

# GUIDELINES FOR CONDUCTING PERFORMANCE APPRAISALS

*David Hartl*

## INTRODUCTION

Many organizations adhere to the traditional “annual performance appraisal” process as the occasion for notifying employees about “how they’re doing” and to provide a basis for any raises in compensation they may receive. Great emphasis is often placed on conducting performance appraisal meetings in a timely manner. Failing to do so can even provide a basis for employee grievance in some cases, so there’s even a “limit liability” aspect that has become attached to the process. Clearly the conducting performance appraisals is a critical personnel function that must be performed competently by supervisors and managers in most organizations.

Nonetheless, in nearly forty years of consulting with hundreds of different organizations in both the public and private sectors, I can think of only a small fraction of managers and supervisors who regard doing performance appraisals as a positive aspect of their responsibilities and go about doing them happily. Most of those I know put off doing performance appraisals for the longest possible time and, then, use as many ruses as they know of to make the process as “painless” as possible. I can only recall a handful who reported that they regard doing employee performance appraisals as an opportunity for them to be exceptionally creative, educative and developmental, and approach the task with enthusiasm. What is it about the way people think about this process that interferes with performing this crucial process well? Here are 14 guidelines that I hope will help you to think about annual performance appraisal processes in a more effective way.

### **1. THE MOST CRUCIAL PERFORMANCE APPRAISAL OF ANY EMPLOYEE IS THE FIRST ONE, THE ONE THAT PASSES OR DOESN'T PASS THEM AT THE END OF THEIR PROBATION PERIOD.**

This is among the processes of highest financial exposure for most organizations. When the probationary performance appraisal is mishandled by anyone in the authority chain, the organization can have a “problem employee” to deal with for the next 20 to 30 years. It’s impossible to calculate the cost of this lapse in responsibility, but if it were calculated, the number would have more zeros after it than any organization wants to see. As a general rule, the probationary period should expect the best performance you’ll ever see from the employee and the appraisal should be the toughest one the employee ever faces. If the employee doesn’t completely “knock your socks off” during their probation period, what makes you think that they will do any better once they’ve passed probation? The probation period is as much a test of your hiring process, as it is of the newly hired employee’s performance. If the employee’s competence, attitude, and job fit aren’t exactly right in the first few months, there generally is no reason to believe they will get better when the pressure to perform at their best is removed. Avoid becoming too attached to your hiring judgment. If actual employee performance doesn’t impress you in every way you want during the probationary period, be sufficiently humble to acknowledge that the situation doesn’t work well enough to sustain it, and cut it off, NOW. If you don’t act on unsatisfactory employees at the end of their probationary periods, it only gets harder and more expensive to have to deal with a “bad fit” later.

## **2. MAKE SURE THAT THE INFORMATION, ESPECIALLY NEGATIVE INFORMATION, INCLUDED IN YOUR ANNUAL PERFORMANCE APPRAISAL REPORT IS NOT “NEWS” TO THE EMPLOYEE.**

Employees need, and are entitled to, a steady flow of feedback about their job performance. If they are doing well, they should be receiving acknowledgements and appreciation every day as a routine matter. If the employee is not performing well, they are entitled to know that their performance is marginal or unsatisfactory and exactly what the concerns are at the earliest possible moment. Do not wait for the annual review to tell them. Tell them now, and watch carefully. Suggest corrections, provide encouragement, and watch carefully. The more concerned you are about their performance, the more frequently they need to be hearing from you and the more specific the feedback needs to be so they can make the corrections that are necessary if it is in them to do so. If the problem employee's performance does not show steady improvement based on your early input, you should begin documenting your suggestions and other feedback and include such documentation in the annual performance appraisal session. When, in the performance appraisal meeting, you remind the employee of their performance problems and the suggestions you have made for improving it, you should be able to cite what the specific performance problem was that caused your comment, what you said to the employee about it, and the date, time, and circumstances in which your comments were made. If a problem employee is ever surprised by an unsatisfactory review in their performance appraisal meeting, then the supervisor responsible for the review has demonstrated their own performance problem.

## **3. BE FAMILIAR WITH THE POLICIES AND PROCEDURES THAT GOVERN PERFORMANCE APPRAISALS IN YOUR ORGANIZATION.**

Performance appraisal criteria, the system and forms used for performance appraisal, and the training that every supervisor receives concerning how to review an employee's performance are among the most important personnel policies in the organization. Knowing these policies, their letter, intent, and spirit, is a fundamental responsibility of anyone who accepts appointment as a supervisor or manager. These are the rules by which the process of organizational success or failure is pursued. Not knowing the rules, by those who have the responsibility to apply and enforce them, is an inexcusable lapse. Knowing the rules thoroughly provides every supervisor and manager with the policy and procedural tools to take the actions that will support a good employee's success and help to deal with a poor employee in the fairest and least expensive way.

