Designing Weighted Employee Performance Measures



I was recently talking to an HR manager for an organization with fewer than 25 employees that included a number of contingent and part-time employees. She told me that her organization rewarded employees based on the number of 'closed projects. It was a straightforward process. At the end of each month the number of closed projects were tallied and for every 4 closed projects an employee was provided with a small bonus. The list of all employees was posted and everyone could view their placement on the list.

The problem, she related, was that this measure of performance did not take into consideration different variables. For employees who worked fewer hours and those who worked on much more complicated projects their work was rarely rewarded. It was not uncommon, she reported, for some employees to achieve 10 -15 closes in a month and others to achieve 3 or 4 yet those were highly valued for their complexity. She wondered how she could more fairly reward all employees.

The Same Is Not Always Equal

One aspect of measuring performance in the workplace does involve designing a way to reward employees consistently using similar measures. However, as we see this is not always straightforward. Sometimes being treated the same is not always being treated equally.

Establish Multiple Variables For Acknowledgement

Rewarding everyone with the same reward for the same results may appear effective but it can contribute to building up resentments and harming moral when the measure only rewards some employees. Hard working and highly valued employees can toil away on difficult and crucial tasks that are overlooked or, because they are in a more limited role, they never receive the same opportunity for reward and acknowledgment. I recently worked with an employee who had been nominated for a bonus by her direct supervisor for exceptional work. However, management did not approve the bonus because her hours were considered "too part-time".

Weighted Performance Measures

By examining both what you are measuring and against what standard you can design performance and reward measures along multiple vectors. Measuring a combination of

output, quality and effectiveness and creating different tiers may be a little more work up front but can also bring more balanced reward.

Consider assigning projects a value based on how complicated, unique or impactful they are; this need not be complicated, identify a 1st, 2nd and 3rd tier level. Quality is important but sometimes intangible. Quality as in error free and quality as in creating a good experience both play a role in the success of a team or organization. A high performing team may benefit from a low volume member who is reliable and supportive over a highly aggressive but high volume employee. Quality is more than output.

There are highly involved performance tracking software that can allow you to create algorithms to measure multiple components of performance but you can also create these yourself. It does not need to be complicated just thought out.

Take time to consider and identify the performance criteria that are important for your organization. Think about work output but also quality of experience and company culture (what you value). The following variables can be measured in combination for a more accurate reflection of performance:

1. Volume and speed of output including responsiveness, completion and delivery
2. Quality of work during tasks and quality delivered in the output of products and services
3. Complexity, speciality or uniqueness to design, plan, execute and deliver the product and service (which can include the uniqueness or complexity of the client base)
4. Impact on product, service, employees, team and organization. Impact may seem intangible but you can measure it by asking co-workers, managers and clients/customers.

Different Reward Structures

With weighted measures you may also choose to create a different reward framework. For example you may create rewards structures for employees based on number of projects they are able to undertake or the number of hours they are eligible to work. This allows you to compare apples to apples in that you can group employees and then identify achievements based on the ability of the employee to succeed. Your options can include grouping employees by full and part-time status or by junior and senior roles. This allows you to present employee achievement within the different categories giving more employees the opportunity to be reward and giving more employees the ability to believe they can be rewarded.

Although you are not expected to reward everyone equally and performance based rewards are still relevant providing all employees with the opportunity for achievement can improve employee morale.

Acknowledging employees contributions is a wonderful idea. Sometimes it is important to step back and look at your performance measure and reward system and determine if it is providing the incentive and motivation boost you seek for across the entire organization.