Performance Management & Effective Appraisals

Keys to Leadership Success

Effective Appraisals & Performance Management

How do you feel about performance appraisals? Some people look forward to them; others dread them.   Regardless of how you feel about them as a manager, conducting performance appraisals is one of the most important opportunities you will have to help your employees, yourself and your organization.

Performance appraisals (reviews) can be effective if followed as part of a performance management system which includes planning, coaching and evaluation.

As a follow-up to our coaching session on informal and day-to-day coaching, our focus this time will be on using appraisals as an integral part of your formal coaching practices.

As a result of this session, you will be able to:
- explain the purpose of appraisals as a formal coaching tool
- identify specific practices that positively and negatively impact the effectiveness of performance appraisals
- adequately prepare and plan for appraisals
- provide specific and clear written comments
- formulate effective performance goals
- conduct productive appraisal discussions

Topics to be covered today

- Performance Appraisals – Friend or Enemy?

- How to Make the Most of the Performance Appraisal Process

- Tips & Techniques for Preparing, Writing & Conducting Appraisals

- Handling the Difficult Performance Appraisal

Why Do We Have Performance Reviews?

As a manager, one of your most important responsibilities is guiding and developing the performance of your people. When appropriately utilized, performance reviews can...

✓ Provide periodic, structured opportunities to discuss performance: achievements, goals, difficulties, and concerns

✓ Improve performance through recognition, encouragement, goal setting, and corrective action

✓ Identify training and coaching needs

✓ Provide a formal channel for employee feedback and input

✓ Demonstrate interest and concern for the employee

✓ Improve employee job satisfaction and commitment

✓ Formulate performance plans and goals

✓ Determine employee interest and potential for advancement

✓ Provide an objective, equitable basis for compensation, promotion, job selection, etc.

✓ Serve as upward feedback to management on the employees who report up through them

Performance Appraisals...*FRIEND OR FOE?*

Performance appraisals! The mere phrase conjures up countless feelings and images - some positive, and some not so positive. For both those whose performance is being appraised, and those doing the appraising, the experience can range from productive and motivational, to destructive and intimidating - from open and objective, to dictatorial and inaccurate.

Components of Performance Appraisal Process

Some systems utilize a general appraisal form for all positions within the organization, while other systems develop different appraisal forms for each type of position. Although each system differs in terms of the form used, rating system, and frequency, **what steps does the "typical" performance review include?...**

Fill-in-the-Blanks

(Your instructor to provide missing words and discuss with you):

- Formally reviewing performance over a _____

- Evaluating performance against a set of _____

- Identifying future _____

- Preparing a formal _____

- Conducting an appraisal _____

- Soliciting employee _____

Point: It's a Process - Not an Event!

- **Goal Setting**: Provides direction. This is where goals, standards, clear expectations and outcomes are established.

- **Feedback & Coaching**: This keeps performance going day-to-day and helps achieve goals. "Help me get better." Manager observes, monitors, gives feedback, praises progress, redirects skills, behavior, results when necessary, documents performance.

- **Performance Review**: This is where you sit down with people at the end of a period of time and essentially review and evaluate their performance. No surprises.

Focus is on two parts of the job:

1. Results - What employee achieves.
2. Competencies - How employee goes about doing their jobs.

…Overall performance is made up of both

Setting SMART Performance Goals

A SMART goal is used to help guide your goal setting. It is an acronym that stands for Specific, Measurable, Attainable, Relevant, and Timely. So, when you set SMART goals it incorporates all of these criteria to help focus your efforts and increase the chances of achieving that goal.

Sample Performance Goals:

Quantity / Productivity - Increase average calls per hour to 10 by end of third quarter as measured by monthly statistics.

Quality - Increase your order picking accuracy rate to 99% by end of first quarter as measured by department cross-check process.

Development - Learn to operate and maintain lift equipment by March 1 as evidenced by completion of training, passing knowledge test and demonstrate safe operation of equipment by end of first quarter.

Projects - Serve as a lean team leader on one project by October 1 as measured by meeting project implementation deadline, within budget, and completed documentation to IKSO Standards.

Behavior - Eliminate negative tone and sarcasm when interacting with team members as validated by peer feedback and fewer day-to-day conflicts.

Easy Format for Writing Performance Goals

How to word a performance goal can be difficult at times. Some managers find the formats on this page useful in developing written performance goals.

