Managing Team Member Performance

This course teaches how to implement an effective performance management system to engage and measure team member performance and manage outcomes for long-term firm results.

By the end of this course, you should be able to:

- Develop relevant team member goals that enable your firm's desired results
- Engage in productive day-to-day interactions with team members that support their performance
- Conduct productive performance reviews
- Address performance issues effectively, giving opportunity for stakeholder improvement; and, if needed, manage terminations professionally and respectfully for all parties concerned.

Overview:

Effective management of your team's performance makes the difference between taking command of your firm's fate and waiting to "see how things turn out this year" after it's over. It's not an overnight task to have a proficient system – and be proficient yourself in behaviors – as a normal course of existence. It takes time to put processes in place, and practice to become a better leader. Your investment in learning and deploying the skills in this course will impact your firm's results in a variety of circumstances.

Actively managing team members and team performance involves these steps:

- **Step 1:** Set up your Performance Management System including setting relevant goals to keep stakeholders focused on high-impact activities
- **Step 2:** Effectively manage performance on a day-to-day basis so there are no surprises when it comes to review time.
- **Step 3:** Conduct meaningful performance reviews that motivate stakeholders to continue using their strengths and embrace areas of opportunity where they can perform even better in the future.
- **Step 4:** Address performance issues in a manner that offers a productive path to improvement.
- **Step 5:** Handle the logistics of voluntary and involuntary staff departures effectively to minimize impact on client service and firm results.

"True leadership lies in guiding others to success--in ensuring that everyone is performing at their best, doing the work they are pledged to do and doing it well." -- Bill Owens

Step 1: Setting up your Performance Management System

Setting the foundation for a quality performance management "system" is essential for determining desired results. What you design into the system generates the outcome of the system's solid performance all year.

Spend time thoughtfully crafting your values and goals as the framework for activities. Follow these steps to build your framework, beginning at a high level with values, and eventually narrowing down to individual actions:

1. **Define Company Values**

   If you haven't defined company values, now is the time to do so. Complete (or refer to your already completed) the Carson Blueprinting Guide, as a starting point to define a set of 5-6 values that, together, describe your ideal company culture. Refer to the ***"Blueprinting Guide"*** included in this lesson. Company values are an important centering point for your firm goals and everyone's personal goals should be congruent with your company values.

2. **Define Company Goals**

   Next, define 3-5 measurable goals for your firm to achieve for the next 6 months (or year.) These should be S.M.A.C.-certified:

   - Specific
   - Measurable
   - Achievable
   - Compatible

   Specific means they describe the action to be taken or the result to be achieved.

   Measurable goals have a numeric or tangible outcome that can be observed to ensure the goal is "complete."

   Achievable means that your goal is realistic and attainable, given the resources and talent available for the endeavor.

   Goals that are **Compatible** are in alignment with your company values and other goals you've set.

3. **Determine S.M.A.C. Goals for Each Team member**

   Define 3-5 goals for the next 6 months for each team member (or quarter, if you prefer to do reviews quarterly.) Everyone's goals should "roll up" to support the firm's goals for the same time period.

   Each team member's goals should be in general alignment with their job responsibilities and skillset. If you assign special projects as goals for anyone, make sure the individual's skills and aptitude (and, ideally, interest) are well-suited to the task. Like your firm's goals, ensure that team members' goals are written to be S.M.A.C. (Specific, Measurable, Achievable and Compatible.)

Coach Tip: Don't get down in the weeds comparing the "weight" or importance of one person's goals vs. others. Just use your best judgement to assign a reasonably equal amount of work for everyone, taking into account their skill level and time available if that's a significant factor. Some people might have three goals and some may have more or fewer. The key is to assign goals that are relevant for each person and contribute to the firm's results.

