Four Steps to Appraisals That Inspire Peak Performance

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Direct reports—people who need direction and leadership—rely on their leaders to give them feedback and mentoring, not just management and evaluations. However, these people who most need their boss's help frequently lack the guidance that would enable them move to the next levels of success—theirs, their team's and the company's. Too often leaders are not prepared or trained to conduct an appraisal that stretches performance and ensures their direct reports' development. Instead, the appraisals become confrontational and judgmental; goals remain unclear; neither person is prepared; and the discussion occurs when it's too late to do anything about the problem. Today's organizations demand more from their leaders. Therefore, a well thought out performance appraisal system, clear expectations, reviews that inspire, and action plans are critical to the individual's and organization's success.

Create the System

An effective performance appraisal system offers many advantages: better performance, improved relationships, coordination of personal goals and business objectives, identification of high potential individuals, and justification for monetary rewards. However, much depends on the efforts that go into crafting the system.

The first step is to have clearly defined job descriptions that specify the tasks, functions, and responsibilities of each job. What does it take to do this job right? What are the success indicators? What are the derailers? Answers to these questions form the foundation for deciding behavior-based competencies for the particular job, the area of the organization, or the company as a whole.

Many organizations address competencies by defining roles and responsibilities as they relate to the level the person holds in the organization: executive, manager, or employee. Other companies choose competencies that address certain areas of the organization, such as accounting, manufacturing, human resources, or sales. Once decision makers decide how to measure performance, they are ready to identify specific behaviors that demonstrate competency in relevant areas and to choose the scale that makes sense for them.

Usually competencies relate to one of four areas: ability to get results, capacity to form relationships, decision making, and leadership. Specifically defined competencies might also include business acumen, customer focus, coaching, integrity, vision, communication, teamwork, flexibility, technical skills, and innovation. Once the company decides on 8-10 competencies, the next step is to establish the rating scale.

The most basic scale is three points: exceeds expectations, meets expectations, or fails to meet expectations. However, a four-point scale gives more options for evaluation and forces the evaluator to avoid a middle of the road review.

Once decision makers have determined the criteria for evaluation, they need to set the timeline. In short, the year begins with goal setting, continues with ongoing feedback, and concludes with the end of the year evaluation that is often tied to raises and bonuses. This sort of schedule avoids surprises and the "once a year" mentality that dooms most performance appraisal systems. Also, the periodic reviews give the employee a chance to take corrective action when there are still opportunities to make a difference.

In general, four meetings per year work well. The first is a goal setting meeting; the second addressees progress on the goals; the third surfaces any problems that might interfere with the end of the year appraisal; and the final one is a formality that ties the progress to rewards. This does not imply that ongoing feedback should not take place between meetings. On the contrary, the four meeting format is the *minimum* number of meetings the boss should have with the direct report. Even though bosses often resist adding to the number of formal meetings per year, they soon learn that the increase in productivity and morale among their direct reports more than compensates for the extra time they commit to the process.

Clarify Expectations

The purpose of goal setting is to tie individual performance to the organization's mission, vision, and values and to link short-term objectives to long-term targets. People most often commit to goals they've helped construct. When the boss and the direct report work together to clarify these goals, the direct report is more likely to *commit* to rather than *comply* with the efforts that will drive success. Well written goals serve a variety of purposes: they create opportunities for objective, fair dialogue; they define the "score card" that will be used to determine rewards; they energize and motivate; and they focus efforts.

By now almost everyone has learned about SMART goals, objectives that are specific, measurable, attainable, relevant, and timely. Specific and measurable mean the goal is concrete, clear, and descriptive to the point that results can be measured. For instance, giving feedback that a direct report "needs to be more positive and have a better attitude" is not helpful. Identifying the particular improved behaviors is: greeting others, smiling, saying "thank you," and giving praise.

"Attainable" is often a source of disagreement between the appraiser and employee. The boss's perception of achievable and realistic results might differ from those of the direct report. Here are some questions for the boss to consider:

- What are others in this role accomplishing?
- What is the person's history?
- Does this person have the experience, knowledge and capability to do this?

- What evidence is there to come to this conclusion?

Relevant goals are also critical, but both bosses and direct reports continue to make some fundamental errors in this area. First, all goals are not created equal; they need to be prioritized. People are often motivated to work on things they like, things that are familiar, or things that are easy. But frequently these initiatives do not address the most critical. Therefore, the boss needs to be sure that the "timely" elements of effectiveness are considered: First things are done first; deadlines are met; and direct reports separate important from unimportant uses of their time.

