SDX

Management Insights

Performance Review

How to make it worthwhile for all parties

© Sascha D. Kasper – Leadership & Organizational Consulting

Table of content

Introduction

Whether you call it 'Performance Appraisal', 'Employee Evaluation', 'Performance Review' or anything along these lines. It is always about the same idea: let employer and employee come together for a mutually beneficial exchange of information and opinions about each other and the job at hand.

Personally I don't like calling such reviews an 'Employee Evaluation' because I strongly believe that the evaluation has to go both ways. It is not only the employee who should be 'weighed, measured and (possibly) found wanting'. There are two sides to every story and a good employer is keen to get their employees opinion and feedback, too.

While this is not rocket science, it is a good idea to properly prepare such meetings and follow some best practices.

Why bother?

If a Performance Review (PR) is done properly, it is hugely beneficial to the employee, the employer, and ultimately the whole organization. While there are quite a lot of academic explanations and descriptions available, I prefer to keep it simple and stick to the pragmatic ones.

Employee Benefits

At the very least an employee should aim for answers to these four questions during a PR:
- What were my responsibilities so far?
    o This should be clear to all parties and the question serves to verify this. If employee and employer do not agree on this one, then you found your first major issue: unclear responsibilities and goals.
- How did you (the employer) perceive my performance during the previous period?
    o Depending on the situation, the 'previous period' would either refer to the time since the last PR or since joining the company.
- How can I improve my performance and how can you help me to do so?
    o Note that performance improvements are not the sole responsibility of the employee. It is an employer's duty (and in his own best interest) to support and assist accordingly.
- What are the consequences for (not) reaching my goals and/or performing badly?
    o This goes hand in hand with a potential bonus system in your organization.

Employer/Organization Benefits

If done correctly, Performance Reviews are an excellent tool for understanding, grooming and challenging your employees. They allow you to focus on a single person at a time, understand them better and set them up for future endeavors contributing to your organizations overall success.

At the same time they help you to establish and maintain a sense of accountability in your organization. It is widely known that any misalignment of 'responsibility' and 'accountability' is a certain way of leading organizations in to disaster.

This happens when employees are given certain responsibilities without being held accountable for how well these are fulfilled and what results they achieve. It usually happens that several people or teams have overlapping roles and/or responsibilities.

This allows – and actually encourages – people and teams to shift blame from one to another. In severe cases no one can be held accountable for anything and this can only result in organizational failure. In less extreme cases the organization may still function, but in a highly inefficient way – just like a badly tuned engine may kind of work, but in a poor, inefficient and ultimately very costly way.

The good employer's goal is to always align responsibility and accountability on all organizational levels.

How to go about it?

The Participants

Usually a PR is done by the employee in question and her direct organizational superior. Depending on the situation it might make sense to involve a third party. This would be the case if the employee spends most of her time working with a 'functional' superior like a project manager or team leader, who is not here organizational manager. This third party will certainly be able to provide more and better quality feedback than the organizational manager could.

The Goal

The common and most obvious goal is to get to a

- concise,
- complete and
- current understanding

of an employee's situation, satisfaction and prospects from both, the employee's and employer's point of view.

The Results

In the end all involved parties should walk away with a shared understanding of the

- previous periods results,
- current status,
- possible improvements,
- required support and
- targeted goals for the next period.

If either of these is missing, the evaluation cannot and must not be considered complete and will not be as helpful as it could – and should – be.

What to include?

This depends on how detailed you want the PR to be. I am offering two templates for you to start with. The first one (short template) allows to quickly assess the most relevant areas on a high level with check boxes and still lets you fill in plenty of comments. It focusses on the employee assessment and has only a small segment for the employee to evaluate the supervisor.
The second one (long template) goes more into the details with multiple segments of check boxes plus text comments for each segment and more opportunity for an employee to evaluate her supervisor.

Job Summary

While this is required as a baseline for an evaluation, it has to be kept in mind that this is not the same as a fully-fledged Job Description. The main difference between these two being their respective purpose, which consequently defines the content.
What you want to find in the evaluation form is indeed just a summary of the employee's responsibilities and goals. These will be referred to in detail in the respective sections of the evaluation.
This block should not be longer than half a page and typically includes:

- Duties and Responsibilities
    - o 3-5 bullet points
- Expectations and Goals as defined at the previous PR or when the employee got hired
    - o Short term (0-6 months)
    - o Long term (6-12 months)
    - o Goals should always be SMART (Specific Measurable Attainable Relevant Time-bound)
    - o I recommend not to have less than three or more than five goals per period

Note: The definition of short term goals only makes sense, if these goals are also being monitored and reviewed after six months. If you are not prepared or able to do so, you should skip them and focus on the long term goals instead.

Mutual Employee Assessment

This section is to be filled in by both parties. It covers different areas and includes a rating component as well as a verbal assessment for each area. Ideally this is done prior to the actual meeting and the review can be used for discussing each other's evaluation rather than wasting time on filling it in then and there.

