



Retooling the employee appraisal

Performance reviews

he performance review: Too often it's an ordeal that's loathed, feared and rescheduled until it can't be put off any longer. So

common is the tendency to disparage the traditional employee evaluation that we have to wonder if the annual ritual is worth the effort. Why not drop the whole thing and get to work? ▲ Successful employers, of course, have come to grips with such emotional reactions and recognize the performance review for what it is: The best tool for creating a motivated workforce that boosts the bottom line.

By Phillip M. Perry

Having a performance appraisal system is the most important step any organization can take, regardless of its size," says Dick Grote, a Dallas-based performance management consultant (www.groteapproach.com). "Every single person in every single company wants to know the answers to two questions: First, What is it you expect of me? Second, How am I doing at meeting your expectations? Performance appraisals are the one system we have that gives people the answers to both questions." ▲ And what if you don't have a good system in place? You end up with employees who work in the dark and who think they are doing the right thing because no one tells them different, says Grote. The fact is that people need continuing guidance in order to improve. "Too often managers don't say anything unless they catch someone doing something wrong," he says. ▼ So how can you perform a really great performance review? Here are some tips.

Review throughout the year

Too often performance evaluations are lumped together into a single high-stress meeting at the end of the year. Not good. Effective evaluation, say workplace consultants, is a continuing process. Successful leaders work closely with employees throughout the year to set expectations, evaluate progress and re-adjust performance.

Regular reviews obviate an otherwise all too common disaster—unpleasant surprises at evaluation time. Suppose you make a grand announcement about an employee's poor performance in an annual appraisal meeting. The target of your criticism is likely to come back with this retort: "Why didn't you tell me this earlier in the year?"

That's a good question, Grote says: "People want to do a good job," he says. "It's the responsibility of the managers to let them know how to do it." That means communicating expectations at the beginning of the year and giving feedback regularly as the months pass.

So just how often should you interact with employees? It depends on the individual and the role he or she is in, says Grote. Maybe with senior executives annual reviews are adequate. Moving down the ranks, however, means more frequent reviews. Much also depends on how long the person has been in his or her current position. For a seasoned employee, you may review performance a couple of times a year. A new employee may benefit from a chat each week.

The best system has no predictable dates for reviews, according to Don Schackne, president of Personnel Management and Administration Associates in Delaware, OH. "Employees maintain a high level of productivity if they don't know when their supervisors will say 'we are going to sit down this afternoon for a per-

formance review.'"

Conversely, a formal schedule for annual or semi-annual reviews can create what Schackne calls a performance halo effect. "As you approach the review date, the employee begins to perform better," he says. "Then the review takes place and now the employee sits back and performance slides again." That's bad for everyone.

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Quantify performance

So John's work performance has been deteriorating over the past few months. How do you know? And just how can you communicate your observation to John in a convincing way?

To find the answers, we spoke with Daniel P. Moynihan, a principle at Compensation Resources, a performance and evaluation training firm based in Upper Saddle River, NJ (www.compensationresources.com). He boils down the secret to this, "Keep records on employee actions and results, then base

performance ratings on those records rather than on subjective feelings."

Here's the reason: Numbers can make a difference in communicating your concerns to under performers. Suppose you have received lots of complaints from customers about an employee. You'll only cause the person to balk if you say, "You need to improve your customer relations skills." Instead, say, "We received six complaints from customers about you during the past year." Then read the details of each complaint from written records.

Use numbers, then, when possible. How many times did the employee arrive late for meetings and by how many minutes? How many arguments erupted in the work place? By what percentage was the employee under

a certain required performance level? How many times did the employee take an extra half hour for lunch?

This calls for careful record keeping. Moynihan suggests committing notes to paper rather than trusting your memory. "Keep a spiral notebook in your desk drawer with one page for each employee," he says. "Then write down the good and bad things that occur throughout the year." Discuss these events with the employees as they occur. During evaluations, refer to your notebook as evidence to convince employees of your desire to give fair assessments based on recorded performance.

Failing to tie evaluations with provable workplace events can result in a damaging condition called "performance creep." Moynihan explains how it works. "Suppose an evaluation form calls for ratings from 1 to 5 on an escalating scale of performance. The first year the supervisor says, 'I think you met my expectations so I will give you a 3.' The next year the supervisor says, 'well you did better this year and I don't want to give you a 3 again so I'll give you a 4.' Over time everyone's ratings skew toward the 'outstanding' end of the scale." As collective evaluations rise over time, the reviews become useless from the standpoint of assessing and improving performance.

