

# Personnel Notebook

For Your Most Important Resource -- The Human Resource

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## PERFORMANCE APPRAISAL PART I. THE ANNUAL CLASSIC

The annual performance appraisal is often the most intimate and prolonged contact an employee has with the supervisor all year. That's a problem. Even worse is the fact that nearly half of all U.S. employers do not do them at all. Are performance appraisals a waste of time? Is this just a bureaucratic paperwork process from human resources managers? Are they all that difficult to do?

Allow me to predict that in the revolutionary changes that are shaping our new U.S. work force, performance appraisals will not only survive but become a leading edge, professional skill and a major business tool. They will also be applied to all other aspects of business. It is time we re-analyze this much maligned and often ignored process. Let's use this overview as a guide.

- I. What Is Performance Appraisal (PA)?
- II. Why You Should Do Performance Appraisals.
- III. When Should It Be Done?
- IV. How To Do The Classic Performance Appraisal.

### I. What Is Performance Appraisal?

#### A. Definition

There are many definitions of performance appraisals (PAs). Fundamentally, it is any stated opinion of an employee's work. Andrew Grove, President of Intel, once said, "Performance appraisals are the single most important form of

relevant feedback which we can provide our employees."

In the act of defining the PA process, we must acknowledge one glaring fact about what PA is not. It is not a pay review! Pay reviews are separate and distinct processes. We also know that there are three major elements we are seeking to evaluate in PAs:

1. results
2. knowledge, and
3. effort.

We'll talk more of those things later. For now let's return to our definition of PAs. For our purpose of analyzing the classic PA in this "Personnel Notebook," we will use the following definition. The performance appraisal is:

- 1) a formal discussion between a supervisor and an employee,
- 2) for the purpose of identifying and discussing how the employee has been performing the work and,
- 3) how the employee can improve their performance in the future so that
- 4) the employee, the supervisor and the company will all benefit.

In this new environment of changing work systems, several new and interesting methods of performance appraisal are being invented. These include:

- Team appraisals

- Group appraisals
- Upward appraisal
- Self-appraisal
- TQM
- Self-managed teams
- Inside/outside customers
- Peer evaluations
- Assessment centers

...and so on. In order to better understand these changes, we will separate the classic PAs from the new wave systems into two issues of "Personnel Notebook." In this issue (Part I), we will concentrate on the classic, formal performance appraisal (PA). In Part II we will review the new wave appraisal systems.

## II. Why You Should Do Performance Appraisals

### A) PAs Improve Performance

A 1993 study by Hewitt Associates of 437 companies showed that approximately one-half used PAs. All companies were analyzed for success factors over a three-year period. They found that companies that used PAs:

- posted higher profits,
- showed significant gains in financial and productivity ratios, and
- showed higher sales growth per employee.

In addition, those companies that later implemented PAs then began showing the same gains. It was not that companies using PAs were so high above average, but instead, companies that did not perform PAs were so far below average.

This study established more clear evidence that good human resource management is a bottom line, financial producer.

In his book, "Surviving Company Downsizing," author Jeffery G. Allen said,

"Working is a value for value relationship." All work can and must be subjected to review by somebody. Seldom do employee problems or bad performance issues resolve themselves. People must know how they are doing:

- The Good (to continue, enhance or expand),
- The Bad (to recognize, change or eliminate)
- The Ugly (stop inappropriate behavior, drug and alcohol abuse, sexual harassment, etc.)

And they need to find out from their supervisor.

A Virginia Chamber of Commerce report showed the following information about supervisors:

- Almost 50% of supervisors did not understand that people repeat behavior that is rewarded.
- 70% did not believe that finding a mutually agreeable solution to a problem was an acceptable way to handle a grievance.
- Nearly 80% did not understand that observations made in performance appraisals should be specific rather than general.

Clearly supervisors need to understand PAs. Comments from employee surveys showed:

- "My boss pays my salary, for all that talk about serving customers, I know that my real job is to make my boss happy."
- "The larger my staff, the more important and higher paid I am. Therefore, hiring more people is my value goal. Productivity and efficiency are not recognized, and therefore, I don't deal with it."

- "I get high evaluations for longevity and loyalty. I resent that. Keeping my job is no major accomplishment. What value did I create? How am I developing?"

To most employees, there is virtually no difference between doing a good job or a bad job!

