

A manager's guide to performance reviews

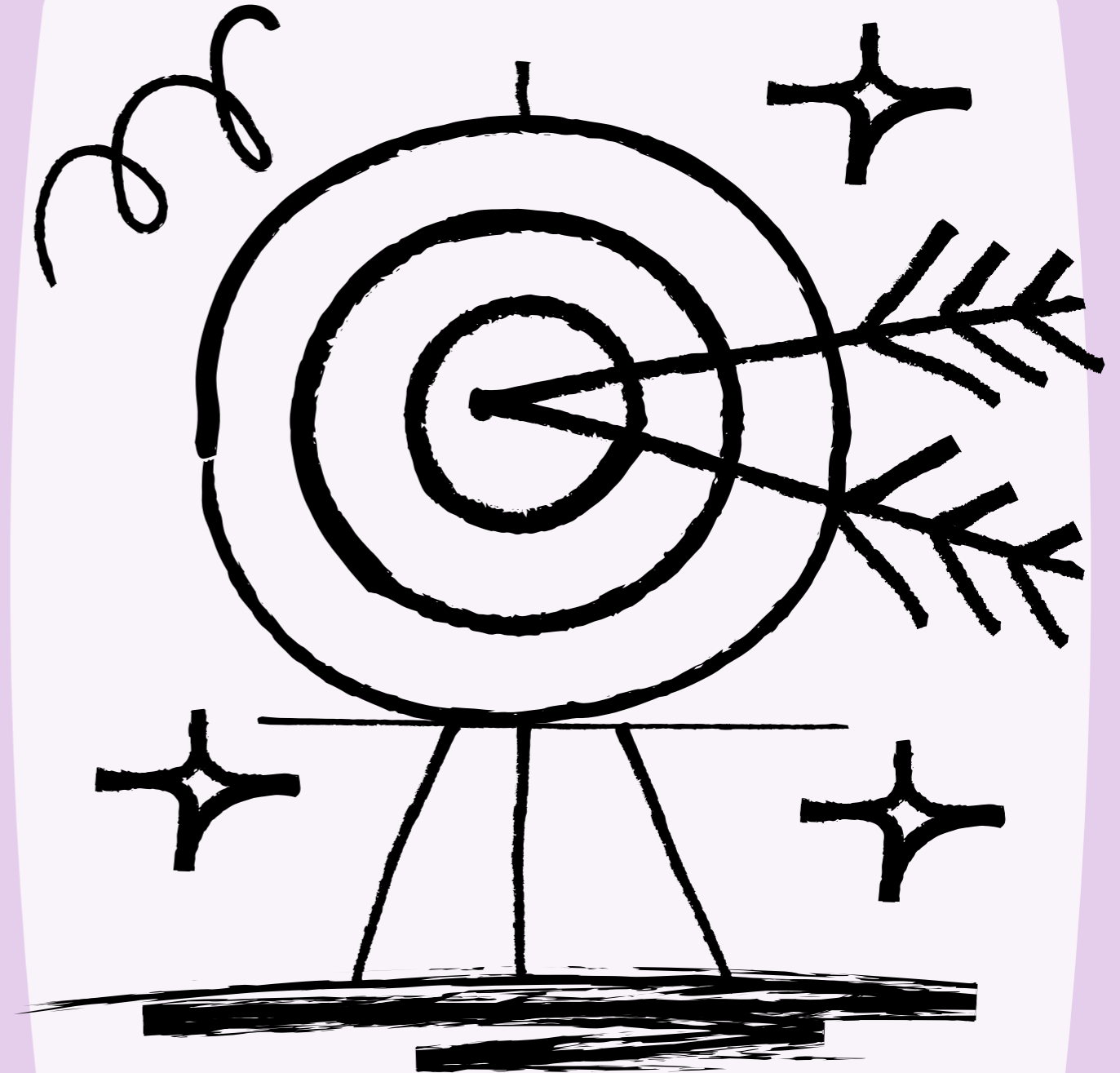


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Introduction



What if we told you that times are changing – annual performance reviews are out, and giving regular feedback is in?

