The Secret to Effective, No-Hassle Performance Reviews
For Small and Midsized Businesses
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In today’s competitive business environment, your employees represent one of your organization’s most valuable assets. Which means your company’s productivity—and ultimately, its profitability—depend on making sure every person in your organization is working up to his or her full potential.

What you’ll learn in this eGuide

This eGuide will serve as your roadmap for implementing an easier, more effective employee performance review process at your organization. You’ll learn:

1. The short- and long-term business benefits of a well-designed performance review process
2. How to provide your employees with superior feedback—with less time and effort
3. Tips for selecting the best automated performance review solution for your company
What can a good performance review process do for your business?

It’s easy to underestimate how much a well-designed performance review process contributes to overall employee satisfaction, and therefore, the ongoing success of your company. In fact, studies show that most workers value clear, consistent feedback and acknowledgement as much as they do monetary compensation. When properly administered, performance reviews help your company:

1. **Motivate employees**
   - Give employees a clear understanding of their individual goals and how they fit into the bigger corporate picture
   - Provide the link between your business objectives and employees’ day-to-day actions
   - Make it clear to employees what’s expected of them by setting goals, establishing timelines, tracking progress, and identifying obstacles

2. **Recognize and compensate top performers**
   - Track employee progress against performance goals so you can identify who is delivering against expectations, and contributing most to the success of your business
   - Contribute to ongoing job satisfaction and productivity by recognizing and rewarding employees for exceptional effort

3. **Reduce employee turnover and attrition**
   - Help employees be more successful by providing them with clear goals that support your company’s objectives
   - Retain your best employees by providing the information needed to reward your top performers appropriately

4. **Protect yourself legally**
   - Document and build an airtight case should you need to terminate an individual due to unsatisfactory performance
   - Provide a detailed paper trail for defending your company against a litigious ex-employee
Making your performance review process faster, easier, and much more effective

By establishing a strong performance review process that follows proven industry best practices, you will encourage a performance-based culture at your company that literally drives its success. But with the already limited time and resources available to you, how can you afford to establish and maintain such a robust process in your organization?

Fortunately, there’s a new category of technology solutions that can help even the smallest of companies quickly and easily implement performance review best practices. In fact, many of today’s most forward-thinking small and mid-sized businesses already rely on these innovative solutions to automate their performance reviews and goal management procedures.

Best of all, these systems have become affordable to companies of all sizes, thanks to web-based, on-demand technology that eliminates costly hardware and IT requirements. With little, if any, installation requirements, these comprehensive, easy-to-use solutions can be implemented in a matter of hours.

The six top reasons to automate your performance reviews

An automated solution will make your employee review process faster, easier, and much more effective.

Here are the six top reasons to implement such a system at your company:

1. Deliver better overall reviews with more professional feedback
2. Speed the review-writing process up to 10x
3. Easily collect and analyze performance data to gain powerful insights
4. Facilitate a structured and effective goal planning process
5. End the hassle of chasing down review forms and feedback
6. Simplify the legal monitoring of performance reviews
1. Deliver better overall reviews with more professional feedback

If you want to improve worker performance, you must first provide employees with clear and consistent feedback. Leading automated performance review systems include writing and goal-setting tools to help managers communicate their thoughts more effectively so they can provide:

- **More effective review feedback.** A new breed of electronic writing assistants can offer invaluable help in constructing meaningful, concise reviews so employees better understand their performance against goals.

- **Actionable development advice.** Integrated coaching tools offer professional advice on promoting individual employee achievement. Managers receive specific suggestions for coaching employees on office communications, interpersonal skills, and other competencies. These tools not only make it easier for managers to deliver actionable feedback, but also improve its quality and relevance. The end result? Employees have a clearer understanding of what they need to do to be successful at their jobs.

- **More relevant reviews.** A well-designed automated performance review system enables managers to collect performance data throughout the review period, acting as a system of record for the manager. So when writing performance reviews, managers can rely on a more accurate picture of the employee’s performance instead of what’s available only in recent memory.

The Writing Assistant in SuccessFactors’ performance and talent management solution helps reviewers avoid writer’s block and create concise and meaningful assessments.
2. Speed the review-writing process up to 10x

The best automated solutions include tools that help both managers and employees complete the performance review process in considerably less time—up to 10 times faster. Typical time-saving features include:

- **Built-in writing assistants.** These time-saving tools provide managers with a detailed list of competencies for common job types, then offer suggestions about appropriate language to use when writing evaluations.

- **360 automation.** Functionality that lets users select raters for 360 reviews and solicit their feedback with just a few clicks.

- **Operational efficiency.** A web-based performance review system enables employees to route their self-review to their manager, who can in turn route the completed review to anyone in the organization for final approval and electronic signature. You no longer need to rely on a cumbersome, outdated process of emailing and printing documents.

3. Easily collect and analyze performance data to gain powerful insights

With most paper-based systems, employee reviews usually get filed away somewhere, never to be seen again. But an automated solution collects feedback and other valuable information and stores it conveniently online where can be utilized by authorized personnel. By making this important data available company-wide, managers can always find the information they need to make the best business decisions possible.

Leading automated systems allow you to:

- Track your company’s overall progress against its goals
- Identify key strengths and weaknesses, organizational skills, total-rewards drivers, and other employee performance trends
- Determine competency gaps and pinpoint any missing organizational skills
- Closely monitor any rise (or fall) in employee ratings
- Assess employee rating distributions across the company, so you can appropriately reward your best performers.

