ATTRACTING AND RETAINING TALENT IN EMPLOYEES USING 'SMART'

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Abstract

For too many businesses, employee performance leaves a lot to be desired. Either, it's not done at all or it's done poorly and leaves both parties unsatisfied. Used correctly, employee performance management is a powerful tool for engaging employees by linking their performance to organizational objectives so that ultimately everyone is focused on the success of the business. In addition, a well executed employee performance management process will identify an organization's up and coming talent, clarify training needs, shape succession plans and help make objective compensation and internal staffing decisions.

When attempting to maximize productivity, improve performance and deliver business value, the place to start is getting your employees to set clear SMART objectives. Objectives serve as a way to keep employees on course and working toward an overarching company goal. They provide focus, direction, set expectations and also provide motivation for your workforce. Employees can only achieve and exceed expectations when they know exactly what is expected of them. What's more, when employees are confident of what is expected of them, they won't waste business time or energy worrying - allowing them to make most of their time and skills.

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INTRODUCTION

"SMART means spelling out what, how and when something will be done and how you measure it," Lis says. "Specifically, this could mean goals such as increasing revenue, controlling costs, improving quality or giving better customer service."

At first glance, SMART may seem like common sense for a business, but Lis has frequently encountered initial resistance to the process from employers who misunderstand performance management or have experienced botched attempts.

"But employers who have experienced the power and benefits of a proper performance management process are converts for life and can't imagine business without this valuable process," she says.

Regular communication is crucial

She advises companies to "walk before you run" if they're introducing employee performance management for the first time.

"Start by looking at individual job descriptions and base SMART objectives on them in employee assessments. Set up regular sessions with individual employees and involve them in setting the objectives. For example: Customer service complaints will be answered within 24 hours."

Getting comfortable with the process at its most basic level makes it easier to graduate to the most powerful level where employee performance management drives the accomplishment of the business's objectives, she says.

"Use grading to identify overall performance"

Many companies use five grades in their evaluations:

1. Unsatisfactory performance
2. Improvement needed
3. Meets expectations
4. Exceeds expectations
5. Exceptional performance.

These grades reflect the immediate supervisor's assessment of the employee's work. Typical criteria used to grade employees include the quantity of work completed, speed of work, ability to meet deadlines, organization, quality of the work, frequency of mistakes, customer care, initiative, team spirit, leadership, attitude, team work and overall results.

'Mention the topic to many people and their eyes either glaze over or roll upwards', acknowledges BDC Advisor Irene Lis, who specializes in human resources management.

"Performance management does improve productivity and profits," Lis says. "But, unfortunately, many organizations don't understand the process and it's often just a paper-shuffling exercise with little value."

Creating a win-win situation

Instead, employee performance management needs to be a continuous and regular face-to-face dialogue that strengthens employee-manager relationships and drives the company forward. The benefits to the business and to employees are significant.

"It shouldn't be something painful you do once a year, like going to the dentist," Lis says.

She says the key to successful employee performance management comes down to two words: No surprises. Employees need to know it's a win-win situation, not "gotcha!" , Lis says.

Using SMART guidelines

When setting employee objectives, Lis and other HR experts advise organizations to use SMART guidelines:

S: Specific—Define what is to be done, where, with whom and how.

M: Measurable—what outcomes are expected such as quantity, quality, cost, time, etc?

A: Achievable—Objectives should be realistic according to the skills and resources available to employees.

R: Relevant—Objectives need to be relevant to the individual's specific job, department and the business's objectives.

T: Time bound—there should be clear time frames, milestones and deadlines.

"People are generally hired to be a three," Lis says. "You come in, you do your job, life's good. Above three provides positive reinforcement to an employee who's performed extra well, while below three is an alert that they need improvement."

In all cases, Lis stresses that employees also need to take ownership of the performance management process.

"If something good is happening or if it's going off the rails, people should tell their manager immediately, rather than waiting for next month's meeting, or worse, waiting until the end of the year," she says. "Regular communication between employees and managers is critical."

Download our free employee goal-setting tool to start developing SMART objectives with your staff.

Despite this, according to a Gallup study on worldwide companies, only half of employees strongly agree that they know exactly what is expected of them at work. This is where SMART objectives can step in.

