

White Paper: Managing Performance



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The Performance Paradox

Ask most employees and they will tell you that one of the things they want more of, besides money, is feedback from their managers. Good employees want to know how they are doing in comparison to their managers' expectations. BUT, ask most managers what their least favorite activity is and they will tell you filling out their employee's performance appraisals. As a result, they don't usually give performance appraisals their best efforts and the employees end up not getting something that they really desire and from which they could benefit.

Purpose

The purpose of any performance appraisal or evaluation system is to **IMPROVE** the performance of the employee being appraised or evaluated. In other words, it is not simply feedback, but feedback with a positive purpose. Many organizations use performance appraisals to determine salary increases, promotions and other non-performance improvement types of activities. While performance appraisals may be used to support some aspects of these activities, that is not their primary purpose. The primary purpose of a performance appraisal is to **IMPROVE** the performance of the employee being appraised or evaluated.

Process

Appraising performance involves these three steps:

1. **Establish** clearly defined performance expectations. These expectations should be SMART. **SMART** stands for **S**pecific **M**easurable **A**chievable **R**ealistic and **T**imely. Once agreed to by both parties, the manager needs to write the expectations down and give a copy to the employee.
2. **Assess** the performance against the SMART expectations. These assessments should be conducted frequently and regularly. The more frequent the assessment, the more opportunities to recognize positive progress and also correct unacceptable performance early. Once a year is not sufficient.
3. **Provide** formal and informal feedback. After assessing the employee's performance against the SMART expectations, the manager should provide feedback to the employee. *Formally*, managers should complete the appropriate appraisal form for the feedback period. *Informally*, feedback should be given at the time the manager notices something on which to comment. In both cases, managers should balance their feedback between positive recognition and constructive counseling.

What to Measure

There is a growing trend among modern organizational leaders to shorten their performance appraisal forms so that they are easier to complete and so that they only measure what's important. Because the process can be quite complicated, you should work with a management consultant to revise your organization's performance appraisals, but here are a few strategies to get you started:

1. **Increase** the frequency, decrease the content. Have more regularly scheduled appraisal opportunities and require managers to fill out less information. Our conservative analysis is that most organizations could cut their performance appraisal content in half. At a minimum, this would allow for twice the amount of employee interaction without adding a minute to the manager's schedule.

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2. **Link** expectations to company mission, vision, and values. Make it easy for the employee to see how his or her job contributes to the bottom line of the organization. The clearer the link, the easier it is to meet or exceed those expectations.
3. **Remove** or replace the items that can't be measured. One of my favorites that I see on almost every performance appraisal is: loyalty. Quite simply, loyalty can't be measured objectively. No two people will have the same definition. Replace loyalty with an item like pro-social behaviors or remove it all together.
4. **Obtain** employee input in the development of the new appraisal form. Ask the employees what they think they should be measured on. Our clients who have done this have been surprised at the well-considered answers they receive. Plus, it gives the organization the opportunity to discover what people are really doing for it.

How to Measure

There are several different types of performance appraisal systems. Here are a few:

- Behavioral Anchored Rating Scales
- Checklists
- Critical Incident Technique
- Forced Choice Method
- Forced Distribution
- Graphic Rating Scale
- Management by Objectives
- Narrative or Essay Evaluation
- Paired Comparison
- Ranking
- Weighted Checklist

The system or systems that you select will depend on several factors, so it's best to talk to your management consultant to discover which system or combination of systems is the best fit for your organization today.

(And then remember to periodically evaluate your performance appraisal systems. As your organization grows and develops, so should your performance appraisal system.)

Conclusion

An increasing number of organizations are reaping the benefits of having a revised performance appraisal system:

- Happy employees
- Happier managers
- Increased customer satisfaction
- Increased profitability

Remember, the goal of any performance appraisal system is to **IMPROVE** the performance of the person the manager is appraising.