Use this format when the result or outcome can be measured:

> _"Take this action_ by _this date_ as measured by _this metric_ ".

- Improve your customer service skills as measured by fewer customer complaints and maintaining an average customer service rating of 90% or higher throughout the year

- Expand your operational skills as measured by successfully passing three cross training certifications by Nov. 1

Use this format when there are no metrics associated with the result or outcome:

"_Take this action_ by _this date_ as evidenced (or validated) by _this observable outcome_."

- Increase your knowledge and skill of Excel by developing a spreadsheet to complete a financial assignment by Sept. 30

- Expand your active involvement in team quality improvements as evidenced by participating on two quality team projects by Aug. 15

Goal Writing Worksheet

Directions: Answer the following questions to help you formulate better performance goals/objectives:

STEP 1: What aspect or area of this person's performance does this goal or objective address?

STEP 2: Specifically explain or describe the desired outcome. What exactly do you want to see changed, improved, or accomplished?

STEP 3: Can it be measured? If so, how? Quantity – What are the outputs? What is the desired level of output? Quality – What determines the quality of the work?

STEP 4: If it can't be measured, how could you monitor the accomplishment of the goal? What are the observable indicators to the goal has been accomplished/achieved?

STEP 5: When is this goal to be completed/accomplished?

STEP 6: Rewrite the goal/objective, making it as SMART as possible, using one of the formats on the previous page.

Practice

Directions: Write two performance goals - one for your stronger employees and one for your more challenging employees using the Work Sheet steps/questions and SMART criteria.

Goal/Objective #1:

Goal/Objective #2:

"The Execution Gap" from Day 1 - A Harris Poll of 26,000 workers and managers described their experience with their company's goals. The survey findings:

<u>Do you remember why?</u>

1. Only 15% know what their organization's top goals are.

2. Only are passionate about their organization's goals.

3. 49% of their daily work day is available to work on their most important goals,

4. 51% don't understand what to do to help achieve its goals.

Making the Most of Performance Appraisals

Directions: Place a check mark in the box by any of these steps that needs more attention by you.

1. Review employee file

2. Assess achievements from previous year's goals

3. Have an overall appraisal objective

4. Evaluate employee results, skills, and behaviors.

5. Clearly define what it takes to "*Meet Expectations*"

6. Formulate goals

7. Review competencies

Overall Performance Appraisal Objective

Know what you want to accomplish with each employee's overall performance appraisal. Consider one of these objectives for each employee

(Note the subtle differences)…

Employee's Overall Performance	Possible Objectives
Outstanding	Recognize positive performance, and discuss & identify any development ideas/needs for possible career development, (and/or) … maintain current level of performance. (and/or)… growth in present position.
Satisfactory	Recognize positive performance and discuss any opportunities for improvement, (and/or)… raise overall performance to "outstanding". (and/or)… meet any changing expectations of job, (and/or)… maintain current levels of performance.
Unsatisfactory	Recognize positive performance. Address/Discuss areas needing improvement. Gain commitment to raise overall performance to "satisfactory". (or)… Discuss employee's ability to successfully continue in this job.

Competencies

> **Core competencies** are a set of knowledge, skills, and capabilities that an employee needs in order to be successful. It is the cornerstone of the employee's development, performance, and overall success within the organization.

Competencies are the basis of a manager's approach to recruiting, managing employee performance, and targeting specific training & development initiatives.

Here are some examples of Core Competencies:

Personal Competencies

Customer Focus

- is dedicated to meeting customer needs
- understands how personal actions eventually impact the customer and their use of products
- knows how to listen carefully to customers and respond appropriately
- strives to build positive customer relationships
- responds to internal customers in a professional and helpful manner
- is willing to explore changes to establish procedures and products to meet customer needs

Decision Making

- makes good decisions in a timely fashion
- involves appropriate stakeholders in decision process
- conducts appropriate level of analysis without getting bogged down in data
- understands all aspects (financial, operational, organization) of the impact of decisions
- able to make quick decisions with incomplete data when necessary

Priority Setting
- allocates time to most important and immediate objectives
- able to quickly respond to changing priorities
- can eliminate barriers to performance
- can focus self and others on key tasks
- can clearly communicate changes in priorities and the need to shift resources

Self Development
- likes to learn and seeks advice from experienced professionals
- accepts feedback and coaching and acts on suggestions
- has career goals and looks for opportunities to grow
- analyzes successes and failures and searches for ways to improve
- seeks out opportunities to learn and develop skills
- understands that skills and abilities need to change to reflect situations and opportunities

