/or level of responsibility both in performance of current responsibilities and in preparation for any future professional action, if appropriate.
4. Working together to set goals is effective in promoting better performance. It may also be a motivator for that employee.
5. Employees given specific goals work better than employees just told to “do your best.”
6. Employees given difficult but attainable goals or responsibilities accomplish more than employees given easy goals or responsibilities.
7. Establishing goals and objectives makes it clear what a supervisor expects of an employee.
8. Use parameters when establishing goals. The goal should be specific with clearly defined outcomes. Avoid fuzzy words or statements like “become better at” or “try harder.” The better the supervisor and employee can define expectations the better the level of performance.
9. A goal without a time frame is just a wish.
10. Provide measurable outcomes that will demonstrate achievement of the goals.
11. Goals should be challenging but attainable.

**Prepare Clear Goals**

Well written goals enhance the impact of performance appraisals. Increase clarity and reliability by following this simple formula for writing goals: *Action + Object + Measurement Method.*

Use as many measurement methods (quality, quantity, cost, and time lines) as possible. For example: *Increase (Action) production (Object of the Action) during this review period (Time Line) by 10% over last year (Quantity) while keeping reject rate to 1:1000 (Quality) while incurring no overtime* (*Cost).*

**Present Observable and One-Dimensional Ratings**

Goals should be written in clear, behavioral terminology so that the employee knows what "effective" performance looks like and what must be done to improve performance. We want to avoid statements in which an employee can perform commendably on some aspects of the rating factor and poorly on others: *"Plan short- and long-term goals and strategies for profitability and customer satisfaction, and ensure the goals are met by directing and following up on action steps."* It is better to break such statements into a series of one-dimensional elements that capture a single behavioral event. If desired, comparable statements can then be grouped under a section or heading.

**Continuous Performance Management Cycle**

All companies should employ a continuous performance management cycle. This means that at the beginning of the appraisal period, the employee and manager plan performance. They set business and developmental goals and clarify behavioral expectations (Factors). Then, regularly throughout the period, they keep on track by reviewing performance and discussing areas where improvement is needed. At the end of the appraisal period, the employee and supervisor discuss overall performance, and the entire process begins again. If the discussions are candid, constructive, and thorough throughout the year, at year-end, the annual appraisal is simply a recap of those discussions.

**The SMARTER Goal Model**

Strong goals allow managers to distinguish, recognize, and reward high performers. Strong goals also allow managers to build high performing teams and achieve key business results.

S = Specific: What exactly is the goal?

M = Measurable: Is there a way to measure progress?

A = Achievable: Is the goal realistic or achievable?

R = Relevant: Is the goal important? Does it reinforce key business results?

T = Time bound: When should milestones be reached?

E = Extending: Does the goal stretch capabilities?

R = Rewarding: Is the goal intrinsically motivating? Will it help the team member grow?

Examples of SMARTER Goals

1. Provide the specifications to Information Technology for a revision to the XYZ system for the creation of a real time online quote. To be specified by January 15, 2022, designed by March 15, 2022, and fully implemented by June 15, 2022.
2. Design, implement, and complete standard operating procedures for departmental new hires by May 31, 2022.
3. Establish quality processes to reduce internally generated errors and omissions by 20% for all departmental reports by July 1, 2022.

Examples of Goals Needing Improvement

1. Achieve 93% on time delivery for widgets and 95% on time delivery for parts.
2. Improve current cost accounting system by December 30.
3. Increase labor collection/overhead recovery system capability.
4. Achieve budgeted input, output, and EBITDA.
5. Document and draft the new report writing process.

SMARTER goals are extremely important and are the difference between being busy and accomplishing a meaningful objective. An employee can be busy every day and not accomplish anything. Goals and development plans help ensure that we accomplish the things that matter most to the business.

**Six Magic Words**

Employees want a voice and they want to know they make a difference. So whether you are creating goals or managing the day to day tasks of your department it is important to include them in the process.

There are six magic words that supervisors should train themselves to ask when an employee presents them with a goal or problem. The six words are: “What are your thoughts or suggestions?” Supervisors who train themselves to ask this question will manage more effectively. It empowers the employee and gets them thinking. Rather than the supervisor solving every problem, it trains the employee to take an active role in the process.

**The Sweet Spot**

Try to find the sweet spot between what an employee is passionate about or what they’re best at and what the business needs. On a high performing team, all employees are operating within this sweet spot. Watch for areas of greatest contribution and areas for greatest growth. Creating a Performance Plan that places the employee in the sweet spot has the potential to transform underperforming employees and catapult high potential employees.

One final note, employees expect to be kept informed about their performance on a routine basis. Feedback should be regularly provided in both formal and informal settings. Formal feedback should be an integral part of the performance appraisal process.