10 Things You Cannot Do Without an Employee Performance Management System

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Why are organizations of all sizes suddenly rushing to automate their employee management processes? One reason is that web-based technology and affordable deployment options have helped this technology take off and driven organizations to rethink how they manage employee performance and workforce strategy. But more importantly, there are many things an organization simply cannot do without best-of-breed employee performance management technology. This whitepaper highlights ten of those things.

So what *can* you do with an Employee Performance Management System?

1) Increase rating accuracy and workplace productivity by differentiating performance

Most performance management systems result in a fairly flat distribution of ratings. In a system where everyone is rated a 4 on a scale of 1-5, it is often difficult to differentiate pay and other incentives enough to motivate top performers or change the behavior of poor performers. A system that supports calibration, a wider rating scale, and/or comparative rating results in a fairer and more accurate distribution and helps employees better understand where they stand within the organization.

2) Enforce Goal Alignment

Without a system that tracks cascading, line-of-sight goals in real-time, you cannot ensure your organization has fully aligned employee goals with the organizational strategy! Spreadsheets and emails may work well between manager and employee, but rarely do organizations effectively implement manual systems that work their way throughout the hierarchy. Goal alignment also allows you to constantly measure against employee goals and immediately assess risk areas when goals aren't being met as quickly as the organization would like.

3) Actually Do Something with Employee Development Plans

Employee development plans are critical to an organization's success. With an automated performance management process, you can enhance development plans by aligning target dates with development objectives, integrating learning opportunities to fill competency gaps, and providing better analytics and email notifications to track progress and show how this performance affects the business—all great incentives for employees to put their development plans into action.

4) Enforce Consistent HR Performance Guidelines

With a performance management system, employees are evaluated consistently and their fate doesn't rely on a nice or stern manager; career planning is consistent across the organization and less dependent on subjective criteria; goals are aligned by company standards and not in freeform pockets within the organization; and merit incentives are applied to performance, not by other means.

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5) Provide Universal Access to Performance Information

The best manual processes in the world cannot match the data analysis and reporting potential of a performance management system. Chances are your organization spends more on its employees than anything else, so why wouldn't you be interested in:

- **Access to updated information at any time:** Without spending hours manually aggregating data, your organization can change strategic direction and goals, adapt development plans, provide more performance data, take corrective action, and provide merit incentives throughout the year.
- **Review employee performance trends:** With an automated system, your performance cycle isn't in a vacuum. You can see how employees are performing now relative to their entire careers. Data stays with the employee throughout their career instead of getting lost in some filing cabinet.
- **More comparable visibility among employees:** In short, employees are evaluated more fairly. This leads to fair and equal distribution of merit incentives and pay increases.
- **Gap Analysis:** Ensure the process for your performance management rollout stays on track, especially with looming compensation adjustments, by viewing managers and employees who have not completed critical tasks within their respective workflows.

6) Get Better Data and Better Results

Because you have more readily available, centralized employee data, you can make better business decisions with your employees. Succession plans are kept up-to-date year round with career inventories, more performance data, and readiness criteria. Development Plans are not only tracked to completion but also allow for tiered statuses to ensure your teams are progressing prior to the due date. Performance log entries are available within each assessment allowing for diary-based feedback from notes taken throughout the year.

7) Encourage Proactive Communication

Many processes are dependant on paper-shuffling, version control, and low-priority inboxes. Tools like email notifications and forms that are accessible anywhere via the web help HR ensure performance and succession processes are kept up to date and completed on time.

8) Beat the "Annual Because it's Manual" Mantra

Many organizations are stuck in the yearly performance review cycle. A year is a long time in an organization and a lot can change. Studies show that companies that automate their performance management processes have more review cycles and a stronger emphasis on employee development than companies with manual processes. The commonly used, "Annual because it's Manual" mantra reveals organizations can do much more when processes are easy.

9) Improve Employee Engagement with "Social Networking" Collaboration

A performance management system is a collaboration tool, not much different than a social network. Just like in social networks, employees are encouraged to provide feedback to their peers and constantly update their profile to provide information on goals, career plans, and interests. When an organization builds the network for this collaboration, employees use it and drive a performance driven culture. Workforce performance management systems

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invoke a collaborative environment by making performance, feedback, succession, and career data easy to update.

10) Retain your Key Contributors

Reduce turnover by recognizing and rewarding top performers! Employees who have a clear vision of their development and progress stay in organizations. Not only can you identify candidates for key positions but you can plan for staffing needs down to all levels of your organization. Unlike manual planning efforts, you will easily be able to identify candidates through both human input and career-based assessments. And your automated performance management backbone ensures the best data is always available to support succession and compensation decisions.

SumTotal provides talent management software and services enabling organizations to increase performance, engage and develop team members and retain their best people.

To learn more about how SumTotal can work with you to help strengthen business performance, please visit our Web site at www.sumtotalsystems.com

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