Performance Evaluation— Not Just An Annual Event

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Performance management is a day-to-day system of planning, communication, coaching, feedback and development, not just an annual event.

Poor performers can stymie the most successful managers and negatively affect team productivity, morale, and employee retention. Yet managers will often avoid dealing with individual performance issues until forced by the looming deadline of an annual review cycle.
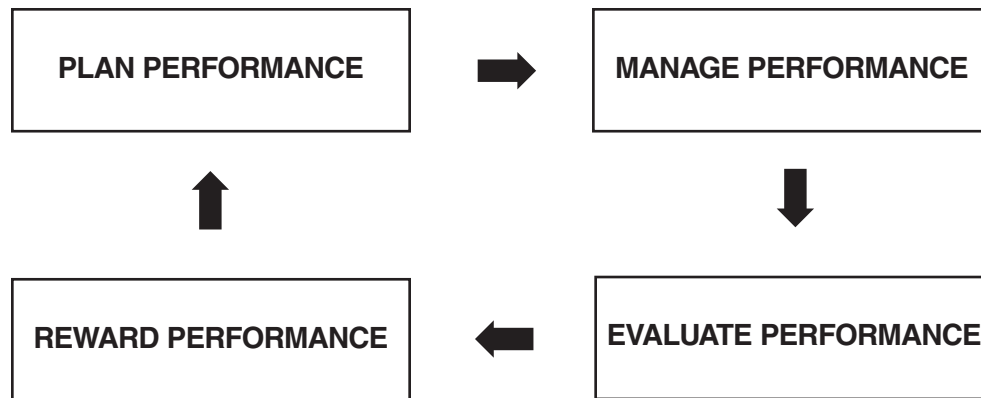
Effective performance management can actually empower employees to perform consistently at the top of their ability and skill, support individual and team commitment, enable managers to hold underperforming employees accountable to improve their own performance, and help maintain improved performance over time.

No one enjoys writing a critical performance appraisal, let alone sitting face to face with employees and telling them they are not cutting it. Yet as a manager, you are accountable for addressing poor performance. It's daunting enough when you need to address a performance problem with someone you hired. And it's even worse when you have inherited a consistently poor performer whom your predecessor repeatedly rated satisfactory just to avoid a confrontation—it's not fair to you or the employee or his/her colleagues, *and* it's bad business.

Effective performance management helps prevent performance issues from dragging on and draining the energy and productivity of others, including managers. The secret is to see performance management as a system, a day-to-day process—rather than as an annual event—and to apply straightforward performance management techniques that help take the pain out of performance discussions.

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A PRACTICAL PERFORMANCE MANAGEMENT SYSTEM MODEL

Many organizations focus solely on formally evaluating performance. This model shows that annual evaluation, with its forms and approval process and formal discussion, works best as just one stage of an integrated, iterative system that emphasizes regular communication between managers and employees. We all need to know up front what is expected of us and what it will take to succeed at our job. We need coaching and feedback on tasks and projects. We need to know how we're actually doing, especially if we need to improve. And we want to be recognized and rewarded for a job well done.

Whether your organization has quarterly, semi-annual or annual reviews, many evaluation approaches are limited by only looking backward. An effective performance system looks ahead as well as back and consists of four recurring stages:

1. Planning;
2. Managing;
3. Evaluating; and
4. Recognizing and rewarding.

Planning should be integrated for ongoing development. The main methods for continuously managing performance are observing, feedback, and coaching on results and behaviors, whether to enhance and reinforce good performance or to guide and support improvements. Recognition and rewards can occur throughout the year, even if financial compensation is only adjusted once a year. This is also the transition stage—accountability—for performance that has failed to improve over time.

For a performance management system to work effectively, it is essential that all of the following align:
• The job description (or a supporting communication) must clearly define actual performance expectations—what's really important to the organization;
• The actual performance appraisal measures or criteria must match the defined performance standards (e.g., the organization may espouse teamwork over individual performance, but then measure just individual performance);
• The compensation system must actually reward what the organization says is important.

PHASE I—PLAN PERFORMANCE

Planning performance is all about setting and clarifying expectations. It starts before the employee is even hired, and continues throughout the year as priorities shift and responsibilities change and grow. An effective performance management system assesses competencies (knowledge and skills), behaviors, *and* results.

