

# Coaching or Criticizing?

## Making the Most of the Employee Performance Appraisal Process

Phyllis P. Ellikai

Which would you prefer, a root canal or a performance appraisal? In a heartbeat, many employees and supervisors would pick a painful root canal over a painful appraisal.

The time spent on appraisals by both parties is often considered wasted because the process is perfunctory. The timeliness of the information is usually short-sighted. The feedback is often only negative and places the employee on the defensive at the start of the discussion. Sometimes the reviewee is even frightened!

Our goals as supervisors should be to provide resources, feedback, support, and leadership to those with whom we work. The appraisal process can be a valuable way to address issues and improve performance and employee satisfaction, but what good does it do if the discussion takes place only once a year and far removed from events? If the supervisor and employee are spending precious time together to perform the annual review only because the human resources (HR) department said they have to have one for the file, or only to justify pay changes, is the goal of "performance improvement" really being met?

The performance review process can be a positive tool in providing guidance, establishing a non-threatening working environment, and creating the open communications necessary to foster continuous improvement and employee satisfaction. This article will address why we do performance evaluations and what we should gain from them. We will explore the status of various appraisal processes in private and public organizations and offer insight into making your program more effective and less dreadful. The presentation will also include a toolkit of ideas, including forms and reference materials, which will help attendees improve their appraisal processes and make this long-revered business practice less painful than a root canal.

### The Current State of Most Systems

Performance reviews, appraisals, evaluations, annual reviews: There are many names for the process used to determine how an employee is performing on the job. Within

most organizations, the event is done only annually, coincident with pay adjustments to determine and justify salary increases. Reviews have become, or always have been, a perfunctory, "for-the-file" HR department requirement.

Many times, the performance review consists of an outdated, one-size-fits-all form incorporating some sort of objective grading system. The grading system is often subject to the personal biases of the rater and creates an inconsistent scale from person to person or from one period to the next. Many people just won't ever give anyone the highest score on the scale, no matter what. Some always give the highest grade unless the employee is an ax-murderer.

The items being rated on the review are sometimes irrelevant to the individual's job and do not address specific task-related issues. The forms were created to be used by everyone within the organization or the department. The irrelevancy often causes the discussion to wander into personalities and characteristics. These failings are often the root of the fear and dread associated with reviews.

The review is seen as a personal assault, particularly when the reviewer tends to discuss only negative issues. The timing of the review, if done only annually, simply reinforces these failings. The most recent happenings, good or bad, are what get the attention. It is very difficult for a supervisor to recall accurately what happened eight months ago, and old news is equally meaningless to the employee.

So, if annual reviews are incomplete, biased by the reviewer's feelings that day, do not measure what's important and are not timely, why do them?

### Why Should We Do Performance Reviews?

Over a 25-year period, the Gallup organization interviewed more than a million employees, asking them about every conceivable aspect of the workplace.<sup>1</sup> Through this process, Gallup developed a list of the 12 core elements to attract, focus, and keep talented people. These elements are a measure of the strength of an organization.

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Five of these elements that can be specifically addressed by an effective performance management process are:

- ◆ Do I know what is expected of me at work?
- ◆ Do I have the materials and equipment I need to do my work right?
- ◆ Does my supervisor, or someone at work, seem to care about me as a person?
- ◆ Is there someone at work who encourages my development?
- ◆ In the last six months, has someone at work talked to me about my progress?

In *American City & County* magazine's 2004 survey of public works subscribers,<sup>2</sup> some of the issues listed as the "most important issue[s] faced in [their] job" are:

- ◆ Competition with the private sector for quality employees.
- ◆ Keeping up the morale of subordinate supervisors and employees as we strive to be more productive while our budget has been reduced.
- ◆ Motivating staff members to make them feel good about their jobs.
- ◆ The fact that members of the new work force don't consider their position at the county as a career, but just a job.

If the core elements listed above are what are important to employees, and if we must grapple with the difficult issues noted, then the performance management tool should augment our efforts to address the elements and issues. Addressing these issues is the core of effective performance management systems. Instead of being the mechanism to point out what needs fixing, the purpose for reviews should be to:

- ◆ Establish goals and clear expectations.
- ◆ Provide the means to alter poor behavior or performance.

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- ◆ Provide direction and resources.
- ◆ Provide and get timely feedback.
- ◆ Provide for career counseling.
- ◆ Determine talents and interests.
- ◆ Identify opportunities.
- ◆ Set future courses of action.
- ◆ Develop rapport.
- ◆ Help ensure goal congruence with the organization.

Effective performance management tools should become a part of the way we interact with each other and provide ongoing guidance, feedback, and advice. The review meeting should not be an annual event with outdated rules, but should be a regular tool for providing support and leadership.

### ***Aspects of Good Performance Management Processes***

An effective performance management process is:

- ◆ Simple
- ◆ Frequent
- ◆ Future-focused
- ◆ Self-tracking

These are the elements that the Gallup organization suggests from its research on effective managers.<sup>3</sup> In my opinion, the most

important of these four are simplicity and frequency.