“SUCCESSFACTORS.saved our managers two hours per review which improved our ability to stay focused on customers. The productivity improvements were enormous.”

Vincent Smythe, Director, Macrovision (600 Employees)

The dashboards in SuccessFactors’ performance and talent management solution allow you to see aggregate performance information in visually intuitive graphical formats.
4. Facilitate a structured and effective goal planning process

Like most companies, your organization expects its people to deliver bottom-line business results. Yet leading industry studies have shown that nearly 95% of workers are unaware of their employer’s specific business objectives and what they can do to help achieve them. Automated performance review solutions bridge this gap by automating the process of creating, cascading, monitoring, and measuring performance against goals. By helping to create relevant and achievable goals for employees, these systems help:

- Employees and managers achieve more—in less time—by providing greater visibility into both individual and company-wide goals
- Employees and managers understand how their individual goals match up with the company’s business objectives
- Employees cascade his/her goals to others in the company, creating greater shared responsibility
- Managers stay up-to-date on employees’ progress, allowing them to provide immediate reinforcement or coaching to keep performance and goals on track.

5. End the hassle of chasing down review forms and feedback

Say goodbye to the endless nagging and time-consuming task of soliciting reviews and input from managers and employees. Switch over from your paper-based performance review process to an automated system and enjoy:

- **Electronic form routing.** Automatically route forms to managers and HR for review/approval, saving your company hundreds of hours in administrative time
- **Centralized online access.** Provide instant web-based access to reviews and all required forms—eliminating the need to make countless paper copies
- **Automated email reminders.** Remind participants via email to submit their reviews and feedback, instead of having to physically track people down

6. Simplify the legal monitoring of performance reviews

As you know, review rating inconsistencies, as well as inappropriate word choices used by managers, can expose your company to legal action from disgruntled employees. Fortunately, some automated performance review solutions offer legal-scan functions that double-check each review from a legal perspective. Such built-in scans can identify and flag words that may be legally sensitive (such as remarks regarding age or ethnicity), explain the legal considerations, and offer alternative wording suggestions. This powerful functionality greatly simplifies the legal monitoring of your performance reviews—saving staff time, reducing lawyers’ fees, and safeguarding your company from legal risk.

According to a recent Harvard Business Review article, research shows that a full 37% of employee activity is not aligned with overall business strategy.
Tips for selecting an automated performance review system

Not all automated performance management solutions are created equal. Some consist of little more than a collection of electronic review forms, while others offer a robust set of best-of-breed goal management tools. Today’s best automated solutions provide:

- Instant form routing and other paperless online processes
- Writing assistants to help managers complete appraisal forms
- Legal scan wizards to ensure legality of review language
- Automated goal management and performance review reminders
- Coaching tools to assist managers when they need it most
- Goal alignment, tracking and cascading capabilities
- Easy-to-access dashboards to deliver company-wide or individual reports

Be sure to choose a solution that’s easy to implement so that you can be up and running in short order. In general, a web-based solution, rather than packaged software, is typically easier and cheaper to deploy because it eliminates most costly hardware and IT requirements. Finally, you should look for a credible, experienced vendor, one who intimately understands performance review best practices and can help you establish them at your workplace.

SuccessFactors: Automated Performance and Talent Management for Small & Mid-sized Businesses

SuccessFactors offers a complete, automated performance management solution designed specifically for small and mid-sized businesses. This affordable, web-based package will enable your company to automate many of its painful manual processes and quickly implement performance management best practices across your company. With SuccessFactors’ automated solution, your performance review process will be easier, faster—and much more effective.

Key features of SuccessFactors Performance and Talent Management solution include:

- **Online Performance Reviews.** Reduce paperwork by 90% and significantly increase employee participation and feedback quality
- **Anonymous 360 Reviews.** Request and collect anonymous online feedback from anyone in the organization at any time
- **Streamlined Goal Planning.** Establish S.M.A.R.T. goals, increase goal visibility and align employees across the company
- **Stronger Compensation Planning.** Create a true pay-for-performance culture to motivate and reward employees
- **Robust Reporting & Analytics.** Get a real-time, graphical representation of the performance of your company with a powerful, customizable dashboard
Unlike traditional applications, SuccessFactors’ web-based solution requires no additional software or time-consuming installation to implement. Your managers and employees simply log in to the system from any web-enabled computer to access forms, goals, and other pertinent review information 24/7. Plus it’s more affordable than you may think—with no special hardware to buy, no IT support required and no expensive upgrades to purchase. It’s all included in your subscription price.

To learn more—and to see why over 2 million users in more than 1,000 companies put their trust in SuccessFactors performance and talent management solutions—visit us today at www.SuccessFactors.com.

About SuccessFactors

SuccessFactors delivers easy-to-use technology that helps businesses of all sizes align, develop and motivate employees. With a suite that includes solutions for goal alignment, performance management, compensation, succession planning, learning, recruiting, and workforce analytics, SuccessFactors offers the most innovative HR technology available today. Visit www.successfactors.com to learn more.

The HR Insider Series

This ongoing set of guides is designed to provide HR professionals in small to mid-sized businesses with insights and solutions that can be applied in everyday efforts. Contributing authors include HR experts, as well as leading companies that have improved business results by using the latest HR technologies.

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