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# Strategic Solutions

## PERFORMANCE MANAGEMENT BOOSTS SALES AND SERVICE

*In financial institutions that did not have performance management systems, 30 to 40% of employees thought mediocre performance was acceptable, according to a study done by Romano & Sanfilippo.*

Performance is a matter of personal choice – whether at work, play, or home. You choose what you do and how you do it. Everyone, however, has people around them who influence their performance. “Managers are the most influential people in the workplace. You have the ability to direct employees or to motivate employees toward performance that achieves desired results,” observes Jeanne Murphy, growth strategist and president of Strategic Solutions (Hugo, MN). “Managers can also de-motivate employees and that leads to poor performance.”

Coaches and mentors help employees make choices that are more positive and team-oriented. They can help shape pro-customer attitudes so the choice becomes *I am here to serve this person*. “At the most basic level, performance management is simply directing people’s behaviors toward desired results. On the most enlightened level, however, performance management is about empowering people to grow and develop within the workplace,” explains Murphy.

### Integral to a Sales Culture

“A sales culture and performance management are not synonymous. You can use performance management for any number of reasons. Increasing sales in an organization is one reason, just like raising service quality or innovating new product offerings,” Murphy continues. “However, you won’t have a sustainable sales culture without performance management.”

Managing how your staff performs reinforces the training they receive long term. It’s what keeps sales and service high. Employee morale goes up, because people have more direction, support, and feedback.

### Two Core Concepts

“As manager, you are the coach. You set expectations and goals,” Murphy says. “The employee is the implementer.” She compares the manager’s role to that of a movie director. “The director’s job is to orchestrate everyone working together and to bring out

the best performance each actor can give,” she says. “A manager’s job is to get the desired performance from all employees, so the entire team functions together well.”

To manage your staff’s performance, be sure to:

1. *Clarify your expectations.*
2. *Give the employee feedback and coaching.*

## Clarifying Expectations

Establish specific goals and standards. Go beyond what’s written in the job description. “A job description is often a laundry list of duties. It doesn’t show employees the stretch points and where to focus most of their energies,” explains Murphy. When setting goals and standards, she advises:

- **Establish base performance numbers.** “Don’t just pull numbers out of a hat,” Murphy says. “Measure what’s been going on for the past six months and compare individuals to team averages. Then set goals that stretch people beyond their current performance.”
- **Identify minimum performance.** Let employees know the minimum level of performance acceptable for the major activities in each job function. “Employees usually know what they’re expected to do but not how well,” says Murphy.
- **Set SMART goals.** Paul J. Meyer, a noted expert and lecturer on goal setting, summarizes the process in one acronym – SMART. The goals must be: S – specific; M – measurable; A – attainable; R – realistic, and T – timely.  
VAGUE: *Provide good customer service.*  
SMART: *Average 90% on your customer satisfaction rating this year.*
- **Have three people review the goals you set.** “If three different people read your goal and they all come to the same conclusion on what that goal means, you’ll likely have a SMART goal. It’s clear and specifically defines what you want the employee to do,” explains Murphy.
- **Set three to five goals.** If you give employees too many goals, it’s difficult for them to know where to focus their priorities.
- **Recognize that goal setting isn’t always participatory.** Clients often ask Murphy *Should you set goals for the employee?* or *Should the employee be involved?* She says to look at whether your entire organization has defined specific results. “If a manager is doing performance management as a separate unit, it may be appropriate for the employee to help set goals. However, if your entire organization is in a performance management role, it’s probably not appropriate for the employee to set his or her own goals at first. That may be the ultimate goal, but it is typically a three-phase process to get there,” says Murphy.

When your organization has long-term strategic goals, managers aren’t always clear on what needs to happen in their branches. Department and branch goals should be specifically related to the organization’s annual goals. And the employee’s goals should support the branch or department’s goals.