Performance creep can also result from disinclination from confrontation on the part of supervisors who may be uncomfortable with the whole review process. Sometimes if the supervisor assigns a 3, the employee will claim they deserve a 5 and the supervisor backs down and raises the rating.

All this doesn't mean personal characteristics can't be assessed. You can rate abstract characteristics such as attitude, leadership, initiative, cooperation, interpersonal skills and maturity. But when you do so, make your point with examples from the employee's performance record. The work diary is invaluable for recording examples and numbers.

How about those individuals whose work cannot be measured quantitatively? An example would be a telephone operator or a receptionist. "The receptionist's job is to meet and greet people as they come in the door," says Moynihan. "How do you evaluate how effectively they do that? Maybe you go after customer feedback. Ask clients and vendors: Has the receptionist greeted you well

Get SMART

When setting goals for the coming year with your employees, take care to challenge their capabilities without getting so ambitious as to set them up for discouraging failures. How? Make sure each goal meets the SMART standard:

- S = Specific:** Is the goal stated in concrete terms?
- M = Measurable:** Does it call for quantified performance?
- A = Attainable:** Can the employee stretch enough to meet the goal?
- R = Result-oriented:** Does the goal describe a beneficial outcome?
- T = Time bound:** Does it indicate a time by which the goal will be achieved?

Here's an example of a goal that meets the SMART test: "Reduce absenteeism next year from 10 days to five." This statement is specific in addressing absenteeism; measurable in specifying exact days; attainable because the employee can reach it; result-oriented because it leads directly to conduct beneficial to everyone; and time-bound in that it states the goal must be reached by the end of the year.

Source: Compensation Resources Inc., Upper Saddle River, NJ.

and treated you kindly and answered the questions you need answering?"

If you can't come up with good measurable objectives, then take the three or four main components of the person's job description and evaluate them against actual performance. Ask yourself what are the key metrics to get the job done and is the person performing well?

Identify causes of poor performance

So Joe is doing poorly. But why? The causes of poor performance can be difficult to determine. Sometimes people are in the wrong role or outside prob-

Discuss pay raises in a separate meeting

Do you discuss salary increases in the same meetings as performance reviews? Big mistake. "You want to avoid a situation in which the employee is interested only in the last 30 seconds of the meeting and keeps wondering 'how much am I going to get?'" says Don Schackne, president of Personnel Management and Administration Associates in Delaware, OH. You want employees to be focused on self-improvement in their evaluation meetings.

Employees must realize performance is valuable for its own sake rather than as a stepping stone to higher pay. They will never make that distinction as long as you hold out pay raises as carrots.

"Separate salary increase announcements from performance reviews," says Schackne. "Start out with a statement such as this: 'We are going to sit down today and we are going to talk about performance—we are not going to talk about money.'"



blems are impinging on their work. Other times there is a manager-employee personality conflict. Try asking the employee, "What would you say is one of the key reasons for your poor performance?" Most people tend to shift blame away from them, so you need to get a discussion going. Try asking, "What can we do to improve the work environment to help you perform?"

These conversations can be difficult because they often touch on issues of personality and style. It's important, therefore, to encourage the employee to open up and contribute. "Make the review a two-way conversation," says Schackne. "Maybe you say, 'Here is how I see your performance,' and then the employee can come back and say 'here is what I think.' Make each of your statements a discussion point rather than a threat." A good program, says Schackne, lets the employee leave saying, "my boss didn't tear me apart or belittle me or make me feel like less than a whole person."

More information...

The Performance Appraisal Question and Answer Book, by Dick Grote. This text provides answers to more than 100 of the most commonly asked questions about workplace performance evaluation. Grote suggests approaching the topic as a process that encompasses performance planning, execution, assessment and review. New York: AMACOM, 2002. Price: \$17.95.