A good job description is key to an effective performance management system. Its contents can establish recruiting and interviewing criteria. As an orientation tool, it usually details tasks and responsibilities. It's also important to include models of desired competencies/skills, clarify roles and boundaries, and frame performance and development goals here. These are all used to communicate the range of specific performance expectations—standards, goals, and success measures. Wherever possible, the job description—or an up-to-date supporting document—should highlight all of these components. At a minimum, such expectations should be discussed face to face, whether at the start of a job or as changes emerge.

Roles

Role definitions are all too frequently overlooked when writing job descriptions, yet they are critical to ensuring the right fit for a person and a job. A responsibility may be described as "lead the xxxx team," or "manage staff" or "perform outreach" without defining exactly what the role entails, such as developing workplans, assigning and balancing workloads, reviewing and editing work product; or identifying and contacting target groups, making phone calls, organizing meetings, and so forth.

Boundaries

Boundaries clarify where one person's role leaves off and another's begins. For example, only a partner may be empowered to speak for the firm on the public record, or contract with a client for new business, or perform at a certain level in particular realms. Similarly, an administrative manager may be able to authorize spending or a purchase at certain levels, whereas a subordinate may not.

Competencies

Make sure your job descriptions accurately spell out the **competencies** you expect your employee to have and apply in the job. Competencies include the *knowledge, skills,* and *behaviors* necessary to do the job effectively. They not only include technical knowledge but also typically include specific interpersonal skills, such as teamwork. Behaviors describe actions and interactions and may even highlight style. For example, if the job involves marketing or other forms of outreach, a required behavior might be "proactively contacting and persuading people to…." Similarly, if political skills are important to successful performance of a particular job, include them as a competency. Communication skills may simply be described as "effective written and oral communication" in the job description, but the individual needs to know exactly what you mean by "effective"—what does it look like or sound like, and how will you measure it?

Performance Standards

Be sure to define the performance standards you will use to measure competencies when you discuss expectations with a new employee, or when job expectations have changed for a current employee. Performance standards should be expressed as measurable outcomes or observable behaviors, and "quality" needs to be defined, e.g., "95 percent of assignments completed by deadline"; "written communications are articulate, clear, persuasive, accurate, fact-checked, proofed, well-researched, comprehensive, succinct, (or whatever)"; "attendance consistently meets policy"; etc. It is also helpful to review all or selected competencies and performance standards at the start of any performance appraisal discussion.

Performance Goals And Development Goals

Performance goals and development goals should be linked to the vision and strategic goals of the organization and/or business unit. For example, if the organization wants to increase its presence in a particular market, or establish a reputation for expertise in a particular field, there may be a strategy defined—and an expectation—that the individual will, for example, publish or speak at selected conferences. In such a case, it makes sense to include specific performance goals such as "publish three white papers in professional journals such as xxx, yyy, or zzz," and/or "present talks to at least three conferences, such as aaa, bbb, or ccc during calendar year 20XX." For such goals to motivate and engage employees, the individuals should have an active role in setting the specific goals

after discussion with you as the manager.

Similarly, if the organization wants to deepen an expertise, broaden a market, or gain experience in a new area, the individual might focus on expanding certain skills, gaining specific knowledge, developing client relationships, or training colleagues. Such skills and knowledge might be technical or managerial, professional or personal, so long as they contribute to overall business goals. Many organizations use a "professional development plan" to capture these goals and plans. The key is to prepare such a plan at the start of the performance period—looking forward—rather than try to make up for problems uncovered by looking backward at appraisal time.

Success Measures

Success measures, like roles and boundaries, are often confused with performance standards. Performance standards define what is acceptable, what is satisfactory, and what is expected in order to continue in the job. *Success measures* highlight desired outcomes and stress behaviors that can help earn ratings that *exceed* expectations, or to advance to the next level. For example, if an employee has received a "satisfactory" or "meets expectations" rating, will you know what to say if s/he asks "What would it take for me to get a 'superior' (or 'exceeds expectations') or 'outstanding' rating next time?" Success measures help answer both of these kinds of questions.

PHASE 2—MANAGE PERFORMANCE

Managing performance consists of three actions, all of which may go on simulta-

neously with different people, or focus on different tasks performed by the same person:
• Observing;
• Communicating;
• Following up.

Observing

Observing entails monitoring and noticing what the person does or doesn't do versus what is expected. This can be done in many ways, through weekly face-to-face staff meetings, email progress reports, hands-on review of work product, spot checks of documents, informal check-ins, peer or customer or client feedback, and/or direct observation of specific actions or interactions. As a manager, it is up to you to determine an appropriate (i.e., necessary and tolerable) level of scrutiny. When dealing with employees at distant locations, you may want to involve the individuals in designing a practical approach for monitoring their performance, so they have a sense of ownership and responsibility for its workability.