## **4. BEYOND POLICY, UNDERSTAND THE CULTURAL RATIONAL FOR PERFORMANCE APPRAISALS IN YOUR ORGANIZATION.**

Most organizational policies have been thoughtfully developed and organizationally certified as fair-minded to all through formal processes. Nonetheless, the informal organizational culture often demands and expects behavior that is different from the formal standards. For example, it is widely known that supervisor ratings on the scales used in many formal performance appraisal systems are routinely “skewed upward” so that the employee's expectations of positive ratings are fulfilled and their career advancement is enhanced. If it's a 5-point scale, anything less than a “5” rating is unacceptable, even insulting, to employees whose performance is satisfactory. It's the same social psychological issue called “grade inflation” in colleges and universities. How can it be that more than half of the Harvard College graduating class receive their degrees “with honors.” Is there no such thing as “average” anymore? Is being rated “average” an insult? “Average,” after all, means that half the population falls below and half above the “average”

point. It seems that the Prairie Home Companion's Lake Wobegone children, who are all "above average," are the norm for people being appraised in organizations. What does the informal culture of your organization say about what ratings mean for your employees? How will you respond to the informal demand, embedded in the organization's culture, that means so much to so many, while also fulfilling the formal requirements for a fair-minded and even-handed rating of employee performance against established standards?

**5. MAKE SURE THAT THE EMPLOYEE BEING APPRAISED HAS BEEN AWARE OF THE APPRAISAL CRITERIA BEING USED FOR LONG ENOUGH TO HAVE CREATED A PERFORMANCE TRACK RECORD THAT IS RELEVANT TO THOSE CRITERIA.**

A comment a supervisor never wants to hear from an employee is, "I didn't know what was expected of me." I can't count the number of time I have heard employees say that they never got oriented, never had the objectives explained, really didn't understand what was expected of them, didn't get trained in their roles, and so on. They just showed up for work and, in the absence of other guidance, looked around for examples and started doing what they thought was right. Later, at a performance appraisal meeting, they discover they are failing at their job! This seems so fundamental a flaw in managing employees that it should never happen, yet it seems to happen with alarming frequency. Job descriptions are a basic source; key performance goals also help; descriptions of specific goals, objectives, and action plans add a lot to an employee's understanding of how they can be effective and successful. Beyond those basics, supervisors must realize that it is a high priority claim on their time and attention to help new hires to learn "the ropes," get clear on what's expected from them, and be given to understand the subtleties of the organization that make for success or failure. In these days of functioning supervisors and managers, who have their own job goals to focus on, it's increasingly difficult for them to tear themselves away from those demands and focus on the needs of new employees who have been hired to help, after all. Also, if the organization is undergoing important changes, a circumstance often accompanying hiring new staff, those new employees need to be brought into both the history and the future of the organization's vision. This often means that job expectations are in a period of flux and change. Whenever this is so, it's even more important to take time to help employees understand what the new rules and expectations are and how they can be successful in the new context.

**6. DEVELOP THE SKILLS AND ATTITUDES NECESSARY TO DO PERFORMANCE APPRAISALS EFFECTIVELY.**

The moment you accept appointment as a supervisor or manager, you also accept the challenge to guide and appraise the performance of others fairly and competently. The skills and values of a guide and appraiser are usually not innate – they must be learned and developed. The earliest way you learned how to guide and appraise others came from examples in your life (family, teachers, early bosses, etc.). If they were excellent examples, then you have already unconsciously adopted some important lessons that will help you be a fair-minded appraiser. If you had poor examples around you, then the best you can do with their lessons is to learn what NOT to do when you are in charge. In either case, with guidance from good examples or lessons from bad ones, you still have to find your own way in which to guide and appraise others now that the responsibility is yours. Read. Get training. Interview people who have a reputation for being really excellent guides and personnel appraisers. Find out what they do that works for them, then adapt the best of the lessons to suit your own style. Use every contact moment with

your employees as an opportunity to learn more about how to set clear standards, specify expectations, provide coaching for success, observe performance, and compare performance with standards so that you clearly understand when performance is above standards and when it is below standards. Practice explaining what you have observed in the employee's performance and how you compare their performance against standards, without judging the worthiness of the employee as a person. The more you practice as perfectly as you can, the easier it will be to provide the leadership to guide the performance of others and appraise it effectively.

