



Laying the Foundation for Performance Management

By Andre Lavoie, ClearCompany HRM

As small businesses begin to scale their talent to match the demand for a good idea, they should prepare for a few new concerns. As you grow, properly accommodating for new staff will become a bigger concern. Half of all small businesses plan to add new employees in 2015, and with those new employees comes an issue many DIY entrepreneurs may not have thought of: how do they keep track of what everyone's doing and make sure they get the feedback they need to improve on the job? Performance management is the answer.

But how do small businesses implement performance management? How are they best equipped to take advantage of the benefits of performance management software? Are small to midsize companies TOO small for performance management? Answering these questions is easier than you might think and so is implementing performance management.

Review and Refine Often

Start your performance management by being proactive. If you want to see employees develop, you must first implement a culture of accountability. If you have no milestones to track, how will you know if someone is improving? Conducting regular reviews is important, even in smaller companies that haven't established strict performance guidelines. They should also include a few of the tips offered by Christina Merhar (@ChristinaAtZane), writer for Zane Benefits:

Performance Guidelines Should Include:

- Objectives that an employee needs to achieve over a period of time
- An assessment of their progress toward those goals, and if needed, a way to address specific performance issues
- A consistent rating system or scale to determine how well individuals meet specific goals
- Goals based on an employee's job description, projects, or behavior, as well as "stretch" goals that challenge or expand an employees' ability
- An opportunity for the employee to provide feedback

A Tip From Christina Merhar:

The reviews themselves can be loose, informal or too organized, depending on your company culture. But they should benefit both you the manager and your employees, and make sure your employees are working toward something at every turn.

-Christina Merhar

The Small Advantage of Intimacy

You may think your small business has no need for a formal performance management process, but your smaller numbers make your company the ideal demographic for creating better networks between employees. Robin Dunbar is famous for theorizing that the ideal number for people involved in a group network was 150 people; small rural villages, settlements, armies and even businesses function best when their networks are at this number. Any more and the group becomes difficult to manage through a single core leadership; any fewer and the group could stand to take advantage of additional help.

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Your small business may have not yet reached 150 people, but the point stands: you can take advantage of your size by creating processes that accommodate your smaller number of employees. Though there are a number of problems with performance reviews as companies currently implement them, one of the biggest pain points for everyone is how much preparation it takes to conduct one (or several) per year. Instead, the process should involve persistent feedback delivered on a regular basis, which is more manageable when you have fewer people to keep track of.

Reward and Incentivize with Confidence

Another way to take advantage of your small size is by creating more specific responses to match your more intimate reviews. You don't have the cash on hand to pay out huge bonuses, but they may not be the best way to incentivize. When teachers are motivated by bonuses, for example, they will perform well and teach in low-performing schools only as long as income remains their primary motive for staying (not that teachers shouldn't make more money in general)!

Instead, consider providing more personal ways to reward high-performers and incentivize those who don't meet expectations.



The Point Stands:

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If an employee blew a project out of the water, invite them to a free lunch that week instead of thinking of something at the end of the year. If someone is falling behind, offer more intensive coaching and better work conditions. In a smaller company it pays to cater your approach to each employee.

If you're looking to implement performance management at your small business, it's worth doing now. With the right approach and some resourcefulness, your performance management will outdo that of even the largest companies.

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