



TARGED- AGREEMENT AND APPRAISAL SYSTEMS

A VERY EFFECTIVE METHOD OF LEADERSHIP

It's that time of year again where managers and employees face, often with anxiety, year-end performance appraisals. The focus of employee appraisals are on the one hand an appraisal of employee performance and the agreement of targets for the previous or coming work period, on the other hand the needs and personal satisfaction of the employee in his work environment. The managerial challenge is how to make these evaluations a candid and constructive but not de-motivating event. Hence, significant thought should go into it, not just about top-line results, but what's the overall feeling you'd like the employee to leave the meeting with?

It's critical there be clarity about the overall objectives. Ideally, the focus is on clearly defined, measurable targets and a transparent, understandable, and participatory controlled process. Communication is the decisive factor in this context. Only if tools are understood, accepted and actively utilized by employees, can they achieve the desired effect and contribute added value to the company.

Clear target agreements are an excellent foundation for performance evaluation

Target agreements allow consistent corporate management, on the one hand, by alignment with the corporate goals, and on the other, by motivating each individual employee with targets and corresponding rewards for excellent performance. The work of every person involved, therefore, needs to be in line with the corporate strategy. The employees need to agree that the measurable results are, indeed, valid and achievable within their own sphere of control.

What value does it have?

Based on the concept of 'management by objectives', a target agreement is made using a goal system. This system begins with the company objectives and moves on to the department and team objectives and finally finishes on the level of the individual employee. Set goals give employees orientation.

They make it possible for employees to be responsible for their own work. Correctly put into place they also help managers and employees express these in verifiable units of time and responsibility.

Target agreements can be used for individual employees, teams or the entire company. Personal targets per sales representative cover, for example, the required new customer visits, the demanded sales volume or

contribution margin as well as the number of desired phone calls. In industrial environments, 'mean time to repair (MTTR)' is a basic measure for the average time required to fix a failed component or device and return it to production status.

Top key performance indicators for e-commerce sites are: average page views and time on site, conversion rate, average order value, return rate.

Quantitative goals and qualitative goals

These are the kind of goals that can be measured using various means. But there are also qualitative goals, the type that is felt more than measured. The achievement of such goals is not so much based on measurable terms but on the impact of the satisfaction and worth it creates on a person.

Goals for career and professional development, customer satisfaction, performance enhancement, soft skills and personality development are some examples of qualitative goals. Although these goals are harder to measure regarding their progress, they are very motivating and inspiring.

Leadership is only effective when employees receive proper orientation. Thus, the employee appraisal in conjunction with agreed targets is not only an employee orientated but also a very effective method of leadership. Implementing the concept of management by objectives consistently and successfully is not always easy. Yet, the problems can be solved by defining appropriate processes and designing suitable instruments. By relying on our experience and giving practical recommendations, we can always provide you with satisfying answers and responses to the central questions and challenges that your managers have to cope with.

MFB Resultants – We deliver results.