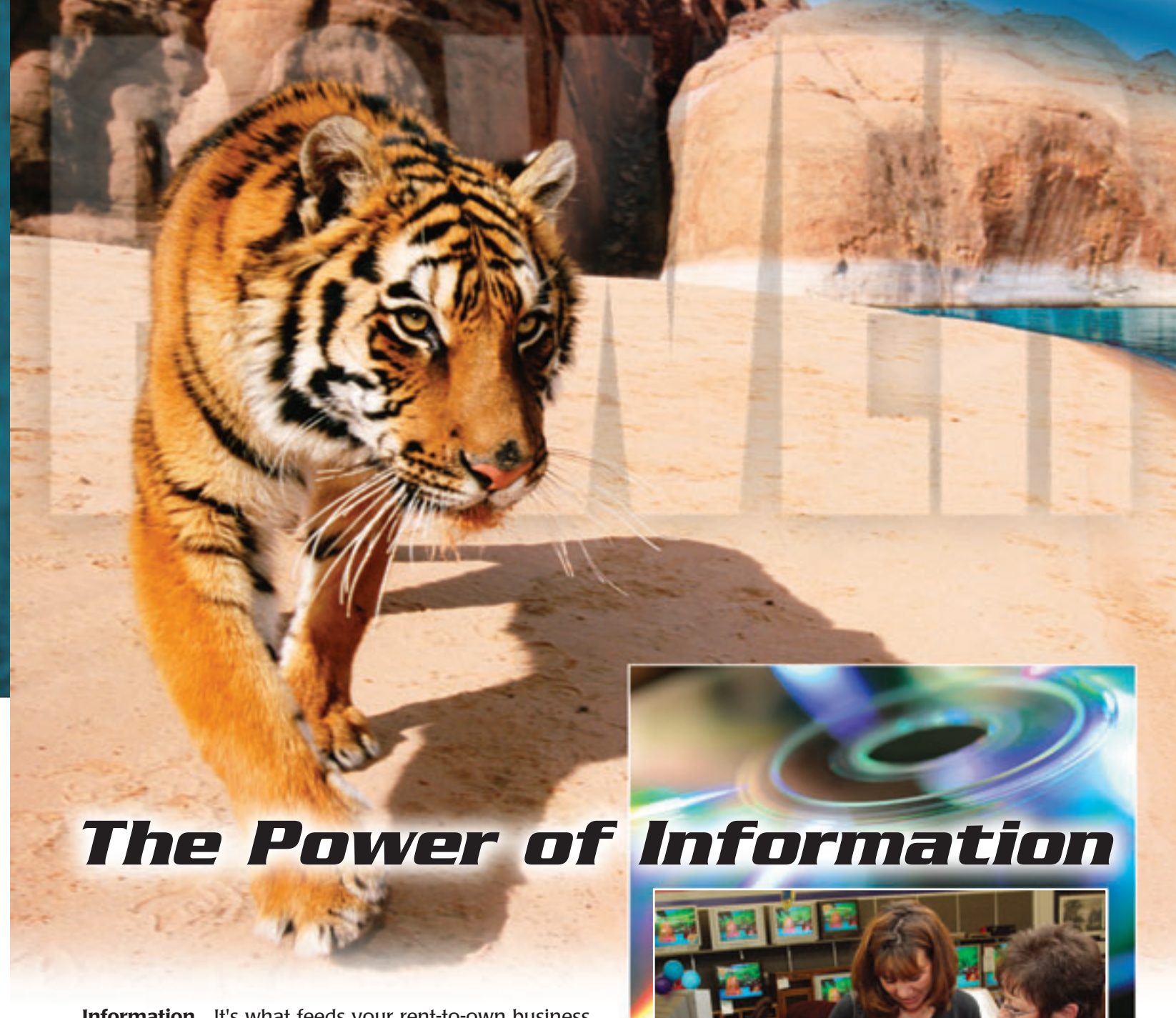
Set goals

It's not enough to delineate the good and bad points of the past year. Set specific goals for the coming 12 months. List a "vital tasks" agenda in which every measurable high priority task is outlined. (See sidebar, "Get SMART.") Sometimes your verbal prompts will be sufficient to stimulate the employee toward realizing what needs to be done, but you should also ask the employee for insight. What performance would bring the greatest personal satisfaction one year from now? What talents can be honed?

Set timetables for improvement. Timetables are important milestones that help avoid procrastination. The manager, too, needs to follow a schedule. One of the traditional failings of evaluations is lack of follow through. Mark your own calendar at checkpoints that have been coordinated with the employee. Meet with the employee on these dates to discuss progress.

Bottom line: The annual performance review, far from being something to dread, is the No. 1 tool for creating a dynamic workforce. Help your employees set their own goals to assure they are invested in the process. Review performance on a regular basis to avoid surprises at the annual review. And finally, go by the numbers. Quantify performance to make sure that facts, not opinions, are the operating mechanisms that assure fairness for all. The result will be motivated workers and a profitable organization. ■

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