

Chapter 1

Building Success with Performance Appraisals

In This Chapter

- ▶ Facilitating the performance appraisal process from start to finish
 - ▶ Generating great results with state-of-the-art performance appraisals
 - ▶ Using performance appraisals to build your employees and their productivity
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Many managers see the performance appraisal process as an administrative rite that consumes a lot of time, while producing little more than frustration, confrontation, and piles of paperwork. This reaction is totally understandable if your company is relying on a performance appraisal system that has fallen woefully out of date.

However, as I explain in this book, the performance appraisal process *can* play a remarkably powerful role in building your employees, as well as their performance and productivity — when it's done right.

Part of the problem with the appraisal process is that managers often see it as an isolated annual set of steps that are separate from all other managerial responsibilities. In actuality, today's performance appraisals are integrated into your ongoing managerial functions, year-round.

As a manager, a key part of your role is to maintain strong contact with your employees and provide them with ongoing coaching, guidance, and feedback. These steps are called *performance management*. As part of the performance management process, there is a specific time — typically once a

year — when managers gather all the performance data on their employees, analyze it, document it, and then provide employees with specific feedback. This piece of the performance management process is *performance appraisal*.

Laying the Foundation

In order to take full advantage of the wide range of measurable benefits associated with state-of-the-art performance appraisals, you need to start with a few foundational steps.

Recognizing the roles of performance appraisal

Managers who view performance appraisal as an isolated annual event tend to regard documentation as its sole and primary purpose. Although documentation has a place in the process, it sits beside numerous equally important functions:

- ✓ Motivating employees
- ✓ Educating employees
- ✓ Clarifying performance expectations
- ✓ Increasing self-awareness
- ✓ Building your managerial skills
- ✓ Communicating and reinforcing company values
- ✓ Establishing performance goals and developmental goals
- ✓ Establishing training and reviewing its effectiveness
- ✓ Setting the bases for promotions, transfers, and raises
- ✓ Preventing legal problems

I discuss all these functions in greater detail in Chapter 2.

Seeking additional sources of feedback

Most people think that the only source of feedback during the appraisal process is the manager herself. Although the manager's role in the process is central and essential, the quality and effectiveness of the entire process is significantly upgraded when two additional sources are included.

These two primary additional sources — self-evaluations and 360-degree feedback — provide insights that lead to the continuation of excellent performance and improvement of sub-par performance.

Turn to Chapter 3 for more on these types of feedback.

Strengthening your role



As your employees' manager, you play the central role in the performance appraisal process, because you're still the primary source of feedback.

In order to effectively carry out this responsibility, one of the most important foundational steps is to have a clear understanding of the different types of performance appraisal systems that are available, along with the pros and cons of each. This information helps you understand, enhance, and succeed with any system that you may be using.

Here are your options for performance appraisals (all of which I cover in greater detail in Chapter 3):

- ✓ Essays
- ✓ Graphic rating scales
- ✓ Checklists
- ✓ Forced choice methods
- ✓ Employee ranking
- ✓ Critical incidents
- ✓ Behavioral checklists
- ✓ Management by objectives

Successfully Navigating through the Appraisal Process

With the foundation in place, you can take some specific preparatory steps that help set the stage for highly effective and productive performance appraisals.

Generating the right mindset and the right plans

As I explain in Chapter 4, an essential step in the appraisal process is to establish a performance appraisal mindset in which you:

- ✓ Truly see yourself as the leader.
- ✓ Set positive expectations regarding the entire process.
- ✓ Take productive steps to identify and overcome any fear or reluctance you may be experiencing regarding the appraisal process.



By applying specific strategies to build your self-awareness and empathy, you'll greatly enhance your understanding of your employees as well as your skills to appraise them. When you combine these steps with some advance planning, anticipation of the kinds of questions you may encounter, and preparation of the kinds of answers that you can provide, you reduce your personal reluctance and increase your confidence.

Accumulating and examining performance data

In order for your feedback to have relevance and a lasting impact, you must base it on specific examples of employee performance. You can't glean this information from quick visits with your employees, nor is it accessible at the last minute.

As I explain in Chapter 5, accurate appraisals require a real understanding of your employees' performance throughout the evaluation period. The only way to effectively reach that high level of understanding is by sharpening your observational skills, continuously managing by wandering around, and using all your senses in the process.

