Performance Management—No Surprises!

By Rich Mohr

Many organizations engage managers and employees in a stressful year-end tango called "performance appraisal." Organizations believe this is motivating, but it is not. They believe it lets the employees know how salary increases are justified, but it does not. Managers and employees alike would never have this encounter if it were not mandatory. Yet, most organizations focus upon the **appraisal** of performance rather than the **management** of performance. The difference between appraisal and management is somewhat like the difference between financial management and accounting. One tends to be more forward looking—planning oriented; the other looks backward—a postmortem.

We already know that employees report **seven** different general concerns regarding performance appraisals, all of which guarantee the experience will neither motivate nor legitimize salary.

1. Focusing on the negative rather than the accomplishments.
2. Little or no communication all year, and then—surprise!
3. Poor or no expectations given beforehand—never establishing a target.
4. Inconsistency between number ratings and verbal comments. (If I do an "excellent" job, why am I a "3?") (If I'm your "best" _____, shouldn't I be a "4?")
5. The "recency" effect. Mentioning at year-end, recent isolated events.
6. No connection between the performance rating and salary increase.
7. Managers do not like doing performance appraisals and many would not if it were not mandatory. This is apparent in the rushed, inaccurate assessment dialogues they conduct.

Performance management is a better approach. This process provides managers and supervisors with an effective way of letting employees know where they stand compared to the leader's expectations. It also offers people opportunity for a course change during the year.

The goal of performance management is **NO surprises!** Each employee arrives at the year-end with an acknowledgement of individual accomplishments and an understanding of what needs improvement. Most importantly, each employee understands the progress made against the agreed-upon expectations. This is an important reference when the conversation eventually comes to salary or bonus. Performance management has three main parts: **expectations, interim discussions**, and **annual summary**.

Expectations—The process starts at the beginning of the year when supervisors and employees discuss and agree upon the expectations for the year. In this important step, the supervisor must describe what good behavior looks like. Each expectation should be clear and brief, such as, "Load the trucks in less than 20 minutes." Five to 10 expectations for each job should be adequate, but there is no magic number. Expectations reflect the job description. Setting expectations is critical and an enormous pitfall could result if not included as a part of a traditional performance appraisal process.

Professional positions will require expectations focused more on results than actions, allowing for professional judgment. The professional still needs to know what good results look like.

Interim discussions—This is perhaps the most important step. Interim discussions are **short, informal** reviews of progress lasting five to 10 minutes and occur one or two times during the year. After two interim discussions, there should be little new information to discuss at year-end. This makes the annual summary easier and faster. Interim discussions must be dialogues, however, or there is a risk that the interim becomes just another more frequent performance appraisal where the supervisor does all the talking. Therefore, **supervisors need ongoing training** in coaching and facilitating discussion skills. Regular feedback interactions, however, between interim discussions continues to be critical, especially for new employees. Remember, intelligent people will be more likely to duplicate behavior that impresses their supervisor.

Annual summaries—With regular feedback interactions and interim discussions with appropriate documentation, the annual summary conversation becomes less stressful. There should be little, if any, new ground broken at this time—simply a summary of the year.

Performance management is a process, and it requires supervisors skilled in coaching and facilitating conversation. Organizations that consider this approach need to ensure that supervisors receive such skill training. For the supervisor whose organization requires only the completion of an appraisal form at year-end, the performance management process with its focus on setting expectations and feedback is still a recommended tool so that the supervisor manages performance with **NO surprises**!

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