4. Choose a Format for Recording Goals and Conducting Reviews

The best performance rating form to implement is one that you're comfortable with, has meaning to you and your team, and you will actually use well. It can even be one you make yourself. Carson Group has embraced the principles of the *Entrepreneurial Operating System (EOS)* founded by Gino Wickman, which measures things like completion of "Rocks" (key goals) and engagement in company core values (learn more by reading the book *Traction,* by Gino Wickman.)

Use the foundational Carson Coaching ***"Performance Review Template"*** available in the resources area of this course as a guide and template for conducting reviews. It incorporates performance criteria definitions, five core attribute areas of performance, overall performance ratings and future goal setting.

Step 2: Effectively Managing Performance on a Day-to-Day Basis

Aside from having systematized forms, goals and performance meetings, there are things that you as a leader should be doing on a consistent basis to help team members make these goals and intentions come to life.

You need to plan ahead to ensure availability for feedback and assistance, so team members can course-correct for success while there is still time to improve results. If you do this well, there should be no surprises in the review meeting.

Best practices for engaging team members in ongoing effective performance:

Be available – Set a consistent weekly or bi-weekly meeting with each team member to touch base on how things are going. No more than 30 minutes is generally needed. Have the team member come prepared to cover a simple agenda that answers these topics each time:

- What did I plan to do over the last week (or two)?
- What did I accomplish? What made that important?
- What hurdles did I encounter? What can I/my manager do to help?
- What am I working on next?

Coach Tip: Even if not much has changed since your last touch-base meeting, don't skip the meeting. Use it to confirm things are steady, then offer the rest of the time for open questions, brainstorming, talking through new ideas, etc. You never know what might be on a team member's mind. Allowing this time that they know you're available to talk can bring out unknown gems of thought to make things better for the firm, them and you.

Mind your attitude – Always know that what team members observe and hear (and overhear) from you can make a tremendous impact on their mood, motivation, confidence and even effectiveness. If you want a culture of calm, teamwork and positive ambition, then that's what you must embody every day to them. Be authentic, but by all means omit any unnecessary negative comments or behaviors that signal distress.

Team members are keenly aware of the mood of “the boss” and often take that as a signal of pleasure – or displeasure – with how things are going. Many times, displays of ongoing stress or frustration can prompt team members to wonder if *they* are the cause of your angst -- causing needless doubt that inhibits performance.

Coach Tip: Your job is to instill confidence and a feeling of safety and having their back, so they can – and want to -- do their best. Don’t inadvertently sabotage your influence and intention by using your team as an audience for venting or tantrums. Be pleasant, say hello and goodbye every day, acknowledge people and -- above all -- do the easiest thing that produces big results: say “Thank You” on a regular basis, and mean it. Without your team performing well and staying, you’re sunk. Show the love.

Be easy to work with – If someone discovers bad news that you should know about, you want to hear about it before it blows up, right? And if someone has a potentially good, but “crazy-sounding” idea that could turn into something great, wouldn’t you want them to offer it? Many times, interruptions like these are the last things you really want.

But, what are these examples above? Performance-impacting situations -- perhaps even serious ones if there are problems people are afraid to bring up with you.

Provide guidelines that make it easy for team members to approach you with feedback, questions, concerns or ideas. They are on the front lines. Let them know you’re always open for a quick productive chat.

You might mention this in a team meeting and keep mentioning it once in a while. Tell them the best way to communicate with you such as, “Send me a text if it’s just a quick question.” “Put 15 minutes on my calendar.” “If it's not urgent, catch me during my lunch break.”

Some teams do a daily (or as-needed) 10-15 minute “huddle” or “stand-up” meeting to coordinate on quick questions and tasks. These are most productive when they are useful for the whole team, not just the owner/advisor or an individual.

Be a constructive listener – Be attentive to more than just what team members say to you. Be aware of changes in mood that can signal anxiety or that something might be bothering them. If you’ve done a good job with the aptitudes above, when a team member darkens your door with a problem or concern, this is the time you earn your stripes as a leader and their trust.

