

END-OF-THE-YEAR EMPLOYEE PERFORMANCE REVIEWS ANYONE?

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By David Gee

Pointless. Unnecessary. A complete waste of time. If that's what you think of annual employee performance reviews, perhaps it's time to re-think them.

Managers cite performance reviews as their second most hated task (after firing someone), and most studies show that employees don't like them either.

A June 2012 [poll](#) of 1,800 employees, 645 human resources managers, and 232 CEOs by San Francisco-based consulting firm Achievers, found virtually all the companies surveyed use some form of annual evaluation as their chief means of giving performance feedback to employees. However, only 2% of the HR pros think these reviews accomplish anything useful.



If not even the HR department sees the value in annual reviews, why does everyone still use them?

Of course lawyers are one reason. Companies need a formal, standardized method of creating a "paper trail" that documents discussions about performance problems, in case a terminated employee later decides to sue.

To that end, Aubrey Daniels, a clinical psychologist turned management consultant who coined the term "performance management" in the 1970s, told [Bloomberg](#) the true goal of the performance review isn't to help the employee - it's to help the company.

"A lot of people won't tell you this, but they don't need to document your good performance, just your poor one," Daniels says. "That way they have written documentation that'll help them get rid of you without fear of retribution."

However, Achievers chairman and chief evangelist Razor Suleman says in [this Fortune](#) piece that there are other tools to accomplish that, and that the annual review is a relic of the pre-electronic past.

"It persists mostly out of inertia. If you ask, 'Why are you doing this?' the response you usually get is, 'Because we've always done it this way.'" A far more productive way of giving feedback, he adds, is "having coaching conversations every day, instead of once a year."

Certainly the fact that the feedback loop isn't continuous, and the process is very prone to personal and professional biases, leaves many annual reviews flawed and perhaps not the best way to determine someone's overall contribution to a company.

Let's lay that discussion aside for a moment though, and aggregate some suggestions about how the annual employee performance review can be improved.

Improve The Process

Lisa Quast is the founder of [Career Woman, Inc.](#), a Seattle-based career coaching and consulting agency, and also a former global vice president of service marketing for a Fortune 500 who spent a good deal of time on personnel management. She offered up some annual review tips in [this post](#) in *Forbes*, beginning with *preparation*.

"Because performance reviews are often seen as a boring, bureaucratic exercise, many managers spend little to no time preparing," opines Quast. "Unfortunately, lack of preparation diminishes the value of the review with the employee."



Staffing Talk

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Executive coach and consultant [Victor Lipman](#) says, "Year-end evaluations aren't just a one-time, one-hour meeting, but something to substantively prepare for. Significant thought should go into it, 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?"

Quast also suggests putting the agenda on the table right away, so the employee can know what to expect during the review.

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) Goals and objectives, and 4) Your personal development plan. We'll discuss what you accomplished during the year 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 next year's goals and objectives and the key areas on which you'd like to focus for personal development..."

There is a word in there that Quast emphasizes, and one that many HR experts say is missing from most annual performance reviews, and that's a two-way conversation and actual *discussion*.

"This is the time to talk about your point of view, but it's also the time to find out what the employee thinks," Quast stated. "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 goals and objectives, what support do they believe they will need from you?"

Also, a performance review is typically based on a manager's memory, and there is little to no data to back up what they're saying, says [Jacob Shriar](#), Director of Customer Happiness at [Officevibe](#), an employee engagement company. "Also, too often the performance they're reviewing isn't actual performance, they'll judge you on things like attendance, which honestly has no real impact on your performance. This is a really flawed process, because it relies on opinion, and it's usually one person's opinion."

A few days ago Bethany Miller wrote about annual reviews in [this piece](#) in *Fast Company*.

"Necessary? Yes, indeed. They exist to keep you on track with the company's objectives, as well as to plan for next year's strategy. Evil? Only if you don't put any effort into them."

So both sides of the table should prepare a list of objectives for 2015, and make a plan that's good for the employee, good for the manager and good for the company.

And we can continue the discussion about how to replace annual performance reviews with something altogether and better.