Clearly, employees need better feedback, coaching, and PAs.

Supervisors and managers have a responsibility to develop the growth of their employees more than of themselves. Performance evaluation is the shaper of the employee, the work and ultimately the company. The company becomes what the employees are.

There are three basic functions in PA:

1. To provide adequate feedback to each person on their performance.
2. To serve as a basis for modifying performance toward more effective work habits and results.
3. To provide data to managers and coaches to determine training needs, future job assignments and compensation.

The PA is absolutely essential to effective and successful companies.

## B) The Legal Implications

PAs have gained increasing legal significance because they are almost always the first company documents to be subpoenaed in legal proceedings involving employee lawsuits. Non-existent, inaccurate or inflated PAs can establish liability against an employer for discrimination. Terminating an employee who has no PA in the personnel file is a careless risk. Terminating an employee whose PA shows only good to excellent ratings is a documented statement that the termination was not for poor performance. A West Coast manufacturer paid out \$2.3 million to a fired salesman when it could not prove in court that poor performance and not age discrimination was the cause for his termination.

An East Coast electronics firm lost \$800,000 for firing a manager for poor performance despite a history of raises, honors,

awards and promotions.

There are several federal laws affecting PAs. They are:

- The Equal Pay Act (EPA)
- Title VII of the Civil Rights Act
- Age Discrimination In Employment Act (ADEA)
- Americans with Disabilities Act (ADA)
- Executive Order 11246 (Affirmative Action)

All forbid discriminating against protected classes in pay matters.

And, in a rare example of federal enforcement of an excellent business standard,

- The 1978 Uniform Guidelines established by the joint agreement of four federal enforcement agencies, require that; the values and goals you assign to employees must be in direct support of your company's values and goals. Those values and goals must represent a "business necessity" and must be essential to the safe and efficient conduct of the business!

Performance appraisals needs to be done in every company, and they need to be performed in an objective, effective and professional manner.

## III. When Should It Be Done?

There are three answers to when you should do the PAs. All three are correct; however, each has its good and bad points.

- A. Annually
- B. Employee's Anniversary Date
- C. Ongoing and Informal

A. Annually. Everyone is evaluated at the same time once a year. This is used mostly by large companies with human resource (HR) professionals who specialize in compensation.

Good:

- Assures completion of all employees' PAs on time.
- A much greater assurance that the process is more equitable and nonbiased (because all appraisals can be seen and processed together in balance).
- Fewer complaints of pay inequities.
- Eliminates the need to constantly prod stragglers who otherwise would be several months late in doing the PA.

Bad:

- May need several people to handle the project.
- The people with less than 90 days service are usually not included, so some may go 13-15 months without review.
- Entire company tends to perform better in the three months preceding the review.
- The HR department is in the chaotic one-project frenzy for two months.
- Few managers will do individualized PAs until the next cycle.
- Many employees see this as a bureaucratic process that's merely foreplay for the pay increase.

B. Anniversary. Each employee is reviewed on or around their hire date each year. Most companies use this schedule, particularly those with a small or no HR department.

Good:

- Is much more individualized and is taken more personally by employees.
- Supervisors tend to evaluate more often when it is not a mass project.

- Employees respond with more follow-up and review.
- It does not require a dedicated team on a two-month project.

Bad:

- Negligent supervisors will delay the PAs sometimes for months. Employees become demoralized, agitated and even resign over this.
- Process is not as controlled or consistent in application as in an annualized schedule
- More complaints of pay inequities arise.

C. Ongoing and Informal. Informal PAs are usually short conversations, with personal notes kept, and occur throughout the year, particularly:

- At the end of the first 30,60 or 90 days of employment.
- At the completion of any significant assignment or project.
- On the occurrence of any critical incident, either good or bad.
- Whenever the employee requests, or the supervisor sees a need.

Good:

- Provides excellent employee development.
- Identifies problems and provides immediate "direction correction."
- Creates a closer communication and working relationship.
- Allows constant opportunity for coaching and career development.
- Creates team-building with all who participate.

## Bad:

- Requires a dedicated supervisor who will pursue this process.
- Is time-consuming.

The technically correct answer as to when a PA should be done is Choice "C," plus your selection between Choices "A" or "B."