Listen to what they have to say without interrupting. Confirm what they need from you (thought-partnering, permission, acknowledgement, opinion?) Don’t judge their statements – perceptions are reality.

Assess if their concern is something that you can “fix” or that you can offer a solution to – for them to fix. Then ask if they want your help or opinion before calmly proceeding with an answer. Thank them for taking the opportunity to talk – convey that you care. Let them know you’re available anytime and that whatever they said is confidential and you’re not holding on to it in your head.

Check in once in a while, stop by a desk and ask how their day is going. Don’t underestimate the trust that a little chit chat can bring.

Step 3: Conducting Effective Performance Reviews

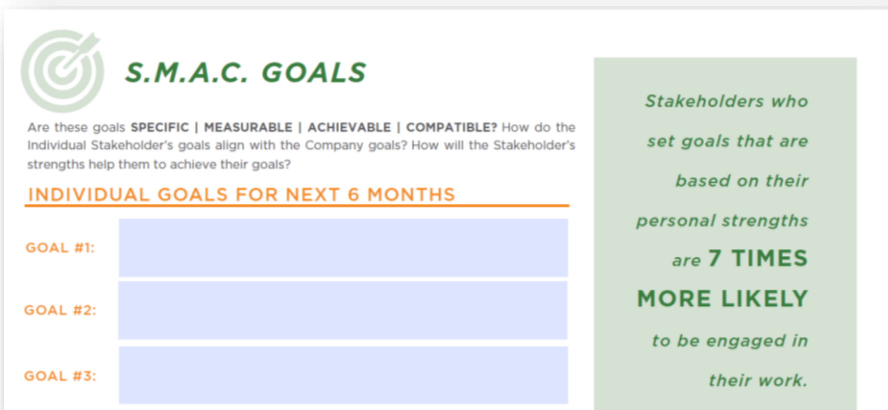
As your ongoing routine of being a positive, available, relationship-building leader becomes the norm, performance review time can be an opportunity that team members actually look forward to. It's the team member's time to hear praise and input from you – and have your undivided attention on *them.*

They should know approximately how you are going to rate them in the core attributes of performance. There should be no surprises in the performance review if you have managed day-to-day communication effectively. So, the tone and bulk of the meeting time should focus on discussing the future versus reliving the past. Follow these steps to conduct a productive performance review:

1. **Ask Each Team member to Prepare Goals for the Next Review Period**

    - Before the meeting, ask each team member to complete the last page of the ***"Performance Review Template"*** to share their goals for the next review period after this one, how they would like to develop in their role, and key accomplishments.

Performance Review Template (last page)


S.M.A.C. GOALS

Are these goals **SPECIFIC | MEASURABLE | ACHIEVABLE | COMPATIBLE?** How do the Individual Stakeholder's goals align with the Company goals? How will the Stakeholder's strengths help them to achieve their goals?

INDIVIDUAL GOALS FOR NEXT 6 MONTHS

GOAL #1:

GOAL #2:

GOAL #3:

Stakeholders who set goals that are based on their personal strengths are **7 TIMES MORE LIKELY** *to be engaged in their work.*

2. **Complete a Performance Review Form for Each Team member**

    - As the manager, at least annually, create a performance review for each team member. Carson has historically conducted formal reviews twice per year—one at mid-year and one at year-end. Recently, the company began conducting quarterly reviews with the introduction of the Employee Operating System (EOS) and the book *Traction*, mentioned previously.
    - Refer to the *"**Performance Rating Criteria**"* document and ***"Performance Review Template"*** included in this lesson.
    - When writing a performance review, provide specific examples to show your team you notice and appreciate their efforts.
    - Give yourself plenty of time to complete each review so you can be thoughtful in your write-up. Remember a review should also look to the future—use it as a springboard to discuss what the team member thinks is going well, what they want to do more/less of, and what ideas they have for improving the firm.

