

Employee and Management Dialogue

The core components of the employee and management dialogue are:

1. The Management by Objectives Evaluation (optional for Tariff)
2. The Management Performance Evaluation
3. Development Planning
 - 3.1. Potential Recommendation
 - 3.2. Development measures & activities
4. Agreement on new objectives or targets for the coming year (optional for Tariff)

The results of the dialogue lay the foundation for setting the personal performance bonus for all employees and managers.

Prepare yourself. Good preparation is the key to a successful management dialogue. Schedule a meeting (1 hour in length) far enough in advance that both parties have sufficient time to prepare the following four key topics:

- **Management by Objectives (if any):** Prior to the dialogue, review the objectives from last year's MbO form. Evaluate the extent to which the objectives agreed upon have been accomplished.
- **Performance Evaluation:** Assess performance over the past year and gather indicators, specific situations and examples.
- **Development Planning:** Reflect on which development recommendation you would like to discuss during the assessment of potential. Indicators for a recommendation can be derived from the "Management by Objectives" and "Management Performance Evaluation" forms.
- **Agreement on new objectives or targets for the coming year (optional for Tariff):** Consider which function-related and personal objectives you would like to agree upon with the employee for the coming year.

Documentation You will need the following forms:

1. The MbO form from the previous year (optional for Tariff)
2. Performance Evaluation form
3. Dialogue Summary form
4. A MbO form for the coming year (optional for Tariff)

1. Evaluate the target achievement

Management by Objectives		Measured Variable	Deadline	Weighting Factor	Target Evaluation	
Name: _____	OE: _____				Degree of Fulfillment	Target Achievement
Function related objectives						
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
Personal related objectives						
				0,00	0%	0,00%
				0,00	0%	0,00%
				0,00	0%	0,00%
				Σ	1	
				Degree of Target Achievement		
				%		

Date _____ Superior _____ Employee _____

Evaluate the degree to which the individual function related and personal related objectives from the previous year have been achieved.

- Multiply for every objective the degree of fulfillment with the given weighting factor.
- Add all the single target achievement figures together. The total is the overall degree (in %) of target achievement for the past year.

The overall degree of target achievement (in %) is the basis for determining the "target category" on the Dialogue Summary form.

2. The Performance Evaluation

Performance Evaluation		far exceeds requirements	exceeds requirements	fully meets requirements	partially meets requirements	in need of improvement
Name: _____		P1	P2+	P2	P2-	P3
OE: _____						
Expertise	Quality of work					
	Technical and method expertise					
	Process orientation					
	Problem-solving skills					
	Development and sharing of knowledge					
Cooperation and Leadership	Cooperation					
	Communication skills					
	Convincing & Asserting					
	Leadership					
Entrepreneurial thinking and acting	Customer orientation					
	Economical efficient acting					
	Engagement and self-initiative					
	Responsibility					
Overall Performance						

Evaluate the performance of the employee in the three categories of “**Expertise**”, “**Cooperation and Leadership**” and “**Entrepreneurial Thinking and Acting**” on the basis of the given thirteen criteria. All of these criteria are detailed in a check list.

All criteria are to be evaluated. The criterion of "Leadership" is an exception to this. In case the function or position entails no supervisory duties, this category may be left blank.


In addition to each individual category, the overall performance is also evaluated. The degree of the overall performance is not based solely on a numeric calculation; rather, it is a comprehensive reflection of the employee's overall performance.

The **explanation** of the **Performance categories**:

- P1** *This performance is well above the average and far exceeds the expected requirements.*
- P2+** *This performance is above the average and exceeds the expected requirements.*
- P2** *The expected requirements are fully met and this reflects a solid performance.*
- P2-** *The expected requirements are partially met and this reflects a performance which is lower than the average.*
- P3** *The expected requirements are mostly not met and this reflects a performance which needs improvement.*

3. The development planning

3.1. Potential Recommendation

Dialogue Summary for the year		
Name: _____		OE: _____
Degree of Target Achievement	% 	Target Category* Overall Performance**
Potential		
Development recommendations within 1 year: <input type="checkbox"/> vertical (v) <input type="checkbox"/> horizontal (h) <input type="checkbox"/> remain on position (r)		
If "h" or "v", specific planned assignments: _____		
Development recommendations within 3 years: <input type="checkbox"/> vertical (v) <input type="checkbox"/> horizontal (h) <input type="checkbox"/> remain on position (r)		
Possible function or task: _____		
Development measures and activities		
1. _____		
2. _____		
3. _____		
4. _____		
Special internal and external activities, honorary appointments and qualifications		

Preferred operational area		

<small>*Target Category: T1, T2+, T2, T2-, T3 **Overall Performance: P1, P2+, P2, P2-, P3</small>		
Date _____	Superior _____	

Enter the degree of target achievement (in %) (if any) and determine a "target category". The target achievement category is a qualitative translation for the target achievement degree (total percentage) on the basis of the following definitions:

The objectives are...

