

**Berg Kaprow Lewis**

Performance appraisals

Maintaining employees' focus and motivation is essential if they are to make a full contribution to your business.

Performance appraisals actively involve employees in understanding what is expected of them. By setting agreed objectives — and later reviewing the results — each employee is responsible for his or her own performance.

This briefing outlines:

- The benefits of using performance appraisals.
- What to include in the self-assessment form you give to employees.
- How to prepare for the appraisal meeting.
- How to conduct, and follow up, the meeting.

1 Benefits of appraisals

In the rush of everyday work it can be difficult to manage all your employees well.

An appraisal is a regular opportunity to identify — and deal with — all the most important issues facing the employee.

- 1.1** By clarifying the employee's key **objectives**, you make it possible for the employee to achieve or exceed them.
- You use each appraisal to set new objectives with the employee.
You can use a personal development plan approach to increase the desire of the employee to improve. (See **Personal development plans**).

1.2 By recognising **achievements** during the previous period, you create the motivation to achieve even more. (See **Motivating your employees**).

- Actually saying 'well done' or 'thank you' may seem unimportant to you, but acknowledgements like these are extremely important to the employee.

1.3 By identifying and correcting **problems**, you improve the employee's productivity.

- An appraisal gives you an insight into the work being done and the employees who are doing it.

1.4 By asking for **feedback** and ideas, you find out how to improve your business.

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- You can receive useful feedback on your performance as a manager, including your management of other employees.

Appraisals show your employees you care about their problems, their aspirations and their views. Done well, appraisals result in employees being confident and focused on their objectives.

2 Self-assessment questionnaire

Let the employee know well in advance when the performance appraisal will be. Ask the employee to complete a self-assessment questionnaire for you as part of the preparation.

Different levels and types of employee may need different questionnaires. But all the questionnaires should include open questions such as the ones below.

2.1 How well have you **performed** since your last review?

Appraising under-performers

Carrying out an appraisal of an employee who is under-performing requires particular skill.

- Tackle problems as and when they arise, rather than waiting for an appraisal. The appraisal is then a review of known problem areas.
- Confirm what the minimum targets and standards are that the employee should be reaching. These will have been set at the previous appraisal, or earlier.
- Compare the employee's performance with these targets and standards, which must be measurable. Provide specific examples and evidence of under-performance. Focusing on performance makes heavy criticism (if necessary) much easier, and helps you avoid personality issues.
- Be supportive, constructive and fair. Look at the problems from the employee's perspective.
- If you are in a disciplinary situation, follow the correct disciplinary procedures to avoid possible litigation by the employee. (See **Discipline and grievance issues**).
- Continual monitoring of the employee after the appraisal is crucial, to secure the improvements that were agreed.

- What were your key objectives (see **5**) and did you achieve them?
- What problems did you encounter?
- What did you do really well?
- In which areas do you think you could improve your performance?

2.2 How would you rate your own **skills**?

- What are your strengths and weaknesses?
- Are you well organised?
- Can you work on your own initiative?

2.3 Are you a **team worker**?

- How well do you get on with others in your team?
- How well do you get on with others in the company?

2.4 How is your **attitude** to work?

- What do you find most or least interesting in your job?
- Do you have any interests or abilities which could be better used?
- How flexible are you?
- How punctual, reliable and committed are you?

2.5 What do you think your **key objectives** for the next six months should be?

- What help and training do you need? (See **Using training effectively**).

3 Manager's preparation

Prepare a plan for the appraisal meeting.

3.1 Review the employee's completed **self-assessment questionnaire**.

- Identify the important issues and focus the appraisal on them.

3.2 Review the **performance appraisal report** which was written following the previous appraisal (see **6**).

- Note which objectives have — and have not — been achieved.

3.3 Think about the **big picture**, as well as operational issues.

- For example, the career opportunities (or training opportunities) that are open to the employee.

3.4 Work out **your objectives** for the appraisal.

➡ An appraisal system is evidence that you are managing performance, and is one of the requirements to gain Investors in People status. (See **Investors in People**).

“Everyone gets satisfaction from performing to the best of his or her ability. Use the appraisal to set goals and to identify (and remove) anything that is holding the employee back.”
Terence Pugh, Terence Pugh Associates

“A typical complaint about a manager is that he or she ‘does not care’ or ‘takes me for granted’. An appraisal is a unique opportunity to gather your thoughts and recognise all the good work that the individual employee has done. This simple process can transform an employee's attitude to the work.”
Emma Hall, Milton Keynes Chamber of Commerce

- For example, if there is no opportunity for promotion, your goal may be to maintain the employee's commitment and motivation.
- Deal with any recent one-off problems before the appraisal.

3.5 Have **examples** (or other evidence) ready to back up the points you wish to make.

This shows the employee that your concern is a reasonable one.

3.6 Write down your **meeting plan** for the appraisal (see 4).

- The less you have worked directly with the employee, the more effort you need to put into the preparation stage. For example, you may need to seek feedback from other people.

4 The appraisal meeting

Appraisals should allow employee and manager to express their views freely and frankly. (See **Assertiveness**). The eight steps outlined below should help you achieve this.

4.1 Explain the **agenda** (your plan) for the meeting, and what you hope to achieve.

- Put the employee at his or her ease.
- Start on a positive note by praising the employee's work in general.

