Managing Employees

At a recent business discussion group what part of managing a small business did CEOs agree upon that they hated the most? I find this to be the case over and over again. Before reading on, what do you think it is?

The answer is supervising employees and handling employee issues. This is an ongoing problem for CEOs. Most hate it because they don’t like to confront an employee about a problem. They don’t like conflict. Then most try to ignore it for a while and then more than not it becomes worse. We discussed several aspects of the issue. I will share a few of my notes.

Training and Development For Attaining Peak Performance: Different people have different peak performance levels. Some employees can only perform tasks. Others can follow a process. Still others can develop systems and processes. At the highest level are employees who can lead and manage an organization.

Most growing businesses (especially moderate sized) have places for employees at all of these levels. As you observe employees, you’ll begin to understand what they’re capable of. Use training and enrichment to help each person reach their peak performance.

Employee Reviews: An effective review process helps employees reach peak performance. We agreed that the following were helpful guidelines:

✓ Hold regular reviews—quarterly, or at least annually.
✓ Set objective performance standards and create a review form to measure and document them.
✓ Focus on both processes and results.
✓ Give the employee’s supervisors and/or managers input into the review.
✓ Get the employee’s feedback about his or her performance before the review.
✓ Consider using 360-degree reviews, where managers gather feedback about an employee’s performance from sources, including co-workers, customers and vendors.
✓ Decide how pay increases and bonuses will be handled. Will raises be given annually, or upon promotion? If bonuses are offered, document goals employees must reach to earn them.
✓ Create written promotion policies that spell out what is required to advance to the next level; clearly communicate standards and expectations to employees.
✓ Set measurable, objective goals and performance standards for each job, each department and the business as a whole.
✓ Make sure each employee knows what is expected of him or her.
✓ Ensure employees have time to complete their assigned tasks.
✓ Make employees responsible for outcomes, not just tasks.
✓ Set measurable, objective goals and performance standards for each job, each department and the business as a whole.
**Problem Employees:** Your employee handbook should spell out the standards employees must follow, including cause for discipline or termination. Actions such as theft may be grounds for immediate dismissal; for other issues, create a progressive discipline policy that includes:

1. A verbal warning and a timeline for improvement
2. A written warning stating steps for improvement and consequences if goals are not met
3. Suspension (if needed to investigate the problem) and a final written warning
4. Termination

All stages of the discipline process should be documented in writing. Before disciplining or terminating an employee, consult an attorney familiar with employment law in the state.

**Handling Grievances:** A “grievance”—or dispute between an employee and management—can be deadly for your business if the complaint involves discrimination or a violation of company policy, law, the employment contract or the person’s rights. But even a complaint that doesn’t meet these standards can turn into a grievance if the employee feels management doesn’t care.

Awareness is the best prevention. Know what’s going on with your team so you can nip dissatisfaction and misunderstandings in the bud. To prevent grievances from leading to legal action, develop a grievance procedure and document it in your employee handbook. Treat all grievances consistently and confidentially to avoid accusations of bias. If a situation escalates, consult your attorney.

As your company grows, you may need a dedicated HR manager. If this is beyond your budget, designate one employee (such as your office manager) to oversee HR issues. He or she should have access to HR training and know when to enlist outside help, such as your attorney or an outside consultant, to resolve complex questions.

*Dean is a volunteer SCORE Mentor and District Director of SCORE Minnesota*