At Motorola, the business reviews and PAs take place in a very related and scheduled process. PAs commonly occur weekly and daily, sometimes even hourly when needed. This information is part of the division reviews taking place monthly and the corporate reviews that occur eight times annually.

One important point to remember about timing: Do not schedule the pay review process at the same time as the PA. The employee will only concentrate on the pay issue, will be adamant in his or her push to drive the salary up and will forget any performance issues, problems or promises once the pay issue is presented. Agree on the PA and the ratings and plans for improvement and lock that down. The pay process comes later.

Performance appraisals cannot be limited to an annual reward/punishment judgment process. The once-a-year process is only about 25% effective. This is partly due to the three-month recency effect most of us experience when preparing PAs. We seldom remember job performance particulars farther back than that. The PA should be part of a continuing process of coaching, development and progress.

You, as a supervisor, are not a casual observer making an annual report. You are the responsible manager/coach developing this individual to meet the values and goals.

An old industrial philosophy states, "Don't be so relieved when your boss stops talking to you about your performance, that means he's about to fire you."

## IV. How To Do The Classic Performance Appraisal

### A) Purpose

The ultimate purpose of the PA is to

improve performance through communication.

### B) Understand The PA System.

Your company has already (or should do so now) identified the values, mission or goals of the company. What does the company want? What does it do? What are the values the company wants to create? Profits? Market share? Quality? Public image? Efficiency? Advanced technology? New markets? or Growth? There may be any number (or combination) of financial, quality or altruistic values it seeks. Identify them. Your division or department must produce some part of that value, the marketing part or the production part or the design part, etc. You must identify your group's part of the company's values to be created.

This individual employee must provide some part of the value assigned to your group.

What are the values, the goals that this individual must contribute to the whole structure? If you cannot identify the values, accountabilities or goals for this person, maybe you don't need this person! In many cases the values, accountabilities and goals for this person are already spelled out. However, you and the person must agree that these are the performance criteria you are both seeking. If you do not know what you want, it does not matter what you get!

On pages six and seven are two (2) generic performance appraisal forms. The first is for exempt positions. The second is for non-exempt positions. On the form you use, you might add your company name and a few guidelines on how to perform the PA on a preceding page. On a following page, you might add spaces for specific goals, responses, dates and signatures.

There is a great ongoing debate in PAs about results versus process. Results advocates say, "It's performance not conformance." "What values did you produce, not what methods you used to produce them." Process advocates say, "We don't need loners as much as we need cooperative team players." "Some jobs cannot be quantified or tied to results." "It's the continuation of the process, not the end results we value."

In my experience I have only found one job that could not be appraised by values. An

**PERFORMANCE APPRAISAL FORM**  
(Exempt Postions)

Performance Areas	Priority (H,M,L)	Distinguished	Commendable	Competent	Adequate	Provisional	Unacceptable	Supporting Comments <small>(Required when rated other than competent)</small>
1. Planning and Organizing. Considerations are: ability to plan own work, to establish priorities of projects, to set and meet goals, to institute proper interim and final checks, to control flow of projects and to identify obstacles.								
2. Technical Expertise. Considerations are: awareness of technical aspects of job; possession of professional skills;possession of administrative skills.								
3. Decision Making. Considerations are: ability to analyze, synthesize, evaluate and make decisions;exhibition of creative thinking; ability to grasp new concepts.								
4. Communications. Considerations are: effectiveness of written communications; effectiveness of oral communications; effectiveness of interpersonal communications in working with others.								
5. Dependability. Considerations are: acceptance of responsibility; willingness to follow instructions; willingness to change plans; ability to meet deadlines; punctuality and attendance.								
6. Leadership. Considerations are: ability to delegate responsibility; exhibition of confidence; demonstration of growth in position; new projects suggested.								
7. Budgetary Controls. Considerations are: performance in contributing to division/corporate profit; ability to forecast and maintain budgetary projections; wisely use and/or approve expenditures.								
8. Other.								