Communicating

Communicating includes *giving feedback, listening* and *coaching* the individual, whether to reinforce strengths or improve poor performance. Effective communication means focusing on a constructive outcome—what exactly needs to improve and what changes are needed to improve unsatisfactory performance. It means giving clear, specific, and objective *feedback* about what is working well, what is not working well, what the impact is, and why it must improve. Feedback should focus on facts (actions/inactions, results, behaviors,

and effects), rather than get into interpretation or blame.

Feedback needs to be given as soon as possible after you know that a problem exists. Delaying feedback tends to:
• Increase the likelihood of the problem recurring or becoming compounded;
• Indicate to the employee—and possibly other staff—that the problem is not that important; and
• Potentially diminish the relevance of whatever solution comes out of the performance discussion once it does occur.

Effective communication about performance is not about criticizing poor performance but about *problem-solving*. So, the sooner, the better.

Effective communication is also a two-way interaction. It includes soliciting input from the other person and actively *listening* to what s/he has to say. Active listening means you:
• Keep an open mind;
• Test assumptions;
• Check for understanding;
• Reflect back what you are hearing;
• Show empathy—which does *not* mean you sympathize or agree, just that you have heard and understood what the other person has said.

Because the other person is the one who is responsible for making the actual improvement, it is essential to understand his or her perspective. The goal is to learn about underlying causes, identify obstacles to improvement, or misunderstandings that may be contributing to the performance problem. Listening openly helps the person accept that you care what he or she thinks. Soliciting input from the individual shows that you value his or her input and empha-

sizes that s/he can and must contribute to solving the problem.

Coaching

Coaching is much a more effective way to encourage change and development than criticism or punishment. Coaching includes seeking the individual's ideas for improvement before offering your own. Your job is to help uncover and develop those ideas into solutions. Coaching involves asking open-ended questions, specific to the issue at hand, such as:

"What do you think caused the budget shortfall in [the problem area]?"

"What will it take to meet the monthly deadline on a consistent basis?"

"How can you handle your childcare problem in order to get here by 8:30 am every day?"

"What could you do differently to work more productively with XXX and complete the project as planned?"

"What do you need to partner more effectively with the xxx department?"

"What obstacles are you facing to accomplishing xxxx? What would help you overcome them?"

"What words could you use to be sure that YYY understands exactly what you need from him/her?"

"What priorities would have to be shifted to make sure you complete xxx on time every month?"

Let the individual know directly that you are asking for his or her help in solving the problem. Improvement is most likely to result from engaging the individual to take responsibility for improving his or her own performance, coming up with solutions, and then taking the agreed-upon action. Discuss a range of ideas that the employee proposes, refining and adjusting them as needed. Then summarize the possible solutions and agree on which ones will be carried out. Describe how you will monitor the agreed-upon action as well.

A worksheet can help you plan ahead and keep you on track when you're in the meeting itself. It can be especially helpful when emotions become distracting, whether you're tempted to take control of the problem-solving part of the meeting, or tempted to collude with the employee's attempts to shift blame or responsibility. It also serves as a simple, practical documentation tool, capturing all the elements that are needed to move to whatever next step and follow up later.

Follow-Up

Follow-up is necessary to ensure accountability and to support ongoing development. If you have agreed on a plan to improve performance, set a target date for the action or solution to be put into effect and also set a follow-up date to review actual progress and/or results. Then be sure to check progress through whatever monitoring approach you decided upon. Follow-up helps ensure that the employee practices better work habits, applies new approaches, and/or follows expected procedures consistently over time—so that s/he doesn't slide back into the problem behavior that led to poor performance to begin with.

Good performers also want and need feedback, coaching, and follow-up. Positive feedback highlights specific things the person does well, which reinforces good performance. Expressing appreciation encourages people to excel,

because they know their contributions are recognized and appreciated.

Coaching good performers helps them do better. Everyone benefits from mentoring and teaching that helps them take their performance to the next level, whether one is playing tennis, writing briefs, or staffing a help desk. Coaching supports the development and growth of all personnel, regardless of their tenure or position.

When coaching a good performer, or someone who has successfully improved their performance, follow-up can take the form of offering—and then providing—support for a specific performance or development goal.

When a performance problem has indeed improved, a follow-up session can be used to reinforce and maintain the improvement.

