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RETAILING TONY GATTARI

Reviewing performance

IN MY EXPERIENCE advising businesses, I've seen many retail owners and managers struggle with giving honest constructive feedback to their employees. Let me clarify that... they struggle giving honest constructive feedback to poor performing employees. Why? we sometimes confuse providing clear, constructive performance feedback with personal judgment.

Another way of looking at this, is that if you don't tell staff how they're performing, you're hurting the person's and the company's performance potential. Many people want to learn and grow, and without performance feedback, poor performance will remain, like a virus. Imagine if your company went under because of incompetence. How would you feel later if you knew you'd had the opportunity to improve performance but had avoided simply telling the truth?

Reviewing employee performance isn't just reviewing the amount of fruit staff have in their baskets. You can have an employee who hits all their numbers but if they lied, cheated and stole their way to get there, they're not supporting the values of your company and they're not worth keeping. In any organisation the team comes before the individual. Values are designed to give your business a conscience on every decision that's made, and to ignore that conscience is to rip the soul out of your organisation.

How to rank and evaluate your employees

Consider creating a value matrix in which you rank employees on how they meet the values of your company. Write your employees' names along the top row. List your company values down the left hand column. Does each employee embody each value? If they do, place a 1 (one) in the space provided. If they don't, place a 0 (zero). No half marks can be given: they either do or don't enact the values of the company. Finally, tally the points for each employee.

Now do the same for your staff using KPIs: in the left hand column, list the KPIs for each employee (who have similar roles), and place a 1 (one) in the relevant space if they meet the KPI or a 0 (zero) if they don't. Again, no half marks for almost achieving a result. Total the scores at the end.

Now add the scores of the value and the KPI matrices together. Rank each employee from first to last.

Who are your best employees? How are you going to keep them motivated, to keep working at the same high standard? Will you promote these stars, increase their pay, or give them new and challenging responsibilities? Also review the poor performing employees. What action will you take to correct their behaviour? Is it time that they move on?

Below is an Employee Action Checklist. After ranking your employees, examine how they can improve their performance and write down specific actions you will take immediately.

Employee Action List

Best Performing Employee(s) – What will be the reward for their efforts?

Employee: _____

Action: _____

Poor Performing Employee(s) – What action will be taken to correct or prohibit this poor performance?

Employee: _____

Action: _____

Reward commitment

One of the reasons for Harvey Norman's success was that proprietors had a clear objective: to increase the operating profit on

the previous year. For their efforts, each proprietor received a share of the profits, in fact, as much as 50 per cent of the operating profit. If you owned 50 per cent of the profit, and earned up to \$500,000 a year, how committed would you be to the company?

Generosity was also shown to sales people on the floor, who earned commissions on all they sold. Their commissions were also a percentage of gross profit. The reasoning was simple: if the company's objective is to increase profits, why reward people for increasing sales? Anyone can increase sales by slashing the guts out of prices.

A lot of people ask me how to set out bonus or commission structures. Although not one structure suits every business, I offer some basic guidelines:

- It has to be easy enough for employees to be able to calculate in their heads how much they will earn
- Make the commission or bonus structure a higher component of the total remuneration package
- It must be aligned to the goals of the company
- Pay on profit, not on sales
- It must be paid on a regular and consistent basis. Staff have to feel and touch the money in their hands to believe that it's real, and to motivate the desire for more of it. ●

■ Tony Gattari was the General Manager of the computers and communications division of Harvey Norman and oversaw the growth of this business from \$12 million to \$565 million in nine years. He is the founder of The Achievers Group and is a professional speaker, business educator, author and corporate business advisor. Tony has worked with more than 110 businesses around the world.

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