**PERFORMANCE APPRAISAL FORM**

**(Non-exempt Positions)**

INSTRUCTIONS:  Evaluate the employee on the job now being performed. Check the space above the statement which most nearly expresses your overall judgment on each quality.						Consider the employee's performance since the last appraisal and show by a ( ) whether he/she has gone back, remained stationary or gone ahead in the qualities listed to the left.		
	1. OUTSTANDING	2. EXCEEDS REQUIREMENTS	3. MEETS REQUIREMENTS	4. NEEDS IMPROVEMENT	5. POOR	HAS IMPROVED	LITTLE OR NO CHANGE	HAS GONE BACK
<b>KNOWLEDGE OF WORK</b> Consider knowledge of job gained through experience, general education and specialized training	<input type="checkbox"/> Well informed on all phases of work.	<input type="checkbox"/> Knowledge thorough enough to perform without assistance.	<input type="checkbox"/> Adequate grasp of essentials. Some assistance needed.	<input type="checkbox"/> Requires considerable assistance.	<input type="checkbox"/> Inadequate knowledge	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>QUALITY OF WORK</b> Consider the volume of work produced under normal conditions. Disregard errors.	<input type="checkbox"/> Rapid worker, unusually big producer.	<input type="checkbox"/> Turns out good volume.	<input type="checkbox"/> Average.	<input type="checkbox"/> Volume below average.	<input type="checkbox"/> Very slow worker.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>ABILITY TO LEARN NEW DUTIES</b> Consider the speed with which he/she masters new routines and grasps explanation. Also consider ability to retain this knowledge.	<input type="checkbox"/> Exceptionally fast to learn and adjust to new conditions.	<input type="checkbox"/> Learns rapidly; retains instructions.	<input type="checkbox"/> Average instructions required.	<input type="checkbox"/> Requires more than average instruction.	<input type="checkbox"/> Very slow to absorb; poor memory	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>INITIATIVE</b> Consider the tendency to contribute, develop and/or carry out new ideas or methods.	<input type="checkbox"/> Initiative results in frequent and significant contributions.	<input type="checkbox"/> Frequently shows initiative.	<input type="checkbox"/> Shows initiative occasionally.	<input type="checkbox"/> Rarely shows any initiative.	<input type="checkbox"/> Needs constant prodding.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>COOPERATION</b> Consider manner of handling business relationships.	<input type="checkbox"/> Goes out of the way to cooperate.	<input type="checkbox"/> Gets along well with associates.	<input type="checkbox"/> Acceptable.	<input type="checkbox"/> Shows some reluctance to cooperate.	<input type="checkbox"/> Very poor cooperation.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>JUDGMENT &amp; COMMON SENSE</b> Does he/she think intelligently and make decisions logically?	<input type="checkbox"/> Thinks quickly; logically outstanding.	<input type="checkbox"/> Good judgment and common sense.	<input type="checkbox"/> Fairly reliable in this area.	<input type="checkbox"/> Inclined to be illogical.	<input type="checkbox"/> Poor, unreliable.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>ATTITUDE &amp; APPLICATION</b>	<input type="checkbox"/> Outstanding in enthusiasm.	<input type="checkbox"/> Very interested and industrious.	<input type="checkbox"/> Average in diligence and interest.	<input type="checkbox"/> Somewhat indifferent.	<input type="checkbox"/> Definitely not interested.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>DEPENDABILITY</b>	<input type="checkbox"/> Completely dependable.	<input type="checkbox"/> Above average dependability.	<input type="checkbox"/> Usually dependable.	<input type="checkbox"/> Sometimes neglectful.	<input type="checkbox"/> Unreliable.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>MATURITY &amp; POISE</b>	<input type="checkbox"/> Very poised, confident and mature.	<input type="checkbox"/> Has good self-assurance.	<input type="checkbox"/> Average maturity and poise.	<input type="checkbox"/> Seldom asserts himself/herself.	<input type="checkbox"/> Timid or brash.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>ATTENDANCE</b>	<input type="checkbox"/> Regular.				<input type="checkbox"/> Irregular.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>
<b>PUNCTUALITY</b>	<input type="checkbox"/> Regular.				<input type="checkbox"/> Irregular.	<input type="checkbox"/> Comments	<input type="checkbox"/>	<input type="checkbox"/>

employee working on a defense contract had a higher security clearance than the person he reported to. We could not evaluate him because our clearance wasn't high enough to know why he was there!

Eventually we did resolve the issue. We identified his value as being absolutely silent about why he was there. As long as he didn't tell anyone, he was doing the job expected of him. And therein, I think, is the solution to 98% of this debate.

