

**HR** *INSIDER SERIES*

# Changing the Game:

## 4 Ways to Unlock Your Employees' Performance Potential

For Small & Mid-sized Businesses



**SuccessFactors**

People Performance

A powerful transformation is underway: more successful small and mid-sized businesses are embracing “strategic HR” to drive higher performance, productivity and profits. But you probably know it hasn’t always been this way...

### THAT WAS THEN

Historically, HR has not been viewed as a key business driver, unlike “vital” functions such as sales, marketing, or operations. It’s no wonder, then, that HR unfairly earned a reputation as a tactical back-office task, or worst case, completely unrelated to the overall health and success of the company.

### ...THIS IS NOW!

Today, the role of HR has been radically redefined and more emphasis has been placed on effectively managing every aspect of the employee lifecycle, from talent acquisition, to performance measurement to employee compensation.

This amazing shift in HR starts at the most fundamental level: helping raise the bar on individual performance not only helps employees realize their full potential, but also the company as a whole. In other words, strategic HR is ensuring that companies aren’t leaving huge amounts of money on the table in the form of missed profits due to unrealized performance and productivity.

### WHAT YOU’LL LEARN IN THIS EGUIDE

Based on insights from HR experts and real success stories, this guide is designed to help you understand 4 revolutionary ways that you can adopt a strategic approach to HR and unleash the true potential of your company by:

- ▶ **MATCHING EMPLOYEE EFFORTS WITH COMPANY OBJECTIVES**
- ▶ **KEEPING EMPLOYEES ENERGIZED AND ENGAGED**
- ▶ **DEVELOPING A PAY-FOR-PERFORMANCE CULTURE**
- ▶ **AUTOMATING YOUR PERFORMANCE MANAGEMENT PROCESSES**

## 1. MAKE SURE EMPLOYEES' DAILY EFFORTS CONTRIBUTE TO YOUR COMPANY'S BUSINESS OBJECTIVES

The first step in unlocking your company's true potential is ensuring your employees understand how their specific job/role contributes to achieving your company's business objectives. Without a consistent process of setting goals for each individual employee that map directly to your company's objectives, they may be spending too much time on the wrong activities.

In fact, leading industry analysts estimate nearly 95% of workers are unaware of their company's top objectives. And, that's often because an effective process to communicate and track progress against these objectives does not exist. So how can your company expect its people to work toward a shared vision — and deliver bottom-line results — if they're unclear what's expected of them?

Establishing a formal process for creating relevant goals for each employee, and monitoring/measuring performance against company objectives, unquestionably results in both individual and company success. The benefits of this approach deliver a host of positive results, such as:

- ▶ **EMPLOYEES AND MANAGERS ACHIEVE MORE** — through greater visibility into both individual and company-wide goals.
- ▶ **EMPLOYEES AND MANAGERS SEE THE GOAL PLAN** — and understand how their individual goals fit into the company's business objectives.
- ▶ **CREATING SHARED EMPLOYEE RESPONSIBILITY** — by cascading his or her goals with others in the company.
- ▶ **MANAGERS MORE EASILY STAY IN TOUCH WITH EMPLOYEES' PROGRESS** — during every phase of goal completion, and offer immediate reinforcement or coaching to keep performance and deadlines on track.

Keep in mind your success in aligning employee and company goals depends on an open and ongoing dialogue with management. This is the only way to ensure business strategy is woven in to all HR efforts, including an automated process.

### SNAPSHOT OF SUCCESS



#### MOJAVE CREATIVE

25 EMPLOYEES

#### THE SITUATION

To compete against larger global firms and sustain profitable growth, this small creative shop wanted to ensure every employee was laser-focused on the same company goals. They needed a consistent, objective performance review process employees would trust.

#### THE SOLUTION

In 2006, Mojave made the critical decision to automate their goal management process leveraging software that provides every employee with visibility into how their day-to-day efforts deliver on key business objectives. Within one year, Mojave saw improved teamwork toward reaching company goals — in particular, meeting an aggressive growth goal of increasing revenues by 15%.

## 2. KEEP EMPLOYEES ENERGIZED AND ENGAGED

Jack Welch, former CEO of GE — and one of the most respected business leaders of our time — wrote the book on motivating people. One of his key insights to driving phenomenal performance shows how much faith Mr. Welch had in the power of engaging and inspiring people; in a nutshell, he believed the ultimate goal of managing is not to get an employee to perform as expected, but to have them willingly go above and beyond the call of duty — because they want to.

Building a culture in which employees are energized and engaged to perform at maximum levels (and beyond) requires both strong management skills, and a consistent process for providing accurate, quality feedback. Easier said than done, of course. But recent progress in HR-software designed specifically to address this challenge is helping significantly. There are now effective means like writing assistants and coaching tools that can significantly improve the overall quality of feedback, and help managers provide:

- ▶ **MORE RELEVANT REVIEWS** — writing and goal management tools help managers deliver meaningful, accurate reviews so employees understand their performance against goals.
- ▶ **RICHER, MORE MEANINGFUL FEEDBACK** — built-in writing tools ensure consistency between managers, and deliver a deeper level of feedback.
- ▶ **STRONGER, MORE RELEVANT COACHING** — managers receive specific, actionable suggestions for coaching employees through a range of issues.