You can find the full list in the template and of course this may need to be adapted for your organizations specific needs.

As a starting point I propose the following areas:

- Professional/Job knowledge
- Work quality
- Professional conduct
- Initiative/Dependability
- Communication skills/Listening skills
- Leadership skills
    o This part should be filled in by the employee in any case (as feedback for the supervisor)
    o The supervisor would only fill it in if it is applicable to the employee's position

Employee Feedback

This is to be filled in by the employee only and not to be revised by the employer. The purpose is to give honest and open feedback to the employer and should also be taken as such. The feedback can be given in two ways

- A rating on a scale of four to eight grades
    o It is up to you to use number ranges from one to four, one to eight or verbal values ranging from 'very bad' to 'excellent'. I only recommend to stick to an even number. Using an uneven number of values will result in people using the easy way out by opting for the middle value more often than not.
- A verbal statement covering two areas
    o Positive aspects
    o Improvement areas

Which questions you ask in this section is up to you and will vary from one organization to another. I recommend focusing on no more than five key areas for which you would like the employee's feedback. The provided templates include two different variations for this segment. While 'Template 2' stays on a higher level and uses a rating system combined with verbal evaluation, 'Template 1' goes deeper and relies heavily on verbal evaluation only.

Note: If the employee spends most of his time working with a different person rather than with his supervisor, you should ask about the quality of their cooperation, too.

Goals Review

Here you take the list of goals, which you defined at the previous PR or when the employee joined the company and review their completion.

It is up to you whether you rate goals in a strict 'yes/no' fashion or if you rate their completion on a scale like 0% to 100%. Your choice will depend on whether you use the result for awarding bonuses or not.

Goals Definition

In this section you define the goals for the next period (short or long term – see above). As always, make sure they are SMART – you really don't want to waste time with discussing them at the next PR just because they were not clearly defined and allowed room for interpretation. It always helps to ask yourself 'how do I know that a goal was achieved?'. If you can answer this question, it will help you to define SMART goals.

Keep the number of goals reasonable. There is no point in defining one goal for twelve months. On the other hand, defining too many goals will divert attention rather than focus it. In my experience defining three to five goals is appropriate.

Example Rating Scale

As mentioned above, I recommend using a scale with an even number of values. The one below includes four values including a description for each.

Unsatisfactory – Does Not Meet Expectations

Symptoms:
- Unsatisfactory behavior
- Does not respond to constructive feedback
- Performance needs to improve

Examples:
- Specific and repeated behaviors that do not meet expectations as communicated by the supervisor (verbally and in writing including suggestions for improvement)
- Unsatisfactory performance based on work habits, impact on customers or projects, colleagues and the general work environment
- Need for improvement has been communicated earlier, a plan was made but no progress achieved

Improvement Needed – Partially Meets Expectations

Symptoms:
- Does not meet assigned responsibilities;
- Knowledge and skills are evident, but not fully used

Examples:
- Has knowledge, but performs inconsistently on assigned tasks and responsibilities
- Inconsistent in communicating essential information
- Does not keep up with changes in technology
- Is organized but does not ask for help, when needed
- May be punctual with good interpersonal skills, but technical skills are lacking
- Need for improvement has been communicated earlier, a plan and progress achieved

Competent – Meets Expectations

Symptoms:
- Demonstrates skills in meeting assigned responsibilities
- Fulfills tasks as requested
- No outstanding achievements

Examples:
- Consistently good performance on assigned tasks and responsibilities

- Shows good work habits
- Follows established schedule and completes tasks thoroughly
- Meets timelines and produces consistently good levels of productivity
- Is an appreciated team member, learning from mistakes and positively contributing to work climate
- Interested in developing new knowledge and skills
- Progresses towards identified goals (from previous performance review)

Exceptional – Exceeds Expectations

Symptoms:
- Demonstrates efficient management of himself, his work, his team or project
- Shows effective leadership (if applicable)

Examples:
- Performs assigned tasks in a manner that exceeds established standards
- Consistently shares information efficiently and proactively
- Excellent contribution to a one-time project in addition to good performance of on-going responsibilities
- Shows initiative for seeking information, clarification of processes or objectives
- Proactively provides feedback to establish good work climate
- Flexibly responds to changing conditions
- Accomplishes more than expected and takes on extra tasks without interfering negatively with other team members
- Anticipates problems and suggests or independently takes action
- Consistently keeps supervisor and team informed of progress, problems and proposes solutions to the team
- Sets challenging goals for himself and achieves them

Epilogue

I do realize that there are whole books written about this subject. It was not my intention to provide exhaustive details for each and every step and turn on the way. I rather tried to summarize my personal insights of this topic combined with commonly found practices in order to help you get a grip on an often misinterpreted and frequently misused topic, which certainly has the potential to make work life better for employers and employees alike.

I hope this will help you. If you have any questions let me know – I do reply to all serious messages.