

Setting up a performance system checklist

The following checklist has been created to help you set up a performance system in your business.

Step 1: Plan

- Look at your business goals for the year ahead. Think about individual performance goals for each employee that will help your business reach its goals.
- Create a performance agreement template. You can use our performance agreement template.
- Prepare some dot points to help remember what you want to cover when you meet with each employee.

Step 2: Discuss

- Meet with each employee to discuss their individual goals – these should be specific, measurable, realistic and relevant to the employee’s duties.
- Agree on and record these goals in a performance agreement, along with the support you’ll provide to help the employee reach their goals (eg. training).
- Set a realistic timeframe for the employee to work towards their goals, and a time for you and the employee to meet to review their performance.
- Both you and the employee should keep a copy of the employee’s performance agreement.

Step 3: Monitor

- Monitor your employee’s performance and support them while they work towards their goals.
- Give regular feedback (both positive and constructive) to the employee, and deal with any performance issues as soon as they come up.
- Follow the ‘AID’ approach when giving feedback:
 1. Action – describe the specific actions you want to give feedback on (ie. the ‘what,’ ‘when’ and ‘where’).
 2. Impact – explain the impact of the employee’s actions (eg. on their work, co-workers, customers or the business itself).
 3. Desired outcome – explain what you would like to see continuing or changing. Where change is required, explore with the employee

how they can make this change and how you can support them.

- Think about the impression that your body language gives – face the employee, adopt an open posture, maintain good eye contact and try to be relaxed.
- Giving constructive feedback can be difficult. For more information about having difficult conversations see our online learning courses at www.fairwork.gov.au/learning.

Step 4: Review

- Conduct a review with each employee every 6 or 12 months to assess their performance against their goals and set goals for the new performance cycle.
- Arrange to meet with the employee at a time and in a place where you won’t be interrupted, overheard or rushed.
- Make sure both you and the employee have time to prepare for the review. You should both read through the employee’s performance agreement and think about how they’ve performed against their goals.
- Prepare some dot points to help remember what you want to cover in the review.
- Ask the employee how they think they’ve performed against each of their goals.
- Give the employee feedback about how you think they’ve performed – both what they’ve done well and what they can do to improve. Your feedback shouldn’t come as a surprise to the employee.
- Give the employee the chance to share any feedback or concerns they have as well.
- You may also want to discuss the employee’s career goals and future within your business.
- Finally, agree on and record goals for the next performance cycle (these might be the same goals or new ones) in a new performance agreement.

Find out more

For more information see our online learning course on managing performance at www.fairwork.gov.au/learning.

The Fair Work Ombudsman is committed to providing you with advice that you can rely on.

The information contained in this template is general in nature. If you are unsure about how it applies to your situation you can call our Infoline on 13 13 94 or speak with a union, industry association or a workplace relations professional.