
TOWN OF CHINO VALLEY GUIDE TO EMPLOYEE MANAGEMENT

AND

EMPLOYEE PERFORMANCE & DEVELOPMENT REVIEWS

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INTRODUCTION

PERFORMANCE MANAGEMENT VS. PERFORMANCE REVIEWS

Oftentimes the term “performance management” is used interchangeable with “performance review”. The difference is simple. Performance management is the ongoing process or cycle and a performance review is an event whereby an employee's performance is evaluated against the goals set for the prior period and new goals are set for the upcoming period. Too often the performance review is used as the only performance management tool and communication between reviews is inadequate.

The implementation of a sound performance management program is the cornerstone of enhanced productivity in any organization. The performance management process will allow the Town of Chino Valley (the “Town”) to ensure that productivity of its work force is aligned with the strategic goals and objectives of the organization and that communication between a manager and employee becomes the foundation for a successful performance management program. It is important to understand this is an ongoing cycle that includes not only the performance review, but also regular coaching and development throughout the year. Careful execution of the performance management process will help to provide an environment where employees are knowledgeable of town and department goals and how their individual goals relate to the big picture.

Any issues or performance shortfalls should be addressed immediately in order to provide the counseling needed for employee improvement. Each employee should be treated with respect and given the opportunity to address any deficiencies and request coaching or tools needed to help remedy the problem. Employees tend to excel in their role and are happiest when they know what is expected of them at work. This is accomplished through a solid performance management system with ongoing communication between employees and their supervisors.

ELEMENTS OF A SUCCESSFUL PERFORMANCE MANAGEMENT SYSTEM: Effective performance management practices require an investment of time, planning, thought, honest communication and follow-up. The return on this investment is a more energized workforce that understands expectations and how individual performance has an impact on the overall success of the organization.

PLANNING – STARTS AT THE TOP: Planning for performance starts at the top. Management must communicate to all employees the vision, mission, strategic goals, and short-term objectives. Each employee should understand how his/her position contributes to the Town. In turn, managers should align all employees' goals to help support the bigger picture or where the Town is headed in the short and long term. This will make the employees feel connected to the mission and overall outcome, which in turn will create a sense of teamwork.

HOLDING EMPLOYEES ACCOUNTABLE: Throughout the performance management process, consistency in holding employees accountable is very important. Requiring accountability is one of the most important functions a manager performs. Employees usually want to know when they are not successfully meeting your expectations. If they are not informed, performance will not improve and can even decline further. Managers should treat employees with the same respect they want to receive and give inadequate performers the opportunity to improve. The annual performance evaluation is not the time to surprise employees with concerns or negative feedback they are hearing for the first time.

IMPORTANCE OF PERFORMANCE REVIEWS

In today's fast-paced business world, it may seem like a chore to spend precious resources planning, developing and engaging in employee performance reviews. The truth is, however, that most of us can't afford not to give formal performance evaluations. There are two key reasons why performance reviews should be given:

PERFORMANCE REVIEWS HELP EMPLOYEES BECOME BETTER WORKERS: All good managers provide regular feedback to employees so that they develop into skilled workers that are useful to the organization. A written performance evaluation is a way to formalize this feedback, and lets employees know that how they perform counts. A formal review also allows employees to take a step back from *what* they are doing, to focus on *how well* they are doing it. From this vantage point, they can make action plans to improve or alter behavior and set new personal goals. Encouraging people to work to their full potential is the ultimate goal of a performance evaluation.

PERFORMANCE REVIEWS CAN PROTECT ORGANIZATIONS: In today's litigious society, having formal documentation of an employee's performance is an important protection device. Detailed record of poor performance and unmet goals can be an effective counter to claims of bias in the case of a dismissed worker, and are often held up by the courts as legitimate justification for termination.

PERFORMANCE REVIEW FORMS

There are two types of performance review forms being used in the Employee Performance and Development Review Process. They are the Top-Down Performance Review and Self-Assessment.