By properly utilising SMART, clear objectives, employees will feel better equipped to prioritise their workload and deliver results. This will help to deliver business value and improve performance overall. It is worth noting that an important part of the process of creating SMART objectives is the act of putting employees in the driver's seat. We are far more likely — and more driven — to accomplish goals we set ourselves. Mckinsey recommends involving your employees in the goal-setting process from start to finish. This helps to secure employee buy-in and motivates ongoing development.

Using the steps below, you can help your employees to develop the skills and confidence required to write effective personal objectives. These easy-to-implement tips will ensure you create SMART objectives that will improve performance in the long-term.

Conversely, Employees should Keep in Mind their Limitations

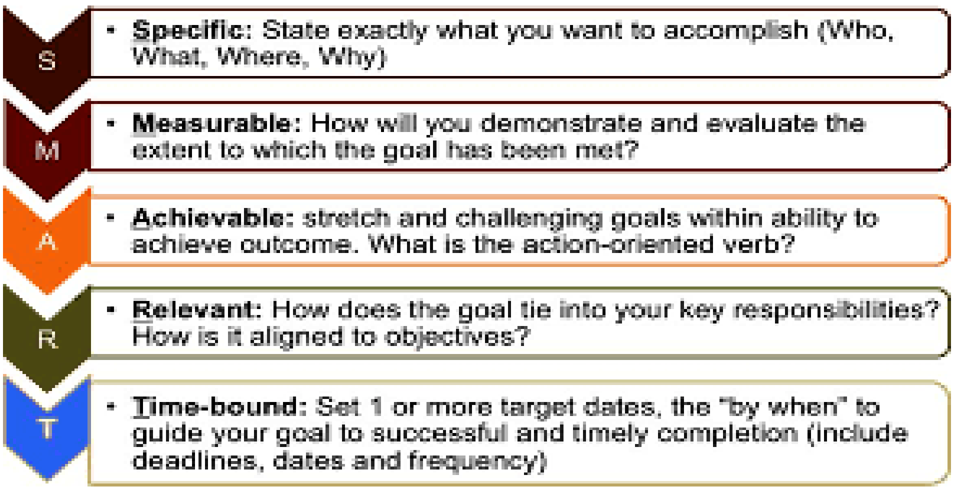
Goals that are stretching and challenging are great but warn employees of the dangers of setting goals that are completely unrealistic given the time and resources available. If you have any employees who have issues with perfectionism, this is certainly something to be cautious of. Over time, your employees will get a measure of their own limits and their rate of progress, but in the meantime, managers have to step in to ensure employees aren't overtaxing themselves. This will only lead to objectives not being met, disappointment and frustration for everyone involved.

Make Some Room and Allowances for Flexibility

In most of the organisations, organisational needs and requirements will change regularly. What was pressing three months ago might now seem unimportant or unsupportive of your organisations objectives. If this is the case, employees should feel empowered to make adaptations to their established objectives. However, these changes should be meaningful and helpful - these changes can be discussed during your regular one-to-ones. This is a great time for manager and employee to exchange thoughts and feedback on objectives.

Use performance Management Software to Track SMART Objectives

Performance management software makes the whole process of setting, agreeing and tracking SMART objectives easy for everyone involved. Once SMART objectives are drafted by the employee, the manager can indicate whether or not the objectives are appropriate and discuss relevant changes. This makes the setting of goals a truly collaborative effort and gives parties a shared view of what has been agreed. Once objectives are formalised, everyone involved can track progress on these objectives and give feedback along the way, using the performance management software. This way, everybody remains up-to-date with successes and obstacles and managers can step in if employees need extra support.



Decide on a SMART Definition

Before employees can write their own SMART objectives, they need to be given a SMART definition. Since George T. Doran coined the phrase in 1981, a number of variations have cropped up. At Clear Review, we recommend using the following SMART objectives definition:

S — Specific and Stretching. The clear objective needs to be as precise as possible. Avoid any ambiguities or confusion. For example, an employee can't (and shouldn't) simply be asked to "increase sales". Rather, a more helpful objective would be to improve sales of a particular product by a certain percentage in a given time frame. Objectives should also be stretching, or challenging, so employees are more motivated to achieve their goals.

