

## How2 manage performance appraisals

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### Introduction

If managers saw performance evaluations as opportunities to jump-start productivity, maybe they wouldn't dread the annual process. This Byte helps you prepare, conduct, and follow up evaluations in ways that link performance to your company goals. This Byte contains relevant information on how to:

- Use informal performance assessments and feedback as part of your regular interactions with your employees
- Prepare for a formal performance meeting with a direct report (employee who reports directly to you)
- Document a performance meeting
- Create a development plan with the employee.

What is assessing performance? Assessing performance is the formal review process you use to evaluate and support employee performance. It is part of a system of performance management that is based on goals you and your employees agree on. Through periodic informal reviews, you have an opportunity to see how well employees are performing relative to their goals and to provide opportunities for early intervention.

Formal performance appraisals are conducted at least once a year. This process helps the employee and the manager focus on the formal goals and performance expectations that can impact salary, merit increases, or promotions. Importance of formal performance appraisals: Performance appraisals are an important tool in managing performance. They help you gain insight into how your employees are performing in their jobs. They are also important because they:

- Communicate goals to your direct reports, so these goals can be achieved
- Can increase productivity by providing timely feedback to employees
- Help the organisation make valid decisions with respect to pay, development, and promotions
- Provide protection against legal suits by employees who have been terminated, demoted, or denied a merit increase.

Performance appraisals are an opportunity for you and your employee to sit down together to work on performance goals and issues. It is important to involve your employee in every stage of the appraisal process, so that you can see both sides of the story. This includes having your employee complete a self-appraisal. In this self-appraisal, the employee evaluates his or her own performance against goals, and often also identifies factors that hindered or supported performance. The employee may summarize his or her achievements, and resources needed for past and future development.

The format can vary, from a formal written self-appraisal evaluation to an informal "jot down some notes" type of process. The important element is getting the employee's perspective. Involving your employee in the process is also beneficial for the following reasons:

- You set the tone of partnership for all reviews both formal and informal
- It reduces negative reactions to feedback
- It promotes a trusting relationship between you and your employee.

## **STEP 1: Preparing for an appraisal meeting**

Evaluating your employee's performance

Evaluating your employee's performance involves reviewing multiple sources to gather as complete a picture of the employee's performance as possible. Your review should include the following documentation:

- The job requirements
- The employee's own performance goals as well as your criteria
- Your criteria for successful performance
- The employee's history, including skills, past training, and past job performance
- Your documentation of performance observations and other relevant data
- Feedback from customers, peers, and, if applicable, the employee's direct reports (360-degree feedback)
- Self-reporting by the employee.

When you review your employee's performance, remember to give equal time to good performance as well as to performance problems. You are looking for specific examples that can be supported with documentation and that are worthy of discussion in your performance appraisal. In some cases, your performance appraisal involves a general rating of the employee's performance.

Refer to your company's guidelines on rating overall performance. For good or superior performance, make sure you know what specific details support the claim. The more specific the feedback, the more likely the employee can repeat and improve upon the behaviours. For performance that needs improvement, try to identify the cause-and-effect links between the employee's behaviour and attitudes and performance.

Also ask yourself how you may have contributed to or interfered with your employee's performance. Consider some of the following factors that could be a supervisory or employee responsibility:

- Unclear expectations and/or direction
- Inadequate assistance and resources
- Lack of skills or experience to do the job
- Low motivation
- Low self-confidence

## **STEP 2: Documenting employee performance**

It is important to record your observations and discussions as factually as possible. There are special legal considerations when documenting employee performance, so consult your human resources manager or internal legal team. If you don't have such a resource in your organisation, you could consult a lawyer who specializes in employment law. This is especially advisable when an employee's performance is beginning to suffer or if you are planning to terminate an employee's contract.

When documenting employee performance (positive or negative), include the following:

- Date
- What you observed
- Supporting data (reports, other people's feedback)
- Impact on your team and organisation.

Do not trust your memory; write it down. Keep the tone in your documents neutral and do not include anything that you would not be comfortable testifying to in a witness chair. Be especially careful to avoid using characterisations.

### **STEP 3: Materials to develop and bring to the meeting**

To support your conversation with your employee, you need to bring the following documents to the meeting:

- Completed performance appraisal form in your company's format
- Copy of the job description
- Employee's goals for the appraisal period
- Any documentation that supports your appraisal
- Draft of a development plan for the employee. (Your employee is responsible for developing this in your performance appraisal meeting, but you should have your own ideas prepared before hand).