TOP-DOWN PERFORMANCE REVIEWS: Top-down performance evaluations are the most common and the most effective, because they involve the assessment of an employee by a direct manager. Top-down reviews are most useful when given by an employee's immediate supervisor – someone who works with that employee every day and knows his or her strengths and weaknesses. The top-down review becomes less effective when given by a Human Resources manager who has only second-hand knowledge of an employee's performance.

SELF-ASSESSMENT PERFORMANCE REVIEWS: Self-Assessment reviews are effective when combined with the top-down performance review. With this type of review, employees are asked to evaluate and/or rate themselves. Self-assessment reviews help make the employees an active part of the process, and provide a vehicle for them to reflect on their own performance prior to the formal review.

Studies have shown that employees are usually harder on themselves than their managers, and generally give themselves more critical evaluations and/or lower ratings. Having an employee do a self-assessment prior to the manager's review can set a positive tone for the meeting, as the manager will often have better things to say than the employee has said about him or herself.

PLANNING FOR PERFORMANCE EVALUATIONS

PRIOR TO THE INTERVIEW

The best way to conduct a performance review is face-to-face. A manager reviewing an employee should sit down with him or her in a conference room or other neutral space (not the manager's office whenever possible). Prior to the interview, the manager should do the following:

GIVE SELF-ASSESSMENT FORM TO THE EMPLOYEE: Employees should be given a blank copy of the Self-Assessment Form prior to the review. They should be told to fill it out and that prior to the review to return the form to the manager. At the time of the evaluation, both the employee's Self-Assessment, and the manager's Performance and Development Review will be reviewed together. Giving the employee the evaluation form also allows him or her to gauge exactly what types of performance criteria will be measured.

SCHEDULE A TIME: Performance reviews are important events, and should be scheduled with an employee ahead of time. This gives an employee time to "mentally prepare" for what can be a stressful process. Pulling an employee away during a spare moment is not the time to do a performance evaluation.

COMPLETING THE PERFORMANCE AND DEVELOPMENT REVIEW (PDR):

Prior to conducting the review with the employee, the manager should complete the PDR. The PDR consists of three distinct parts:

1. Job Description, which includes a review of the employee's major responsibilities for the specific period. Reviewing the job description for accuracy prior to each performance evaluation is always recommended.
2. Accomplishments, Objectives/Goals and Development Plan for the previous and upcoming review period. It is important to remember that the employee evaluation should contain not only performance feedback, but also progress against developmental goals and identification of future development opportunities. Development goals focus on developing new skills and abilities to improve or enhance current performance or to prepare the employee for future roles.
3. Performance Review, rating job-related characteristics or skills determined to be critical to the success of the job.

The following are important steps to follow when completing a performance evaluation:

- Be consistent throughout the performance evaluation citing specific examples to support each rating. Remember you are rating job performance and not the individual.
- Responsibilities: Discuss the document with the employee during the performance evaluation meeting to ensure the employee has a clear understanding of regular duties and responsibilities, their performance based on those items, as well as any agreed upon Objectives/Goals. (Always provide Human Resources (HR) with an updated copy of job description changes.)

HALO, HORN AND RECENCY EFFECTS: Inconsistencies in developing a PDR may occur due to common pitfalls such as the Halo, Horn and Recency Effect.

The Halo effect occurs when the employee is looked upon favorably in general, so the manager ignores or disregards instances of poor performance. In order to avoid this problem, each aspect of the appraisal should be rated individually, without bias regarding other performance areas. Remember to review each aspect of job performance and seek justification for each of your ratings.

The Horn effect is just the opposite of the Halo effect and occurs when an employee may be difficult to manage or who may have had poor performance in the past and continues to be viewed within this context. Sometimes employee difficulty in one area casts a negative shadow on performance areas that, in reality, are acceptable. Again, strive to evaluate each area honestly and accurately, removing any preconceived ideas or past history with the employee.

The Recency effect occurs when an employee's performance rating for an entire period is based on a recent event, either bad or good. For example, an employee who has stellar performance for the first 11 months of the period and then encounters difficulties in the 12th month receives a poor performance review. Avoid this problem by remembering the period of timing you are reviewing, be it 90- days, six-months or 12-months, and not just the most recent weeks or months.