Teamwork
- Maintains a positive attitude and sense of pride
- Generates enthusiasm for good service
- Assists others in completing work
- Gains willing cooperation among team members
- Accepts responsibility; acts as a role model
- Keeps other team members informed

Management and Leadership Competencies

Change Management
- can communicate change initiatives clearly and positively
- can manage uncertainty and stress and keep employees positive and productive
- can make decisions in environments of risk and uncertainty
- remains balanced during times of conflicting demands and changing priorities
- is aware of and responds to consequences of change at all levels

Conflict Management
- strives to prevent conflict
- can diffuse conflict quickly
- handles disagreement with and between others in a professional and positive manner
- does not become defensive or aggressive when challenged or disagreed with
- listens carefully to others and strives to understand before making judgments

Delegation
- assigns work to others appropriate to their skills and position
- establishes appropriate level of oversight
- matches direction/control with competency of others
- trusts others to perform and holds them accountable for results
- gives others complete assigned work without interference

Project Management

- sets clear objectives and measurements
- able to define a clear path to achieve objectives
- accurately identifies necessary resources
- clearly identifies responsibility and tasks and involves others as needed
- can organize people and activities and maintain progress
- plans sufficient amount of time to accomplish work
- monitors process and progress on goal achievement
- keeps others informed

Competency Descriptions for Ratings Criteria

One step you can take to improve the consistency of how you rate employees, is to develop a short description of the expectations for each performance area that will be rated. These descriptions should explain the criteria, behaviors, or measures that would merit a "*meets expectations*" rating for each competency. It can be especially useful for competencies that are difficult to measure.

"**Meets Expectations**" is a positive rating and shouldn't be considered "average." It is to be used when an employee is doing the job well and is performing at the required or expected level. It should not be used when performance is poor or improvement is needed.

Ratings is a simple process, but can take some time to develop. In many cases, you will want these descriptions to be job/position specific. Allowing your employees' input/feedback on descriptions will increase their "*buy-in*" to the ratings criteria. Once developed, give each employee a copy to help them better understand your expectations and lessen disagreements in ratings during the appraisal process.

Practice:

Position: _____   *Competency:* _____

Directions: Write brief descriptions/criteria for receiving a "*meets expectations*" rating:

Short Cuts & Tips

POSITION DESCRIPTIONS

Reviewing the employee's position description (and having the employee review it) is a great place to start when doing performance appraisals. If your organization has not developed formal descriptions, then consider creating position descriptions for the jobs in your work unit.

PERFORMANCE REPORT FILE

Maintain a files with copies of the regular reports you frequently use to measure or track employee and/or department performance. If you have individual measures in place, make certain to include this information in the appraisal.

EMPLOYEE FILES

Nothing saves time like an employee file with current, useful information. Try including: past appraisals, special recognition/accomplishments & customer letters, copies of formal performance documentation, samples of work/writing, individual meeting notes, notes you've maintained on positive/negative events (observations, feedback from other areas, etc.). Clear the file out at the end of the year, discarding unnecessary items, and moving items you want to keep into a "past years" file.

PERFORMANCE LOGS

Establish a way to record events you might otherwise forget at appraisal time, such as a performance log. Or, if nothing else, get into the habit of writing notes on index cards, or post-it notes, and dropping them in the employee's file.

Set it up on your computer and make certain these files are secure (password protected) - they require the same level of privacy as hard copy employee files. Maintain this information on disks if your computer does not provide sufficient security.

USE YOUR COMPUTER

Revisions are much easier and faster when you use a computer for your written comments. You may even want to consider developing a "template" of the appraisal form that can be reused each time you prepare an appraisal. NOTE: These need to be secured files.

COMPETENCY DESCRIPTIONS

This is a tool that helps clearly communicate the criteria used for rating each performance category on an appraisal. It is extremely useful when you have a large number of employees in the same position, or when there are several supervisors who supervise the same type of positions and you need consistency from supervisor to supervisor.

Writing Guidelines

The quality and professional look of your written reviews is quite powerful, both in terms of its appearance and content. Your employee's perceptions of their manager is greatly influenced by the *"finished product"; e.g.,* whether you're fair, how much you know about the employee, how much you care. Other managers will also form opinions of your personal and management skills from the written reviews they happen to read.