Ahh, performance reviews. The time of year that managers and employees alike often find themselves dreading.

But you shouldn't be dreading it. And your employees definitely shouldn't be dreading it.

If you're like the many businesses who are still using the outdated annual performance review method, we're here to tell you about a much more effective model that could be transformative for your staff and business.

You want to make performance reviews an experience that can motivate, inspire and reward your team for their hard work over the last 3, 6 or 12 months. Remember, as a manager, you want to use performance reviews to support employee growth and give them the confidence and pathway to achieve more than they did the year before.

If we think of the traditional annual performance review framework, managers would often wait to tell their employees of their downfalls in the meeting, which can often be a shock for the person on the receiving end if it's the first time they're hearing it. This can have a negative snowball effect on your team if they're unaware of their performance.

For example, if an employee receives lots of negative feedback in a performance review with no real warning beforehand, they can feel undervalued and confused. By focusing on the employees weaknesses in a performance review, [they are 26% less likely to be engaged](#) with their work. We all know that when you have a team of employees who are disengaged at work, morale and motivation will begin to drop, running the risk of high employee turnover.

Imagine waiting an entire year to find out how you're performing in your role or even worse, waiting a year to find out you're underperforming!

Before we dive in, it's important to remember that no matter how you design your performance reviews or how often you hold them, they are a two way street, and most definitely a collaborative experience.

Ready to say goodbye to old school annual performance appraisals and learn how to design the perfect performance review experience?

What are performance reviews?



A performance review is an assessment with an employee and their direct manager to evaluate performance, define strengths, identify weaknesses, review professional goals and plan for the future.

The goal of a performance review is to use the feedback received for professional improvement and to identify any areas of concern.

However, performance reviews are not limited to these areas; they can also include discussions around:

- How the employee is currently progressing towards goals
- How effective their working style is
- Soft skills such as time management and communication
- Attendance, punctuality and behaviour in the workplace



Why are performance reviews important?

The reality is that for many employers, performance reviews only occur once a year. But this doesn't need to be the case and shouldn't be the case.

The fact is, employees want to know how they're performing. They want to know if they're meeting expectations. And they want to know what they can do to improve their performance.

Without regular performance reviews, it's likely that your team has very little idea where they actually stand. They might be coasting through their role, with no drive or ambition – and no employer wants that. In fact, it's most likely doing your business more harm than good.

Did you know that 65% of employees are seeking more feedback in their roles? This only proves that regular and recurring feedback is key to a successful and engaged business.

Our thoughts? It's time to up the ante and give your employees what they want!

And if the thought of not providing feedback and managing a highly disengaged workforce doesn't scare you into giving more feedback, this might...

69%

of employees say they would work harder if they felt their efforts were better recognized.

If you want more engaged, productive employees, it's time to start giving them the feedback they're looking for. But, how often? Which leads us to our next point...



Performance review cadence

Once upon a time, performance reviews were held annually, with no other form of review or feedback process throughout the year. And while we say once upon a time, the reality is that many organisations are actually still using this cadence. This means that there are millions of employees out there feeling left in the dark when it comes to their performance.

When you think about it, an entire year of work achievements being discussed in a one hour meeting slot just doesn't make sense...

How can you possibly discuss all of your achievements from one year, in one hour? When conducted alone once per year, review meetings aren't an effective tool to determine an employee's performance. They need to be used in conjunction with other meetings like 1:1s, but more on that a bit later.

Despite the limits that come from using annual performance reviews alone, it's still one of the most popular cadences for businesses around the globe.

We all know that regular and recurring feedback is essential for all employees to reach their full potential. Whether you're a manager or early on in your career, ongoing communication is an important part of being in any effective team.

So, how often should your organisation be holding performance reviews?

Ahh, it's an old age question that only you can answer.

We're kidding. Well, sort of...

When it comes to determining the cadence of your teams' performance reviews, you need to find what works best for you and your organisation.

There are a few things to consider:

- Are managers holding weekly 1:1s with their direct reports?
- Does your company culture embrace feedback?
- Is the current review structure and cadence working for your team?
- Does your team want more feedback?

