

MAKING THE MOST OF EMPLOYEE REVIEWS

In this economy many employers took some serious initiatives in order to improve operating efficiency and effectiveness levels and prevent or reduce financial losses. Some of these initiatives directly affected employees:

- Layoffs and general staff reductions
- Hiring freezes
- Pay freezes
- Pay cuts
- Benefit cuts
- Increasing benefit costs to employees
- Reducing or eliminating training

The employees who remained in jobs after layoffs were those who employers considered valuable to sustainability, growth and increased productivity. These employees are most likely increasing their skill levels by:

- Assuming additional work responsibilities
- Finding more efficient and effective ways to work
- Participating in cross-training

Strategically managing a leaner and/or higher skilled workforce requires effective performance management processes.

Performance Management

Performance management is an ongoing process of monitoring employees' performance and conduct to improve the *overall performance level* of the organization. It includes:

- Daily informal coaching and recognition
- Performance improvement interventions, such as documented coaching and discipline and performance improvement plans
- Formal performance reviews

When supervisors provide frequent performance feedback throughout the year:

- Performance problems are handled more productively because they are addressed immediately.
- It supports the continuous improvement of the organization's performance.

If feedback has been given throughout the year, the performance review will present no surprises.

Performance Reviews

Supervisors typically see performance reviews as a paperwork exercise, rather than an opportunity to increase the performance level of the organization. Reviews should be used to:

- clarify performance standards
- help employees perform better
- recognize good performance
- reinforce work standards for poor performers
- motivate and retain good workers
- discuss opportunities for employee development.

All workers, even the best workers, need new challenges and goals as well as information and resources to continue to increase their productivity and effectiveness.

To achieve a good return on investment, performance reviews typically include the following:

1. Prepare

Gather the data and documentation needed to write the review and examine:

- The job description to make sure that it is up-to-date.
- Any past performance appraisals to see where the employee has improved and where performance may have dropped.
- Any disciplinary documentation filed in the past 12 months.
- Other documentation of accomplishments, job behavior needing improvement, or work-related incidents.

Information from other people who had opportunities to observe and interact with the employee can also be helpful.

Complete the review form. Effective performance appraisal forms are user-friendly, include an employee development section, and evaluate employees on:

- The competencies needed to be successful in the organization and the job
- Primary job duties – for non-exempt employees
- Goals and objectives – for exempt employees

Schedule a time and place for the review and advise the employee at least two or more days in advance.

2. Conduct

Conduct the review in a private area with *no interruptions*. Especially in this economy, it is important to start the review on a positive note, communicate the importance of the review, and establish a climate of openness, support and trust.

Give the employee an opportunity to read the review if it has not been given to the employee prior to the review meeting.

Start by explaining the purpose of the meeting and the procedures to be followed. Let the employee know that it is okay to raise questions and provide input.

The review must provide a truthful picture of the employee's performance based on accurate and well-communicated standards. In this economy it is very important to praise good

performance and extra effort. Positive feedback motivates employees and gives them a sense of self-worth. Giving too much negative feedback can cause good employees to feel unappreciated and average employees to give up. You don't want to lose good performers or cause a decline in productivity.

Clearly and openly discuss areas for improvement. Focus on the behavior or performance that must change and outcomes that fell below expectations. Provide specific examples and use objective rather than subjective measurements.

Give employees an opportunity to discuss their performance. You may disagree but do not argue. Keep their comments on track by focusing on their behavior and limiting unrelated discussion or finger-pointing.

After discussing the employee's overall performance, move to reconfirming job duties or goals and objectives for the coming year. Questions that may be helpful are:

- What aspects of your job do you like most? Least?
- In what area of your job do you feel you do the best? Where would you like to develop more skills?
- What may have helped or prevented you from achieving your goals or objectives?

Ask what you or the organization can do to help the employee improve or develop additional skills.

3. Close

The ending of the review meeting is as important as the beginning. You want the employee to leave with a positive impression of you and the organization:

- Briefly recap the meeting and summarize the employee's performance citing job related strengths and/or accomplishments and areas needing improvement, and any training or development needs that were identified.
- Thank the employee for participating and express appreciation for their contributions.
- Confirm your availability to provide guidance and support.
- Set a follow up meeting date to review progress in 1-3 months.

4. Follow up

Follow up is the "glue" that holds the review process together over time. Without follow up during the succeeding 12 months, an annual review has little impact on the employee's overall performance. Continuous informal communication and coaching is the best business practice.

Conclusion

In a tough economy when maintaining productivity is crucial, it's important to educate employees about the quality of their performance and motivate them to deliver increasingly more effort. Evaluate employees using consistent criteria and clearly communicate job standards and expectations.

With the increased emphasis on the bottom line – on revenue and profits - and on increased operating efficiency and productivity, more than ever employers need their employees to carry the organization forward.

Published in M&I Bank Newsletter – Fall 2010

<https://www.mibank.com/files/mibank/resources/media/BBEmployeeReviews.pdf>