### **STEP 4: Conducting a performance appraisal meeting**

#### **Getting off to a good start**

People tend to be anxious when approaching performance appraisal meetings, so it is key that you set the tone of partnership right from the beginning. Start out with a review of the purpose and objectives of the performance appraisal. This psychologically prepares you and the employee, and it acts as a "warm-up" for open dialogue.

Then ask the employee to talk about his or her self-appraisal. This helps you understand the employee's point of view and prevents you from controlling too much of the conversation early on. Next you can move on to discussing your appraisal.

#### **Discussing job performance**

The purpose of a performance appraisal meeting is to encourage good performance or correct poor performance. In both cases, you need to base your job performance discussion on specific accomplishments compared to agreed-upon performance goals. Keep the focus on the performance and make sure to not personalise it. It is also a time to:

- Confirm that the employee understands what his or her responsibilities are and has the requisite skills and resources
- Discuss the coaching and training required to improve skills, motivation, and confidence.
- Outline next steps. Spell out the specific actions you, the employee, or others will take and when. For positive performance, consider what actions can help sustain or strengthen the performance. For poor performance, identify actions that can help lead to improvement. Seek agreement and commitment from the employee. At the end, include the time and goals for your next follow-up meeting.

## **Addressing a performance problem**

Giving feedback to correct performance may seem difficult or uncomfortable. However, remember that you are working together as a team and feedback is a necessary part of improving performance.

To help clarify the issue, describe the "gap" between the employee's performance goal and actual performance. If possible, identify an organisational objective that explains why the problem must be resolved. Emphasise the importance of performance improvement in terms of the individual's career goals. It is critical that your employee agree on the value of improving his performance.

Some of the following strategies may help you offer more useful feedback:

- Encourage the employee to respond and to articulate points of disagreement
- Orientate feedback toward problem-solving and action. To keep the ownership of the problem with the employee, give the employee the first opportunity to suggest a plan for eliminating the performance gap
- Give feedback without the use of subjective, general attributes. Comments such as "You aren't a leader," or "You aren't committed," are not helpful.
- Avoid generalisations such as, "You just don't seem involved with your work," in favour of specific comments that relate to the job, such as, "I have noticed that you haven't offered any suggestions at any of our service improvement meetings. Why is that?"
- Be selective in the data you choose to share. You don't need to recite every shortcoming or failing
- Give authentic praise as well as meaningful criticism. Define the consequences or impact of behaviour. People can and do change when they understand the consequences of their behaviour.

## **STEP 5: Recording the meeting**

If you take notes during the meeting, state this upfront and identify the purpose of the note-taking, such as, "Is it okay with you if I take some notes to document what we're discussing, so we can both remember what we've agreed to and our next steps?" If note-taking makes you or the employee uncomfortable, it's probably better to just summarise the meeting afterwards.

**Include in your notes or summary:**

- The date
- Attendees
- Key points and phrases the employee used, (not necessarily verbatim), including their self-appraisal
- Key points and phrases you used
- Issues or points of disagreement, if any
- Review of the development plan
- Agreed-upon summary and next steps.

## **Creating a development plan**

A development plan is an important tool for addressing what skills or behaviours are to be worked on in the future. If you have prepared your draft in advance of the meeting, and time permits, you can discuss it toward the end of an appraisal

session. Sometimes both parties need more time or additional information and prefer to reconvene to develop the plan as a follow-up item after the meeting. In either case, you and your employee need to discuss the following:

- Specific goals
- Timeline
- Action steps
- Expected outcomes
- Training required, if applicable
- Practice required
- Feedback required

The development plan then becomes part of the employee's record.

### **Wrapping-up the appraisal meeting**

Before concluding the meeting, it's appropriate to conduct a brief review of what was useful in the meeting and what was not. Also ask for suggestions for ways to do things differently in the future.

## **STEP 6: Following up**

### **How to follow up**

After you have completed your performance appraisal, make sure both you and the employee have a copy of the development plan or a written record of next steps and commitments.

Schedule periodic sessions for coaching and for checking on adherence to the development plan.

### **Evaluating the performance appraisal meeting**

Consider your side of the meeting. Did you create an open climate? Did you listen carefully to what the employee said? Was your feedback clear and specific? What worked and what could be improved upon next time?

