

# BUSINESS *insider*

## The HR Balancing Act

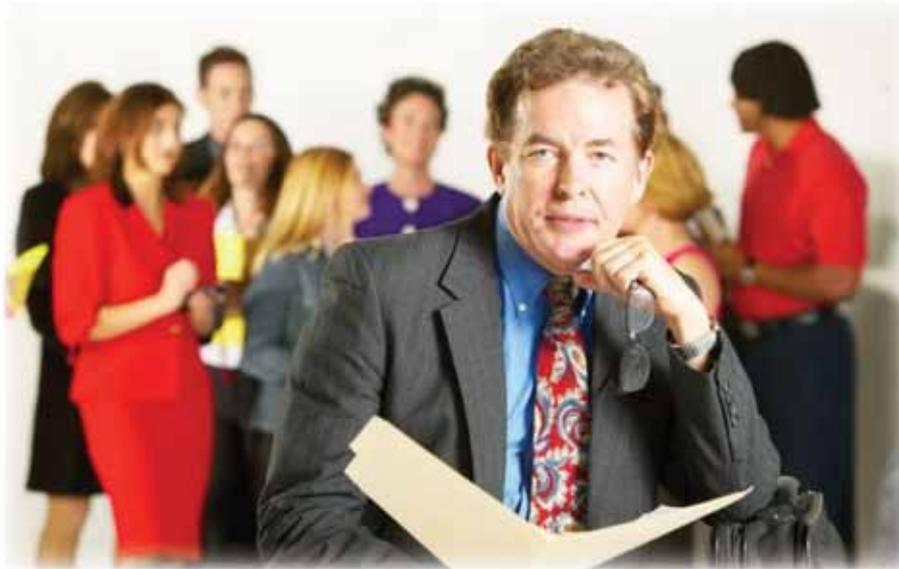


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## Appraising Employee Performance

*Guiding a company's most valuable assets to reach its potential creates a platform for long-term success*

**W**HILE SOME MANAGERS DREAD giving a performance appraisal, others see the process as one more opportunity to ensure a company's success. It empowers employees to stretch beyond their comfort zones and realize their full potential. A formal performance appraisal is a platform from which to summarize the informal evaluations that have occurred during the past year, praise the employee for a job well done and discuss areas for improvement.

Feedback on employee performance, both positive and negative, is most effective by continuing throughout the entire year as needed. Waiting for the annual performance appraisal to provide feedback is a disservice to the employee and to the entire organization. Bringing performance problems to an employee's attention as they arise also prevents unnecessary surprises during the appraisal meeting as tend to happen when such problems are "saved up" over the course of the year.

An evaluation system functions as a valuable tool providing constructive comments and suggestions for positive change. A good evaluation system represents an important investment in an organization's most important asset: Its employees!

### The Appraisal Process

Keeping a written "memory file" is an effective way to track and refer back to information about an employee's performance during the past 12 months. Reviewing the memory file for positive or negative performance that occurred during the year allows that information to be objectively incorporated into the performance appraisal. This could be in the form of notes on specific behavior. Copies of exceptional documents such as letters of appreciation or warnings should also go into the memory file.

As a tool to prepare for the performance appraisal, the memory file provides evidence to support ratings, increases the accu-

racy of the performance appraisal by basing the information on documentation rather than memory, and ensures the manager will look at an employee's performance during the entire appraisal period rather than just the most recent events. As important as this information is to the process, having a record of behaviors to back up ratings generally helps a manager feel more confident going into the performance appraisal meeting.

**Be Truthful.** When conducting evaluations, it is critical to present an objective and accurate analysis of the employee's performance and resist the temptation to give false praise. On the other hand, evaluations should never contain insulting, defamatory or inflammatory language either. Never sugarcoat the review, but at the same time be diplomatic and tactful. Managers should choose their words carefully!

**Be Fair and Consistent.** This may require some soul-searching on the manager's part to make sure employees are treated equally in the review process. Imposing stricter requirements on one employee because of personal feelings, be they positive or negative, limits the ability for that employee to grow and contribute to the company's success. Likewise, ignoring problems because a person is well-liked or the manager is afraid to upset them creates similar problems.

Set realistic goals. Unrealistic objectives are surefire ways to set up employees for failure. If additional training or guidance is necessary, make sure that arrangements are made to provide employees with the opportunity to expand their skills. Give employees every reasonable tool to ensure their success.

