



PERFORMANCE MANAGEMENT 101: PART 1

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Introduction

What is performance management?

By definition: Performance Management refers to the systematic process wherein **an organization ensures that its employees' activities and outputs are aligned with the organization's goals and objectives**. It is a strategic tool to promote an effective organization.

Performance Management is an ongoing process of communication between a supervisor and an employee that occurs throughout the year, in support of accomplishing the strategic objectives of the organization. The communication process includes clarifying expectations, setting objectives, identifying goals, providing feedback, and reviewing results.

An effective performance management system will help decision-makers, managers, and employees to align their expectations, insights, goals, and career development - including how each individual employee's work will contribute to the company's north star or overall vision.

It is a strategic tool to promote an effective organization.

Subprocesses in Performance Management

To think of Performance Management as a system or as a corporate process, we have to think of it in five subprocesses:



Planning

setting performance expectations, goals, and targets for individuals, departments or teams.



Monitoring

consistently measuring performance and providing ongoing feedback to employees on their progress towards reaching the goals.



Developing

refers to learning and development interventions that enhance an employee's capabilities in support of achieving specific goals.



Rating

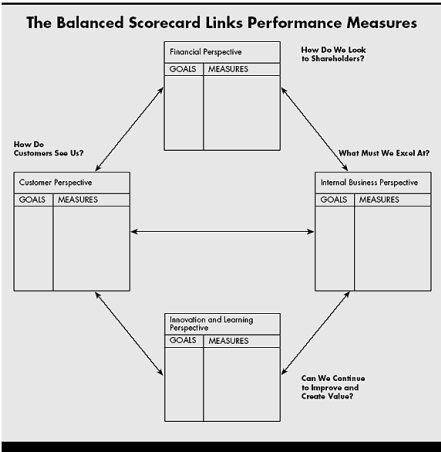
refers to a systematic process whereby employee performance is measured against set goals, and in some instances, performance relative to peers.



Rewarding

refers to the end process of rewarding employees for exemplary performance and may involve monetary and non-monetary rewards and recognition.

Performance Management & The Balanced Scorecard



Authoried by: [Robert S. Kaplan and David P. Norton](#)
[Harvard Business Review](#)

The Balanced Scorecard allows management to view organizational performance **via four lenses**:



Financial Perspective



Customer Perspective



Internal Business Perspective



Innovation & Learning

Financial Perspective

Typical Financial Goals for Companies:



Profitability



Revenue
Growth



Cost Savings

These three metrics are definitely affected by employee performance on an individual level. Obviously, the performance of Sales employees has a significant contribution to the profitability and revenue growth of an organization, but even roles remotely connected to the Sales function may affect profitability and revenue growth. Finance professionals, for example, can affect the cash flow of a company through prudent accounts payable and accounts receivable processes, while Marketing and HR- typically cost centers that have no revenue contribution- can affect cost savings through optimizing marketing and talent spend.

Customer Perspective

The Customer is Always Right.



This is a timeless adage for a reason- it's because brands live or die by how customers view it. **Classic marketing says we have 4Ps, or product, price, place, promotion**, and these are what customers typically scrutinize in determining whether or not to patronize a good or service. **Individual employee performance can affect all 4Ps** in the form of a better product, a better price, greater accessibility to consumers, among others.

brands live or die by how customers view it

Internal Business Perspective



The whole external-facing aspects of businesses are all outputs of internal processes, and **these are measurable outcomes influenced by adherence of employees to company values**, measured application of competencies vis-a-vis deliverables, and delivery of specific actions in relation to goals and objectives.

Innovation & Learning Perspective



Hand in hand with customers' perspectives on current products/services of the company is the expectation of continuous improvement, whether it is a totally new product or different use cases of the product, different ways of making the product available, and at competitive price points. Corporate innovation is directly related to individual employee performance. Additionally, continuous improvement also affects internal processes- **people get better at doing their jobs over time**. This is definitely an area where performance can be measured, tracked, and rewarded.

Corporate innovation is directly related to individual employee performance.

Characteristics of a Good PMS



Clearly Defined Goals and Performance Standards

organizations have either a top-down or bottom-up (or a combination thereof) approach to goal setting. Goals and performance standards being clearly defined across an organization mean that every department, team, and individual are all **geared towards output and performance that contributes to organizational goals and objectives.**

Goal Prioritization

organizations have myriad goals, all of them being equally important on the grander scheme of things. However, **resources are finite**, and the ability to prioritize goals across the organization is facilitated by a good PMS.

Organizational Clarity

is the comprehension an employee has about the organization's vision, purpose, mission, strategy, opportunities, challenges, priorities and competitive reality. It is about employee alignment: the degree to which employees recognize a line of sight between their job and the marketplace they operate in. **Organizational Clarity is also a key determinant of achieving business success** as defined by financial performance, retention, recruitment innovation, learning and productivity. A good PMS will allow individual employees to situate themselves vis-a-vis the organization's goals and objectives and contribute accordingly.



WATCH OUT FOR PERFORMANCE MANAGEMENT 101: PART 2

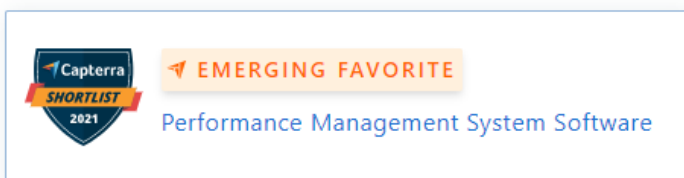
Points to be discussed:

- Legal pitfalls and risks in performance management

For Sprout, Performance+ fits our needs for a Performance Management System.

Serving more than **107 companies around the world**, HR Performance Solutions has built a Performance Management System that **makes processes so much easier**. It makes employee check-ins, coaching, and evaluation process effortless by automating, tracking, and **enhancing overall employee performance**.

It's an award-winning solution



currently being used by many global brands like:



See Performance+ now by [booking a demo here.](#)

About Us

Who is Sprout Solutions?

Sprout is a rapidly growing SaaS company aimed to **create paradigm-changing solutions for the Philippines**. Our goal is to help small, medium-sized, and large enterprise Philippine businesses **grow through our suite of backend solutions** that **address end-to-end HR challenges** - especially with the new normal of hybrid work we are all experiencing.

With over **1,000 clients across a number of industries**, and with a leadership position in the BPO market, Sprout is uniquely qualified due to our laser focus and keen understanding of the intricate nuances of Philippine HR.

The **Sprout Ecosystem**, a comprehensive and effective cloud-based People Platform, is a powerful and completely secure solution that not only allows companies to manage all their HR in one place, with one employee user interface and open API to leverage other enterprise data but also gives invaluable analytics that aid in **better enterprise-wide decision-making**.

Our team is all about individuals who genuinely want to make things better for Filipinos, and actually have the courage to do something about it. We believe that local talent, combined with diverse international talent, united by a common passion and core values, are not just able to **build world-class products**, but are also able to **ignite digital transformational change** that will revolutionize a whole economy.

Our Clients



Contact Us!

Ready to revolutionize your business processes? Talk to us!



@SproutHRTech