No matter what you choose, you should continually embrace a culture of regular feedback and employee/manager catch ups. Not only can it improve communication, performance and overall engagement, it can also ensure that no surprises occur during your performance reviews. If you don't, you're missing out on vital opportunities for professional development that will only propel your workforce forward.

We've put together a few example schedules that might work for your organisation.

Feedback schedule example 1

- 1x bi-annual performance review
- Weekly 1:1 with direct reports with a set list of questions
- Defined quarterly goals using [OKRs](#)
- 1x annual salary review

Feedback schedule example 2

- 1x quarterly performance review
- Fortnightly 1:1 with direct reports including a set list of questions
- Defined quarterly goals using [OKRs](#)
- 1x annual salary review



Performance reviews vs. 1:1s

Now that we've run through the basics of performance reviews, we need to talk about one on ones (1:1s). Although 1:1s may seem like just another buzzword, they're so much more than that. Implementing 1:1s can be the difference between building and maintaining a good team versus a great team.

What exactly are 1:1s?

1:1s are a scheduled weekly or fortnightly catch up a manager has with their direct report. This is time dedicated for the direct report to talk through how their past week or fortnight has been, as well as commit to things for the future. Although there's still structure to 1:1s, it's an informal way to catch up on the week that was.

They empower accountability and are a great way to discuss goals, engagement, career development and roadblocks. They're also an effective way to record weekly performance, making it easier when it comes round to performance review time.

Looking to implement 1:1s in your business? We've created a template which you can find in the [templates section](#) of this guide.



Quinn's Hero Tip

Did you know Employment Hero has an in-platform 1:1 feature that can help you manage your team effectively? 1:1s in Employment Hero guides managers and employees through structured and regular meetings, with the goal of providing a conducive environment for coaching and feedback.



The performance review process

We all know that there's more to performance reviews than simply sitting down in a meeting with your direct report, and chatting through the past year. For performance reviews to be as effective as possible, they require preparation from both parties involved.

Whether you opt to hold them bi-annually or quarterly, you need to have a clear agenda in place so you both can get the most out of the session. If you walk in unprepared, you'll set the wrong tone and give off the impression that you're not invested in your direct reports' performance.

Before the performance review

Ensuring you're prepared for performance review time is crucial to getting the most out of your session. We've covered a few things you can do to get prepared before you meet.

1. Block out time in your calendar and send invites to your direct report(s)

First things first – you need to lock in a time and date for the performance review. Make sure you give ample notice to your direct reports (2 weeks+ is ideal). You should also set aside more time than you think is necessary, to create a buffer in case you run over. The last thing you want is having to walk out mid conversation because you didn't have enough time.

2. Create a career development plan

When you create a performance review calendar invite for your direct reports, include a link to a career development questionnaire. You should ask them to fill it in prior to the meeting. You can either choose to go through this during the review, or schedule in some time for a follow-up meeting. It's important you get your direct reports thinking about how they want their career journey to progress, and how you can help them get there.

Need some inspiration? We've created a career development plan template your direct reports can fill out prior to meeting. You can find this in the [templates section](#) further down.

3. Review how their goals and performance are measured

Before you get started, it's important to determine how you're measuring the performance of your direct report. Do they have sales targets? Do they have customer satisfaction scores? Is it based on their output or ability to meet their objectives and key results (OKRs)?

These are all questions you need to consider prior to the performance review meeting. You should create a document that has their actual performance and results compared against their expected performance.

4. Identify areas for improvement

As a manager, you know where the areas of improvement for your direct report are. Your role is to mentor those you manage, so identifying areas for improvement plays a critical role in helping them improve. Whether it's time management, attention to detail or technical ability, this is the time to encourage your employee(s) to make improvements in specific areas.

5. Assess whether additional training is required

Once you've identified areas for improvement, you should assess whether additional training is required. Although you don't have to hand-hold them through choosing a specific course, you should let them know the areas where you think a course would prove beneficial.

This is about empowering them to choose an area of interest, and letting them take the wheel with their learning and development.

