

SAGANA



EVALUATING SUCCESS

January 2024

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As mentioned, the purpose of performance management isn't about generating once-a-year annual evaluation forms. Rather, the purpose should be to provide employees with the standards, goals, and targeted development to support their success within the company. Evaluation forms should support this purpose.

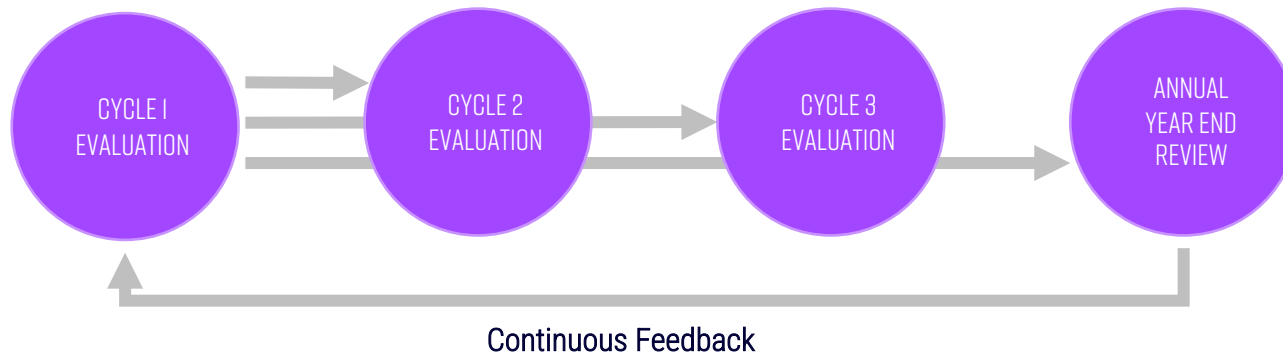
Evaluation process purpose

- Align employee performance to business goals
- review an employee's performance overall through the evaluation period, helping managers avoid recency bias
- Aligning employee and manager perceptions of performance over the period
- Documenting employee performance progress to help identify skills, development, and learning gaps
- Support annual incentive and promotion decisions
- Planning for the next period

Building an evaluation form

- Keep it simple and short; consider how you would use any information you're gathering in the form and if it's truly valuable
- Review employee goal progress and success (company and development) for the period
- Discuss upcoming employee goals and needs
- Include feedback from peers, other managers, etc.
- Focus on employee's strengths and potential
- Include a consistent rating of company skills and competencies if using the form for promotion and incentive decisions

Process example



Best Practices

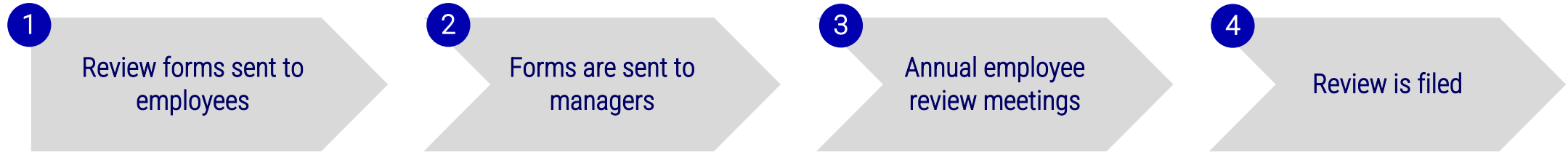
- ✓ Digitize where possible. Using electronic forms is good. Using an online performance management platform is better
- ✓ Use reviews as an opportunity to review past performance and plan for future success
- ✓ Incorporate self-evaluation forms
- ✓ Evaluation feedback shouldn't be a surprise for the employee; areas of improvement should have been discussed in prior coaching conversations



Tools and Forms

- Employee and manager evaluation form
- Performance management software
- Rating scales to leverage

ANNUAL REVIEW PROCESS



Description

- Employees are given 2-3 weeks to complete self review forms
- Employees send review forms to their manager, they are given 2 weeks to complete
- Managers book 1-1 meetings with employees to review complete forms
- Employee and Manager co-create a development plan and sign-off of the review
- **IF APPLICABLE** compensation or promotion decisions are shared at this stage
- Manager files in the employee file (this may be through HR or an administrator)
- Employees should retain a copy for their review

Who is responsible for initiating

- Performance management administrator (HR admin or administrative support)
- Employee
- Manager
- Manager
- Employee

RATING SCALES TO LEVERAGE

Choosing a rating scale to use in performance evaluations is important in creating effective review forms. Too few scale options will result in limited performance differentiation in employees. Yet, having too many scale options dilutes the responses and makes completing overly complicated for managers and employees.

For performance evaluations, we prefer a 5-point scale with additional variation for high performance. Employees generally don't like to be seen as average and this helps reduce leniency bias from managers. This is especially important when tying promotions and pay to evaluation ratings.

Scales we like to use

Objectives and goals evaluations:
How well does this person deliver on their objectives?



Soft skills evaluation:
How often does this person demonstrate *Leadership* qualities?



PERFORMANCE MANAGEMENT TOOLS

What are they?

They are typically SAS-based products you can purchase to house your employee performance records and digitize your processes.

If your team is 40+ (or growing rapidly) and primarily computer-based, you may want to consider purchasing a performance management tool to support your processes. If you have a Human Resource Information System (HRIS) or an Enterprise Resource Planning tool (ERP), there might be a specific performance module you can add. Alternatively, you can purchase a stand-alone tool. We've listed a few of our favorites on the right (no affiliation to SAGANA).

- Integrated and digitized employee records
- Reduced manual administration
- Increase standardization of processes and coaching outcomes
- Analytics

Tool	Differentiator	Price	Link
Clear Review	Highly customizable Community support – “Academy”	5150 USD per year Up to 50 Users 3 year contract	https://www.clearreview.com/
Lattice	User friendly and esthetically pleasing interface. Integration of elements such as company values, org chart *(org chart OKR), Birthdays, etc.	Module pricing Perform - 11/pp Engage & grow - 4 each.	https://lattice.com
15five	Fully integrated solution with development/training, goal setting, and engagement	Module Pricing Perform - \$8/pp Or \$14/pp for all	https://www.15five.com/
Culture Amp	Focus on the People Science of performance management, embedded DEI, and pricing model	4500 USD/Year Up to 50 employees No set-up fees	https://www.cultureamp.com/platform/performance-management
Pavestep	Made for professional services and project-based organizations, focused on long-term relationships and small organizations, adoption and change management implementation focus	\$5002 USD/Year 25-50 employees No integration fees	https://www.pavestep.com/