If you cannot identify the results needed or the quantifiable end product to be produced, identify the values, the conditions you desire. If method, process, cooperation, support and effort are the values you desire, then they become the criteria you appraise. Are you getting those things? How happy are you with what you get? If personality, friendliness, image, chemistry, appearance or sociability is what you want from this job, then that is the value you seek, identify and appraise. In some cases an employee who trains himself to do a different job may be more valuable to you because he is now available for additional assignments. Even if you have not yet called on him to do so, he may still be of greater value because of the availability of those expanded abilities. In general you are seeking:

1. Results,
2. knowledge, and
3. effort.

You are going to appraise the value of the employee's performance (and of your coaching and development skills). The employee should participate in the identification of the values, accountabilities and goals that will be appraised. The process should be ongoing and documented all year long and it should culminate at the official PA interview.

### C) Pre-Interview

#### 1) Preparation:

Supervisors may need help and support. In some large companies the entire process is expedited by having managers (peers) meet as

a group in advance to discuss their personal problems concerning the PA process. They express the feelings of guilt, incapability, messianic images, fear, intimidation, procrastination, etc., experienced in the PAs. Role-playing and role reversal help a great deal. A typical group might use this five week program.

Week one. Group discussion among peers (2 to 12 people) about feelings and problems doing appraisals.

Week two. Group discussion resulting in advice from each other on specific problems.

Week three. Role-playing interviews with role reversal.

Week four. Do the actual performance appraisal with the employee. (The interview.)

Week five. Group discussion to review the appraisals, problems encountered, surprises, changes made, lessons learned and skills needed.

#### 2) Identify The Values:

Whether you are using group preparation or not, at this point you, the supervisor, should identify the values, accountabilities and goals you seek in the person whose performance you are going to appraise. About a week or two ahead of the appraisal, give a copy of the evaluation form to the employee. Review with them the criteria only. Do you both agree on what is to be evaluated? If not, sit down and discuss it. Do not be negotiated out of the criteria you need. Be open, however, to add to or redefine for accuracy or definition what you will both be appraising.

To help you identify specific criteria, the following may help.

If the values you seek can be identified under one of the three categories mentioned earlier: 1) results, 2) knowledge, and 3) effort, then the following can be a guideline for specifics to evaluate.

#### Measuring Results

Look for:



- Accomplishments
- Goals achieved
- Targets met
- Accountabilities satisfied
- Time frames met
- Quantities (numbers met)
- Customer satisfaction
- Problems solved
- Projects completed

- Taking responsibility
- Time management
- Working smart over working hard
- Getting and using information
- Work relationships
- Flexibility
- Technical ability

Tell the employee to complete the appraisal form (see the sample appraisal forms on pages 6 & 7) on himself and set the date, time and place for the interview meeting. You then also complete an appraisal form on him.

### Measuring Knowledge

#### Look for:

- Training completed
- Courses taken
- Skills acquired
- New jobs learned
- Cross training experiences
- Career development plan completed
- Developing work-related knowledge
- Ability to be assigned to other jobs
- Acquisitions of degrees, certificates, licenses, etc.
- Testing for competency
- Completed apprenticeships
- Measuring Effort

#### Look for:

- Focus on how the work is done more than the results
- Work behavior
- Comparison of others' work to theirs
- Time spent
- Seeking help and guidance
- Communication experienced (from employee)
- Quality of work
- Adaptability
- Dependability
- Application
- Initiative
- Productivity/efficiency

### D) The Appraisal

The appraisal is done by the immediate supervisor unless, as a result of an assignment in another department or an off-site project, there is someone else who is more familiar with the employee's performance than the supervisor.

#### 1) Performance Ratings:

The following rating guide will help in determining the rating to apply to the criteria agreed upon.

##### 1. POOR:

Work is not acceptable. Employee cannot be depended upon to perform responsibilities. Little indication that they will change or learn the functions. Employee is notified that improvement to the next level is mandatory within thirty days or probation/termination may result.

##### 2. NEEDS IMPROVEMENT:

Work is below average. Employee requires too much supervision or cannot be counted on to complete assignments properly. Specific directions should be spelled out to bring them to the next level.

##### 3. MEETS REQUIREMENTS:

This is an average employee, usually called a "GOOD" performer. Can be depended upon to perform job with minimum of supervision or mistakes.

#### 4. EXCEEDS REQUIREMENTS:

Specific items can be pointed out that reflect the high quality performance. Quantity and quality of work is higher than co-workers. Can be depended upon to act independently in carrying out job duties with few problems.