- If you have a structure in place that ties goal achievement to a bonus incentive plan, calculate the amount of the bonus to be awarded for the period you're measuring if the bonus is to be paid in that period.

Performance Review Template

PERFORMANCE REVIEW

Insert Logo

NOTE:
Manager completes all pages and Internal Stakeholder completes only the last page.

REVIEW PERIOD:

INTERNAL STAKEHOLDER:

MANAGER:

TITLE:

*Internal Stakeholders must be employed for at least 90 consecutive days in the current review period before they are eligible to participate in the review process.

E	ELITE
TA	TOP ACHIEVER
A	ACHIEVER
C	CONTRIBUTOR
NI	NEEDS IMPROVEMENT

3. **Conduct Performance Review**

- When conducting the in-person review, talk through the highlights of accomplishments and touch on growth areas.
- This should not be a one-way conversation, but instead, the team member should answer questions like:
    - What do you believe went well?
    - What ideas do you have for improving our firm's service and culture?
    - What do you need from me to help you stay engaged and continue growing?
    - What would you like to accomplish in the next six months? How can I support you?
    - Notify team member of any pay raise or bonus, if applicable
- Refer to the Carson Coaching Online course covering ***Team Compensation and Benefits*** for detailed information determining bonus amounts.

Step 4: Managing Performance Issues and Development Plans

There will likely come a time when you need to address a performance issue head-on with a team member. And although it's probably never going to be your favorite thing to do, it helps to change your paradigm – it doesn't have to be a negative experience.

Think of giving feedback as an act of trust and confidence. It shows you believe in a team member's ability to change, you believe they're capable of becoming better, and, most importantly, you have faith in their potential. Whenever you give constructive feedback, be sure the recipient knows your motivation is to help them grow and help them be the most effective professional they can be.

How to Effectively Address Performance Issues (Problems):

- Hold a face-to-face, private meeting with the team member.
- Acknowledge there may be some discomfort at times and that's okay.
- Don't condescend, raise your voice, or accuse. That will only make them defensive.
- Let them talk:
  - Ask "Next time this situation happens, what could we/you do better?" if it's a first-time performance issue.

  OR

  - "What can we/you do differently to change the outcome of this recurring issue? What resources do you need to set you up for success next time?" if it's a repeated issue.

  Coach Tip: Use forward-thinking, solutions-focused language. For example, instead of "what happened?", which can make someone feel defensive, use a form of "what needs to happen differently next time?

  The forward-looking question does two things: 1) it doesn't paint them into a corner -- it allows the team member to think in a solutions-and opportunity-focused way, and 2) it actively demonstrates that you believe in their potential to improve.

- Clarify their understanding of your expectations.
- Address (recommend and ask) what additional training or coaching is needed to elevate the performance.
- Use the ***"Team Member Development Plan"*** template to create a specific, relevant plan for removing hurdles and taking actions that can get a team member on the path for positive outcome.
- Be prepared to become more involved in the short-term.
- Restate expectations again and encourage open-door communication.
- Document the conversation: DDO (Date, Details, and Outcome).
- If performance doesn't improve within a reasonable timeframe after the first face-to-face meeting (very soon if no training is involved), have a second face-to-face meeting, but this time, ask the employee to sign a written warning. Adhere to all the above tips for this second meeting as well.
  - Refer to the "***Team member Written Warning Template***" in this lesson.
  - Consult with an Employment/Labor Law attorney prior to using this or any written warning template. Taking this action will ensure your wording is accurate and legally appropriate, and is in accordance with federal, state, and local laws.
  - If you do find yourself in a position where you are considering terminating an employee, there are many factors to consider. One question to ask yourself is, "If I knew then what I know now, would I hire this person?" Your answers to this can be very telling.

Coach Tip: The Team member Development Plan can also be used in positive circumstances that have nothing to do with addressing sub-par performance. The plan serves an equally important purpose by providing a clear development path in cases where, for example, a team member is moving into a new job with new and greater responsibilities, such as managing people. It's an essential tool to guide future effectiveness whether you're addressing "issues" or training high-performers for opportunity.