In addition to carefully monitoring your employees' performance, you can enhance the quality, reliability, accuracy, and acceptance of your performance appraisals by familiarizing yourself upfront with other important pieces of data as well (such as job descriptions, last year's appraisal, performance objectives, notes you've been taking, employee files, and previous performance evaluations).



Marginal data gathering leads to useless feedback, which leads to employee resistance.

Preparing evaluations

After you've reviewed all the performance data from a variety of sources, the next step is to complete the evaluation form. These forms vary from one company to another, but some overarching principles will help you handle this step more easily and effectively. Some of these steps include evaluating your best employees first, entering your written comments before the numerical ratings, and considering how your employees will feel when they read your comments.



Your comments will generate resistance if they're invalid, unsubstantiated, or focused on personality instead of performance.

Conducting highly effective appraisal sessions

After you've completed evaluation forms with ratings that are based on direct observations of your employees' performance, behaviors, and results, you're ready for the face-to-face performance appraisal sessions.

Because you're providing your employees with feedback, coaching, and guidance throughout the evaluation period,

your employees already have a clear understanding of how they've been performing on the job, so you've all but eliminated the likelihood of resistance or defensiveness during this meeting.

Some of the key steps that will help make these meetings even more successful include

- ✓ Understanding your objectives for the meeting itself
- ✓ Setting an agenda
- ✓ Practicing any comments that may be difficult to express
- ✓ Bringing your notes and relevant forms and files with you
- ✓ Entering with positive expectations
- ✓ Preventing interruptions
- ✓ Scheduling sufficient time for the appraisal
- ✓ Selecting a private venue for the appraisal

As you hold appraisal sessions, you also need to take some key steps when opening the discussions, giving your employees opportunities to talk, engaging in active listening, reviewing objectives and results, analyzing critical incidents, discussing strengths and areas needing improvement, going over the final rating, and properly concluding the sessions — all of which (and more) I cover in Chapter 6.

Avoiding mistakes

As you navigate through the performance appraisal process, be sure to note and avoid the common errors that can instantly undo all your efforts in this area. As I outline in Chapter 7, some of the strategies to identify and deal with these errors include

- ✓ Accurately assessing recent events
- ✓ Removing bias and stereotypes
- ✓ Ending the halo-and-horns effects
- ✓ Thinking twice about first impressions

- ✓ Understanding the contrast effect
- ✓ Controlling your emotions
- ✓ Avoiding the central tendency and skews
- ✓ Eliminating labeling, arguing, defensiveness, excessive talking, postponed sessions, and surprises

Taking follow-up actions

Although some managers believe that the appraisal process ends when the performance appraisal session ends, that ending is actually more of a beginning.

With the evaluations completed, you'll have plenty of data to use in developing real goals with your employees (namely, goals that are clear, specific, prioritized, challenging, measurable, and supported by action plans). In order to be truly effective, these goals should be in sync with company goals as well as your goals, and they should be designed to enhance your employees' performance, productivity, and development.

With these goals in place, your next step is to manage by wandering around and providing your employees with ongoing communication, coaching, guidance, and feedback. By doing so, you'll be able to keep your employees on track to meet their goals. You'll also be able to identify and correct any number of departmental issues before they become serious problems.

With the appraisal process functioning as but one component in the performance management process, a cycle is actually developed: First, you and your employees jointly establish and agree upon specific performance and developmental goals. Then you provide ongoing coaching and feedback throughout the evaluation period. When the time for performance appraisals arrives, both you and your employees know exactly how they've performed, so you have no difficulty creating the evaluation or conducting the face-to-face sessions. And after you've completed those sessions, the goal-setting process starts anew. Chapter 8 contains a detailed discussion of this cycle and the follow-up actions you need to take.

Using Effective Phrases and Expressions

Your written comments in the performance appraisal process offer an excellent opportunity to present compelling, long-lasting, and motivational feedback to your employees. In order to do so, the phrases you use must be specifically designed to energize your employees to continue and even surpass their excellent performance, while simultaneously helping them to understand and upgrade their questionable performance.

The best way to reach this objective is to identify the key areas of performance and then provide powerful phrases that target the full range of employee behaviors. With this in mind, Chapters 9 through 17 provide more than 3,200 such phrases.

With a state-of-the-art performance appraisal system in place, backed up by the best phrases to use in this process, you're in an excellent position to enhance the performance and productivity of your employees, your department, and your company.