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Get SMART

How to get the most impact out of employee evaluations

By **DANIEL SCHROEDER**, for *Small Business Times*

Question: It's the time of year I dread the most—performance appraisal time. We trot out the same tired old form, go through the motions and try to convince the employees that it's a really worthwhile experience for them. Who are we trying to kid? Everyone knows it's just a bunch of paper shuffling. I almost feel embarrassed to sit down and go through these meetings with my people. Plus, I know I'm not the only manager who feels this way. How can I start doing some real performance management?

Answer: Rest assured that you are not alone. This is one topic that most managers can agree on—performance appraisal is much disparaged and not much appreciated. Perhaps that is because it is, indeed, a waste of everyone's time. Or, perhaps it is because that, as it is typically practiced, it does not reach its full impact. In my experience, while the former opinion may have many adherents, it is the latter opinion that holds the most credence.

The reasons for this are several. For starters, many managers have had no training in the do's and don'ts of performance appraisal. Absent sufficient familiarity with effective performance appraisal tech-

niques, untrained raters are prone to making a number of appraisal errors. These include:

- **Halo effect:** Allowing one positive employee attribute to bias the appraisal.
- **Pitchfork effect:** Allowing one negative employee attribute to bias the appraisal.
- **Recency effect:** Allowing recent employee behavior to bias the appraisal.
- **Latency effect:** Allowing past employee behavior to bias the appraisal.
- **Contrast effect:** Allowing one employee's behavior to bias the appraisal of another employee.

Additionally, it seems that too often performance appraisal has more to do with justifying salary adjustments than it does recognizing performance. Ideally, performance appraisal focuses on employee behavior as measured against organizationally significant constructs or standards. Wage and salary administration, while naturally related to performance appraisal, should be separated from the process of delivering feedback about how well an employee is doing. Conduct two meetings if necessary, but if the idea is to let employees know how they are doing, then take the time to talk about their performance. Leave the money discussion for later.

Further, in the perfect world, there are two aspects to the performance appraisal process: 1) the evaluative or descriptive and 2) the developmental or prescriptive.

In the evaluative phase, the perspective is one of looking back — documenting performance over the last period of time. “What worked well?” “Not so well?” And so on. Historically, this is typically what performance appraisal has focused on. But, it must be noted that this is a retrospective take on things. It says nothing about the future. That is why the second part, the developmental phase, is so important. In this phase, issues such as the following are addressed: “Where do we go from here?” “Here's what you need to do to improve on

....” “Let’s work on achieving these goals for the next period.” And so on. The idea is to create a target at which the employee can aim. To do so with the greatest impact, the target(s) or goal(s) must be SMART:

- Specific
- Measurable
- Achievable
- Relevant
- Timely

SMART goals help employees to focus their efforts on things that matter. This is where performance management comes into the equation. If you do performance appraisal just once per year, you are not in the performance management business. You are not in the human resources development business, either. For performance appraisal to be a truly developmental process, both the manager and the employee must understand and be committed to their roles in attaining the goals that have been set.

SMART goals that are written down but not tracked are quickly forgotten. Both the manager and the employee must follow through on their goal-related obligations. This ensures that the process is dynamic and ongoing. It also provides a basis for performance-related feedback.

It has been said that feedback, not Wheaties, is the “Breakfast of champions.” If this is true, and I believe it is, then feedback about how an employee is doing needs to be offered more than once per year. With important targets in mind, managers and employees can come together more often (formally or informally) and discuss the progress that has been made. This is the essence of the coaching model of management that is today’s emergent model. The message here is to have more frequent, more focused discussions with your employees to encourage maximum performance gains.

By the way, in case you have not picked up on it, my underlying message in this article is that performance appraisal needs to be something that managers do with their employees, not to them. For maximum buy-in, the process should be open and par-

ticipative. If we think of performance appraisal as a type of assessment, then we must remember that, in terms of the original meaning of the word, to assess is to literally “sit near or by” someone. Think about that the next time you are telling your employees what you think of their work.

Ultimately, does performance appraisal have to represent the “great paper shuffle” each year? My unequivocal response is a hearty, “No!” But unless you and your organization are willing to roll up your shirtsleeves and get down to the nitty-gritty work of letting people know how they are doing, using agreed-upon measures and standards as the basis for the feedback, you may be spending yet another fourth quarter filling out forms comprised of factors with suspect job relevance, sitting through interminable appraisal meetings, documenting the outcomes, and looking forward to doing the same thing all over again next year.

Does the Bill Murray movie, *Ground Hog Day* come to mind right now? Are you, as you engage in this year’s performance appraisal cycle, in essence, living the same meaningless day over and over and over again, *ad infinitum*?

If you are, it is time to re-think how you undertake performance appraisal.

If you are, it is time to break with the past.

Stop shuffling paper.

Start focusing on behavior.

Start recognizing performance.

Start coaching.

In short, start helping your employees get where they need to be.



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