Second, the people involved fail to define the parameters in which the goals will occur, so the boss has one set of expectations and the employee another. If a condition of goal attainment includes "with no overtime" or "with our current equipment," these limiting conditions need to be spelled out so no one is surprised. If there are disagreements about these conditions or if the direct report considers the conditions unrealistic, the goal setting meeting, not the end of the year review, is the time to surface those issues. One way to do this during the goal setting meeting is for the boss to ask, "What factors might interfere with your achieving this goals?" This question alone can help to put things on the table and resolve differences.

A third mistake is direct reports often don't understand their parameters for accountability and decision making. They either overstep when boundaries are not clear, or they err on the side of caution and risk-avoidance. Working together, the boss and direct report need to clarify which decisions the employee will make alone, which ones will require notification of the boss, and which ones need to be cleared with the boss. When the direct report avoids making decisions or runs to the boss with every problem, both parties waste time and efforts, and the boss overlooks chances to develop talents and potential among his or her reports.

Finally, bosses frequently do no support the efforts of their direct reports. The research suggests, and multi-rater feedback reports confirm, that mentoring, giving feedback, and developing others are usually the boss's lowest ratings, primarily because "getting the job done" seems more important.

The fact that bosses overlook is that developing others is "the job," a significant and critical part of the job. Usually coaching others is only one part of a boss's job, so taking care of other responsibilities often takes precedence. Also, organizations frequently reward solo performance and individual efforts more than they recognize coaching others. Therefore, in order for an appraisal system to succeed, companies need to recognize and reward efforts related to leading and managing others.

Support from the boss is an inexpensive but effective way to improve performance and show a commitment to excellence. Frequently managers don't have the authority to give financial rewards, but all bosses can give the intangible rewards of attention, coaching and mentoring. Furthermore, through discussion, the boss can learn what other kinds of intangible rewards the direct might appreciate—increased responsibility, more interesting work, variety, opportunities to work alone or on a team, etc. The key is to build trust that the boss cares and wants to respond to the needs of the direct report.

Review Performance

Scheduled conversations offer another way to build trust and reduce anxiety. Obviously, feedback about performance should occur when it can do the most good—when it is immediate and focused. When a direct report makes a mistake, addressing the problem right away is the surest way to take corrective action. Similarly, when a person excels at a task, complimenting and praising the efforts immediately will show appreciation and encourage more of the same.

However, having more formal review sessions is also critical to the direct report's development. Regularly scheduled reviews avoid the end of the year angst and allow employees to receive feedback when there is still time to take corrective action.

One of the reasons these critical discussions don't occur is bosses feel uncomfortable, unprepared, or ineffective in such encounters. They avoid the very conversations that could help them build better relationships and increase productivity among the people who need their direction and support. One way for bosses to improve their coaching is to follow the GLAD feedback method, a step-by-step approach that can help bosses improve performance appraisals and inspire peak performance:

Get to the core of the performance issues.
Listen to the other first.
Add your own ideas.
Develop an action plan.

Getting to the core of the performance issue means focusing the discussion on *actions or behaviors*, things the person can control and change. If personality issues or decision making capacities are interfering with the person's performance, the problem may be an inability, rather than an unwillingness, to do the job. In that case, the boss needs to consider alternatives to either give the direct report additional help or move to him or her to an area that is better suited for that person's talents and strengths.

The performance review should be focused on goals, balanced in nature, and candid. People need to hear the things they are doing well so that they can leverage their strengths, but they also need to identify improvement areas.

Ordinarily going through each of the goals that were set at the beginning of the year is unnecessary. More often, one or two goals will be a more obvious concern. Starting the conversation by identifying those will help to keep the discussion on track and build momentum for addressing them.

The second step in the GLAD system is to listen to the other first--to elicit that person's ideas and opinions before offering your own. Starting on a positive note can be helpful in this step. For instance, after identifying the issue, the boss can say, "Brag on yourself a little. What have you been able to do about _____?" This will do two things. It will help direct reports know the boss is listening, and it will give the boss a chance to understand more information. It's also the employee's chance to make sure accomplishments are not overlooked or forgotten, and it's the boss's chance to check on the accuracy of the review.

The performance appraisal should be a two-way conversation, an opportunity for both the boss and the employee to learn. Listening to the other person first shows a willingness to consider new information, and if necessary, to change the nature of the review. Similarly, hearing the other person sets the tone for the give-and-take that will be necessary to create understanding and commitment between the two.

