***NOTICE****: The following has been provided by WBA committee and section volunteers for use by member banks.   
It should be reviewed and revised as appropriate to the user-bank’s own policies, procedures, and practices.*

**Performance Management Cycle**

**What is Performance Management?**

The Society of Human Resource Management (SHRM) defines performance management as the process of maintaining or improving employee job performance through the use of performance assessment tools, coaching, and counseling as well as providing continuous feedback.

The goal of a successful performance management process is to drive employee behavior to align organizational goals and objectives. Alignment happens when clear expectations around job duties are set and there is candid and honest feedback.

**Why is Performance Management Important?**

Performance management is critical so the bank can understand what employees are doing, how they are doing it, and why they are doing it (what, how, and why).

Performance management is a key component to:

* Keeping employees engaged
* Retaining talent
* Developing leaders

The performance management process is different than performance appraisals. Performance appraisals happen once a year with feedback given regarding past performance. A performance management process is ongoing, real-time feedback which allows employees the opportunity to continuously improve.

**Benefits of Performance Management**

The focus of performance management no longer just measures the outcome(s) from the employee's performance, but instead, focuses on improving skills, motivation, and collaboration. This, in turn, will provide the employer with higher outcomes.

By engaging the employee in a performance management process, you build employee engagement, which promotes and leads to greater productivity (outcome). High engagement also leads to lower employee turnover and quiet quitting.

**How to Create a Performance Management Cycle**

There are four stages to a performance management cycle

* Planning
  + Align performance expectations and agree on goals and objectives. Goal setting (SMART goals), OKRs (objectives and key results), or KPIs (key performance indicators) are defined in this stage.
* Monitoring and Developing
  + This stage includes ongoing progress and performance checks through continuous check-ins, feedback, and one on ones. Provide training opportunities for employees to meet their goals.
* Reviewing and Rating
  + Formal and final evaluation of employee’s performance and progress (performance appraisal) over the past time frame for which the bank conducts their reviews. There should be no surprises at this stage.
* Rewarding
  + Rewarding and recognizing your employees regularly will help motivate, increase productivity, and encourage loyalty. Reward them for a job well done at the end of their performance process (if deserved).

**S.M.A.R.T. Goals Worksheet**

S.M.A.R.T. goals are designed to help you identify if what you want to achieve is realistic and determines a deadline. When writing S.M.A.R.T. goals, use concise language, but include relevant information. These are designed to help you succeed, so be positive when answering the questions.

|  |
| --- |
| INITIAL GOAL | **Write down the goal you have in mind.** |
| **S**  SPECIFIC | **What do you want to accomplish? Who needs to be included? Why is this a goal?** |
| **M**  MEASURABLE | **How can you measure progress and know if you’ve successfully met you goal?** |
| **A**  ACHIEVABLE | **Do you have the skills required to achieve the goal? If not, can you obtain them? What is the motivation for the goal? Is the amount of effort required on par with the goal will achieve?** |
| **R**  RELEVANT | **Why are you setting this goal now? Is it aligned with overall objectives?** |
| **T**  TIME-BOUND | **What is the deadline, and is it realistic?** |
| SMART GOAL | **Review what you have written, then craft a new goal statement based on the answers to the questions above have revealed.** |

*Template Credit: Smartsheet*