

*The Performance Management Series*

How To Measure

EMPLOYEE

PERFORMANCE

By Jack Zigon

**ZPG**

ZIGON PERFORMANCE GROUP

IMPROVING EMPLOYEE PERFORMANCE

# HOW TO MEASURE EMPLOYEE PERFORMANCE

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IMPROVING EMPLOYEE PERFORMANCE

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## **Preface to the Second Edition**

It's been more than twenty years since I created my first set of employee performance measures. And I'm still humbled by how little we know about this topic, but encouraged by how far we've come. Common sense and research data agree that employees perform better if they understand exactly what is expected of them and receive concrete feedback on their performance. While more than 90% of organizations have some kind of performance review process, very few are satisfied with the quality of the measures.

The vague and subjective evaluations that occur in many organizations, and the employee morale problems that accompany them, can be improved with a better, more objective set of performance goals. While this is simple to say, it is hard to put into practice.

This second edition represents a refinement and simplification of the techniques presented in the first edition. It includes more emphasis on linking an employee's goals to the organization's goals, as well as better steps and questions for shaping measures while they are being developed. The section on feedback systems has been simplified with new rules of thumb for sampling performance. Finally, the collection of examples has been expanded to include 32 new examples.

Again, I want to thank my clients and workshop attendees for giving me the opportunity to work with them over the last 19 years to solve their performance management problems. Without their hard work and desire for results, these ideas would have never been born nor applied.

I want to dedicate this book to my wife Sherry and my children, Michael, Arielle and Eli. They've taught me what is really important in life.

Jack Zigon  
Media, Pennsylvania

June 21, 1998

# How To Use This Guide

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## What this guide is about

Study after study has shown that clear expectations improve employee performance. But creating performance standards for hard-to-measure jobs in areas such as R&D, marketing, or customer service is easier said than done. This guide explains and shows you exactly how to develop performance measures for white-collar and other hard-to-measure work.

This guide is designed to help you learn how to create employee performance standards in the shortest amount of time. It will act as your coach and guide while providing a place for you to record ideas as you draft your objectives.

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## Who the guide is written for

This guide is written for:

- Managers and supervisors responsible for the results of employees reporting to them.
- Employees who want to take a more active role in developing their own performance evaluation criteria.
- Human resource personnel charged with helping individuals define their goals.
- Compensation professionals searching for metrics on which to base variable compensation.
- Anyone interested in how to measure employee performance.

While any of the above readers can use this guide, the text assumes that the reader is an employee who needs to develop job performance measures.

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## What this guide contains

*How to Measure Employee Performance* contains step-by-step instructions, worksheets, and examples to help you write a performance plan for your position. It also gives instructions for planning how to track performance data.

The first half of the guide walks you through the process. It explains and demonstrates each step, and then gives you an opportunity to practice the skill on your position. The second half is a reference containing 35 sets of example performance measures, a summary of the key steps of the process, and worksheets to help you create your performance plan.

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**What you will learn**

After completing this guide, you will be able to:

- Link your position’s goals to your organization’s goals.
- Identify the customers of your position and what products and services they need from you.
- Identify the value-added results of your position.
- Create measures for each result.
- Set performance standards for each measure.
- Plan how to track each measure.

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**How to use the guide**

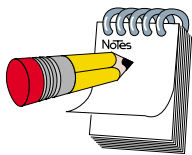
<b>Your Situation</b>	<b>What To Do</b>
You are helping others to develop performance measures.	<ul style="list-style-type: none"><li>• Learn the techniques before trying to help others learn them. Use the exercises and your own job as practice material for learning the skills.</li><li>• Guide the employees and managers through the parts of the process which apply to their situation. Have them complete the exercises for their own job or one they know well.</li></ul>
You are completing this guide alone.	<ul style="list-style-type: none"><li>• Complete the exercises on your own, but seek out someone with whom to discuss the answers. This “reality check” is helpful when you get lost in the details of measuring your own work.</li></ul>
You are in a workshop on Performance Measurement.	<ul style="list-style-type: none"><li>• Complete the exercises as directed by your facilitator.</li></ul>

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**Learning advice**

Before going further, gather any materials you have that describe the purpose of your position, performance measures for the organization, or performance measures for your job.

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**What to do next**

1. Read this entire guide and draft a performance plan, including value-added results, weights, measures, performance standards and tracking ideas. The guide explains and demonstrates each step before asking you to try out the steps for yourself. The symbol to the left indicates that you have an exercise to complete.
2. If you are in a workshop, ask your facilitator for help with any of your work. Once you have completed your draft, meet with your supervisor to discuss and finalize your plan.

# Overview of Creating Performance Plans

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## **Introduction**

This section describes the steps to draft a performance plan for your position. It breaks down the process into doable pieces and gives examples for each step. You'll be asked to record your efforts on a worksheet, which can be transferred later to your organization's performance planning form.

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## **How to create performance plans**

These are the eight steps to creating performance plans:

1. Review your organization's goals.
2. Identify the internal and external customers of your position.
3. Identify the value-added results for your position.
4. Assign a weight to each value-added result.
5. Identify measures for each value-added result.
6. Create performance standards for each measure.
7. Check the performance plan.
8. Create a tracking system.

# Step 1 Review Your Organization's Goals

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## Introduction

Most organizations' goals focus on the next one to three years and force us to direct our attention to results that are most important to the organization. To continue to be successful as an organization, the future dictates that we focus our unique capabilities on the best ways to meet our customers' needs and to remain competitive.

Your performance plan will help you focus your personal resources on the best ways to meet your customers' needs.

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## Which goals to review

You should review your organization's goals as well as your manager's goals. These are goals to which your position's goals should link.

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## Where to get a copy of the goals

Ask your manager for a copy of your organization's goals and his/her goals. Your manager should explain the goals and specify the ones to which you directly contribute.

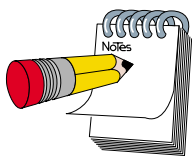
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## What to do if these goals are not yet finalized

If your organization or manager's goals are not yet finalized for the coming year, continue drafting your plan and revise it when you see a copy of the goals to which yours must link.

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## Application exercise



1. Review your organization and manager's goals. Record these goals and measures using the worksheet on the following page.

Note: Do not *create* any goals. Just record those measures which someone decided were important enough to track for your organization or manager.

2. Check those you can affect (✓).

---

## How to check your work

- Does your list contain goals and measures for the entire organization and your manager?
- Have you checked those measures that you can affect?

**Organizational measures worksheet**

Level of Measure	Measures/Goals	✓
<i>Organization</i>		
<i>Your Manager</i>		

**What to do with the organization goals**

1. Ask your manager to explain the organization and manager's goals and your position's role in achieving them.
2. If you don't understand how you contribute to the goals, ask questions such as:
  - Who are the customers of my position?
  - What do they need from my position to do their work?
  - Which are the most important results of my position? Which are less important?