Before moving to the next step of the review, the boss should take advantage of the opportunity to address as many issues as possible with open questions. Asking the employees to talk about their perceptions of problem areas will reduce the defensive reaction that can accompany the boss giving a solution. For example, the boss can ask, "What things do you still need to do to improve?" or "What are some ideas for correcting that problem?" "What?" and "How?" are the magic words that open the discussion.

Another part of this step is paraphrasing what the other has said—summarize ideas and reflect emotions. Often a summary statement is more powerful when followed by another open question. For instance, the boss can restate the message by saying, "So you're not worried because you think this will work if you give it enough time. How will you address the deadlines that are in place already?" A series of these kinds of statements and questions can frequently lead the direct reports to conclusions they had not previously considered.

At this point a common reaction is "This will take so long! I don't have time to ask a lot of questions. It's so much faster to just tell people the problem and tell them how to fix it." That's true. The most economical use of time, at least in the short run, is to tell people what to do to fix things. But that sort of behavior leads to other problems. Sometimes people resist being told what to do; the boss doesn't give the employee the chance to discover solutions; and direct reports become reliant on the boss for decisions they should be making themselves.

However, that doesn't mean the boss should not give direction. On the contrary, the third step, to add your own ideas, is the time to do just that. Ideally the discussion to this point should have implied a course of action for the direct report. If, in spite of the boss's best efforts, that hasn't happened, the third step is the time to give that direction.

Once again, clearly defining the specific behaviors that the direct report should address will help to keep the discussion focused. If the boss disagrees with the employee's assessment of the situation, if there has been a shift in priorities, or if the two disagree on action steps, this is the time for the boss to express ideas and concerns and to begin a discussion about how to resolve differences. The direct report needs to have a clear understanding of what the boss expects, those things the employee needs to do more of or less of to improve. Employees report that they appreciate this level of candor when there's still time to take corrective action. For example, if the boss were to say, "I would like to give you the same raise that you received last year. However, based on_____, I wouldn't be able to do that if this were your end of year evaluation," this would be an eye opening and direct message that would resonate with the direct report and streamline the end of the year evaluation.

Develop the Action Plan

Many companies discuss compensations, raises, and bonuses in one end of the year discussion--the same discussion that addresses goal setting, feedback, evaluation, and action planning. When all this is lumped together in one meeting, the meeting that happens is a type of post-mortem. Even though it's too late to do anything that will make a difference, employees are somehow supposed to be motivated and enthusiastic to charge into the upcoming year, more focused and productive. It doesn't work that way. On the contrary, they are angry and resentful, especially if they have had no warning that their performance was sub-standard.

The first phase of action planning, therefore, should take place at the beginning of the year. The action plan is a fluid document, however, that should change with new information, accomplishments, unexpected events, and learning. Therefore, at the beginning of the year and at each subsequent meeting, the boss and direct report need to prioritize goals and objectives to identify the current most important two. Even though the direct report might write several goals at the beginning of the year, ongoing discussions between the boss and direct report should reexamine the importance and relevance of each objective.

Timelines for goals help this process. Sometimes the timeline will be obvious. If a person wants to finish a course of study, the beginning and ending date of the class will be established. Other timelines will need to be created, often in response to new initiatives or demands. Some people have the capacity to break large projects into manageable parts; others need direction from the boss to do so. The main payoff of action plan is not the form or the document but the *discussion.* Once the employee and boss know what is needed and expected, each has identified roadblocks, and the timeline is clear, the action plan is apparent.

This does not imply that writing the action plan is optional. A written action plan is the tangible agreement among the stakeholders. It serves as a kind of report card for tracking results and re-directing efforts. Therefore, both the boss and the direct report should keep a copy of the original agreement and the subsequent notes and changes. When this happens, the end of the year evaluation brings no surprises.

Conclusion

Most performance appraisals and performance management systems are not what they could be, primarily because the system is flawed, and the participants are not prepared. Creating a coaching culture, one that is characterized by clear goals, ongoing feedback and mentoring, scheduled reviews, and focused action plans, is also likely to create a more productive culture.

People create culture, so much depends on the appraisers. Understanding how their behavior shapes the behavior of their direct reports is the first step for bosses. Once they realize that they can and should influence performance, they need to learn and practice the skills associated with performance management. Even though this is all takes time and effort, the rewards are impressive and immediate.

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