So, the following tips and ideas will help you prepare well-written comments.

Grammar and spelling count

Make your comments clear and

Support the ratings

Avoid vagueness - Be specific

Avoid judgmental or *"emotionally charged"* words

Minimize your use of the word *"I"*

Writing Activity #1 – Ratings Comments

Directions: Read and critique the following manager rating and comment about each of the three employee performance situations. If you see any problems, indicate what it is and what you would do to improve them.

For the purpose of this activity, assume the appraisal uses a rating scale of:

1 - Needs Immediate Improvement, 2 – Frequently Does Not Meet Expectations,

3 – Meets Expectations, 4 – Consistently Exceeds Expectations,

5 – Exceptional/Role Model Performance.

SITUATION: Janet has been one of your production people for 11 months. This is her first annual appraisal. About mid-year she experienced documentation problems, and began working on it. Although she has made improvement and none of her documentation errors has created major production losses, documentation errors are still occurring more frequently. Her reject rate varies from month to month and she does not always hit the standard. She does a very good job with the PM and safety aspects of her position.

> *"Quality of Work: 2 – Frequently Does Not Meet Expectations*
>
> *PM and safety are good. Janet's reject rate needs improvement and her documentation is not as good as the rest of the team's. It could be due to a lack of attention to detail."*

Writing Activity #2 – Summary/Overall Comments

Directions: Read and critique the overall appraisal comment that follow. Working with a table partner, review and discuss specific ways the comments could be improved. Be prepared to explain your changes.

Summary/Overall Comments Sample:

Betty, great job this year. You exceed expectations in the areas of Quantity of Work, Job Knowledge, Problem-Solving, and Client Relationships – you have excellent skills in these areas. Your Written Communications seem a little better than earlier in the year, so I went ahead and gave you an overall "*Meets Expectations*" rating. Keep up the good work.

Samples of Effective Ratings & Comments

Written comments should support ratings. Consider the following examples.

RESULTS/QUALITY OF WORK: 4 – Consistently *"Exceeds Expectations"*

Your customer service skills are excellent; you are always willing to take ownership and do whatever is necessary to resolve customer problems (Madison acct. – Jan., Reed Acct. – May, Mark Acct. – Sept.); you met the average call-time standard every month; you clearly exceeded our call standard of 50 calls/day by maintaining an average of 61 calls/day (75 calls/day in Feb., 68 calls/day in March, 72 calls/day in Oct.); you received two perfect call audits (July, Aug.); your account documentation is always thorough and up-to-date.

QUANTITY OF WORK: 3 – *"Meets Expectations"*

Mike effectively manages concurrent projects and maintains an acceptable workload; he is willing to put in overtime when necessary to meet project deadlines or deal with unexpected problems (testing for production software conversion – June, implementation problems with accounting software update – Sept.); Mike produces on-time deliverables and missed only one project deadline this year (account truncation project – May).

JOB KNOWLEDGE/TECHNICAL SKILLS: 2 – Frequently *"Does Not Meet Expectations"*

Basic knowledge of machine operation/safety procedures and basic computer skills meet expectations; ability to accurately read job orders and drawings sometimes lengthens setup/changeover times and causes avoidable problems (drilling errors on assembly arm setup – Mar., support bracket changeover – April, machine settings for expansion adaptor parts – Nov.); completed only four of the six process improvement training modules; could improve knowledge and use of PM software.

Samples of Effective Summary/Overall Comments

Effective Sample #1

Joe, you had a great year and are a top contributor to our team. I know when I give you a project, it will be done on time, accurately, and with very little involvement or time needed on my part – monthly department recaps, the client service survey, and the new software conversion are a few examples.

You have improved your job knowledge and teamwork significantly over the past year. As an example, your increased knowledge of housing regulations now allows you to handle client inquiries and problems in this area without needing to get help or refer these clients to others. I have also seen significant improvement in the cooperation and assistance you give other departments when they request information.

The only area needing improvement is your planning and organization. You drive to do everything to help everyone at times. This compromises your meeting deadlines and causes you to work overtime. I'd like you to work on setting priorities and determining where your efforts will have the most value to ensure you can work less overtime. Responsibilities that don't require your expertise should be handled by our newer people.

Effective

Comments Sample #2

Your biggest accomplishments this year were developing our new procedures for registrations, reorganizing the registration filing system, and the training work you did with our two newest people – all contributed significantly to the department's efficiency and productivity.

