You Can't Manage What You Can't Measure – A Five-Step Approach to Measuring Employee Performance

We get asked to address a wide range of business problems – increasing operational efficiency, improving accounting procedures, dealing with new competitors. But the biggest challenge and the most common that we encounter with many of our clients is far more subtle and potentially more costly: measuring employee performance.

Without understanding how your employees' performance is affecting your business you can't plan for the future, or even adequately understand your business's current performance. [Employee performance measurement](#) can help you understand how your employees are developing and contributing to your business using quantitative metrics. When doing employee performance evaluations, subjective criteria have their place to address concerns like ethical conduct, or how they work as part of a team. Objective metrics on the other hand help you assess level the playing field and should be implemented for every position in your company.

Here is a proven five-step approach that we have used to establish metrics to measure performance:

1. **Define the value for every position**. Before you can evaluate performance, you need to articulate the value that each job brings to the company. For some positions, like sales, you can tie performance to easy-to-measure metrics like revenue. Other roles, like administration or customer service, require different criteria. You can still identify concrete deliverables and key behaviors that have real value for the company. Map each position to the company's goals.

2. **Establish realistic, measurable objectives**. These are metrics that you can apply to any position. For example, a customer service rep can be expected to field a specific number of calls per day. You can arrive at a reasonable number using simple math. Assume that each call takes 10 minutes to complete, that means six calls per hour or 48 calls in an eight-hour work day. Then you have to factor in lunch, breaks, and just an understanding that no one is productive 100 percent of the time. If you adjust to 75 percent, then your metric is 36 calls completed per day. You can adjust down, of course, and set a "stretch goal" to acknowledge superior performance.

3. **Use measurement tools**. Once you sent measurable objectives, you have to monitor on a regular basis. Some of this is routine observation, but formal tools take out the guesswork, and the argument. If you can't track work on a regular basis, then you need to do regular check-ins to see that objectives are being met. Periodic work sampling is a good tool. Once you have the tools in place, create a schedule and use them! It's amazing how many managers fail to follow through.

4. **Get everyone on board with the program**. There are always some employees, including vice presidents and C-level executives, who believe their performance is beyond measurement. Not

true! Everyone needs to be held accountable to their contribution to the company. For example, the HR manager not only processes employee paperwork but has important "soft skills" needed to keep employees happy and motivated. He or she can be measured by employee turnover, the accuracy and completeness of employment files, regulatory compliance, and other metrics. These measurements are objective, and provide little room for argument.

5. **Connect employee performance measurements to company goals**. Be sure that the employee metrics you set in place are consistent with overall company goals. For our customer services rep, for example, the number of calls may not be as important as the quality of each call to improve customer satisfaction. You need to adjust your metrics to address the need to improve customer relations; quality over quantity.

Performance for every job can be measured, and if you can't measure performance, question the value of that position. If you create performance metrics for every job, then you will not only increase employee productivity, but you will cultivate better staff/management relations. When people know what is expected of them and how their performance is measured, they can work toward concrete goals and accept feedback. Everybody wins, because you all are working toward a common goal.