#### 5. OUTSTANDING:

This rating is reserved for those unusual instances when the employee knows the job completely and performs it independently. Employee can be depended upon to guide other employees by their knowledge and example. Employee occasionally expands the boundaries of the position to make the job more than it was expected to be. The outstanding employee is recognized as such by their peers and other supervisors in that they stand out by their performance.

An employee consistently ranked as outstanding should be considered for promotion, development, job expansion or special assignments.

#### 2) Dos and Don'ts:

The three most important items in any performance appraisal are:

1. OBJECTIVITY
2. OBJECTIVITY
3. OBJECTIVITY.

Unless it is part of the job, you are not appraising image, chemistry or personality. Do not be influenced by someone's likeability or reputation or degrees or longevity, etc. Be sure you are not influenced by prejudices that cloud the true picture of the performance. You must be totally objective in your appraisal. Stick to the values, accountabilities and goals. If you appraise highly a person who is popular, attractive and sits near you at lunch but is a poor performer, other employees will know that. They will correctly reason that popularity means more than productivity. You get more of what you reward.

You will surely end up with mostly well-liked, non-performers.

#### 8 Things To Do:

1. Evaluate performance on the delivery of stated values only. Not longevity or loyalty; those may be pay issues but are not performance issues. Do not consider personality or allow prejudice to be an influence.

2. Use work records, notes, dates, letters of commendation, letters of warning. Try to have a documented reason for your evaluation. Your notes are documented reasons.

3. Focus on the most important part of the job. Do not over-evaluate lesser criteria. Getting along with employees or punctuality may not be as important as meeting goals of production or sales.

4. Agree on a future plan. Have employee participate in discussing, planning and setting goals for the next six months, 12 months.

5. Be prepared to adjust your evaluations and the ratings on the form, not by compromise or negotiated argument. The goals must be met! However, the employee may show how to better define the goals or bring up facts of which you were not aware.

6. Review your appraisal for logic. You cannot rate someone "excellent" overall when no single evaluation criteria is higher than "very good." The total overall rating should equal the individual ratings.

7. Be objective in your appraisal.

8. Do the follow up and review that you finally agree to.

#### 10 Things To Avoid:

1. Avoid the halo effect. The person's image is very positive. He/she is a star or has a reputation. You or your boss are dazzled by the person. The performance, however, is only average. Rate the performance accurately and objectively. Be prepared to back up your rating.

2. Avoid the recency effect. That is, avoid applying the previous 90 days of memory instead of 12 months of records, notes and conversations.

3. Do not use non-related criteria. The employee's attitude, personality, even personal hygiene may be offensive to you, but does it affect the job? Stick to the agreed upon values, accountabilities and goals.

4. Avoid the proximity effect favoring the person you have to see every day, such as your secretary or someone your spouse knows or who lives in your neighborhood.

5. Avoid non-controllable criteria. Can this person make this goal happen? Do they have the authority, the equipment, the material? Do they have the knowledge or the skills? Is this the right goal for this job?

6. Do not discuss pay. This is not a pay review. If you bring pay into the picture, you will sacrifice the performance review process.

7. Do not write inappropriate notes on the review. Comments such as "very underpaid" or "promotion promised" that are meant to impress the employee actually undermine the entire process. This is not a matter of you and the employee against the company.

8. Do not be intimidated or afraid to tell the employee of performance or behavior problems. You want to listen to all they have to say; however, you have a goal to accomplish here.

9. Do not force the rating. Do not make the appraisal higher to compensate for your feeling that the employee should be paid higher. Do not make the appraisal lower to fit into a predetermined graph of results.

10. Avoid "blindness" or allowing one negative or positive issue to override all other criteria in the PA.

## E) The Interview

### 1) Set Up:

You have already given the employee a

PA form with the agreed upon criteria. You have completed the PA on him and he has now completed his self-ranking. Each of you should make an extra copy for each other. Schedule the interview about a week in advance. Try not to postpone this meeting. The employee must believe you are dedicated to this PA. Probably no other business meeting is so often cancelled, postponed, rescheduled or avoided as the PA interview.

Do not bring in a lawyer, your supervisor or any witnesses. Some companies have reported having a lawyer or a witness present to document poor performance reviews. That act would be so authoritarian and intimidating that it would seem a defensive attack against the employee. It would certainly destroy much of the value the PA could produce.

