

Performance Appraisals That Make a Difference

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Managers often cite performance reviews as the second task that they dislike the most (firing an employee is #1). The reasons for this dislike are many and varied. Many managers feel that the performance review process is too time-consuming, too subjective or too unpleasant. You know what? They are right.

On the other hand, very important decisions about employees and about the organization are made based, at least in part, on data from performance appraisals. Given the importance of information from the appraisal process and given the strong dislike most managers have about doing them, we need to increase the effectiveness (and efficiency) of the process.

Ways to Increase the Effectiveness of Your Performance Review Process

There are some things you can do to enhance the quality and effectiveness of your organization's performance appraisal process. For example:

1. ***Communicate the importance of performance evaluation and feedback.*** Educate all management about the benefits to them and to the organization regarding performance appraisals and feedback. While formal performance appraisals occur only once or twice a year in most organizations, performance evaluation and feedback should be ongoing. Evaluate, recognize and reward managers for providing high quality performance evaluation and feedback to their employees.
2. ***Link the content of your appraisal form(s) to the job and to organizational requirements.*** Many organizations identify key performance factors that are unique to a particular job. There are, however, certain performance

factors that are common to all employees regardless of their job. Make sure that your organization's performance appraisal forms include performance requirements related to the job and to the organization.

3. ***Train your managers on how establish effective performance standards and criteria.*** Performance expectations and standards form the foundation of the performance appraisal process. Clear and specific standards make it easier for the manager to evaluate (rate) the employee and provide feedback to the employee. Provide your managers with training and other resources on how to create good quality performance expectations and standards and how to communicate that information to their employees.

Characteristics of Effective Performance Standards

Performance standards form the foundation of the performance appraisal process. If they are good, the rest of the process goes well. If not, the manager must spend more time on the process deciding what behavior to evaluate, how to evaluate behavior, and how to provide feedback to the employee. Performance objectives focus on ***what*** tasks are to be done. Performance standards focus on ***how*** tasks are to be done. An effective performance standard is:

1. ***Focus on specific results.*** This performance standard characteristic is the main distinction between a performance objective and a performance factor. An effective performance standard clearly states a specific outcome or result that is expected.
2. ***Significant.*** Performance standards must be important. They are not arbitrary hurdles

created for employee to provide a basis for rating them. They are a way of integrating the employee's performance with the overall performance and productivity of the organization.

3. **Realistic but requires a stretch.** Typically, the more difficult the assignment, the harder it will be to get an employee to agree to it. That is why some managers set performance standards that an employee can easily accomplish. Setting performance objectives that are too easy, however, will not increase the department's performance, much less the organization's performance. Easily achieved performance standards also fail to motivate employees.
4. **Specific and measurable.** Employees understand performance standards that are specific and measurable. Also, an employee is less likely to disagree with whether or how well an objective was achieved if the performance standard is specific and measurable.
5. **Clearly worded.** Effective, well-written performance standards contain three parts: Verb, Results, and Criteria. The verb describes what is to be done. The results specify an expected outcome. The criteria establish the parameters around which the task must be accomplished. Commonly used criteria include some indication of quality, quantity, cost or time. For example, an effective performance standard related to reducing turnover would be:

To reduce turnover from 75% to 50% for hourly employee within my department by the end of next year at a cost not to exceed \$30,000.

Providing Constructive Criticism

One of the things that managers dislike most about the performance appraisal process is providing feedback to employees. Employees, however,

cannot improve and cannot achieve departmental and organizational goals without such feedback. They need to know what they are doing well and what they need to improve.

The following guidelines can help you provide constructive criticism to employees. Please note that some of the following information can be found in the **Successful Manager's Handbook** (Personnel Decisions International, 2004). This handbook is a terrific resource for providing on-the-job activities aimed at improving employees' performance in many different areas

Using the following guidelines will decrease the chances that the employee will be defensive. Most important, using these guidelines makes it easier for employees improve their performance.

1. **Respect the employee's need for privacy.** Discuss your observations about an employee's behavior or performance in private.
2. **Give feedback that is specific and behavioral.** Describe the behavior in objective and specific terms. Focus on the work, not on the person. Saying, "You're less productive in the last two months," is much more likely to make an employee defensive than saying, "You've missed the last two deadlines."
3. **Describe the impact of the employee's performance.** An employee's performance affects him or her, their manager, their team and the company. Clearly communicate the specific impact of an employee's poor performance on all parts of the organization.
4. **Express your observations calmly.** Make sure you are emotionally in control before you deliver negative feedback.
5. **Avoid giving the employee too much feedback all at once.** Focus on relevant and important observations. Read the employee's nonverbal cues to know whether you need to reposition a

point, provide support, or move to the next topic.

6. **Let the employee present his/her side of the problem.** Engage in a discussion with the employee about their performance and avoid lecturing or telling the employee what you think the problem is. You have opportunities to share your observations in other parts of the performance discussion.
7. **Focus on the future and identify the specific behavioral change that is required.** Ask the employee for his or her ideas for making such changes. Offer useful suggestions of your own.
8. **Clearly identify the payoff to the employee of the desired behavior.** In other words, identify what the employee has to gain by changing his or her behavior. This strategy emphasizes the positive and helps motivate employees to change.
9. **Provide a balance of positive and negative feedback.** When your comments are negative, offer to help the employee improve, and express your hope for his/her success.
10. **Offer assistance without removing responsibility.** The employee is ultimately responsible for changing his or her behavior. You, as the manager, are responsible for removing any external barriers that the employee may face in trying to change their behavior.

Summary

Performance evaluation and feedback is a necessary tool for organizations to move their people and the company forward. The performance appraisal forms and process within your organization need to strengthen the performance evaluation and feedback process not diminish it. The preceding suggestions can help your organization significantly improve employee performance, department productivity and organizational profitability.

About the Author

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