



MAKING PERFORMANCE REVIEWS MATTER

DONE RIGHT, THE DREADED ANNUAL PERFORMANCE REVIEW CAN BECOME A MEANINGFUL MANAGEMENT TOOL

by Lisa Quast

Yes, it's that time of year again—when the groans of managers can be heard at the mere mention of the words “annual performance reviews.” Many managers see performance appraisals as nothing more than an empty, bureaucratic exercise forced on them by HR. Simply search the Internet on the words “performance appraisal” and you'll find various polls revealing the high percentage of employees who feel that appraisals are pointless. Hmm...see the connection here?

“Lack of preparation diminishes the value of the review with the employee.”

Even after all the years I've spent in corporate America, I'm still shocked at how flippantly some managers take performance discussions with their employees throughout the year, especially annual performance reviews. For example, after inheriting another manager's department because he moved into a position elsewhere in the company, I found he hadn't completed performance appraisals in seven years! You read that right—seven years. You can just imagine the employee morale I also inherited with his group.

In her article “Is It Time to Give Up on Performance Appraisals?” Gabriella Jozwiak notes that UK “management consultancy Hay Group found half of public sector workers and one-third of business leaders describe appraisals as a box-ticking exercise.” Take a good look around your company. Is this the same way you'd describe the attitude of managers toward the performance appraisal process where you work?

Ms. Jozwiak also quotes a U.S. poll from San Francisco consulting firm Achievers, which “revealed 98 percent of staff find annual performance reviews unnecessary.” Maybe the real reason employees find annual perfor-

mance appraisals a waste of time and unnecessary is the lack of effort managers put into the process. After 20-plus years in corporate America and many years as a business consultant, my personal conclusion is this: lackadaisical management attitude = employee apathy.

When I was the global vice president of service marketing for a Fortune 500 healthcare company, someone once asked me what percentage of time I spent in personnel management activities. I said it was probably 30 percent or more of my time because I've always seen it as my job to coach and cultivate star performers. My point is this: When you make finding the right talent and coaching that talent your number one priority, the rest will fall in place much more easily—such as achieving revenue targets/quotas, cost control, process improvement, and completing projects.

Putting your best effort into performance appraisals will result in benefits exponential to the time spent during the process. How do you do this?

Here are my 7 TIPS to make performance reviews more meaningful to you and your employees:

1. Preparation is key

Because the performance review is often seen as a boring, bureaucratic exercise, many managers spend little to no time preparing. Unfortunately, lack of preparation diminishes the value of the review with the employee. Notes retired businessman and *Forbes* contributor Victor Lipman, “Year-end evaluations aren't just a onetime, one-hour meeting, but something to substantively prepare for. Significant thought should go into them, not just about top-line results...but what are the key messages you want to convey, what's the overall feeling you'd like the employee to leave the meeting with?”



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#2. Consider the logistics for the discussion

Hold performance appraisals in a location that allows for confidentiality of discussions. If available, a smaller conference room with a round table should be used. Small room with a small round table not available? Instead of sitting all the way across from the employee at a large, rectangular conference table, sit adjacent to him or her because this will improve the flow of conversation. Putting an employee at ease goes a long way toward making the performance review as effective as possible.

#3. Open with the agenda

Part of putting employees at ease is letting them know what to expect during their performance reviews. Companies collect and use different information during these employee appraisal meetings, so how you kick off the meeting will vary, but here's an example: "During our performance appraisal discussion today we'll look at four key areas: 1) Your past performance, 2) Your current performance, 3) 2014 goals and objectives, and 4) Your personal development plan. We'll discuss what you accomplished during 2013 as well as talk about things that didn't go as well as you'd hoped. I'd also like to have an open dialog about the future by looking at your 2014 goals and objectives and the key areas on which you'd like to focus for personal development..." (You get the idea.)

#4. Encourage candid discussion

A performance appraisal should never be a one-way discussion. This is the time to talk about your point of view, but it's also the time to find out what the employees think. What do they believe went well? What didn't happen the way they'd hoped? If they could do anything over, what would they do differently? Given their 2014 goals and objectives, what support do they believe they will need from you? Given their areas of weakness in 2013 and their new goals and objectives for 2014, on what areas do they want to focus for their personal and career development?

#5. Give praise and credit where it is due

During a strong economy, reviews were also a time to recognize outstanding employee performance with fabulous benefits and perks, such as the generous stock options handed out within the IT and technology industries. With many perks having been eliminated or greatly reduced to cut costs, performance reviews have become an even more important aspect in making sure high-

performing employees are recognized. Don't miss this opportunity to praise exceptional employees—or you may lose them to the competition.

#6. But don't shy away from dealing with issues

Reviews are a good time to recognize employees for outstanding work, but they're also important occasions to reinforce plans for getting an employee back on track when there have been issues. Just as in child psychology, modifications to behavior should be proposed immediately after the inappropriate behavior (or lack of performance) occurs, and not kept secret for weeks or months until performance review time. However, performance reviews can be a good time to emphasize expected behavior changes and reiterate consequences, should changes not occur.

#7. Don't close the review until you're both on the same page

I like to think of performance reviews as just like sales calls, where I work to gain agreement during each step of the discussion. While this might sound a little crazy, hear me out on this. My goal during performance reviews is to make sure I have a complete understanding about employees' performances, their achievements and failures/pitfalls, next year's goals and objectives, and their development plans. By focusing on gaining agreement during each aspect of the review, I can ensure that employees hear my point of view, that I hear their points of view, and that a mutual understanding on shared views of their working worlds and futures is reached.

Bottom line

Want to know if you're doing a good job as a manager when it comes to performance reviews? Watch the faces and reactions of your direct reports. Employees shouldn't be terrified of walking into their annual performance review. Why? Because nothing you discuss should be a surprise to them. If you're doing your job properly throughout the year, then the annual performance appraisal should be merely one more discussion in the ongoing dialog of how employees are performing.

Make this the year that performance reviews become relevant by taking the time to prepare and by showing compassion during the discussion.

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