Many times it is our nature to try to develop a perfect, mechanical, mistake-proof work of mathematical genius that we call our performance review forms. In the metric-based world driven by total quality, we have, to the detriment of our organizations, oftentimes lost sight of the value of subjectivity in dealing with humans. Measurement of outcomes is critical but should be just that: measurements of specific outcomes and not total substitutes for interpersonal interaction.

Effective messages often become lost in over-attention to logarithmic processes; therefore, the mandated process should be simple, and should allow and encourage human interaction. Measurements should be simple and relevant, and should apply to specific, established personal goals.

Effective communication is timely and relevant. One county human resource manager I interviewed said the “good managers communicate about things all the time; the bad ones only do it annually at review time.” He suggested that no matter what type of system was mandated, the frequency of communication made all the difference.

Developing a habit of consistent, sincere, frequent communication creates a high level of trust and rapport. This environment, in

turn, makes it easier to address deficiencies when they arise; the negatives are not addressed as “I gotcha’s” but as issues to be worked through by both parties.

If structure is needed to develop new habits, make the communication meetings at least quarterly at first, until casual and frequent communication becomes more comfortable. Valuable communication should be ongoing and routine.

To be future-focused, the process should be based on setting clear, mutually agreed-upon goals and expectations. These goals must be relevant to the job and focus on the desired outcomes or particular necessary behaviors—not personalities.

The beginning of the process is the job description, or definition. If the things listed as job tasks are indeed what the job is all about, then these are the things we will measure. If they are not, then we need to revisit the job expectations. If an employee wonders, “How do I know if I’m succeeding if I don’t know what I’m supposed to be doing?” then job expectations are not clear.

The focus must also be on improving future performance, based on the gap between what has happened and what is required. Focusing totally on what did or did not happen during the last period may be a means of justifying pay changes, but does not provide guidance for improvement and

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Employee Feedback      Employee

**Please make any responses you feel appropriate concerning the person in question. It is my desire to help people achieve their highest potential. To that end, I am interested in your opinions of this person's effectiveness in the following areas:**

- Monitoring project budgets, schedules and deliveries:
- Client contact:
- Communication and coordination with design team:
- Technical ability:
- Achievement of self-directed activities:

**In addition, please provide any helpful comments and recommendations that you may have. You may make those notes directly on this e-mail transaction and return to me. Thank you.**

Your Name:       Date:

**Goals Record**

PERSONAL	BUSINESS

Name:       Date:

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development. The thought chain is: Here's where we are, here's where we need to be, now how do we get there.

Unfortunately, someone may be making great progress toward achieving goals that are tangent to what the organization wants to accomplish. This interactive, goals-based process assists in making sure that the individual's goals are consistent with the organization's goals. This is what I call goal-congruence.

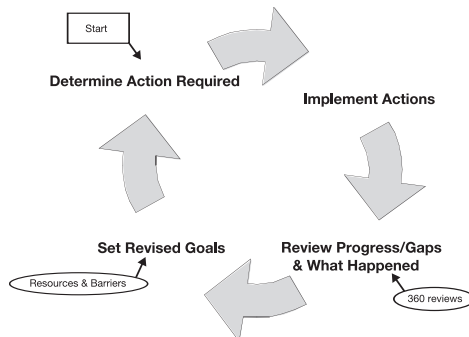
Self-tracking forces the employee to become an active participant in his or her own future. Instead of the review process happening *to* the employee, he or she becomes responsible for the plans and outcomes.

Setting simple metrics to measure success is one requirement of a self-tracking process. If we have relevant metrics, performance can be based on facts and not what the manager or employee *feels*. The employee should be encouraged to track personal accomplishments and failures and become the source of feedback and results for the supervisor.

This process can be viewed as a basic feedback loop, beginning by setting expecta-

tions and action plans, implementing these plans, evaluating the progress or gaps, setting revised goals, and determining interventions and actions needed to meet these goals. Then the cycle continues. When viewed in this manner, the process is simple.

During each iteration, the resources and barriers to accomplishment should be discussed, as well as any potential 360-degree input received. The key aspects of the effective continuous feedback performance management process must include, in the following order:



- ◆ Setting specific, mutually agreed upon goals and expectations.
- ◆ Discussing any barriers and resources for success.
- ◆ Determining future courses of action of employee and supervisor.
- ◆ Defining metrics to measure success.
- ◆ Defining timetables for completion and next feedback session.
- ◆ Periodic career counseling.

This process does not require a convoluted grading scheme or specific format. These forms can be as basic as a blank sheet of paper with everything discussed written on it or a simple 360 review form and goals sheet; however, most of our organizations need some type of documentation for various reasons.

To provide for consistency and this need for file documentation, I recommend some sort of simple form that does not allow the supervisor to check off items and circumvent the communication process, but provides some record of the conversations. This should be officially recorded on an annual basis, but would be much more

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## Evaluation Questionnaire Performance Appraisal System

Evaluate the current performance appraisal system by scaling the items below from one to seven, based on the extent to which you agree with it. Scale value of one = not at all and scale value of seven = completely; values in between should reflect varying degrees of agreement.

