

IS YOUR PERFORMANCE REVIEW SYSTEM OUTDATED?

By Doug Stanearth, CEO of The Leader's Institute

One of the most common complaints that comes up in job satisfaction surveys is, "I never get useful feedback about how I am doing my job."

Most companies today use a performance appraisal system or an annual performance review system that was invented decades ago in a much slower business economy. So the assessment that is given to employees in annual, semi-annual, or even quarterly reviews tends to be outdated by the time it is received by the person who could benefit most from the information – the employee.

In addition, the measurements that are in place in these appraisal forms are typically arbitrary and subjective. For example, when I was in college, I had an internship with a major Fortune 500 company. At the end of the 3-month internship, my performance assessment was reviewed by the other members of my department (in a 360 degree feedback method.) All of these people thought that I was an exceptional intern, but they had to judge my performance based on the same five-point scale on the same form that they were judged by. I still remember the ache in the pit of my stomach when I saw all of the threes and fours on the job evaluation. My boss explained to me that very few people ever received fives on their evaluations, as that would leave little room for improvement. After reading and re-reading the document, I was left with the same question that many employees today are asking: Did I or did I not do my job well?

In today's fast-paced economy, these traditional systems just don't work. Performance appraisals should be short, no more than ten-minutes, and should focus on the results expected from the employee's current position, and how effectively the employee's current goals are being met. And above all, the reviews should be easy to write! For example, a Project Manager may have a number of different results that are expected from his or her performance. Is the project on schedule? Is it under budget? Are the company quality standards being met? Is the customer satisfied? Are employee expenses in line?

All of these results can and should be measured consistently. Intangibles can also be measured such as morale (through employee surveys, workplace absenteeism, and turnover,) leadership (productivity, development of people, and problem-solving skills,) and work ethic (are goals consistently met, are goals challenging, and are project completed timely.)

With this system, a manager can schedule monthly "mini-interviews" taking just minutes. These sessions are valuable because they open lines of communication and they give the manager a chance to update the progress of the employee in different result areas. If the employee is performing above expectations, then this

is an opportunity to shine and set new goals, and if the employee is performing below expectations, then corrective actions can be taken. Then take just a couple of minutes to write the results.

These "mini interviews" make annual appraisals a piece of cake, because the employee and the manager now have as many as 12 separate (written) measured checkpoints along the way that show how the employee has performed over the last year. This annual review now has documented facts to base an appraisal on. The employee sees that he or she was on budget 95% of the time versus receiving a four out of five, or that he or she is ranked in the 90th percentile of managers within the company based on leadership.

This system, although not foolproof, can greatly reduce the stress and tension associated with Performance Appraisals. It will cut down on the ill feelings associated with 360 degree method assessments as well. Companies using this type of system show dramatically higher productivity within months of implementation.

Doug Staneart, doug@leaderinstitute.com, is CEO of The Leaders Institute, Team Building and Employee Development. His classes focus on overcoming the fear of public speaking, building confident and autonomous leaders, and improving employee morale. He can be reached toll-free at 1-800-872-7830.