When performance has not improved, or worse, has regressed, the follow-up session may need to focus on *consequences*. Consequences may take the form of initiating a disciplinary process, from a verbal or written warning all the way through termination. But consequences might include more creative, flexible, and less policy-driven options. For example, you can make attendance at a prestigious conference or some other privilege contingent on improvement, or you can shift a favored task/responsibility temporarily to a co-worker, pending improvement in the task in question. These options typically involve postponing or withholding something the employee wants, until s/he has performed as needed in the targeted areas.

If the disciplinary process needs to be initiated, work with your HR professional to design a process and timetable for each situation. Discipline should be seen as a development tool first, rather than as punishment, with a goal of improvement. Only once it becomes clear that improvement is unlikely for whatever reason should the disciplinary process shift in intent towards transitioning the individual out of the organization.

When observation, communication, and follow-up are part of a manager's daily routine, by the time the formal performance evaluation meeting is held, there should be few, if any, surprises.

PHASE 3—EVALUATE PERFORMANCE

This is the stage that most people think of when they think of "performance evaluation"—the annual or semi-annual "event" that actually encompasses formally rating, documenting that rating on a chart and with narrative, and meeting with the employee to discuss the results.

In event-driven organizations, many managers are forced by the annual performance evaluation cycle to think for the first time about performance and give feedback that they otherwise would neglect altogether.

When an employee is doing well, this process is often abbreviated and perfunctory, which the manager may assume pleases the employee as much as it pleases the manager. In fact, many if not most employees come away disappointed, if not downright resentful, that they don't get more feedback and direction from the formal review, especially if it is the only time set aside to address performance.

When an employee has performed poorly during the preceding year, if the manager has avoided giving feedback when problems first emerged, the issues have probably compounded, simmered, or have gone underground, and are unlikely to have gotten better on their own. So naturally the manager assumes that the annual review discussion will be painful for all. But does it have to be that way?

With a systematic performance management approach, this stage may indeed be the briefest, the most structured, and the most formal piece of the whole process. But if you've addressed performance problems as they've arisen and documented each stage appropriately, the evaluation meeting can function as just another performance management opportunity, whether for coaching or follow-up.

In fact, the format and content of the formal performance evaluation discussion is essentially the same as for a regular feedback and coaching or follow-up session that might have taken place at any time during the year.

For a good performer, feedback should focus on the individual's strengths, highlighting specific accomplishments, results, behaviors, and specific skills you want to reinforce. Then the focus can shift to development and performance goals for the next review period.

For the individual with performance problems that have not yet been resolved through regular feedback and coaching, the meeting is another follow-up discussion, perhaps with greater consequences or an escalation of the disciplinary process.

Documentation

Nothing is detested—and put off—as much as documentation, except having a difficult performance discussion itself. Although managers may fear the emotion that can emerge in confronting performance issues one-on-one, they dread the tedium and time required to compile documentation for a traditional annual performance evaluation.

When you take a day-to-day, timely approach to performance feedback and management, documentation is still important, but your efforts can be more focused and produce quicker results—whether toward improvement or a transition out. The idea is to use documentation constructively, just as you use the day-to-day feedback and coaching sessions, by having a purpose or objective in mind.

Each stage of the performance management process calls for different kinds of documentation:

Performance Management Stage	Documentation
Plan Performance *Goal*—Set clear expectations and define standards.	Expectations (criteria, standards) Performance goals Development goals (e.g., professional development plan) Success measures (competency profiles and behavioral standards)
Manage Performance *Goals*—Review and tune actual performance; address problems ASAP.	Description of performance problem(s) versus expectations A Coaching Worksheet—to include: • Employee's description of causes of problem(s) • His/her perception of causes of problem(s) • Agreed-upon solutions/action plans • Follow-up dates and results • Disciplinary process tracking
Evaluate Performance *Goal*—Document and communicate assessment and direction.	Performance appraisal form— • Results assessments • Behavioral ratings • Narrative descriptions
Reward Performance *Goal*—Reward good performance; act on poor performance.	Recommendations for compensation, promotion Ad hoc recognition and rewards Termination and other disciplinary letters

Rating Performance

To assess *results* (completion of tasks, accomplishments, products), success measures should correspond to the specific goals set as part of the performance plan, and spell out whether and how well they were achieved.

Not all measures can or should be quantitative, especially in the professional services field. Qualitative assessment is often more relevant, although initially it may seem more of a challenge to describe.