1. Managers are held accountable for doing effective appraisals.
2. Performance is defined and measured at all levels and communicated.
3. Individuals know how their performance impacts the performance of their work group and of the organization.
4. High levels of performance are valued, recognized and rewarded.
5. The system was designed with input from all levels.
6. The system measures the right things.
7. The system measures both results and how they were achieved.
8. The system is viewed as fair by employees.
9. The system is legally defensible and explainable to employees.
10. Employees understand how the system is supposed to work.
11. The appraisal process is simple and is not overly time-consuming.
12. Managers view appraisal as a valuable management tool.
13. The system impacts recognition and rewards appropriately.
14. The system impacts promotion and development appropriately.
15. Ratings are accurate and reflect actual performance.
16. Managers are timely in doing appraisals and always do them.
17. Poor performers are provided with developmental opportunities.
18. Performance problems are dealt with quickly and effectively.
19. Repeated poor performance results in appropriate consequences.
20. Managers treat appraisal as a continuous process rather than a one-time event at the end of the performance period.
21. Feedback is adequate and employees know both what is expected and how they are doing at all times.
22. Managers are appraised on how well they do appraisals.
23. Performance standards are consistent across the organization.
24. Training in performance appraisal is provided for all appraisers.
25. Training in performance appraisal is provided for all employees.
26. Managers are skilled in doing appraisals.
27. Adequate job-related commentary is provided to support ratings.
28. Parties other than the direct supervisor have input into the appraisal process when they have relevant input.
29. There is an adequate appeals process in place.
30. Ratings are based on performance and not on the personal characteristics of the person being rated.

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effective if the conversations occurred and were recorded much more frequently. Two samples of such forms are attached as Exhibit A and B.

Because of collective bargaining agreements or other factors, sometimes grading schemes are mandatory. If this is the case, the ratings should be on small scale and should be on metrics or behaviors relevant to that individual's job tasks.

More than three rating possibilities becomes less than meaningful. Can we really tell the difference between four and five? Rating on a scale of "exceptional, successful +/-, and needs improvement" may prove to be more descriptive. What a "two" means to you may be different than what it means to me.

Career counseling is a critical piece of this process that we often overlook. We are so concerned about evaluating past perform-

ance and determining future actions relevant to specific short-term tasks that we don't always provide for other opportunities or focus on developing long-term goals.

How often do we hear stories of someone who gets glowing performance evaluations and regular pay raises but resigns within three months to pursue better opportunities? In my research on exit interviews, I regularly hear "lack of growth and development opportunities" as reasons for leaving. In times when we compete aggressively within a limited talent pool of Gen-Xer's, we cannot afford to overlook any chance to provide opportunity.

Many times, we have the avenues within our organizations but do not take the time to find out what someone's long-term goals are and how they may fit with our current or future organization. Career counseling on at least an annual basis should be a part of our

communications plan.

This longer-term focus can also help ensure that short-term goals are leading us toward and are consistent with our long-term goals. Some suggest that the starting point of any personal planning process should be setting long-term goals and working backward to annual and monthly goals.

### ***How Does your Process Stack Up?***

Our world changes quickly, and our systems and processes should adapt to keep up with the constant challenge of running successful organizations. We can not afford to neglect our people, especially in the current environment of an aging workforce, limited technical talent pool, and restricted budgets. We must change the things we can to help us overcome the impact of the things we can not.

Making sure your performance management process supports your organization's and staff's future is critical to success and, perhaps, survival. Listed in Exhibit C is a questionnaire developed by Robert Green, PhD.<sup>4</sup> Use this questionnaire to evaluate your current performance measurement process.

Your answers may be degrees of agreement or disagreement. Contrary to prudent performance evaluation processes, you may want to rate your success on a scale of one through seven, with one equaling "not at all" and seven equaling "completely." Your answers should provide some insight into your current situation and the state of your system within the context of the suggested systems.

The overall goals of an effective review process are to foster feedback, promote open communication, nurture support and cultivate leadership within our organizations. Making your organization effective in meeting these goals can be your competitive advantage when attracting and retaining talented people.

1 Marcus Buckingham and Curt Coffman, *First, Break All the Rules* (New York, NY, Simon & Schuster, 1999)

2 American City & County, August 2004, p. 45

3 Buckingham and Coffman, 1999, p. 224

4 SHRM Whitepaper, "Contributing to Organizational Success through Effective Performance Appraisal," Robert J. Greene, PhD, August 2003

#### Other sources:

◆ Beverly Kaye and Sharon Jordan-Evans, *Love'Em or Lose'Em, Getting Good People to Stay* (San Francisco, CA: Berrett-Koehler publishers, Inc., 2002)

◆ *Journal of Accountancy*, "Who Will Take the Reins?," Stephen Weinstein, August 2004 ◊