How to set and measure performance goals

To maximize growth and productivity, each of your employees needs goals to achieve. Having meaningful goals in place spurs employee motivation and gives you a solid foundation for an annual performance review. Here are some guidelines that can help:

- **Establish goals in a face-to-face meeting.** Work out a set of goals for each employee. Remember that most people do best when they’re working toward three or four goals, and when they’ve had a hand in setting the goals.

- **Be sure the goals are measurable and written down.** This makes it easy for people to tell how they’re doing. Performance improvement (or the lack of it) becomes obvious, and disagreements about performance assessments virtually disappear. Writing the goals down gives them more importance and formalizes the agreement.

- **State the goals in specific terms.** Whenever possible, define each goal as a certain quantity of work to be performed to a certain quality within a certain time frame. For example, “Within the next three months you will process 30 claims a day with an error rate of less than 3%.”

- **Suit goals to the individual.** Some people work better with “stretch” goals that are set almost out of reach. Others like to play it safe, setting low-level goals and exceeding them. Though each goal should be realistic, neither too high nor too low, it pays to make allowances to your employees’ personalities and set goals at the end of the range where they function best.

- **Adjust goals that turn out to be unrealistic.** Unattainable goals can be worse than having no goals at all. If conditions change and priorities must be rearranged, or if people over- or underestimate their ability, renegotiate the goals you’ve set.