Keeping notes on **each employee in a secure and confidential area**, documenting problems and successes, will help you review the entire year by not relying just on memory or recent events.

Given the role performance plays in employment and compensation-related decisions, it is imperative that you ensure the performance management system is designed to be fair and objective and used in a consistent manner. Performance management is an ongoing collaborative process, which requires monitoring and regular feedback throughout the entire performance period. Employees should view the process as fair and view their managers as sincere when delivering feedback throughout the year and during each performance evaluation meeting. It is very important to document any performance problems in the annual performance evaluations as well as during the year. When a termination is required due to unacceptable job performance, it is very important HR be involved and that any recent performance-related documents contain clear communication on the problems and remedial actions required.

SETTING GOALS, EXPECTATIONS AND OBJECTIVES: The value of well-understood goals and objectives cannot be overstated. Employees cannot do a good job if job performance standards are unclear and supervisor direction is lacking. Setting clear goals helps employees understand what they need to do, prioritize their workload and identify when they may need additional resources or training to accomplish the goals. Clear goals and objectives assure clarity, encourage agreement on what is expected, encourage alignment of performance within different departments and the Town, and provide benchmark's against which performance can be measured. Goals can be outlined using the following SMART(ER) Goals Technique. This will help avoid vaguely established goals where desired results are unclear and unattainable.

- S=Specific – clearly, concise, specific defined goals. Establish only two to four per performance period.
- M=Measurable – describe criteria and/or targets used to describe success (ie. Quality, quantity, cost, completion)
- A=Attainable – establish goals that can be met that are not too easy, yet not impossible.
- R=Realistic – develop goals taking into consideration available resources and relevance.
- T=Time-based – Set time frame being as specific as possible, including a phased time line when appropriate.
- E=Engaging – motivate individual and explain the importance of excellent performance.
- R=Reinforcing – continue communication on a regular basis and recognize efforts and accomplishment.

Write strong goals for each employee's job performance. Constructing effective individual goals can be easier when you use the following model: 1.) Start with "to", 2.) Insert an action verb, and 3.) Insert a time frame or deliverable date. With clearly written goals and objectives, employees will know what is expected of them, how progress will be measured and what time frame must be followed for accomplishing the tasks.

Following are three written sample goals:

- To create and utilize an employee exit interview process to include a termination memo, employee questionnaire, COBRA Notice and checklist by the end of the second quarter 20xx and compile/present results in the fourth quarter 20XX, for the Town Manger. (30% weighting)
- To introduce, set-up and train all users on XYZ Software, by second quarter 20xx. (50% weighting)
- To input approved payroll data change requests, with 100% accuracy, within 48 hours of receipt of each request. (20% weighting)

Some goals may be more important to the department or town than others, based on a variety of factors. If goals are weighed in your performance evaluation, consider the following issues: Value to budget, impact to mission, time period covered, intensity of labor, coordination with other departments, effect on other tasks, uniqueness of task, special knowledge required, impact if not achieved, effect on town residents. Item #2 above may require an extensive amount of time and high level of complexity and would therefore be weighed higher while a lesser goal may not have as strong of an impact on town residents and the overall mission, such item #1 above. When goals are weighed, the total percentage must equal 100 %, with each goal designated an individual weighting based upon overall importance.

HUMAN RESOURCES (HR) INVOLVEMENT:

The manager is generally responsible for creating documentation, but may need input and advice from HR. HR will partner with managers in the documentation process, but it must start with the person closest to the employee which is the manager. Take into consideration these basic premises when preparing the PDR:

- Carefully review formal documents before presentation to the employee. Have HR review the documents as an unbiased third party.
- Documents should be double checked for appropriate wording and to avoid any legal issues.
- The written record should describe the positive or negative event in detail to ensure that it is clearly described.
- Documentation should always be created as close to the time of the specific event as possible.
- Regular documentation creates a performance record without reliance on memory and is essential when developing a formal performance evaluation.