6. Review achievements and strengths

Now that you've identified areas for improvement and assessed whether additional training is required, it's time to move onto the good stuff.

Reviewing achievements and strengths is one of the most important parts of a performance review, and can really help inspire and motivate your direct report(s). You should point out specific projects, events or skills where they did a great job and highlight their achievements.

7. Create and send a self-evaluation form to your direct report

When it comes to evaluating performance, it's important to understand both your view and your direct reports' point of view. At the end of the day, everyone has different work ethics and standards, so it's important to see where both parties stand.

For example, you might think your direct report is doing a fantastic job, however they might be placing additional pressure on themselves to perform and believe they could be doing more. This is your chance to get on the same page when it comes to performance.

Not sure where to start? We've included a self evaluation form in the templates section of this guide to help.

During the performance review

1. Don't rush through the performance review

The most important part of having a successful performance review is giving your undivided attention to your direct report. This is time dedicated for them to walk through their achievements and results, and it's crucial you provide your full attention.

You don't want to rush through the process – focus on actively listening to what they have to say and provide constructive feedback wherever possible.

2. Share achievements, strengths and areas for improvement

You should dedicate the majority of time in the performance review to discuss achievements, strengths and areas for improvement. You should encourage them to provide quantifiable results and talk through areas where they've gone above and beyond in their role.

You should also be providing feedback throughout the process and discuss any areas where thoughts differ. To help guide your conversation, we suggest using the self-evaluation form – which leads us to our next point.

3. Talk through the self-evaluation

Self-evaluation is an important part of the review process as you can see how aligned you and your direct report(s) are. You want them to be self-aware of their work and performance, so it's important to provide feedback – especially if your opinions as a manager are different.

If your employee has been with the organisation for more than one year, we suggest comparing it to the previous performance review, and identifying any areas where performance has dramatically improved or declined.

4. Actively listen and avoid dominating the conversation

Performance reviews are time dedicated for your direct report. It's their time to walk through their achievements, so it's important to give them the attention they deserve. You should actively listen and avoid dominating conversation at all costs.



Quinn's Hero Tip

Did you know Employment Hero can help you streamline your performance review process? Our in-built performance review feature gives you access to a range of templates, custom rating scales and cascading goals. It's a sure-fire way to get the most out of your team come performance review time.

5. Provide actionable steps for career development and goals

It's important to know the aspirations and goals of your employees. By being aware of what they'd like to achieve, you can give them more responsibility and provide training so they can work their way to their dream position.

By being informed as a manager, you can keep them accountable and motivated to achieve their best and guide them on their career journey. You want your team to know that you're invested in their career development and want to see them achieve greatness.

The final part of the performance review should include next steps for working towards achieving goals. You could ask them to create a plan for learning and development with specific courses, or pencil in some time at a later date to discuss how they plan on reaching their goals.

Remember – you can organise training sessions internally with others in the team if there's a gap in knowledge, or if they wish to expand their skill sets in another area of the business.

After the performance review

1. Review goals for the next 3, 6 and 12 months

You should encourage your team to develop a plan for their short and long term career goals. Split the plan out into the next 3, 6 and 12 months, and write each goal down. You should also schedule these meetings into your calendar at these time breaks to ensure you both stay accountable.

New to goal setting? Use the SMART goal framework.

- S** Specific
- M** Measurable
- A** Attainable
- R** Realistic
- T** Timebound

Templates



Self evaluation performance review template

Employee Name:

Manager Name:

Date:

Our managers have an ongoing responsibility for the development and performance of their team members (i.e. you). In fact, our commitment to ongoing feedback, check-ins and reviews is at the very heart of our practice, and forms the foundation of our performance culture.

This review is designed to allow you and your manager the opportunity to reflect on past performance, whilst looking forward at what needs to be achieved in the future, and identify any opportunities for development and personal growth.

You are asked to complete your self-appraisal against a range of criteria including company values, goals and performance. Additionally, you will be asked to provide feedback on any key achievements, opportunities for development and an overall rating in consideration of everything. Following this, your manager will set a time to discuss the completed appraisal with you.