To assess *competency*, useful success measures describe the behaviors that would constitute a profile of success in the competency. For example, for a teamwork competency, one of my clients uses this behavioral profile:

> *Actively seeks ways to promote cooperation and team connection among co-workers. Establishes and maintains effective*

working relationships with peers, manager, clients/constituents, and all levels of staff. Proactively involves others and collaborates to solve common problems and/or create mutually beneficial alliances.

The performance rating scale focuses on *how often* you see the individual demonstrate the desired behaviors, using language that ranges from "rarely," "occasionally," "frequently," to "consistently." Rating scales like these serve as a reference point when coaching individuals to keep doing something or do more or less of it.

Conducting The Formal Performance Discussion

Because of the emotions that can be evoked by the formal evaluation event, even though it is part of a larger process, it helps to have a structured approach for such meetings, especially when performance needs improvement. This approach mirrors the regular feedback and coaching sessions, and can be tailored to the needs of the individual and situation.

1. Prepare a discussion worksheet and role play with your boss, HR specialist, or a trusted peer:
• Define a desired outcome or objective to help set a positive tone for the discussion;
• If the employee gets defensive or the discussion stalls, come back to the overall purpose to get back on track;
•Be clear about your core message—the most important message for the individual to take away from the session.
2. Review actual performance against each performance expectation:
• Focus on objective facts and specific examples—focusing on data helps maintain the employee's self-esteem;

• Build on strengths, identify obstacles to success;
• Identify improvement needed in terms of specific results, behaviors, impacts;
• Describe potential consequences if needed improvement not made.
3. Ask for the employee's help in solving the problem or problems:
• Maintain the individual's self-esteem by expressing that his or her input is expected and valued;
• Put the responsibility on the employee, where it belongs.
4. Discuss reasons for successful performance and causes of problems:
• Review the areas where performance did meet or exceed expectations;
• Review areas needing improvement;
• Listen to employee perspective with empathy.
5. Identify and agree on specific solutions
• Solicit employee's ideas before offering your own;
• Build on strengths;
• Identify any opportunities for employee to develop and/or practice required knowledge or skills and offer support in removing obstacles;
• Remind the employee that s/he is responsible for any needed improvement;
• Agree on specific solutions and actions to be taken by each.
6. Recap agreed-upon solutions, with a target date for improvement and a follow-up date to assess progress:
• Briefly summarize each targeted improvement and solution;
• Set a target date for improvement;
• Set a follow-up date to review and assess progress.

PHASE 4—REWARD PERFORMANCE

For most managers, this stage consists of making recommendations, rather than final decisions and implementation, related to setting compensation (salaries and bonuses), promotions, and/or termination or other transitions out. These are often the domain of senior management and HR.

The purpose of rewards is to reinforce and encourage continuing good performance. Most managers do have discretion in recognizing and rewarding contributions throughout the year, from verbal appreciation, feedback and recognition, to providing professional development opportunities (training, special assignments, mentoring), to giving formal and informal awards and bonuses for achievements, accomplishments, innovation, etc. Many companies also set aside funds to celebrate specific accomplishments with team dinners, individual or team gift certificates, and other more personalized rewards, such as golf clubs for an avid golfer, a weekend for two at a bed and breakfast, or whatever your budget allows.

The key in this stage is to make sure that your performance evaluation, compensation, promotion, and succession systems are aligned in their criteria *and* their application—the organization needs to put its money where its mouth is.

For example, if your organizational values include working as a team and collaborating across departments, then your evaluation and compensation systems must actually reward teamwork and collaboration, rather than individual star performance. "What is measured and rewarded is what's done" is true—make sure your systems measure and reward what really matters for the success of your organization.

SUMMARY—7 PRINCIPLES OF EFFECTIVE PERFORMANCE MANAGEMENT

1. Set Clear Expectations And Define Success Measures

Plan ahead, define all requirements, and make your standards clear for both results and behaviors.

2. Give Timely, Specific, And Frequent Feedback

Communicate clearly and objectively, focus on facts, and address issues as soon as possible after they occur.

3. Be Unconditionally Constructive

Act as coach rather than a critic, engage the employee in problem-solving and focus on your desired outcomes.

4. You're Accountable, They're Responsible

Your job is to coach, theirs is to make the actual improvement.

5. Apply Predefined Consequences, Including But Not Limited To Disciplinary Steps, As Needed

Consult with your human resources staff to understand disciplinary requirements and alternatives.

6. Follow Up, Follow-Up, Follow Up

Ensure accountability for improved performance, maintaining improvements over time, and reinforcing effective performance.

7. Measure And Reward What Actually Contributes To Organizational Success

Define what really matters, and apply the same criteria across all related systems.

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