

Performance Management

How to set winning employee performance goals



Read time | < 4 minutes

Having a meaningful purpose at work is key to committed and motivated work performance. Goal committed employees feel that the organisation is their organisation, and they are helping the organisation achieve its strategies.

Setting individual job goals is the beginning of motivated work performance. If done well, employees will work every day on goals which contribute to an organisation's strategy.

Ask an employee to answer these four questions to check whether their work is goal directed:

1. Where is the organisation headed?
2. How do I fit in?
3. Who are my customers?
4. What outputs do I provide?

If the employee is uncertain, it is time to work on that employee's job goals.

Some organisations refer to their performance management system as based on SMART Goals, others on KPAs, while elsewhere KPIs is the preferred name. The common denominator is that all three names refer to an outputs-driven performance management system. Employees aim to achieve work outputs which are experienced as excellent by the customers of their work.

SMART Goals were first conceptualised by George Doran (1981) as a frame of five criteria of an effective and efficiently accomplished work end-state. The five criteria are (1) Specific, (2) Measurable, (3) Achievable, (4) Relevant, and (5) Time-bound. Doran noted that the acronym does not mean that every goal written will have all five criteria.

"The establishment of objectives and the development of their respective action plans are the most critical steps in a company's management process."
- George Doran

KPAs and KPIs are different facets of an output. Per Mark Bussin (2017) KPAs are four to six short statements that describe the areas that are essential for successful performance in a job role. There is no fixed or right number of KPAs. The requirement is that KPAs must cover the full breadth and depth of a job.

KPIs are measures which indicate the level of performance attainment for a job's KPAs. There may be several KPIs for a KPA, and each KPA must have at least one KPI. KPAs and their associated KPIs must fulfil the SMART goal criteria.

Here are the elements you can apply in creating winning employee performance goals:

- Make customers the focus of every employee's goals. Every position in any organisation has customers. Customers are the recipients of an employee's job outputs, and may be internal, colleagues further along, or in other parts of the organisation's value chain, or external, the people who buy the organisation's products or services.
- Get employees to lead the formulation of performance goals. Employees take ownership of goals they have had a part in creating. An employee's goals should be the product of a two-way discussion involving the employee and the employee's manager. Additionally, an employee's customers must be involved. Customers must specify their expectations of the employee.

"All good performance starts with clear goals."
- Gary Ridge

- Include hard objective measures in goals wherever possible, such as quantity (how much, or the volume of work, an employee performs), quality (the service or product from the perspectives of aesthetic appeal, quality of finish, durability, practicality, environment-friendliness, and the like), and/or process (the steps necessary to complete a job duty).
- Design goals to encourage employees to work effectively (do the right things) and efficiently (get work done using the optimal method).
- Express KPIs in three ways: (1) As raw numbers, for example, number of widgets to be sold; (2) as a progress score, for example, percent of project achieved; or (3) as an indicator of change, for example, percent increase compared to the corresponding period in the preceding year. (Olsen, 2016)
- Include wherever possible lead and lag measures as KPIs. Some performance measures are leading and others lagging. Sales pipeline, for example, is a leading measure and sales achieved is a lagging measure. While a leading measure has the advantage of enabling an employee to course correct before a result is finalised, a performance goal should include both types of measure. (Olsen, 2016)
- Incorporate the science of marginal gains in goal setting. It is applied by breaking down a big goal into smaller parts, and then setting targets to improve on each of them. Many small improvements aggregate into a big performance improvement. Access to comprehensive, accurate and rich data makes performance at the margin easier to analyse, correct and improve. (Syed, 2015)
- Use proxy measures for goals that are not easily quantifiable. How do you measure goals of high staff morale for example? For job outputs where quantitative measures are elusive, it is sometimes possible to use proxy measures. For example, morale could be inferred from employee absenteeism rates. However, absenteeism rates are caused by multiple variables, and it may be necessary to bundle more than one proxy measure to draw accurate conclusions about morale.

Managers work through individuals and groups to achieve organisational goals. By applying the elements of goal setting described in this note, managers can ensure that the daily actions of employees are aligned to an organisation's strategy.

References

1. Blanchard, K. Ridge, G.(2009) Helping People Win at Work. United States of America: Pearson Education Limited p.23
2. Bussin, M. (2017) Performance Management Reboot Randburg: KR Publishing. pp43 – 66.
3. Doran, G.T. (1981) There's a SMART way to write management's goals and objectives. AMA Forum Available online: [Click Here](#) Accessed on 12 June 2022
4. Olsen, E. (2016) How to develop key performance indicators, Virtual Strategist Whiteboard Sessions [Online] Available at: [Click Here](#) Accessed on 12 June 2022
5. Syed, M. (2015) Black Box Thinking London: John Murray Publishers pp183 – 196.

Disclaimer

– The contents of Human Resources Notes do not constitute legal advice. For specific professional assistance tailored to your needs consult our experts. Call us: 011 100 8100. – Peter Fisher is the writer of these HR notes. His opinions expressed in the notes do not necessarily reflect the views of Tennant Human Capital Solutions (Pty) Ltd or other companies within the Tennant Group.

Address:
Hurlingham Office Park | 59 Woodlands
Ave. Block A | Suite 3
Cnr. Republic Rd. + William Nicol Dr.
Hurlingham Manor | 2196



Tel: (+27) 11 100 8110
Mail: info@tennant.co.za
Web: www.tennant.co.za
FSP: Licence No. 43648