- **Ask employees to create the action steps.** “The employee’s job is to come forward with ideas on how they can accomplish their goals. They need to be the creators of the action steps,” Murphy says. “Encourage employees to come up with multiple ideas. As management, you become the sounding board for them to bounce the ideas off and commit to priorities and decisions.”
- **Analyze the situation before you change goals.** Sometimes there are circumstances beyond people’s control. But do you change a goal if it’s within the employee’s ability to hit it? “I wouldn’t advise you to,” says Murphy. “If you change something because someone isn’t succeeding yet they have the ability to, then you’re rewarding behavior you don’t want. The key is whether the employee is able to achieve the goal if he or she wants to.”

## Giving Feedback and Coaching

Let people know what they’re doing right and what they need to improve. “Use a 3 to 1 ratio – 3 times of letting people know what they’re doing right to 1 time discussing poor performance. The better people feel about themselves, the faster you’ll experience the desired results,” Murphy says. “People feel good when they get specific feedback on what they’re doing right. They’re also much more open at that point to accepting feedback on what they need to improve.”

Murphy offers these tips:

- **Ask questions that encourage employees to think.** Great coaches ask questions that help employees figure out solutions for themselves. “When employees learn how to think through an issue and offer solutions, they’re more likely to make choices that are in their best interests and other people’s best interests,” observes Murphy.
- **Use coaching to reinforce training.** “When developing sales and service cultures, credit unions often do relationship skill building training. Employees, however, need coaching to further develop those skills outside of the classroom,” Murphy says. “When you get out of training, you’re at the beginner level – not the mastery level.”
- **Do one-on-one coaching** to help employees develop sales and service skills. Observe how they use the skills and give them specific feedback. Practice with employees and work through challenging situations using the specific skills you desire for high performance.
- **Meet with employees individually each month.** Look at progress toward goals to date. Find out *what* is working for the employee and *why* it’s working so well. Praise the employee for progress. Likewise, discuss what’s not working and revise action steps when needed.
- **Hold team meetings.** Meet with your team on a regular basis (at least monthly). Talk about and review progress toward team goals. Share success stories, so people learn from each other what is working well. Talk about challenges – things that aren’t working, goals that aren’t being met. Brainstorm ideas on how to move

beyond those challenges to achieve the goals. Use team meetings as way to build knowledge and skills. For example, role play situations such as servicing irate members, identifying financial needs of people in different life stages, etc.

- **Recognize performance trends.** When most or all employees perform poorly in specific areas, that's an indicator additional training and coaching is needed. Examples are specific skill usage – asking open-ended questions, certain product lines, certain types of members, etc.
- **Publicly praise positive behavior.** When you observe or hear an employee doing something well, stop and give feedback immediately. Be specific. Example: *Lynn, you did an excellent job responding with questions when Mrs. Smith inquired about deposit rates and her options.* “The more frequent the positive reinforcement, the faster change and results occur,” says Murphy.
- **Discuss areas that need improving in private.** Never correct an employee in front of other people. However, don't wait until the annual performance review. When you observe problems, talk with the employee as soon as possible. Be specific with what you saw or heard and gain the employee's perspective on it before giving your comments about their performance. Doing so builds trust and understanding – cornerstones to progress in any culture.

*Jeanne Murphy has worked for 20+ plus years with credit unions around the United States to help them gain and retain profitable member business. Her specialties involve strategic planning, management & staff development, and focused marketing initiatives.*

*Prior to launching Strategic Solutions ([www.StrategicSolutions.org](http://www.StrategicSolutions.org)), Murphy served as the Executive Director for the CU Marketing Association of California (MAC) and worked for a credit union as Director of Marketing and Strategic Planning. She has served on the faculty of several national schools and institutes, including CUNA, CUES and the American Institute of Banking.*

*To contact Murphy, call 651-351-9241 or e-mail [Jeanne@StrategicSolutions.org](mailto:Jeanne@StrategicSolutions.org).*

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