You perform at or above expectations in all areas of your job. The quality of your written communications clearly exceed expectations, as do your job knowledge and problem-solving skills.

There were a few times during the year (annual enrollment drive and the rollout of the new registration procedures), where your planning and time management approaches created considerable "last minute" personal pressure and overtime, and led to a few issues with other employees.   The planning steps we worked out appear to have helped ease this, but you should continue to stay aware of your tone and abruptness when interacting with other employees and departments when you are in stressful situations.

Conducting the Appraisal Discussion

Pick the Right Time & Place
You obviously want someplace private for the review. **Schedule adequate time** (preferably uninterrupted) and not rushed.

Revisit Your Objective
Know what you want to accomplish so you can set the proper tone and keep things focused. This certainly depends upon the employee's performance, abilities, and performance goals.

Be Prepared
Be familiar with what is in the review. You should be able to discuss the employee's performance without having to continually reference the written review.
How do you think the employee will respond? Know how you plan to handle it.

Get Employee Involved
The secret to a productive meeting is getting and keeping the employee involved. This is supposed to be two-way communication.

Have a Delivery Strategy
There are several options for choosing the way you facilitate the review discussion on the next page. Your choice will depend upon a number of factors: your skill and confidence level, your objective, and the employee's willingness to maintain an open discussion.

Delivery Strategies

I READ...YOU LISTEN   Definitely the easiest approach. Although, it can also have the highest chance of one-way communication and confrontation.

READ ALL...THEN DISCUSS   Employee is first allowed to read the entire appraisal (preferably in a controlled setting - or in the presence of the supervisor). The two then discuss each section.

READ SOME...TALK SOME *   Same approach as previous, except that instead of reading the entire appraisal first, each section is read separately before discussing it.

TALK SOME...READ SOME *   This is a mixed approach. The employee and supervisor first discuss a performance area. They then read that particular section of the appraisal and use it to recap their conversation before moving onto the next area of performance.

DISCUSS ALL...THEN READ   Definitely the most advanced approach. All areas of performance are openly discussed before producing the written appraisal. The written appraisal is then used to summarize the discussion. It can be effective with both high and low performers, but is possibly inappropriate when disagreement is expected.

Appraisal Discussion Preparation Worksheet

EMPLOYEE NAME: _____

What is your objective for this discussion? What tone do you want to set?

What accomplishments or positive aspects of this person's performance do you want to emphasize during the meeting?

What improvement needs or development opportunities do you want to emphasize during the meeting?

What questions can you ask to create dialogue?
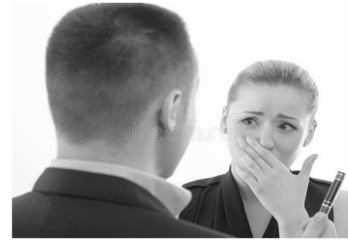
1. _____
   _____

2. _____
   _____

3. _____
   _____

How do you expect this employee to respond to the appraisal? If applicable - How will you handle or prepare for this?

Handling an Emotional Employee

There will be times when an employee reacts very strongly. The following chart provides some suggestions for handling these difficult situations.

For this reaction…	Try doing this…
Being Passive or Unresponsive	- Remind them of the goal of this appraisal. - Encourage him or her to share their thoughts about the issues. - Use open-ended questions to get him/her involved - Allow time for employee to consider what he or she wants to say.
Losing His or Her Temper	- Allow the employee to "vent"; take a break - Ask open-ended questions to help clarify the source of the employee's frustration.
Walking Away	- Don't try to restrain the employee. - Ask the employee to stay to finish the discussion, but don't force the issue. - Let the employee leave and plan to continue your discussion when he or she is calmer.
Crying	- Offer compassion. - Ask the employee if he or she would like to talk later. - Leave the room for a while to give the employee time to compose him or herself.

My Action Plan

To improve the effectiveness of my employee appraisals and performance management, here is what I plan to start, stop, or continue doing as a result of today's workshop:

1._____

_____

2._____

_____

3._____

_____

4._____

_____

As a simple way of reinforcing the things we covered in today's workshop, think back through the day, identify the learning points that were the most important to you personally, and write them on this page.

Corporate Membership

Compensation

Compliance

Background Screening

Recruiting & Talent Acquisition

HR Consulting

Training

Leadership Development

AAIM