

APPRAISALS

Performance reviews, or appraisals, need not be difficult, a waste of time, meaningless, not relevant – and these are just some of the complaints we regularly hear!

Appraisals are beneficial regardless of whether you are managing (or supervising) a warehouse, a factory, an office, or a professional service business. Ensuring people are doing what the business needs, retaining good employees, and improving communication are just some of the more immediate benefits. Appraisals can also form part of the documentation trail if a warning process is initiated or can assist defend a case of unfair dismissal.

Research from the Gallup Organisation found that 20% of Australian workers are actively disengaged, costing the economy \$31.5 billion per year. Disengaged employees are less productive, less profitable, less loyal, less likely to provide excellent customer service and are often disruptive at work. The same survey also found that only 18% of workers are engaged!

We often find a gap between what employees believe their role is and what their manager thinks it is. A lack of clarity around what is expected is one of the contributors to disengagement. A regular discussion, using a common framework, minimises this potential.

Feedback that focuses only on an employee's weaknesses is another factor in disengagement. However absence of any feedback (positive or negative) is the worst case as these workgroups only recorded 2% engaged employees, with 43% actively disengaged.

Elements to Include

Whether implementing a new appraisal process or reviewing a current system, the process needs to align people with your business goals as well as your values or culture. You may be thinking this is all about big businesses and doesn't apply to small or medium sized companies. Wrong. If employees do not fit into your culture they will either leave (wasting your time and money), or they will stay and change the culture to suit them.

A well structured discussion should cover job role, progress towards specific targets (every role), and any training needs. More subjective areas such as teamwork, respect or integrity should also be included as these are what impact peoples' attitudes and your culture. Many people, particularly younger people, seek performance measures so they can see their progress. It is important to talk to these people about their future goals also.

Specific objectives and Key Performance Indicators (KPIs) must be defined for all roles so that individuals understand how their performance will be assessed and can commit to the goals. Ensuring that KPIs fit the SMART acronym (Specific, Measurable, Achievable, Realistic, Timebound) gives the basis for commitment. The right format will assist you by defining the areas to be discussed, but still leaving room for other issues or additional comments.

Salary Reviews

Does a salary review have to be part of an appraisal? The short answer is, no. Often it is perceived to be because they are seen to be conducted at the same time (annually). However the answer depends upon your business. Market factors are often a consideration.

Performance is generally seen as being related to reward. Therefore when both a performance and a salary review are perceived to occur together, and the performance review is positive, shouldn't an increase follow? To loosen this tie more frequent appraisal discussions are required.

PUTTING PEOPLE FIRST

Timing

Regardless of how often the appraisal discussion takes place (and we recommend twice a year), performance needs to be discussed on an ongoing basis. A quarterly discussion of goals and KPIs will help ensure people are on track and need not take a lot of time. More regular discussions can be less formal.

How Should I Do It?

We are all busy and the most common conversation many people have with their manager or supervisor is feedback about their lack of performance. The appraisal conversation is more formal (planned) than other discussions and provides an opportunity for two-way communication, giving both positive feedback and discussing areas of improvement.

The key to an effective appraisal is preparation. There is little point going into this type of discussion without thinking about how you see the appraisee's performance first. (This does not mean you get a copy of their form to look at before you meet - in school this was called cheating!)

Some key points:

- Date and Time - Agree in advance and allow sufficient time.
- Honesty - If you have a concern but have not addressed it and do not address it in this forum, you have wasted the time. Even worse, if you have not created a documentation trail and termination of employment is challenged in the future, you have opened your company to potential liability.
- Listen – Let the appraisee talk first, encourage them to participate and contribute. If you do not then they are unlikely to participate fully next time. To draw out the other person, use questions that they can not answer 'yes' or 'no' to. You will find they often raise the same issues as you, and are therefore more likely to buy-in to the solution.
- Language – be aware of your words. Write down specific examples of behaviour and talk about them. The more concrete you can be the better they will understand and be able to change or repeat the behaviour.
- Body Language – sitting with your arms crossed will subconsciously signal to the other person that you are 'closed' to their view and you may find it difficult to get them to respond.

What Happens Next?

The most common complaint is that 'nothing happens' afterwards. Participating parties should sign off the discussion, either on notes taken at the meeting or on a copy of one of the forms (if this is done ensure comments made by both parties are included and filed). An action list is also useful so that agreed outcomes, such as training, are followed through. Before the next appraisal discussion, make sure you take out the previous one and have a look at what was discussed.

Things to Watch Out For

A strong temptation for many managers and supervisors is to ignore 'small' misdemeanours, often thinking that the person knows and will do it differently next time. Unfortunately this generally does not happen. The golden rule for an appraisal is that nothing in the discussion should be a surprise – both positive and constructive issues should be discussed as they arise to reinforce the behaviour required, then use these as examples at the appraisal discussion.

Some appraisal processes leave room for bias. A common form is rating someone higher because you like them, regardless of their actual performance. Also for various reasons, people sometimes rate themselves higher or lower than you would expect.

A well structured appraisal will limit the potential for these to occur and will help give your business a competitive edge.

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