

# What Matters When Measuring Employee Performance?



It is not always easy on the front lines within a business to find the balance between focussing on results and focussing on the details of daily employee management. Day in and out it is easier to track the activities of employees compared to waiting for the outcome of their activities. Monitoring activities, including time at work, absences, completed tasks and so on can be accomplished relatively quickly and easily. Tracking outcomes and measuring the impact of these on business performance is not as easy. Yet this is what a growing number of organizations are looking to try as they create flexible work contracts that target not employee day-to-day activities but the outcomes of their activities.

When you consider a traditional workplace agreement information such as days and hours of employment including time of day, breaks, vacation entitlement, leaves and so on are often spelled out in detail. And while outcomes and expectations are often included, for example sales target figures, production output and so on, frequently employee performance is measured by what the employee does not on what is delivered.

## **Employee Performance Outcomes**

Over the past few years, as more organizations have reduced their workforce and relied on outside contractors to fill business needs, the focus on outcomes and deliverable results have become more familiar. Hiring a contractor to complete a project rarely includes any details about expectations for hours of work, time of day presence and so on. If you hire a graphic designer to design your new brochure you are more likely to have a deliver date, a price and expectations for the outcome then to specify any other details of how the contracted designer gets the work done.

For some employees the time they arrive at work and when they take their lunch break can be an important operational factor. The person who opens the store needs to be at work in time to open the door. However, showing up on time to open the door and greeting the customers is not really the desired result of the employment of that employee, these are the activities that contribute to achieving the desired outcome. If the employee opens the store on time but the store is a mess or the customers are greeted with rudeness the outcome will not be as desired.

The advantage of focussing on outcomes is that it clearly lets the employee know what is needed to be successful and encourages them to achieve the results and not just accomplish their assigned responsibilities.

If you want to shift from focussing on the details to focussing on the outcomes then identify what outcomes matters and you can slowly start to take your and your employee's eyes off the clock and put focus on the results.

### Steps to Focus on Outcomes

- Identify the business performance goals of your organization. What are you seeking to deliver, achieve and accomplish – identify what outcomes do you need to be successful. "Fast customer response", 'leading edge technology', 'Increase revenues by 15%' or 'increase shares of the industry business by 10%'
- Deconstruct these outcomes by identifying what you need each department or team to deliver to contribute the desired outcomes. Try to distil these into several clear phrases that communicate the outcome expectations from the department. These could include 'on-time delivery', 'complaint free customer service', 'accurate financial management'. Once you have the big picture it is easier to begin to drill down to the individual outcomes.
- Identify the roles within the team and clarify the ways in which each role (or employee) can contribute to achieving the desired impact. Create sentences that say 'this is the outcome we need from your team/role.'

Clarifying what and how to measure impact is difficult and will take some adjustment but as you gain more information it will become clearer. Begin with the concept and then include specific measures such as % increase or reduced customer loss by x%.

- Provide your employee with 5-10 performance outcomes and time frames. As part of your agreement include the iterative outcomes are so you can track and measure progress towards the desired outcomes.
- Identify the activities employees should be undertaking to achieve outcomes as the employee still needs a framework and guidelines. Do not focus on measuring or tracking these activities keep the focus on the outcomes.
- Provide regular feedback on performance towards desired outcomes and include feedback on the impact the outcomes have in helping the team, department and organization achieve the business goals

It takes time and attention to build an outcome focussed employee management style. A combination of traditional oversight and management and newer big picture outcome focus can be undertaken one step at a time through a process of transition. Once you understand what you really want from an employee it becomes a little easier to know when you are getting the outcome you want.