4.2 Ask the employee to talk you through the **self-assessment** (see 2), focusing on the areas which you have identified as being the most important — typically the key objectives.

- Employees tend to be over-critical of their own performance. They also identify problems you were not even aware of. This makes your role much easier. You can focus on helping the employee to find the solutions, rather than having to point out all the weaknesses and problems.

4.3 Add **your own views** about the employee's performance.

- Take every opportunity to acknowledge achievements and hard work.
- Be clear about which areas of performance need improvement.

4.4 Discuss the **problem** areas and come up with solutions together.

- Ask the employee to explain why the problem has occurred. Then ask the employee to suggest a solution, which may match your own ideas.

- Look beyond the symptoms to the root of the problem.

For example, a problem might stem from lack of confidence, lack of training, or something not even related to work.

4.5 Review the employee's long-term **career plans**, if these have changed.

- This may unearth new problems or opportunities.

For example, you may realise that the employee is looking for another job — in which case you need to either persuade him or her to stay, or make plans for what will happen when the employee goes.

4.6 Consider the employee's **training needs**.

4.7 Discuss and agree a new set of key **objectives** for the next period (see 5).

- Decide when the next appraisal — or interim meeting — will be.

4.8 Discuss any ideas for improving the effectiveness of the **performance appraisal** process.

- The employee may feel that the process has been unfair in some way.

Aim to spend twice as much time listening to the employee as you do talking.

Much of the skill of doing effective appraisals lies in your questioning technique. If you ask 'open' questions (eg 'what do you think about...?'), and show genuine interest, most employees will be happy to talk at length.

See **Communicating with employees**.

5 Setting key objectives

The whole appraisal cycle is built around setting, reviewing and then re-setting key objectives.

5.1 Each objective should be **SMART** — specific, measurable, agreed, realistic and time-limited.

- Each objective must be in an area over which the employee has control.
- Give each objective a deadline.

- ➡ When offering employees promotion, training or other opportunities, be aware of the discrimination pitfalls. See **Discrimination**.

“Once an appraisal is scheduled, stick to the timetable. The appraisal may not seem urgent to you, but to the employee it is a very important matter.”
Simon Macaulay, Anglo Felt Industries

“Some managers come to an appraisal with a 'wish list' of goals they would like achieved. They risk setting up the employee to fail.”
Peter Neall, Neall Scott Partnership training consultants

- A clear target allows you to measure whether the employee is making the progress you expect.

'To be a good salesman' fails the SMART test in every way.

But, if it was realistic, 'to add at least five new customers by the end of the year' might be a suitable objective.

5.2 Many elements of the job may already be covered by set **standards** (see **Everyday workplace policies**).

For example:

- In an office, you may have standards for answering the phone (within four rings) or handling sales queries (within 24 hours).

For many blue collar employees, much of the appraisal will be focused on reviewing the achievement of standards.

For example, the driver of a delivery van might be reviewed primarily in terms of reliability, promptness and breakages.

All the general points about appraisals still apply. A van driver needs support and motivation — and has potentially valuable feedback and ideas — like every employee.

5.3 Involve the employee in setting objectives.

Otherwise there is a danger the objectives will be unattainable, or simply ignored.

6 Following up

6.1 Immediately after the meeting, write up the **performance appraisal report**.

This summarises what has been discussed and agreed, including:

- The objectives set for the next period.
- Any commitments you or the employee may have made.

For example, you might have offered to train the employee in a particular task.

The report may include numerical scores for various categories of activity.

6.2 Give the employee his or her **own copy**.

- There should be no surprises. Check that the employee agrees that what you have said is true and fair.

6.3 Give a copy to your own **line manager** or another third party (such as the personnel manager) to review.

- If several managers in your business conduct appraisals, this is a vital check for fairness and consistency.

6.4 There should be an **appeals procedure** in place, for employees who feel that any part of the appraisal process has been unfair.

6.5 Performance management of the employee is an **ongoing process** for you.

- Monitor the employee's progress towards the objectives that have been set.
- Keep using the supportive, collaborative approach that you used for the appraisal.

7 Who appraises who, when?

7.1 It is common practice for employees to be reviewed by their **line managers**.

- If your appraisal system is ineffective, it is probably due to the poor skills of the managers conducting the appraisals.
- Train your managers in appraisal skills.
- Train your employees in appraisee skills, so that they can contribute effectively.

7.2 **Bottom-up appraisal** is a more comprehensive approach.

- Each employee is appraised by subordinates, as well as a line manager.

7.3 A **360-degree appraisal** is more thorough still, taking in feedback from subordinates, colleagues, superiors, and customers.

- One advantage of this approach is that the appraisal is less vulnerable to bias.
- A disadvantage is the sheer amount of time the process consumes.

7.4 The optimum **frequency** of appraisals depends entirely on the circumstances. At the very least, they should be once a year.

- If you are trying to motivate a team and drive the business forward, quarterly appraisals may be more appropriate.
- An employee who is new, or has moved into a new role, may need quarterly appraisals.
- Another employee, who has done a routine job for several years, may only need one appraisal a year.

Expert contributors

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Further help

There are other Directors' Briefing titles that can help you. These briefings are referred to in the text by name.

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