StEPs-UT Management
Managing People, Places & Things

HANDS-ON ACTIVITY #2 = 15 minutes
Performance Review DOs & DON'Ts Scenario

INSTRUCTIONS:

1) Break out into groups of 3-4.

2) Review the following common mistakes that happen during performance reviews with staff members and/or volunteers:
   - The performance review is a one-way, top-down process in which the manager serves as judge and jury of an employee's behavior and achievements on the job.
   - Employee receives little or no advance notice of their "Judgement Day."
   - Manager is vague in her/his feedback to employee. Or he/she assigns arbitrary numerical "grades" with little or no substantiation.
   - There is no follow-up action plan put in place at the end of the performance appraisal.
   - There is no investigation of causes that underlie employee's job performance problems.

3) In your group, discuss how you would prevent the above mistakes. How would you manage the scenario? (10 minutes)

4) Group discussion and sharing (5 minutes).

NOTES & OBSERVATIONS

The DOs and DON'Ts of Performance Reviews

(www.amanet.org/training/articles/the-dos-and-donts-of-performance-reviews.aspx)

Mistake: The performance review is a one-way, top-down process in which the boss serves as judge and jury of employees' behavior and achievements on the job.
Solution: Make it a two-way process, at the very least. The employee should have written a self-appraisal prior to the meeting with her or her boss--a written document comparable to what the boss is preparing. That way, both people in the meeting will be focused on the documentation of job performance, instead of the boss focusing on the employee. Remember: We do not evaluate people--we evaluate their results.

Mistake: The review process tries to serve as a coaching tool for employee development, as well as a compensation tool to decide salary increases.
Solution: Your performance reviews should be done for either development OR for compensation--not both. If you're interested in coaching and development for improved results in the future, then unhook compensation from the process and focus only on the work itself. Conduct your performance review discussions as far away as you can from the time of year when salary decisions are made.
If you are doing reviews in order to make salary decisions, that's fine--just be clear that that's what you're doing. Then you can conduct your review conversations in the few weeks just before raises are announced.
The problem with trying to combine both employee development and compensation decisions in the same session is that employees are only going to pay attention to the money--all the rest will go into one ear and out the other. You will get no coaching benefits from such a conversation. Employees will appear to be paying attention to what you are saying about their performance, but they are really just waiting to hear the magic number. Money talks--all else is lost.

Mistake: The person doing the appraisal has little or no day-to-day contact with the employee whose performance is being judged.
Solution: This one is a no-brainer. The person having review conversations with an employee should be the supervisor or manager who has the most contact with that employee and is in the best position to accurately assess day-to-day results.

Mistake: Employees receive little or no advance notice of their "Judgement Day."
Solution: Performance discussion ideally should be conducted on a regular basis, on a schedule well-known and well-publicized to everyone in the organization.

Mistake: Managers are vague in their feedback to employees. Or they assign arbitrary numerical "grades" with little or no substantiation.
Solution: Performance feedback needs to be well documented in order to be effective. Here's where it helps to have a good paper trail--documentation of both the good results and the not-so-good results.
Don't rely on your memory in outlining how well the employee achieved his or her goals and met your expectations… Keep a file on each person who reports to you, and make regular notes to yourself on behavior and results as you observe them--the good, the bad, and yes, even the ugly. Encourage your employees to keep files for themselves, so that they, too, have documentation when they are writing their self-appraisals. Mutual documentation helps keep everyone's focus on the job and not on the person.

Mistake: The review process tries to evaluate traits, rather than behaviors and results.
Solution: This is one of the most common mistakes I see on performance review forms--they try to evaluate personal traits, such as leadership, motivation, conscientiousness, attitude and so on. The problem with traits is that they are internal and subjective--almost impossible to evaluate on a fair basis.
Instead of traits, keep your evaluation focused on two things: behavior and results. Behaviors are actions that you can observed directly--she did the filing, he answered the phone, she called on customers, he repaired the machines, and so on. Results are also observable: she achieved her sales quota, he reduced waste by X%, she increased productivity by X amount, he completd his project on time, and so on.

Mistake: The appraisal is a once-a-year event that everyone tries to get through as quickly as they can, because it's painful for bosses and employees alike.
Solution: The primary goal in evaluating performance is to improve it. Therefore, you want to design a meaningful system of coaching conversations that people welcome, find useful, and deem valuable. Employees need regular feedback on how they're doing--what they are doing well and what needs improvement. Once a year just doesn't cut it. Design a simple, easy to use system that encourages bosses and employees to engage in two-way conservations throughout the year. That's the only way you'll get any real mileage out of a performance review system.

Mistake: There is no investigation of causes that underlie employees' job performance problems.
Solution: People don't perform poorly for no reason. There are always causes--but you'll never know what those causes are if you don't make the review process one of give and take, support and coaching, with both parties focused on the same objective--doing the best job possible.
If an employee is performing poorly, ask questions. Don't assume you know the reason--or jump to conclusions that he's lazy, she's dumb, he's unmotivated, or she's incompetent. Use your performance review conversations as opportunities to find out what are the possible reasons for an employee's failure to meet standards and expectations. Hint: When an employee fails to perform adequately, the primary reason is often the boss' failure to coach!

Mistake: There is no follow-up action plan put in place at the end of the performance appraisal.
Solution: The final thing to discuss in a performance review conversation is "What's next?" What steps does the employee need to take to make sure that areas for improvement actually improve? And what support does the employee need from you to make that happen? An action plan is the perfect element to conclude an effective performance review discussion. Keep it simple. Three or four next steps are just fine. Remember, this is the beginning of the next cycle in the coaching process. Keep it positive and practical.

Mistake: Any attempt at pay-for-performance is ineffective because the difference in pay for a top performer and a mediocre performer is so small as to be meaningless.
Solution: Well-intentioned attempts at pay-for-performance often backfire because there is too little money available OR management is unwilling to make the hard choices about giving big increases to top performers and no increases to poor performers. So they try to offer a token of performance-based pay which often backfires. The difference between a 3% increase and a 4% increase is meaningless in any real financial terms--and all it does is create jealousy, hurt feelings, and resentment among employees. My advice: If you can't come up with REAL money for REAL pay for performances, don't do it at all. You're better off giving everyone the same percentage increase.