Example of Corrective Action Sequence and Language:

Everyone hopes that team members can perform satisfactorily, and that as leaders we can influence adequate results. But in some instances, that doesn't happen.

If you find that despite reasonably best efforts, things are not going well, you need to have a plan for addressing sub-par performance head-on (hopefully for a turn-around.) And, if there is no turn-around, have a game plan for being timely and effective to apply consequences and possible termination.

The following language is an example of steps a firm might take in the event of a significant – specifically, a repeated – performance issue(s). If you choose, copy or modify this language and include it in your employee handbook, so that team members are aware of how you might potentially address continued lack of performance. Make sure that you have an Employment/Labor Law attorney review this language to comply with any applicable laws before including it.

> *"Corrective action may call for any of following five steps – 1) verbal counseling, 2) written performance improvement (development) plan, 3) written warning, 4) suspension, or 5) termination of employment – depending on the severity and nature of the problem and the number of occurrences.*
>
> *The Company expressly reserves the right to institute corrective action at any of the five steps, at its sole discretion, including the right to terminate without instituting any of the other steps. The Company will endeavor to consider the particular issue as well as surrounding circumstances in making corrective action decisions.*
>
> *"With respect to most conduct and performance problems, any of the steps above may be taken alone or in combination and in any order. In considering which of the steps to enact, a manager, in conjunction with Human Resources, should consider the totality of the circumstances, including but not limited to: the severity of performance or conduct infractions, the stakeholder's length of service and experience level, prior performance or conduct issues, the stakeholder's commitment to the Company and the Company's values and expectations."*

Step 5: Managing Employment Terminations and Departures

If you're in business long enough, it's likely that you may have to terminate someone's employment or that someone will "quit." Ideally, you won't have a need to follow the next sets of instructions very often, if ever. But, it's important to be prepared in the event you face the task of managing a team member's involuntary or voluntary termination.

<u>Terminating Employment (Involuntary Termination)</u>

Follow these two steps if/when terminating a team member's employment.

1. **Notify the Team member of their Employment Termination:**

- ALWAYS have another individual with you.
- Pick a private, secluded room free from curious eyes.
- Be firm, but kind; expect tears and/or anger.
- Accompany team member while exiting the building.
- Pack up the team member's belongings and meet them to collect them OR offer to send them to their home.
- If possible, have a human resources team member get started removing access to network, email and other systems while the team member is being notified.
- Provide written instructions for the team member to return any company-related project work and/or company-related equipment at their home.
- Document the conversation: DDO (Date, Details, and Outcome).

2. Complete Employment Termination Checklist

Immediately following notifying the team member, follow the steps in the ***"Employment Termination Checklist"*** to remove necessary system access and update all administrative items involving the team member's former employment. The checklist includes instructions for informing the staff about the team member's departure.

Managing Voluntary Employment Departures (a.k.a. when someone "quits")

Having someone voluntarily leave your firm can be a disappointment, especially if the team member was a high performer upon whom you've come to rely. Nevertheless, it's important to press on and manage departures effectively so that your team continues to perform productively during times of transition – particularly to maintain good client service. There are three components to follow:

1. Inform the Team and Redistribute Duties

Soon after you receive notice, notify the staff about the team member's departure and coordinate changes in team responsibilities to ensure a smooth transition. It is reasonable to expect two weeks' notice, during which time the team member should wrap up projects and make a list of loose ends to transition to others.

It's your call to have the team member's last day be sooner if you feel two weeks isn't necessary. Use their list and refer to their job description to make a short-term game plan to keep business moving smoothly.