### Common Rating Mistakes

**Halo and Horns.** The tendency here is to generalize ratings based only on one or two specific traits. The shortcomings of an employee who is especially cooperative may be overlooked as

*continued on page 18*

# The HR Balancing Act

## PERFORMANCE APPRAISALS continued from page 17

may the strengths of an employee who frequently argues.

**Clones.** The manager thinks that by extremes they will avoid problems by rating all employees high or low. The manager justifies the high rating because "they're all good" or the low ratings because "they really need to be challenged."

**Similar-to-Me.** The tendency to give slightly higher ratings to employees who are similar to you in attitude, work habits, etc. than to employees who are different from you.

**Contrast.** A manager rates an employee high (or low) because an extremely high (or low) rating is given to another employee. This tendency completely misses the mark of focusing on the requirements of the job.

**Most Recent Events.** A manager gives an undue amount of weight to what the employee has done in the last few weeks rather than what the employee has done over the entire appraisal period.

### Suggestions

**Use Examples.** Specific examples provide the backup to support an employee's performance rating, make the appraisal more objective and give the employee clear examples of both positive and negative performance. There should be a balance in the use of examples to support both positive and negative behaviors.

**Outline Future Goals.** Although a performance appraisal is designed to

Duty/Responsibility	Performance Target
Responsible for purchasing office supplies.	Purchases all supplies on a timely basis and within budget. Secures best price on all items.
Formats, types, edits and revises reports.	Types all reports by deadline dates. Edits all work to ensure it contains no errors. Chooses appropriate formats.
Responsible for supervising the shipping department.	Ensures that all shipments are shipped out on time and that shipping instructions are followed.

review past performance, the manager also needs to give an employee a vision for future performance. Establishing goals gives the employee something to strive for in the long-term. Reviewing these goals helps end the appraisal meeting on a positive note.

Performance targets should be clear and specific. Some examples are illustrated in the figure above.

### Before, During & After the Appraisal Meeting

The manager needs to spend time thinking about and planning the items to cover in the discussion. Sufficient time and privacy should be allowed to conduct the meeting and interruptions kept to a minimum. To give the meeting and each other the attention deserved, the door should be closed, cell phones turned off and the office phone not answered unless absolutely necessary.

Once the date and time are estab-

lished for the meeting, try not to postpone or reschedule. The performance appraisal is an important meeting and needs to be treated as such.

At the meeting, the manager should explain the purpose of the discussion. Putting the employee at ease by explaining that the purpose of the evaluation is to look at overall performance, assist the employee to develop and grow and not just to find fault sets a positive and constructive tone for the meeting. A manager may want to give a copy of the appraisal to the employee to read immediately before the meeting starts. This gives the employee some private time to digest the information before sitting face-to-face with the manager.

Remarks should be based strictly on performance that is relevant to the job. Anything else is inappropriate.

Being a good listener, trying not to get defensive if the employee gets argumentative or emotional and asking clarifying questions will help defuse a potentially emotional situation. Remain calm!

In discussing each of the evaluation factors, the manager should point out positive skills and accomplishments whenever possible before addressing the areas requiring improvement. Clearly understanding how the ratings work and effectively explaining those to the employee helps create an objective environment.

In closing the meeting, the manager should summarize the evaluation, review specific goals and standards of performance and offer training opportunities

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for the next review period. It is critical to have the employee participate in the goal setting and have a clear understanding of the expected results and ramifications if no improvement occurs.

### After the Appraisal Meeting

The manager must make time to follow-up on what has been agreed upon by both parties. This demonstrates that both the manager and the company are serious about empowering employees to improve and reach maximum potential. Both the manager and employee should schedule a follow up meeting within 30 days or even sooner to review the employee's progress.

Any required training should be set up quickly to ensure the employee is getting the appropriate training and skills to get the job done.

If any interpersonal problems are discovered involving other employees, the manager should set up a meeting with both employees to address these issues, getting HR involved if necessary.

When employees continue to perform poorly, they must be made aware that consequences may include further disciplinary action up to and including termination. When improvements in performance are seen, the manager needs to provide positive feedback and make note in the memory file.

Additionally, as part of a supervisor's or manager's growth, counseling and coaching from the HR department, or from a seasoned human resources advisor, helps a manager become more effective and ensure a positive outcome in the performance review process. When properly structured, the performance review process is a valuable tool for supervisors and managers to create a positive work environment, foster career growth and development and continue to build a successful company. 

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