PERFORMANCE DOCUMENTATION:

Document, document, document... Documentation is a critical component of good performance management. Rather than rely on memory, use ongoing written records maintained throughout the year to depict a complete and accurate memory of performance. These written records should be created for all of your direct reports and maintained in a secure manner to ensure confidentiality.

ABC'S OF DOCUMENTING:

<u>A</u>ccurate	Record facts concerning actual performance Record information concerning job-related behavior only Record only your observations or that of a trusted individual rather than relying on "hearsay" information from others
<u>B</u>ehavioral	Make statements about personality, motivation, attitude, or values based on facts not assumptions Avoid statements with absolutes (ie. Never, always, every, none)
<u>C</u>onsistent	Maintain documentation on all employees in a secure and confidential location Maintain both positive and negative documentation Base the decision to document on the incident, not the individual Keep the same format and level of detail for all documentation
<u>S</u>hare the Impact	Record the impact or results of the behavior Describe how the behavior affects customers, supervisors, peers and/or the organization Record how the behavior impacts safety, objectives, services, etc...

Use specific examples or descriptions of actual behavior.

DONT USE: You are a self-starter

USE: You don't wait to be told what to do but work on other projects until I can give you more work.

DON'T USE: You do not value a good day's work.

USE: In the last week you have extended your break three times and returned late from lunch twice.

DON'T USE: Because you don't like the new project...

USE: You have missed the last two meetings on the new project and have missed one deadline for your report.

DON'T USE: You are very good with visitors.

USE: You actively solicit visitor comments on the quality of our services.

DON'T USE: You never participate in department meetings.

USE: In our last three department meetings, you have said that you have nothing to add when asked for your input.

DON'T USE: You are so positive.

USE: When faced with a problem, you immediately begin looking for solutions.

LEGAL CONSIDERATION:

All personnel actions should be based on objective, job-related reasons and not on subjective opinion or vague allegations. Biased evaluations can lead to charges of discrimination, defamation of character and wrongful discharge. If such a charge is brought against the Town, all written records may be subpoenaed as part of a court case; that is why it is critical that documentation not only exist, but that it represents a fair, unbiased and carefully worded account of any problems.

To protect the Town against allegations of discrimination or other illegal employment actions, do the following:

- Maintain accurate and well-documented records for each employee.
- Address performance shortfalls as soon as they occur.
- Meet regularly throughout the year with individual employees to discuss progress and any issues.
- Base evaluations on specific, objective, job-related behavior only.
- Use the performance rating system accurately and identify problem areas.
- Ensure performance expectations are clearly communicated and that the standards used to evaluate the employee performance are valid and fair.
- Follow a progressive discipline process to allow the opportunity for the employee to demonstrate continuous and sustained improvement.
- Whenever possible, demonstrate that more than one written counseling report was provided and that the disciplinary process was truly progressive and not a one-time event.
- Obtain the employee's signature on performance documents as a means of demonstrating receipt and discussion of the document(s), although not necessarily agreement with the contents.

FEEDBACK:

Managers often avoid giving feedback to their employees because they are afraid of hurting feelings and starting conflicts about other issues. Without feedback, employees may believe there are no consequences for poor performance, manager lose trust and respect, employees do not improve in their roles and the atmosphere in the organization worsens. Feedback is the most effective means to let employees know what they are doing well and

where they need to improve. Improvement cannot take place when employees are unaware of problems or unsure how to correct them. Feedback benefits the employee in a number of ways; it encourages continued positive behavior and provides an opportunity to change or improve behavior. Feedback also provides the supervisor with information regarding the needs of the employee, and the employee will feel more connected to the department and town. Feedback benefits the organization because it helps to maintain an alignment of the Town and employee.

There are two types of feedback: positive and constructive criticism. When providing feedback for good performance, provide positive reinforcement to serve as a strong motivator, provide an opportunity for recognition, increase the chances that the behavior will be repeated and let the employee know that the Town recognizes when work is performed well. When providing feedback for poor performance, provide constructive criticism to inform the employee of what needs to change and the reasons performance is not acceptable. Let the employee know exactly what constitutes good behavior/performance and establish a time for follow-up on each issue or problem. When delivering constructive criticism, include some positive reinforcement on a different topic in the same discussion whenever possible, however do not minimize the specific problem at hand.