2. Conduct an Exit Interview

It is useful to schedule an Exit Interview to bring the employment relationship to a conclusion, and to learn strengths and areas of opportunity upon which your company can improve. Preferably, conduct the exit meeting face-to-face (or by phone or conference call if they work remotely.) If that's not feasible, ask the team member to complete and return the ***"Team Member Exit Interview"*** form before their last day of work, or as soon as possible after they leave.

Coach Tip: The Exit Interview is a nice-to-have and is most effective when the team member is leaving on a good note and is agreeable to taking the time. Don't insist that the team member complete the Exit Interview with you – "making" someone participate in a discussion they don't want won't result in the best dialogue. It is also inappropriate to apply pressure such as withholding someone's final paycheck contingent upon their attending the meeting or filling out the form.

Steps for Conducting an Effective Exit Interview:

- Fill out the ***"Team Member Exit Interview"*** form as you interview the departing team member.
- Choose a handful of questions that are top priority for you and ask those first, in case the meeting runs long.
- Be prepared for comments that are outside the questions on the form.
- Listen attentively, do not interrupt.
- Resist any temptation to defend statements that you feel are untrue or offensive.
- Politely conclude the meeting on time.
- Thank the team member for their time and feedback.
- Wait to review your notes a second time, when you're in a good frame of mind to reflect on them, then record any details for action.
- If appropriate, share relevant feedback with other firm leaders or team members.

Coach Tip: Remember that every person's perspective on things is different, and that whatever they say is potentially valuable to open your eyes to things you may not be aware of. Let their feedback flow freely. Let them do most of the talking and concentrate on keeping their last impression a positive one, as they refer to your firm in the future.

3. Complete Employment Termination Checklist

Finally, except for the timing of announcing the departure to staff (first thing if it's voluntary), complete the steps in the ***"Employment Termination Checklist"*** immediately following the team member's departure, just as you would if you had initiated the termination of employment yourself.

For guidance on hiring team member replacements, refer to our related course on Recruiting and Hiring Talent.

Summary

Managing performance well is an ongoing responsibility of firm owners and supervisors – not just a once-a-year occurrence. It's pro-active and geared toward managing for success -- not focused on failure. Doing it well means actively partnering with team members as a mentor and guide to stay focused on the right activities that determine better results and being effective at course-correcting if things aren't heading in the right direction.

Effectively managing team member and firm performance is a journey of learned skill, self-discovery, and growth for leaders. Embrace it, practice developing your own acumen – and notice the results that your applied intention makes!

FAQs:

- **Our team has a relaxed, informal culture – installing formal performance reviews seems like it would disrupt that and create tension. How important are formal reviews?**
    - The most important thing is that you establish S.M.A.C. goals for each person that directly impact your firm results. Then pay attention to support them getting done and have a review of performance regularly that motivates. How formal you want to make the form is up to you. It's the actions, availability for improvement and consequences of good or bad performance that impact results – how you deploy those to fit, not derail, your culture is up to you.
- **I cringe at the thought of confrontation and giving reviews. Any tips to make reviews more comfortable?**
    - Rely on your frequent, consistent check-in meetings as an ongoing warm-up. Then, your review meeting will seem more like a detailed recap and longer check-in to plan the future – no surprises, no anticipation of "judgement" or "confrontation."
- **This is a lot of work setting up, then keeping up a "system." I'm afraid I don't have the time or the attention span to deal with this. Is there a short-cut?**
    - Is there a short-cut to parenting? No. Amend and simplify things so they work for you. As long as you're consistent and have the key components of a goals framework and reviews, it's really not that complicated. Better results don't happen by accident – just take one step at a time.

Resources:

Learn more and download the resources referenced in this document from the ***Managing Team Performance*** course in Carson Coaching Online.

- **Blueprinting Guide**
- **Performance Rating Criteria**
- **Performance Review Template**
- **Sample Carson Performance Review Form-EOS**
- **Stakeholder Development Plan**

- **Team Member Written Warning**
- **Employment Termination Checklist**
- **Exit Interview Template**