M — Measurable. A good SMART objective should always set out what success will look like. Measurable goals give you something to measure your progress against. This will make it easier to determine whether or not it has been achieved. The measure can either be quantitative or qualitative.

A — Achievable and Agreed. Though it is important for your employees to challenge themselves, objectives should all be realistically achievable. Unrealistic and seemingly impossible goals only serve to create a culture of failure in your company — this is far from the motivational environment you're looking to cultivate.
Objectives should also be agreed between the employee and their manager. This autonomy will help employees to take real ownership over their roles. The employee needs to know they have had a say in their objectives and the manager needs to know that the objectives are suitable and in line with company goals. Performance management software can be used with great effect to ensure both parties are happy and agree to the objectives. This same software can also be used to set and track objectives.

R — Relevant. All performance objectives should be relevant to what the organisation is trying to achieve and support its overall goals. Without considering relevance, even objectives that are achieved may have no impact on the performance of the organisation, which flies in the face of what every effective performance management system aims to accomplish.

T — Time-Bound. Employees and managers should agree on set target dates for when objectives are to be completed. This introduces a sense of urgency and it also allows managers to determine whether or not an employee is on track to accomplish their personal objectives. Encourage employees to set "near-term" objectives with a one-to-six month time frame, rather year-long objectives. Near-term objectives can be achieved more quickly and are therefore more motivating. They are also less likely to become irrelevant as business needs change. Of course, short-term goals can also be used as "mini-milestones" to accomplish bigger goals.

Explain the Importance of SMART Objectives to Employees

Whether you are creating general SMART objectives or personal development objectives, your employees need to know that your company takes objective setting seriously — and why goals matter. During one of your regular performance coaching conversations, explain how effective goal setting can impact their performance; this will ultimately affect their career progression and chances for advancement within your company. When explaining the SMART objectives concept, point to the fact that they have often been cited by experts in the field as the most effective way of setting goals.

You should also take this opportunity to illustrate to employees just how important they and their role are to your business. Without them, you wouldn't be able to accomplish your organisational objectives. This transparency and authenticity will show your employees that you value them and that they are an integral part of a dedicated team.

Be Transparent with Organisational Objectives and Encourage Employees to Align their Goals Upward

Organisational transparency is an increasing concern in the business world. Employees are demanding ever-greater degrees of openness and forward-thinking companies are delivering. After all, transparency is positively correlated to levels of trust, employee engagement and organisational performance. During the goal-setting process, context is important. Discuss overarching company goals with your employees. Explain to them any pressing concerns or obstacles that are impeding progress. If you are clear and forthright with regards to organisational objectives, employees will be able to keep them in mind when creating their own objectives. They will also be able to align their objectives upwards, to support long-term company goals.

Employees Should Challenge themselves

We all get a sense of accomplishment when we have completed a task. This is why so many of us keep to-do lists and tick off activities as they are achieved. It makes us feel organised, productive and efficient. However, studies have shown this sense of accomplishment is greater — and our performance is higher — when we set ourselves particularly challenging goals. "Easy wins" simply aren't as effective as a motivator. If the goals in question appear more difficult, we put more effort into completing them to standard and on time. Encourage employees to challenge themselves when creating their SMART goals. This can be an exciting way to get them to test their limits and to reach greater heights.

The Board of Directors, managers and the CEOs found that productivity at the company continued to decrease, which made it difficult to justify performance to investors and other stakeholders. On the other hand, employees groused that they had to work above and beyond their capacity to fulfil obligations. It was clear that the client required a partner to analyze performance and understand why productivity kept declining.

Diagnosing the Problem

A study revealed the following problem areas in the organization:

1. The CEO had not defined any specific objectives to be achieved during the year.
2. Nothing was quantified as the corporate goals, nor were any measures used to monitor performance.
3. As department heads were unaware of their objectives over the year, there was no way to formally review or measure progress.
4. Although employees continued working, there was no supervisor to track daily/ weekly output from his/ her subordinates. Typically, employees continued with their routine work and no one was able to accommodate other activities.
5. There was an all pervading sense of complacence among the employees and the wishful hope that their output was far more than that of their immediate competitors.