Compare your view with the feedback you collected at the end of your meeting. Determine what changes you can make for future meetings with that person and for future meetings in general.

## **STEP 7: Preparing for the performance appraisal meeting**

### **1. Schedule early.**

- Notify the employee of the meeting well in advance. This gives both parties time to prepare.
- Pick a time and place that will minimise distractions.

### **2. Agree on content.**

- Discuss the nature of the meeting with the employee.
- Give the employee a copy of the appraisal form and ask for a self-appraisal.

- Agree on what will be discussed (for example, the self-appraisal, reviewing your completed appraisal form, summarising strengths and areas for improvement, creating the development plan).

### 3. **Agree on process.**

- Agree on the process and sequence of the meeting — that is, how much time will be spent on discussion, problem solving, and action planning.
- Establish ground rules for communication to ensure constructive feedback and careful listening.

### 4. **Choose a neutral location.**

- If possible, meet in neutral territory. This helps establish open communication.
- Avoid sitting behind a desk - a desk symbolises authority.

Choose a business time and setting. Don't schedule a performance appraisal meeting over lunch.

## **STEP 8: Conducting a performance appraisal meeting**

### **Set the stage**

- Be welcoming when the employee comes in. Smile and try to make the employee feel as comfortable as possible.
- Review the agreed-upon content for the meeting. This helps prepare both of you and serves as a "warm-up" for open dialogue.
- Review guidelines, such as that you will work together as partners on performance issues, and that their input is necessary and valuable

### **Toss the ball into the employee's court**

Have the employee discuss his or her own appraisal first. Avoid trying to control the conversation. Ask probing questions to uncover the employee's perspective and assessment:

- "How do you feel things are going on the job?"
- "What's going well and what problems are you having?"

Work to understand the employee's point of view. This is the time to focus on their understanding, not the time to agree or disagree with them.

### **Give and receive feedback**

Make appraisal a two-way process:

- Let the individual know how you view his or her performance against agreed-upon goals. State points of agreement and then compare opinions. For example, say, "Let me summarise how I see your performance, then we can compare our perceptions."
- Reinforce what the individual has done well. Tell the employee, for example, "You've done a terrific job in organising the quarterly sales

meetings, and your contributions at staff meetings are exemplary. Keep it up!"

- Summarise where improvement is needed. "So, as it stands, you need to increase your weekly customer contacts."
- Avoid generalisations such as, "You just don't seem motivated," in favour of specific comments that relate to the job. For example, "I've noticed that you've missed several consecutive deadlines. What's behind that?"
- Seek shared understanding of the need for improvement. "Could you summarise what you heard regarding the need for improvement?" Wait for a response.
- Encourage the employee to respond to points of disagreement.
- Ask for clarification, if necessary. "I'm not sure what you mean by that. Give me an example."

### **Develop and agree on a development plan**

- Avoid a climate of "blaming"; emphasise problem solving instead. "Given the performance problems we're discussing, how can we eliminate them over the next six months?"
- Let the employee suggest a plan for improving performance in problem areas. "How would you go about working on this?"
- React to and perhaps expand on the employee's ideas in the development plan. This will make him or her less defensive.
- If he or she cannot formulate a good development plan, or seems unmotivated to do so, take a more direct approach.
- Include task assignments, training programmes, experimentation with new approaches, working closely with a more skilled associate, or a change in goals.
- Identify specific ways in which you can better support the employee and provide resources that will help to improve performance.
- Seek the employee's agreement.

Communicate the consequences for improving or not improving. "I'd like to be able to consider you for a promotion when you've made progress in this area". "This is an essential requirement for someone in this job. I'm optimistic that you'll make progress".

### **Wrap up**

- Summarise feedback, beginning with positive comments first.
- Confirm next steps for improving performance, where applicable.
- Review new performance goals and the development plan to achieve them.
- Before concluding the meeting, conduct a brief review. Ask the employee what was useful and not so useful about the meeting. Also ask for suggestions about what you could do to make future feedback sessions more helpful.
- Thank the employee for his or her commitment.

### **Follow up**

- Create a written record of the plans requiring follow-up and the commitments you've made. Make sure the employee has a copy.
- Schedule periodic sessions for coaching and for checking on adherence to the development plan.
- Evaluate the performance appraisal meeting.

Use the appropriate tool to think through how successful you were in supporting the goals of the meeting.