Delivering feedback is important, and it is equally important to deliver it correctly and in a timely manner. Using the situation-behavior-impact (SBI) method provides a framework for how to maximize the intended effect of providing the feedback. **Remember, it is always desirable to deliver the feedback as soon as possible after the precipitating event.**

EXAMPLE #1 POSITIVE PERFORMANCE FEEDBACK:

SITUATION "In the status meeting on Tuesday afternoon in the conference room..."

BEHAVIOR "...you were prepared for the meeting by addressing the issues and anticipating important concerns."

IMPACT "By addressing the needs you maintained trust in our ability to move forward on this project."

EXAMPLE #2 POOR PERFORMANCE FEEDBACK:

SITUATION "You need to stop missing project deadlines." (Give specific example of missed deadlines)

BEHAVIOR "In order to be successful you must start meeting these deadlines consistently in order to improve our relations" (Identify next project deadline date.)

IMPACT "You must then follow-up with our customers and provide consistent project status updates. I am sure if you plan ahead properly you will be able to accomplish this goal. Let me know if I can be of assistance if you encounter any problems."

Most employees appreciate the opportunity to address performance concerns; a disservice is being done when managers/supervisors do not fulfill their job duties by providing such feedback. Of course, positive feedback is welcome and will usually lead to increased enthusiasm and productivity.

GIVING THE PERFORMANCE REVIEW

TALKING & LISTENING:

Giving the actual performance review is as important as writing it. This face-to-face meeting will likely set the tone for the rest of the year, and if handled correctly, can provide a great boost to employee productivity. There are three key points to remember when giving a performance review. They are: 1) Set a positive tone early, 2) Listen, and 3) Be the boss. These points are described below:

SET A POSITIVE TONE EARLY: It is important to remember that although the manager may be giving multiple reviews in any given day, the employee is only receiving one – and it is of enormous importance. Because the performance

review carries such weight within the organization, it is often a nervous time for workers, even if they are consistent performers. Managers should be advised to keep this in mind when beginning their evaluations, and to set a positive tone for the meeting. Even if the review is more negative than positive, the reviewer should focus on creating a “comfortable” atmosphere for the worker, always balancing negative comments with positive ones.

A good way of setting a positive tone early is for the manager to smile and take a seat next to the employee, rather than across the table. Small talk should be avoided, if possible, as should discussions about day-to-day project activities. The interview should start by the manager asking the employee to walk through his or her self-evaluation process, talking about strengths first. Managers should agree with the employee when appropriate, and add additional positive comments that the employee may have left out. By allowing the employee to speak first, a tone of openness is set, and defensive posturing (as the employee is being talked at) can be negated.

When it is time to talk about weaknesses, managers should strive for honesty and specificity. The review is not the time to mince words, nor is it the time for generalities. An employee needing work in a particular area needs to clearly hear and understand that, and hear examples of what has gone wrong (or right) in the past.

LISTEN: The evaluation meeting is as much about listening to employees, as it is about talking to them. Good listening skills will help the manager discern what points are important to the employee and what comments stir defensiveness. It also serves as the basis for determining employee motivation. Employees often feel that the performance review is an opportunity to tell their manager what they would like to be doing, and what they want to improve upon. Intelligent managers will realize that these statements can be the key to unlocking hidden potential in their workers. It is wholly appropriate for a manager to take notes during a performance evaluation (provided it does not detract from the interview).

BE THE BOSS: Although an evaluation meeting is about positive tones and good listening skills, it is also important for managers to remember that they have the position of “boss.” They should not allow employees to run the evaluation meeting, or continually argue points. Overly defensive employees should be told that the review process is not a debate.

Managers should also be authoritative in their discussion of strengths and weaknesses. They should not apologize for any ranking or comment, or minimize the importance of the evaluation itself. Finally, managers should keep the interview on track, making sure that all important points are covered during the meeting, and not sticking to one particular comment or rating.

