The Do's and Don'ts of Conducting Effective Performance Appraisals
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Do you dread conducting employee performance appraisals? Is it one of the *last* things you wish to do during your already pressing week? Are you concerned with conveying negative news to sub-par employees? If so, you're not alone. Writing and conducting annual performance reviews is ranked as one of the least favorable activities of management. However, there are various tricks in which to make this somewhat unpleasant task "tolerable" and even meaningful, for those who work for you.

Being a member of the HR community, I've witnessed various styles and methods of the infamous appraisal system. Some organizations take reviews very seriously and have decided to conduct not only annual discussions, but quarterly! When I've asked various employees and supervisors in these organizations what they think about the quarterly format, most believe the frequency is "overkill" and share how little it impacts performance level or output. The other end of the spectrum include companies who choose to "fit in reviews" only during years where it's feasible. This approach is harmful in that in the absence of ongoing feedback, employees have difficulty grasping targets and have a vague notion of how the employer feels about their performance. The most common appraisal method I witness is the annual review, where a set form is adopted, varying in length. I've recently been working with a company that utilizes a 15 page review, covering every possible metric, goal, competency and development tool known to man. The review meeting lasts up to two hours, even longer in certain cases, creating confusion and exhaustion on the part of the employee and manager. I've been brought in to help re-design their system, where we are evaluating and limiting targets, enhancing both efficiency and effectiveness. Lastly, another common variation is a shorter, one page annual review form, which is simply a template for template's sake.

Now personally, I'm all for accountability. My preferred method for appraisals is to begin the year by holding a joint discussion with each of your direct reports, outlining the goals and metrics for their individual position. The goals should be challenging enough to stretch performance, yet be realistic so that the employee feels some control over their work. The goals should be itemized in writing, including specifics and timeframes. Any appraisal form housing the right metrics and goals of both the organization and the position, illustrates a clear target for overall expectations. This transparency can only help employees focus and truly understand what their leader or business owner desires. I'm also a fan of a mid-year check-in, a more "informal" approach, yet meaningful dialogue between manager and subordinate. This check-in is also the time to adjust a goal or metric that might have been altered due to business conditions or other unforeseeable situations that popped up during the first six months. One trick to utilize throughout the year is to keep a performance log on every employee, documenting positive and negative performance, along with dates. Then during annual review time, you can pull out these logs and construct the written review content from the notes.

The majority of organizations I work with include some form of self-appraisal or self-assessment in their appraisal process. These forms are a chance for the employee to toot their horn regarding accomplishments and even ask for support if struggling with a particular task. Although I'm an advocate for this piece in the process, self-appraisals can cause concerns for both the employee and manager. For example, if the employee is struggling, he/she will be reluctant to admit poor performance and will either omit these errors and/or embellish performance. Then, when the review is conducted, the leader is faced with figuring out the best way to highlight the disparity in the ratings. Secondly, with the amount of work placed on today's leader or if the leader has multiple direct reports, I've witnessed some supervisors simply cutting and pasting the self-assessment into the final review form, illustrating to the employee that he/she wrote their own review. Self assessments can be powerful tools, yet need to be a complimentary piece of data, woven into the leader's final product.

As an HR consultant, one unfortunate situation I run across is where the supervisor has failed to address a negative situation with an employee and has "saved it" for the annual review discussion. The employee is essentially blindsided, in a formal sit-down meeting (typically including merit compensation). The supervisor is generating dialogue regarding a performance/behavior issue, an incident that took place months before and the employee may have been completely unaware of the issue. The employee typically reacts by being defensive, gets emotional and can even shut-down, prohibiting any further coaching from taking place. If a review does include negative feedback not previously discussed, it should only be due to the incident occurring just prior to the review discussion.

One common question I receive regarding reviews is whether or not to tie review ratings with the annual merit increase. I believe whichever approach you take, linking or not, should maximize your overall business objectives and culture. I believe in rewarding performance in both monetary and non-monetary ways, as employees do need both types of recognition. If pressed, I would advise constructing a review form including ratings, a 1-5 scale is the norm. If an individual is rated a 5 in his/her annual performance, the merit increase should be substantial, and provided shortly after the review. If another employee is rated a 3, an average merit should be awarded. Some companies who prefer to separate the review from the merit increase, due to economic conditions, e.g. wage freezes or if many individuals are already above their midpoint for their salary band. Companies in these situations acquire the problems via acquisitions or previously poor compensation decisions e.g. inflated job offers.

In the end, the performance appraisal can be a powerful conversational tool between manager and employee, highlighting the employee's individual performance during a set period, relative to overall goals. The most effective appraisal discussions include a two-way dialogue and partnership approach moving into the new year. As the business owner or leader, it is an opportunity to coach and inspire the greatest asset in the organization, your people.