

PERSONNEL NOTEBOOK

For Your Most Important Resource—The Human Resource

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The Performance Evaluation's 10 Common Mistakes

There is a current wave of thought moving through many HR professionals that the performance evaluation (PE) process should be scrapped. The view seems to be that they're too cumbersome, time consuming, and bureaucratic. Some say that they're unfair or that people just don't like being judged. Some even say that it smacks of competition and people should not be required to compete. Generally, most of the naysayers feel that the entire process of evaluating performance just doesn't work.

Many say that this is similar to the problems in our public school system and that this disdain for PEs may have originated there. The quality of the U.S. educational system, traditionally ranked as number one in the world in the 1960s, now ranks about 29th, behind even countries like South Korea. Most public schools today want to eliminate testing of students (or teachers) for the same reasons stated in paragraph one above.

It's true that most of us have seen PEs that have not gone well; are poorly timed, clumsily performed, or biasly executed.

But, we should understand that there are few forms of communication that are more effective and beneficial to an individual, on the job or in his or her personal life, than the well-timed, properly performed, and objective performance evaluation. Letting people know, formally and informally, how they are doing; how to identify and achieve goals; and what to improve, eliminate, or change has to be one of the most advantageous and productive things that we can experience.

We don't want or need to destroy a valuable and essential tool just because we aren't using it properly. We can focus on what we are doing wrong and improve on that. Do a PE on how you are doing PEs! Keep in mind that our goal in doing a PE is to improve performance.

Here are 10 common mistakes managers make when performing PEs and some tips on how to avoid them.

Mistake Number 1: The appraisal occurs once a year in a formal process that

everyone just wants to get through as quickly as they can.

Tips: The primary goal is to evaluate the performance and to improve it. So you will want to design a meaningful system of coaching conversations that people will welcome, find useful, and gain something pertinent from. And this needs to be done on a regular basis. People need regular feedback on how they're doing and what needs improvement. Once a year just is not going to cut it. Design a simple, easy-to-use system that encourages managers and employees to engage in a two-way conversation throughout the year. That's how to get real mileage out of your PE system.

Mistake Number 2: The performance review is a one-way, top-down process wherein the boss serves as judge and jury over the employee's behavior and achievements on the job.

Tip: Make it a two-way process, at the very least. (You may even want to consider a 360-degree system that uses peer reviews as well as a self-review. But that's for another issue of *Personnel Notebook*. The employee should have written a self-appraisal prior to the meeting with his or her boss. This would be a copy of the same appraisal form the boss is using. Both people want to be focused on the documentation of the *job performance*, not the employee. We do not want to evaluate people. We want to evaluate results!

After a brief introductory comment or two just to set the tone, the employee should go over her self-appraisal first. This will help to eliminate the defensiveness and get off to a good start. This is a dialogue, a two-way conversation in which both parties share observations, perspectives, and job performance.

You'll find that top performers will usually rate themselves lower than you do. That's because they have high expectations for themselves. Your poorest performers will often rate themselves higher than you rate them. In either case, you should then talk about the gap between your evaluation and theirs. This will also help keep both of you focused on the same page and the future expectations.

Mistake Number 3: The PE serves as both a coaching tool for development as well as a compensation tool to decide salary increases.

Tip: The PE should be done for either development OR compensation, not both. If you're interested in developing this employee, then unhook compensation from this process and focus entirely on the work itself. Conduct your PEs as far away in time as possible from the compensation discussion.

If you're having this meeting to discuss salary that will be based on previous PE decisions, that's okay, just be clear that that's what you're doing and keep the processes separate. The problem with trying to combine both employee development and compensation decisions in the same session is that the employee is only going to pay attention to the money. It will become imperative in his or her eyes to debate against every suggestion you make for improvement. He or she will only be listening for that magic number. Money talks.

Mistake Number 4: The person doing the appraisal has little or no day-to-day contact with the employee whose performance is being evaluated.

Tip: Big problem. The person having review discussions with the employee should be the supervisor or manager who has the most contact with him or her. This is the one person who is in the best position to accurately assess day-to-day results.

Mistake Number 5: Employees receive little or no advance notice of their “Judgment Day.”

Tip: Although formal performance discussions should be conducted on a regular basis and with advance notice, informal PEs should be conducted whenever an opportunity arises to comment on good or bad actions as they occur.

Mistake Number 6: Managers are too vague in their comments or they assign arbitrary numerical grades based on gut reaction or intuition with little or no substantiation.

Tip: Performance feedback needs to be well documented in order to be effective. You really need to have a paper trail, a documentation of the good and bad results.

Don't rely on your memory to discuss goal achievements or expectations. As a supervisor, your memory tends to be good on the negative stuff and poor on the positive. Keep a file on each person reporting to you. Make regular notes to yourself on behavior and results as you observe them. These are not items that must be placed in the personnel file. These are personal notes on your day-to-day activities, thoughts, and plans. This is a major part of your job as a supervisor or manager. Encourage employees to do the same, to keep personal notes on themselves as well. They will then have better memory and documentation when

writing their self-appraisals. And remember, the focus is on the job and performance not on the individual.

Mistake Number 7: The review process tries to evaluate personality traits instead of behaviors and results.

Tip: This is probably the most common mistake — trying to evaluate personal traits, such as leadership, motivation, conscientiousness, attitude and so on. Personal traits are internal and subjective and almost impossible to evaluate accurately or fairly.

Keep your focus on two things: behavior and results. Behaviors are actions that can be observed directly — she did the filing, he answered the phone, she called on customers, he repaired the machine, etc. Results are also observable — she achieved her sales quota, he reduced waste by X percent, she completed her projects on time, etc.

Mistake Number 8: There is little or no concern for the causes of the employee's performance problems.

Tip: People do not perform poorly for no reason. There are always causes. You need to find out, in advance if possible, what those causes are. But the PE should be one of give and take, support, coaching, and direction with both parties focused on the same objective, doing the best job possible and identifying what that takes.

If the employee is performing poorly, ask questions. Don't assume you know the reasons or jump to such conclusions as: she's dumb, he's not motivated, she's careless, or he's incompetent. This conversation is an opportunity to find out possible reasons for failing to perform to expectations and to mutually find

solutions. And, note that when an employee fails to perform adequately the reason is often the boss's failure to coach adequately.

Mistake Number 9: There is no follow-up action put in place at the end of the performance appraisal.

Tip: "What's next?" is the question to ask after all the evaluation discussions. Just what steps does this employee have to take to make sure that the improvement actually comes to be? What support does this employee need from you to make that happen? An action plan needs to be written, discussed, and agreed to. Keep it simple. Three or four steps should be fine. Keep it positive and practical. This is the start of your coaching process that leads up to the next PE.

Mistake Number 10: Your pay-for-performance plan is not producing better performance.

Tip: This is usually because the difference in pay between the top performer and a mediocre performer is just too small to motivate anyone to go for the stretch.

Maybe its because there's not enough money available or maybe management doesn't have the stomach to say no to poor or mediocre performers at compensation time. Sometimes, management tries to offer a token increase rather than to face hurt feelings or confrontation.

The difference between a 3 percent and a 4 percent increase can be meaningless in actual money. It can certainly create jealousy but probably not motivation. Top performers must know that they are doing what you want and everyone else should see it. Its an old line but it still

proves true; "You will get more of what you reward." So don't reward mediocrity, reward the performance you want.

The performance review can be an uncomfortable experience for both parties. But failure in performance will be much more uncomfortable.

In the next issue of *Personnel Notebook*, we will continue with the process of performance evaluations and offer examples of tried and true wording and phrases to help describe the performance and the goals you want to communicate.

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