- T1** ... very well fulfilled and this reflects an achievement level which far exceeds from the average.
- T2+** ... well fulfilled and this reflects an achievement level which exceeds from the average.
- T2** ... totally fulfilled and this reflects an achievement level which is equivalent to a good average.
- T2-** ... not quite fulfilled and this reflects an achievement level which is lower than the average.
- T3** ... partially fulfilled and this reflects an achievement level which needs improvement.

Now enter the overall performance rating in the summary form and then proceed to the assessment of potential and development planning.

For the **development recommendation**, there are three categories from which to choose, which are defined as follows:

The employee receives one of the following development recommendations for the time period in question (1 year/ 3years):

Vertical development (v) The employee can take tasks, functions or positions which are more difficult and/or entail a higher degree of responsibility.

Horizontal development (h) The employee can take new tasks or functions at the same level outside of the current operational area or sphere of activity.

Remain in position (r) The employee is well suited to his or her current duties and position and no change is planned.

3.2. Development measures & activities

Dialogue Summary for the year			
Name: _____		OE: _____	
Degree of Target Achievemen	% <input type="text"/>	Target Category*	Overall Performance* <input type="text"/>
Potential			
Development recommendations within 1 year:		<input type="checkbox"/> vertical (v) <input type="checkbox"/> horizontal (h) <input type="checkbox"/> remain on position (r)	
If "h" or "v", specific planned assignments: _____			
Development recommendations within 3 years:		<input type="checkbox"/> vertical (v) <input type="checkbox"/> horizontal (h) <input type="checkbox"/> remain on position (r)	
Possible function or task: _____			
Development measures and activities			
1. _____			
2. _____			
3. _____			
4. _____			
Special internal and external activities, honorary appointments and qualifications			

Preferred operational area			

*Target Category: T1, T2, T2, T2, T3
 **Overall Performance: P1, P2, P2, P2, P3

_____ Date _____ Superior

Discuss development steps with the employee and plan concrete development measures and activities according to the thirteen criteria of the performance evaluation result of the employee.

Enter qualification measures (maximum 3) which can be found within the **Qualification & Development Catalogue** corresponding to each criteria/competences.
 (Optional) Please specify other development measures and activities for employee (e.g. "Mini MBA", "Leadership License", attending certain forum, conference and so on).

Finally, complete the summary form by updating the field "**Special internal and external activities, honorary appointments and qualifications**" for notifying upper management about any off-the job activities and also update "**Preferred operational area and possible employment locations**".

Because the evaluation of target achievement, the performance evaluation and the assessment of potential are finally decided by the employee's disciplinarian supervisor, only he/she had to sign the summary form.

The employee scans and sends the final version to HR with his/her disciplinarian supervisor copied.

After finishing the employee dialogue with all employees, the disciplinarian supervisor needs to upload all selected qualification measures within the **Training registration System** or "TR-S" (please refer to separate TR-S guideline)

4. AGREEMENT ON OBJECTIVES FOR THE COMING YEAR (optional for Tariff)

Discuss the target suggestions for the employee which you have prepared in advance based on the "Management by Objectives" form for the coming year.

Agree on between three and eight function related objectives. Please keep in mind that these objectives should be derived from the overriding corporate strategy and division objectives.

Then agree on between one and three personal related objectives for the employee's further development in the coming year.

For each objective, jointly decide on a qualitative or quantitative measurement criterion, the weighting factor and a realistic deadline for target achievement. Make sure that the weighting factors always add up to 1 (= 100 %).

At the end of this step, both – the supervisor and the employee – sign the new MbO form.

Comparative appraisal panels

Following completion of the employee and management dialogues, the comparative appraisal panels take place. These are prepared and moderated by the **VGC HR** department. The **degree of target achievement, target category (optional for Tariff), overall performance** and **development recommendation** feed into these discussions and are confirmed or adjusted during the collective review process.

The goal of each supervisor must be to ensure that the assessed employees and managers' evaluations are realistic. If we have a high quality of the results of the employee and management dialogue by the individual supervisor, only fewer modifications will need to be made during the comparative appraisal panels.

The agreed results for target category (only for management) and overall performance are the basis for determining the employee's **personal performance bonus (exact amount of money)**.

If, in individual instances, changes are made to the results of the employee and management dialogue during the comparative appraisal panels, the supervisor will promptly notify the concerned employee.

The entire process which started with the employee and management dialogue is concluded after the comparative appraisal panel with the handover of the **bonus letter** by the supervisor.