1 star: Never

2 stars: Sometimes

3 stars: Often

4 stars: Always

5 stars: Goes above & beyond

Q1: Rate the extent to which you actively promote and display behaviours that are in line with the company values, and explain how or why.

Rating: ☆☆☆☆☆

Q2: How have you met or exceeded your KPIs, goals or OKRs?

Rating: ☆☆☆☆☆

Q3: How have you contributed to achieving our mission as a company?

Rating: ☆☆☆☆☆

Q4: What do you consider as your most important achievements over the past 3/6/12 months?

Rating: ☆☆☆☆☆

Q5: What would you love to achieve in the next six months?

Rating: ☆☆☆☆☆

Q6: What growth and / development would you like to have in the next six months?

Q7: What immediate training, development or support do you believe is required to meet this development need?

Professional Development Plan Template

Date:

Employee Name:

Manager Name:

Summarise your current role in less than 20 words

Summarise your strengths

Summarise your weaknesses

Summarise your 3, 5 and 10 year career and personal ambitions

	Objectives (include competencies, behaviours & goals) What do I want to be able to do better/achieve?	Actions & Key Dates What steps will I take to achieve my objectives?	Success Criteria How will I review and measure my improvement?	Status & Commentary Include comments here when reviewing your progress
Generic example:	Competency: I would like an advanced understanding of Google Analytics so I can do a better job of measuring the effectiveness of my campaigns	<ol style="list-style-type: none"> 1. Block diary for GA academy course (1 Nov) 2. Book time in weekly meeting to present report (10 Nov) 3. Book a fortnightly meeting with Tim for GA coaching (5 Sep) 	<ul style="list-style-type: none"> → Completion of all GA academy courses → Feedback from my manager in our 1:1s 	<ul style="list-style-type: none"> → 10 Sept - have completed GA academy courses → 15 Sept - presented for first time in team meeting
1				
2				
3				
4				
5				

1:1 template

Employee Name:

Manager Name:

Date:

Q1: On a scale of 0 to 10, what would you put your Happiness Score at, and why?

1 2 3 4 5 6 7 8 9 10

Q2: What is your biggest win or achievement in the past week?

Q3: How do you feel about your goals/OKRs for this quarter?

Q4: What roadblocks are you currently facing, and what can I do to help you overcome them?

Q5: Let's review your career development goals. How can I help you with it?

Q6: What would you like to achieve by our next 1:1?

Q7: Are you operating at the top of your game? If not, what is stopping you?

Q8: Do you have any questions for me or feedback on what I can do better as a manager?

How to give valuable feedback



Giving feedback to your employees is an incredibly powerful tool. It can help your team achieve more and inspire them to innovate. It also improves communication, builds trust and helps you get the most out of your team.



According to PWC, nearly 60% of survey respondents reported that they would like feedback on a daily or weekly basis—a number that increased to [72% for employees under age 30](#).



Using the SBI Model to provide valuable feedback

The SBI Model allows for specific feedback and can assist with conflict resolution. It's the process of understanding the **situation** that occurred, the **behaviour** of the parties involved, and the **impact** it had on others and the wider business.



Quinn's Hero Tip

Did you know that Employment Hero has a built-in feedback feature? It helps you streamline the process by making it easier than ever to give and receive feedback. By capturing all feedback in a central and accessible location, employees and managers can use it as a building block for development whilst improving communication.



Situation

Describe the situation



Behaviour

The behaviour (what they did)



Impact

The impact of that behaviour on?

SBI Model + example

Example of SBI feedback from a manager to an employee

	Situation	Behaviour	Impact
Positive	At the client meeting earlier today...	...you balanced sharing our ideas with hearing from them & asking for their feedback.	The client told me that they saw our efforts in clearly understanding their needs. Thank you!
Negative	When you presented your proposal to our client...	...you presented everything succinctly. However, I observed that you did not listen to the client when they interjected, and you spoke over their comments instead of acknowledging their concerns.	I observed our client shaking their head with displeasure. This means, they did not walk away with a good experience. We did not close the deal.