#### **7. RIGOROUSLY ADHERE TO LOGIC, REASON, AND EVIDENCE WHEN CONSIDERING HOW TO JUDGE AN EMPLOYEE'S PERFORMANCE AGAINST STANDARDS.**

Supervisors and managers often develop strong feelings about their employee's performance, for good or ill. Admiration, confidence, relief, even joy are some of the feelings engendered by employees who exceed expectations. Impatience, disappointment, frustration, annoyance, even anger are some of the feelings evoked by employees whose performance is below expectations. It is normal for supervisors and managers to have such feelings. It may even be helpful to express these feelings in places that are appropriate (private, confidential, away from work, etc.). While all of this is true, it is also true that feelings, yours and theirs, have absolutely no place in a performance appraisal. Not in the preparation, not on the forms and rating scales, and not in the performance appraisal meeting. Effective performance appraisals adhere to logic, reason, and evidence when considering how to judge an employee's performance against standards. The language used, both written and spoken, must be rigorously based in logic and reason. Think "DESCRIPTION" rather than "JUDGMENT."

**The appraiser's job is not to judge the employee as a person; it is to describe objectively the relationship the appraiser sees between the expected standards and the employee's behavior related to those standards.**

When writing up the appraisal, describe the employee's behavior that you have observed that either exceeds standards or doesn't meet standards. Give specific examples of what the employee did that either exceeded expectations or didn't meet expectations. Focus on the "GAP" between the observed performance and the expected standard. If the performance was exactly what the standard expects, then the employee meets standards. Describe, don't judge. Your feelings about the employee's performance are irrelevant to the formal performance appraisal situation. Avoid indulging them (as difficult as this sometimes is). Use only observable behavior, reason, and logic to form your descriptions of how the employee is doing.

#### **8. HAVE THE COURAGE TO "TELL IT LIKE IT IS" FROM YOUR PERSPECTIVE.**

Poor performers don't get better by being passed along to the next appraiser. They take their bad attitudes and weak work ethic along with them, except now they've been passed along with satisfactory ratings. This raises the likelihood that the poor performer will contest an unsatisfactory rating from the next appraiser and makes it more difficult to persuade an independent rater that an unsatisfactory rating is deserved.

If an employee isn't doing their job, it is imperative that you do your job and step up to confront the problem. This will take some courage and entail some hard work. Nonetheless, it must be done. If necessary, get some coaching in how to conduct the difficult performance appraisal.

Rehearse what you will say and how you will handle the process. Then do it. Any further delay will just raise the cost of inaction.

## **9. CHOOSE THE NUMERICAL RATINGS YOU USE WITH GREAT CARE.**

Most people attach great significance to the numerical ratings that appear on their performance appraisals. Even if the rater's narrative describes detailed reasons for the assignment of a rating number, with explanations of what the number means and what it doesn't mean, the number itself often gets a symbolic reaction beyond its actual importance. People know that it's the numbers that others also will read and use to make judgments about assignments and promotions. Because rating numbers, like school grades, get such strong reactions from people there is a tendency to take the easy route and just give the higher rating to avoid hurt feelings or a grievance about the ratings from an employee. This tendency is the basis for "grade inflation" in schools and colleges and rating inflation in many organizations.

The organizational culture often has a powerful influence over the assignment of numerical ratings. In the U.S. Department of Defense, for example, it is widely accepted that everyone will receive an "Outstanding" rating unless there is an extraordinary reason for not awarding it. Because the ratings are systematically inflated, the narrative descriptions of the employee's performance have taken on greater significance and there are "code words and phrases" that, if left out, indicate the employee really isn't that good, even though the rating number may be the highest possible.

Another reason for rating inflation is that many employees have developed high expectations from previous ratings (perhaps from appraisers who didn't have the courage or work ethic to do the job right in the first place) and will only countenance the same or higher ratings regardless of their recent job performance. A technique that might help in assigning rating numbers in a more objective and fair-minded manner is to wait to fill in the numbers for the ratings until after all the narrative writing has been completed. You might even ask an independent party to read the narrative and suggest the rating numbers for each section of the appraisal form that they think best reflects the facts found in the narrative. You can also write the narrative then put the appraisal away for a day or two before re-reading your own words and then assigning the rating numbers that you believe are objectively warranted. In any event, resist the temptation to think that these numbers are trivial compared to the volume of the appraisal narrative. Take great care in assigning the rating numbers in an objective and fair-minded way.