HANDLING DIFFICULT SITUATIONS:

Despite the positive tone that managers will bring to the performance evaluations, there will occasionally be difficult situations. These include reviewing poorly performing workers, dealing with insubordinate employees and overcoming personal conflicts. There are three key points for managers to remember when dealing with difficult situations: 1) Be Prepared, 2) Be Honest, and 3) Be Calm. These points are outlined below:

BE PREPARED: Providing negative performance reviews requires managers to be even more prepared than for positive reviews. This is because managers need to be able to give specific instances to back-up any negative ratings or comments. To do this, managers should review all previous reviews and any disciplinary actions regarding an employee prior to the meeting. Note, however, that no “surprises” should be brought up in the performance review. Only issues that have surfaced, and have been discussed before with the employee in some way should be included as part of the negative review.

BE HONEST: It is always important for reviewing managers to be honest with employees. This is even more so when dealing with difficult situations. Honesty is crucial for two reasons. First, it builds a bond of trust with the employee, even if the situation is dire. Likely, a problem situation will have been set forth prior to the actual review, so being forthright with employees will appear “natural” to the process, while pretending that prior events did not happen will cause distrust. Second, the employee needs to hear specifically, and without confusion, what his or her performance or attitude lacks.

BE CALM: No matter what happens in a performance review, managers should always stay calm, and remember that they are in charge. Defensive or argumentative behavior by an employee should not distract the manager from delivering a complete and honest assessment. In those situations where the review process completely breaks down, it is still up to the manager to remain calm, handle the situation authoritatively, and be resolute in taking the next action steps.

RESOLVING COMMON ERRORS IN PERFORMANCE MANAGEMENT:

Performance management is an ongoing process that involves both manager and employee, and requires effort, attention and honest input from both. This is easier said than done with many pitfalls to avoid. Following are some of the primary reasons for breakdowns that occur and a remedy for each one.

The employee's goals have nothing to do with the department's current goals and objectives.

Remedy: Managers should review the department goals to ensure the employee's goals support them and they are current. Employees need to understand how their performance supports the overall goals of the big picture.

The employee's goals are not relative to the job.

Remedy: Review the job description and revise as necessary. It is a good practice to review the job description before each evaluation and when major changes occur in an organization/department. Work with the employee to ensure they understand their job expectations and clearly define essential duties of the job. (Always provide HR with an updated copy of job description changes.)

The employee and manager disagree as to whether performance goals are met.

Remedy: Collaboratively create goals that are SMARTER (specific, measurable, achievable, relevant, time-based, engaging and reinforcing). This will help avoid vaguely established goals where desired results are unclear and unattainable.

Performance reviews are centered on past performance only and do not address future employee development.

Remedy: Discuss individual development goals to accomplish in the future with the employee and identify specific areas of interest. In addition to performance goals, individual development goals should be included which focus on developing new skills and abilities to improve or enhance current performance or to prepare the employee for future roles, whenever possible.

The employee is unaware or unclear regarding job performance expectations and does not perform up to manager's requirements.

Remedy: Communicate and clarify expectation regularly. Good performance management requires an ongoing dialogue, initiated by both manager and employee. Ensure goals and objectives are clearly defined, and both

parties have a common understanding of expectations and measures of success. Well-developed performance goals and objectives will serve as the framework for ongoing discussion and evaluation of employee performance.

Employees feel thrown into a position with little understanding of expectations or tools to accomplish their jobs.

Remedy: Managers should meet with new employees or employees recently promoted into a new position before they begin the job to discuss expectations of performance and behavior. The “sink or swim” approach is not acceptable and will only create frustrations and negative morale.

The manager and employee have only one performance discussion in an entire year.

Remedy: Managers should provide and employees should seek performance feedback informally throughout the performance cycle. This may be scheduled on a weekly, monthly or quarterly basis, depending on the needs of the department and employee.

Goals established at the beginning of the performance period became outdated and irrelevant.