Example of SBI feedback from an employee to another employee

	Situation	Behaviour	Impact
Negative	At the team meeting when we discussed your project...	...you interrupted teammates as they shared their ideas.	As a result, people stopped contributing as much and team members felt disengaged. Did you notice this?



It's time to take your performance reviews digital

Now that you know how to conduct an effective performance review, it's time to look at the way in which you're conducting them. Do you and your managers associate review time with piles of paper and long email trails that easily get lost?

If you're still using a paper-based system, it's likely to be an extremely painful process for all involved. That means someone needs to spend unnecessary time digging out paperwork, making appointments, and sending out email chasers to managers to get the ball rolling.

But it doesn't have to be like this — here are 5 ways taking your performance review process digital can make measurable improvements to your business outcomes.

1. A more effective performance review

By using online performance review systems, managers can keep a running log of notes on an employee throughout the year. This helps paint a complete picture about the individual's performance over time - not just the immediate past, as it tends to be the case with paper-based reviews.

There's nothing more dispiriting for an employee than having a mistake they made recently become the entire focus of their performance review, despite an otherwise exemplary year. Plus, it makes manager preparation so much easier — because all the data you need is in the system for easy reference come review time.

2. Increase goal visibility

In too many small businesses, employees are unaware of the firm's corporate objectives and how their own goals relate to them.

By automating the areas around creating, monitoring and measuring performance against corporate goals, your managers can ensure individual goals are pinned to company-wide objectives. Plus, they can easily stay in touch with an employee's progress during every phase of goal completion.

This allows managers to provide timely reinforcement or praise, which is key to employee engagement — or offering coaching and mentoring to get performance back on track when it matters most.

To gauge employee engagement in your workplace, check out Employment Hero's list of employee [engagement survey questions](#).

3. Save time and frustration

Automating performance reviews will undoubtedly save significant amounts of time across the business. While you'll be freed up from all the tedious paperwork, an [HR software](#) reviews system can also minimise the frustration that managers and employees often feel. Notifications to managers are automated which eliminates the hassle of chasing down managers to complete feedback forms.

With an online system, everyone can easily log into the system when it's convenient for them, and workflows ensure that performance review phases are completed in the right order.

4. Self-evaluations for employees

Including employee self-evaluations is an important part of the performance review process. Rather than simply receiving feedback, actively participating in the process helps employees become more engaged with the review process. But because of its added complexity, this is one step that's often overlooked in paper-based systems.

Automating your process eliminates this complexity, and delivers real benefits. For instance, having employees self-evaluate their performance allows the manager to get a better perspective of the employee's point of view. It can also help managers gain a better understanding of a team member's self-awareness of their own strengths and weaknesses, which leads to better evaluations and outcomes.

5. Powerful reporting

When using paper-based reviews, there's simply no way to tell how the process is progressing across the business. You can't see how many reviews have been started or completed, so you have to rely on emails and phone calls to chase them up.

Not so with an online system! You and team managers can view real-time reports on individual review status and follow up with participants electronically. This means there's no need to hunt down incomplete reviews — it's all done for you.

Once reviews have been completed, rather than filing them away in a drawer, an online system allows you to access the data at any time. So you'll be able to monitor the company's overall progress against goals, as well as track improvements in employee ratings over time.



Looking for an all-in-one people management platform to help manage your performance reviews? Employment Hero can help.

About Employment Hero

Employment Hero is the smarter way to manage people, payroll and productivity for SMEs with big ambitions.

Employment Hero empowers SMEs by providing automated solutions to help launch them on the path to success by powering more productivity every day.

Employment Hero services over 80,000+ SMEs supported globally, with 750,000+ employees on our platforms. The core platform reduces admin time by up to 80 per cent.

Employment Hero is launching employers toward their goals, powering more productive teams and taking employment to rewarding new heights.

Our features include:

Recognition

Shout Outs (Peer to peer recognition)

Policy templates

Letter templates

Applicant tracking system

Employee happiness scores

Feedback

1:1s

Performance reviews

Learning management system (LMS)

OKRs (Objectives and Key Results)

Custom surveys

And so much more...

For more information on how we can help transform your business [book a demo](#) today.



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