Management Initiatives

After partnering with Saigun in a consulting role, the client's management decided to lay down SMART goals for the company: these were a set of objectives which were Specific, Measurable, Achievable, Re viewable & Trackable. While the client was not immediately prepared to introduce the Balance Score Card (BSC) approach, which Saigun had initially recommended, it then decided in favor of the following mechanism to launch their improvement initiatives:

Mandatory goals for managers and supervisors

The two goals outlined below were made mandatory for all employees:

Performance appraisals for subordinates (direct reports) to be completed by the respective managers within 15 days of the closing period (every year. Performance monitoring will be – goal-based and the HR manager would track the completion and assist in the goal setting process. All employees will undergo skills/ competency development training for a minimum period of 6 working days during the year depending on the needs identified by the respective managers.

Corporate Objectives

All functional heads/heads of departments aligned their departmental goals to the company objectives, which were defined as follows:

Revenue to double every four years – this means that the increase during the current year needed to be 20%. Current year's Profits After Tax (PAT) to increase by 2% over the previous year. Recoverable outstanding to be reduced from existing 42% to 25% of revenue during the current year. Inventory carrying costs to be cut by 1% during the year. Employee to Company Turnover' ratio to improve by 5% over the previous year. PCMM level 4 certification to be acquired by end of the next year.

Top-down Approach

The CEO would draft a report allocating departmental goals, which are aligned to organizational objectives. Key Result Areas (KRAs) would also be created for each employee which must be tied to their job description. Each individual to have 5 to 7 KRA-based goals which are specific, measurable, achievable & trackable. All employees shall also identify one self-development goal in consultation with their respective managers. Unfinished goals will be transferred by the manager to another employee who replaces or takes over from any individual leaving the company.

Problems experienced while launching the initiative

Goals setting process was started immediately as the corporate objectives were laid down.

It took only three days to finish the process for direct reports of the MD. For the remaining 486 employees, it became a herculean task for the Managers at various levels to study the Job Descriptions, identify vital KRAs for each Job Position, apportion their own corporate goals to the subordinates and allocate weights & measures. Managing so many goal sheets & reviewing the status of each goal as per the periodicity for its completion surfaced as a major stumbling block.

The date for completion of the Goal Setting activity (31st Jan 2023) was over, but the Manager HR found it difficult to capture the exact status. After visiting various departments, it could be approximated that goal sheets in respect of merely 30 % of employees had been signed off. It took another ten days to compile the department wise status after the instructions were issued to submit the signed off goal sheets to HR. Some departments overlooked the need to retain duplicate Goal sheets for the employees to recapitulate their targets & for the Managers to track performance. There was chaos all around with each blaming the other. The CEO was unhappy & the Head HR was feeling helpless. The initiative could not be launched fully till 30th April despite another trial to complete the goal setting process.

Search for a Solution

Someone who had recently joined the company proposed having a look at the 'Empxtrack: Goal Setting module', a software seen by him in his previous organization. Head HR found that it could meet all their requirements & would help them in completing the Goal Setting process for all employees within a month. The system was an obvious choice and was installed within a week. All goal sheets became accessible to the Managers & their direct reports at all times. Manager HR found this to be a useful tool to monitor status of the goal setting process and expedite the defaulters.

CONCLUSION

It's very important for organizations to identify the top talent of their organization. As per Mckinsey's recent study shows the high performers are 400% more productive than the average ones. The study also reveals that the gap rises with job complexity. In high complex work, high performers are an astounding 800 % more productive. Here are few ways mentioned by Spark Hire about identifying the perfect candidate is - Look at the previous roles and responsibility of the individual because some organizations inflate their job titles to make them desirable and attract talent. Secondly, evaluate their behavior with others as interpersonal skills are most important to mentor and motivate others. Thirdly, they mentioned about the past initiatives taken by the individual. So precisely to identify the top talent, capture the required traits as per the business needs and include them in the Job Description and Performance Appraisal for the role. But we should also consult with the managers and peers; there might be a situation that the potential employee not be identified by the performance appraisal process.

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