

## The Performance Paradox

Ask most employees and they will tell you that one of the things they want more of, besides money, is feedback from their managers. Good employees want to know how they are doing in comparison to their managers' expectations. BUT, ask most managers what their least favorite activity is and they will tell you filling out their employee's performance appraisals. Good managers would rather spend their time doing anything else than facing the usual nightmare of going through the performance appraisal process. As a result, they don't usually give it their best efforts and the employees end up not getting something that they really desire and could benefit from.

The purpose of this white paper is to give organizational leaders a quick overview of what the performance appraisal process is supposed to achieve and strategies for improving their own performance appraisal systems.

## Purpose

The purpose of any performance appraisal or evaluation system is to **IMPROVE** the performance of the employee being appraised or evaluated. In other words, it is not simply feedback, but feedback with a positive purpose. Many organizations use performance appraisals to determine salary increases, promotions and other non-performance improvement types of activities. While performance appraisals may be used to support some aspects of these activities, that is not their primary purpose. The primary purpose of a performance appraisal is to **IMPROVE** the performance of the employee being appraised or evaluated.



## Process

The performance appraisal process involves these three steps:

1. Establish clearly defined performance expectations. These expectations should be **SMART**. **SMART** stands for **S**pecific **M**easurable **A**chievable **R**ealistic and **T**imely. Once agreed to by both parties, the manager needs to write them down and give a copy to the employee.

2. Assess the performance against the SMART expectations. These assessments should be conducted frequently and regularly. The more frequent the assessment, the more opportunities to recognizing positive progress as well as correct unacceptable performance early. Once a year is not sufficient.

3. Provide formal and informal feedback. After assessing the performance against the SMART expectations, the manager should provide feedback to the employee. Formally, managers should complete the appropriate appraisal form for the feedback period. Informally, feedback should be given at the time the manager notices something to comment on. In both cases, managers should balance their feedback between positive recognition and constructive counseling.

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## What to Measure

There is a growing trend among modern organizational leaders to shorten their performance appraisal forms so that they are easier to complete and so that they only measure what's important. Because the process can be quite complicated, you should work with a management consultant to revise your organization's performance appraisals, but here are a few strategies to get you started:

**1. Increase the frequency, decrease the content.** Have more regularly scheduled appraisal opportunities and require managers to fill out less information. Our conservative analysis is that most organizations could cut their performance appraisal content in half. At a minimum, this would allow for twice the amount of employee interaction without adding a minute to the manager's schedule.

**2. Link expectations to company mission, vision, and values.** Make it easy for the employee to see how his or her job contributes to the bottom line of the organization. The clearer the link, the easier it is to meet or exceed those expectations.

**3. Remove or replace the items that can't be measured.** One of my favorites that I see on almost every performance appraisal is: loyalty. Quite simply, loyalty can't be measured objectively. No two people will have the same definition. Replace loyalty with an item like pro-social behaviors or remove it all together.

**4. Obtain employee input in the development of the new appraisal form.** Ask the employees what they think they should be measured on. Our clients who have done this have been surprised at the well-considered answers they receive. Plus, it gives the organization the opportunity to discover what people are really doing for it.

## How to Measure

There are several different types of performance appraisal systems. Here are a few:

- Behavioral Anchored Rating Scales
- Checklists
- Critical Incident Technique
- Forced Choice Method
- Forced Distribution
- Graphic Rating Scale
- Management by Objectives
- Narrative or Essay Evaluation
- Paired Comparison
- Ranking
- Weighted Checklist

The system or systems that you select will depend on several factors, so it's best to talk to your management consultant to discover which system or combination of systems is the best fit for your organization today. (And then remember to periodically evaluate your performance appraisal systems. As your organization grows and develops, so should your performance appraisal system.)

## Conclusion

An increasing number of organizations are reaping the benefits of having a revised performance appraisal system:

- Happy employees
- Happier managers
- Increased customer satisfaction
- Increased profitability

***Isn't it time for your organization to join them?*** Remember, the goal of any performance appraisal system is to IMPROVE the performance of the person the manager is appraising. Let us help you grow your organization by helping you redesign your performance appraisal system.