Schedule a one- to two-hour meeting. Hold all calls and interruptions. Inform key contacts that you will be unavailable during that time. If the environment is too noisy or disruptive, move to another room.

### 2) The Opening Comments:

First, review the purpose of the meeting and tell the employee the agenda you are planning to follow. Emphasize that you want this to be a two-way communication. (Ideally you talk 25% of the time, he/she talks 75% of the time.) Then exchange copies of each other's appraisal form so that each of you has two copies of the employee's appraisal, one prepared by you, one prepared by the employee.

### 3) The Two-Way Interview:

1. Ask the employee to discuss the items you both rated high. Then you respond.

2. Ask them to discuss the items rated high but where there is still a difference in the rating, or a difference in the reasons or comments about the rating. Agree upon a rating.

3. Ask them to discuss those items where you both gave low ratings. Then you respond.

4. Ask them to discuss those items where you both gave low ratings but for different reasons. Then you respond.

5. For the final step, ask them to discuss those items where there is a significant difference in ratings. Discuss these openly and try to arrive at an agreement.

Be realistic and open minded. This is not a negotiated compromise, but a mutual understanding of the past performance, the results you need and the methods to achieve them.

In areas of disagreement, do not try to force your comments. Do not repeatedly state your point of view. Instead, say to the employee, "Let me see if I understand you, you feel that....." Continue to do this until they tell you that you really do understand what they are saying, not necessarily that you agree with it but that you understand it. On positive results, acknowledge and encourage them, listen to their ideas on how to solidify and maintain those results. You might ask, "How do you plan your work?" "What did you like most/least about an assignment or goal?" Use those four powerful words, "What do you think?"

More than trying to sympathetically put yourself in their shoes, put them in their shoes. Help them visualize their responsibilities, their authority, their position. Hold them to their commitments. Do not try to be the nice guy that ignores or changes the commitments whenever they fail to measure up. Adjust and make things more meaningful yes, but the job must still be accomplished. Do not negotiate and bureaucratize the standards to a point where they no longer equal success. Be firm and objective, but fair. Few employees don't expect a syrupy session and they shouldn't expect to be beat up on either.

Describe the conditions that will exist at the next PA that would cause you to evaluate this person as outstanding. Paint that picture.

Develop an action plan to continue the good work, expand and solidify good results, accomplish stated goals, resolve problems, find help, etc. Include time frames.

When the PA interview is complete, both parties should:

- Agree on the ratings
- Understand the new plan and be able

to describe it.

- Believe that the PA was fair and accurate.
- Sign the form, including any comments or disagreements.

A good PA produces very few surprises. If the process has been ongoing during the year, then both parties reasonably know how it is coming out.

#### F) Post Interview

File a copy of the PA in the person's personnel file. Keep a copy for yourself and assure that the employee has a copy as well.

The employee should have the right to appeal where there are significant differences or objections to the PA that cannot be resolved. This would normally be the next level supervisor up or the HR department. It is absolutely essential that the appeal process not be a rubber stamp. It must provide an objective and honest review. It must not attempt to negotiate a compromise or a negotiated settlement. It must look for objectivity, accuracy and fairness. Anything else undermines the process and the supervisor and sends a bad message.

At Intel they estimate that a supervisor spends five to eight hours annually on each person's PA. On average, it is less than 1/4 of 1% of the supervisor's work year. If it provides even a very slight improvement on performance, it was more than worth it.

Throughout the ensuing year, you must track that plan. Observe, monitor and analyze the performance. Call attention to good or bad performance. Ask questions, ask opinions, seek advice and listen to it. Respond to good and bad observations immediately. That's when it is most effective.

Be a coach, not a cop. You are not there to kick butts and take names. What do coaches do? They:

- Question
- Instruct
- Observe performance
- Provide support

- Provide resources
- Provide “direction correction”
- Encourage
- Develop
- Strive for perfection
- Build teams
- Recognize achievement
- They keep their eye on the prize — outstanding performance.

To paraphrase a contemporary Asian poet, Lao-Tzu:

“Of a good leader when his work is done, his aim fulfilled, they will all say ‘We did this ourselves!’”

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*Next Issue:* Performance Appraisals  
Part II. The New Wave