## **10. WHEN PROVIDING FEEDBACK, BE SPECIFIC. AVOID MAKING ANY COMMENTS THAT ARE NOT SUPPORTED BY FACTS; MAKE ACCURACY AN OBSESSION.**

There is no better basis for assessing an employee's performance against standards than your own direct observation. Taking time to watch an employee perform is among the most important activities you can engage in. Your observations provide you with the most trustworthy basis possible for giving both developmental and performance feedback to the employee. To prepare yourself for this critical feedback function, watch your staff work with other employees, deal with customers, participate in meetings, prepare written materials, analyze complex problems, create plans, establish priorities, make decisions, communicate their thinking to others, and so on. To get a clear idea about what to watch for, meet with the employee to read through the appraisal criteria together and describe how you intend to gather information on which to base your feedback which you will offer them from time to time. Ask the employee if there are any

other areas, besides those included in the general appraisal criteria, that they would like you to observe for purposes of offering feedback to them.

Provide feedback frequently. Make notes on the feedback you offer and when you offered it. Use these notes, as well as other observations, to support your performance appraisal. Describe the performance you have observed in specific terms. For example, instead of saying, “You communicate with others very well,” say, “When you communicate with others you give both the big picture and the details so everyone can understand what is going on. You also give good examples of what you mean and then take time to answer questions.” On the other hand, if the feedback is negative or corrective, it is even more important to be specific. For example, instead of saying, “You have a bad attitude,” say, “When people ask you for help, you ignore them. When there are team meetings to discuss plans and problems, you often don’t attend and when you do, you offer no positive ideas and frequently criticize the ideas of others without trying to understand them. And you talk about others’ personal lives behind their backs. I’ve seen you do all of these things myself. Our team environment requires different performance from what I’ve seen in you.” The more specific and factual the feedback, the more powerful it is, and the more difficult it is to deny by the receiver.

Say only what you can support with actual facts that will stand examination. Avoid stretching the truth to make a point, instead, understate and over-document.

#### **11. PREPARE YOUR PERFORMANCE APPRAISAL INFORMATION AND DESCRIPTIONS SO THAT THEY CAN STAND EXAMINATION BY AN OBJECTIVE “REASONABLE PERSON” WHO DOESN’T KNOW YOU OR THE EMPLOYEE YOU’RE APPRAISING.**

Performance appraisals are often documents that could be reviewed months, even years, after the fact. They are also used as the basis for defending a grievance by an employee who disputes the appraisal they have been given and may be read by others who are unfamiliar with both the employee and/or the appraiser. Appraisals should be written so that they can be clearly understood by an objective “reasonable person” and provide a basis for their forming an opinion about the objectivity and fairness of the appraisal independent of any additional information.

#### **12. WHEN YOU’RE SATISFIED WITH YOUR RATINGS AND YOUR RATIONALE FOR THEM, STICK TO YOUR JUDGMENTS EVEN WHEN EMPLOYEES BRING ADVERSE PRESSURE TO BEAR.**

If you believe that an employee might dispute an appraisal, and you have taken extra care to prepare an appraisal that will stand examination even by someone hostile to the ratings, then alert those “up the line” who may be receiving a grievance from the employee that the appraisal has been completed and that you are going to stick by your ratings based on the evidence. Your appraisal must be prepared so that it can deal effectively with the pressures that unhappy employees can bring to bear using appropriate mechanisms that are part of the human resources policy structures in most organizations. Those mechanisms are there for a purpose: to provide recourse for employees who have been treated unfairly by appraising managers. Make sure that your appraisal will stand the test of review and then stick to your judgments.

**13. WHEN THE FIRST DRAFT IS DONE, REVIEW YOUR WORK AND CAREFULLY CONSIDER EACH OF YOUR ISSUES, WORDS, SUGGESTIONS, AND THEIR IMPLICATIONS.**

When you're finished, re-read the narrative comments and your numerical ratings in the appraisal as if you were a newspaper reporter who is searching for a way to hang you out to dry. Make sure the ratings and the narrative descriptions agree with each other. If the rating is high, be sure that the descriptions are laudatory. If the rating is low, be sure that there are specific reasons for the low rating included in the narrative description of performance. This is the time to edit and polish the document before it is seen by anyone else.

**14. FINALLY, PUT YOUR DOCUMENTS THROUGH SPELLCHECK AND HAVE THEM PROOFREAD CONFIDENTIALLY AND WITH CARE.**

The written performance appraisal will become part of the permanent personnel records for the organization. Its uses in the future are unpredictable and may include formal proceedings. To make certain there is nothing but appropriate and accurate information in the document, be sure to put the document through "Spellcheck," have it proofread, and make all necessary corrections before using it for a performance interview or placing it in the permanent file.