Ultimately, quality feedback is what keeps your employee’s head in the game and can be used to inspire and fire them up. It also increases job satisfaction and reduces turnover — two critical factors that most small- to mid-sized businesses say they are concerned with on a daily basis.

### SNAPSHOT OF SUCCESS



**NITTANY EMBROIDERY**

**20 EMPLOYEES**

**THE SITUATION**

Facing the costly impact of turnover, this full-service screen-printing and embroidery company needed processes to better engage employees in order to increase job satisfaction and retention.

**THE SOLUTION**

By automating performance management, Nittany Embroidery now delivers more consistent and useful reviews, the first step toward improving employee satisfaction and increasing retention. In addition, employees are proactively helping the company identify areas for improvement and drive a more successful business.

### 3. DEVELOP, IMPLEMENT AND REINFORCE A PAY-FOR-PERFORMANCE CULTURE

The importance of having the best people in key areas is critical to the success of your business. It's no secret the key to retaining the best and brightest talent is recognizing and compensating top performers. According to Giga Information Group, retention can be improved by meritocratic management — or pay-for-performance — by up to 27%.

Establishing a pay-for-performance culture is considered the #1 tool for achieving financial results by senior executives. Today's HR technologies now give managers easy access to all the information they need to reward individuals for actual performance — 360 degree feedback, goal alignment metrics, review data and performance notes taken throughout the year. This allows managers to make consistent, quantifiable and fair decisions, and avoid compensating the wrong people. Other positive benefits include the ability to:

- ▶ **TRACK EMPLOYEE PROGRESS AGAINST PERFORMANCE GOALS.**
- ▶ **IDENTIFY WHO IS DELIVERING AGAINST EXPECTATIONS, AND CONTRIBUTING THE MOST.**
- ▶ **IMPROVE ONGOING JOB SATISFACTION, PRODUCTIVITY AND RETENTION BY RECOGNIZING AND REWARDING EXCEPTIONAL EFFORT.**
- ▶ **AVOID OVERCOMPENSATING BY SEEING WHERE COMPENSATION AND PERFORMANCE ARE NOT ALIGNED.**

## SNAPSHOT OF SUCCESS



**SHUTTERFLY**

**267 EMPLOYEES**

#### **THE SITUATION**

As a leader in a cutthroat industry — web-based photo-sharing — Shutterfly wanted to build a corporate culture that would reward — and keep — the top performers who help them maintain their competitive edge.

#### **THE SOLUTION**

After implementing an automated performance management system, Shutterfly has built a compensation structure directly tied to employees achieving specific goals, and tracked by performance objectives. Not only are the right people being compensated for a job well done, but employees and managers alike have expressed wide satisfaction with their automated system.

## 4. AUTOMATE PERFORMANCE MANAGEMENT FROM START TO FINISH

Technology designed specifically to help organizations manage and optimize employee performance has advanced considerably over the years. Yet it's interesting to note that most companies still rely on paper-based processes and outdated performance management methods. By adopting a system that manages the entire employee lifecycle — from performance assessment to goal alignment to employee retention — it's safe to say automation can truly transform your business.

A tangible example of how automation pays off can be seen in the massive improvements around performance reviews. Once a source of great pain and often viewed as a waste of time, performance reviews have been converted by HR technology into a simple, cost-effective process. The result: managers are freed to up to focus on the tasks that are most meaningful — and critical — to achieving company goals. This clearly illustrates how both employee and company-wide performance potential can be unlocked by HR automation.

**Here are other key benefits your company can realize by automating performance management:**

- ▶ EASILY IMPLEMENT PERFORMANCE MANAGEMENT BEST PRACTICES
- ▶ INCREASE GOAL VISIBILITY AND BOOST SHARED ACCOUNTABILITY
- ▶ USE DATA MORE EFFECTIVELY TO GAIN POWERFUL INSIGHTS ABOUT COMPANY PERFORMANCE
- ▶ ENSURE COMPLIANCE AND EMPLOYEE PARTICIPATION
- ▶ ELIMINATE PAPERWORK HASSLES
- ▶ IMPROVE FEEDBACK QUALITY AND STRENGTHEN MANAGEMENT SKILLS
- ▶ SAVE TIME
- ▶ GIVE EMPLOYEES HONEST, OBJECTIVE, AND OPEN FEEDBACK
- ▶ IMPROVE YOUR BOTTOM LINE

### SNAPSHOT OF SUCCESS



**KATHRYN BEICH**

**45 EMPLOYEES**

#### THE SITUATION

An aggressive promotional products company with a geographically dispersed management team, Kathryn Beich needed to streamline its existing paper-based performance management processes. In particular, reviews were taking up too much time, resulting in poor job satisfaction and unclear rewards for top-performers.

#### THE SOLUTION

Only three weeks after implementing an automated performance management solution, managers at Kathryn Beich have dramatically reduced the time to complete each employee review by 50% — from six hours to just three. In addition, by automating HR processes, they were also able to tie financial rewards directly to employee performance and significantly increase employee engagement.

A final thought to help you raise employee (and overall company) performance: HR professionals in organizations of all sizes consistently report that providing their management with visibility into HR achievements is essential. Your managers need quantitative and qualitative information to support your strategic decisions about human capital. And just as sales or marketing must justify technology investments in light of business strategy, HR must also learn to do the same.