Remedy: Throughout the cycle, performance should be evaluated against the goals and objectives outlined on the performance plan. As appropriate, modify performance objectives or development goals based on new demands and/or limitations.

The employee is not meeting performance goals, but the manager has not communicated any shortcomings.

Remedy: Regularly discussing performance will provide managers and employees with the opportunity to identify when coaching may be necessary to maintain or achieve satisfactory performance. When performance issues require significant corrective action, more formal action, such as a performance improvement plan, should be developed. An employee should never be surprised by a performance discussion or outcome. This can be assured when communication is constant.

POST-PERFORMANCE REVIEW

ON-GOING PERFORMANCE MANAGEMENT

Managers will get the most out of employees when they are constantly evaluating and reviewing them. After the performance evaluation is over, it is important for managers to keep the action plan items from the meeting in mind during every day work life. When an employee performs in a way that is positive or shows new skill in a particular area addressed during the review, the manager should comment and praise. Likewise, when an employee has slipped or has not taken the action steps agreed on in the evaluation, the manager should remind the employee of the discussion.

Giving constant evaluation not only promotes better productivity, it also eliminates the element of surprise from future performance evaluations. Employees that are given the notice of a deficiency early are more likely to correct it, rather than repeat it out of ignorance of wrongdoing. When providing ongoing evaluation, it is still advisable to use a neutral setting, away from the activities of other workers. The praise, or reprimand should be well thought-out before spoken, and include specific instances. General evaluations like “you are doing a good job” or “you need to work harder” are not helpful.

PREPARING FOR NEXT YEAR

The performance review is not a one-time event. Every year, employees and managers will engage in the evaluation process, so it is never too early to get a jump on the upcoming review. There are three things to keep in mind when preparing for the next year's evaluation process. They are: 1) Review the Past Year, 2) Make Minor Changes, and 3) Regain Buy-In.

REVIEW THE PAST YEAR: After the performance evaluation process is completed for the year, the Human Resources Director should conduct an analysis of its effectiveness. This analysis has two major steps, including: a review of the "numbers" (quantitative analysis), and a survey of managers (qualitative analysis).

To review the numbers means to look at the ratings given across the board, to determine their effectiveness in judging performance and determining compensation. If the aggregate performance ratings seem inflated, it may mean that managers need more training in how to rate and rank employees. If the numbers appear to show a high number of "average" scores around the median, the review scale may need to be changed to offer an above, or below average rating.

In addition to reviewing the numbers, the Human Resources Director should conduct a survey among reviewing managers, or do interviews with a sample of them. The reviewing managers should be asked what was useful about the performance review, and what did not seem to work. It is not necessary to interview employees.

MAKE MINOR CHANGES: Using the quantitative and qualitative analysis, the Human Resources Director can begin to formulate changes for the upcoming year's performance review form. Ideally, the form should only be changed in minor ways, and not be completely altered. Keeping the form the same helps in comparing performance from one year to the next, and allows employees to remember exactly how they will be evaluated.

REGAIN BUY-IN: Even though the performance evaluation form will likely not change much from year to year, it is still important to regain senior management buy-in for every cycle. Performance reviews are only effective when they are taken seriously within the organization (which means the Department Heads need to believe it is a priority). When approaching the Department Heads in subsequent years, the Human Resources Director should be prepared to explain the benefits of the ongoing reviews, and to provide figures on how much time and resources were expended in the previous year doing performance evaluations. With this kind of buy-in at the top, the performance review process can continue for as long as the organization chooses.

If necessary provide a copy of the drafted performance evaluation to HR for review and approval prior to meeting with an employee. You can always attach a separate sheet and documentation to the evaluation if there is not enough room provided on the existing form.

- Finalize the performance evaluation form with any applicable input received from HR.
- Schedule and hold a performance evaluation meeting, with employee, in a private location. Sharing copy of the performance evaluation with the employee prior to the meeting will give them a chance to prepare questions and comments for an effective meeting.
- Listen as well as speak to receive employee feedback and ensure understanding.
- Forward the completed performance evaluation to the Human Resources Department on or before the designated deadline.