Managing for Excellence

For many managers, the annual performance review is like death and taxes, dreaded and inevitable. But it doesn't have to be that way. While you may not be able to do anything about death or taxes, you can do a lot to make the performance evaluation process a positive experience for you and the people you supervise.

Ask yourself, "What kind of employees do I want?" Think of the characteristics shared by your best employees. Then ask yourself, "What do my employees need from me to be the kind of employees I want?" That's right: Performance management. Performance management is not only about managing poor performers but also about recognizing and motivating those employees whose performance meets and exceeds expectations.

Effective performance management requires effective communication, and that benefits everybody:

- Workers know how they are doing in achieving goals and objectives and reaching performance milestones that can lead to career opportunities and promotion.
- You gain insight into what motivates the people who work for you to do their best. Improved departmental performance can be reflected in your own performance rating and compensation.
- The organization retains satisfied high-performing employees and managers.

First of all, let's be clear: Doing the annual appraisal is not managing performance. What's the difference?

Appraisal	Management
One-time event	Ongoing
Looks backwards	Looks forward
Short-term	Long-term
Correction oriented	Measure progress
Completing form	Planning/goal-setting

As you can see, managing employee performance is far more comprehensive. The performance management cycle has four components:

1. Plan and set expectations.

2. Coach and provide feedback on performance.
3. Review and assess performance.
4. Reward and recognize accomplishment.

There are shared responsibilities all through the cycle. In Phase 1, you plan and set goals, and the employee makes commitments. In Phase 2, you ensure feedback occurs and provide coaching, if necessary, and the employee gets feedback and reports on commitments. In Phase 3, you and the employee both review the commitments made, kept, and broken, if any, and the employee asks for resources for development. In Phase 4, you provide ongoing positive reinforcement of desired behaviors and accomplishments, and the employee receives feedback and makes commitments to keep up the good work.

In a nutshell, it's your responsibility to provide the information the employee needs to succeed. It's the employee's responsibility to use that information to do the job successfully.

1) Plan and Set Expectations

Of all the functions involved in management, planning is the most important. As the old saying goes, "Failing to plan is planning to fail". Setting goals and objectives is the first and most critical step in the planning process.

Although the terms "goals" and "objectives" are often used interchangeably, there is a difference between them. Goals are strategic, establishing long-range direction, and are set by top executives. They are broad, intangible, and abstract. Objectives, by comparison, are tactical and short-range, set by managers to accomplish the goals. Objectives are specific, measurable, narrow, and concrete. For example, "Increase productivity" is a goal; "Reduce waste product by 15% in the next six months" is an objective.

At most employers, top management establishes organizational goals each year and for the next 3-5 years as part of the organization's strategic plan. Then, managers use these goals to set their departmental objectives, their own objectives, and their employees' individual objectives. At review time, executives evaluate the performance of managers and employees based primarily on their accomplishment of these objectives.

One way to set objectives is the ***SMART*** approach:

Specific--what
Measurable—how much
Achievable--who
Relevant--why
Timely--when

Involve your employees in setting their goals and objectives. Rather than simply dumping project goals, individual objectives, or the organization's goals onto your workers, approach them with the thought: "What do you think you can achieve?"

Avoid micromanaging. You may want to lay out every detail of how employees should achieve those objectives, but resist the temptation! If you spend most of your time telling employees how to do their work, rather than empowering them to reach the clear objectives you've set, you're not only misspending your time, you are also de-motivating your staff.

Any goal—whether it's at work, at home or on the athletic field—needs to be difficult, desirable, and doable. Setting goals and objectives too high will only deflate the employee; setting them too low will erase the challenge of work, which will turn off the person in its own way.

In setting goals and objectives for your employees, can you hit their buttons? People have their own motivations; find out what they are and work them into the objectives you set. For instance, one person might be motivated by the will to win, while another does best through the enjoyment of teamwork.

2) Coach and Provide Feedback

Studies have shown that one of the most pervasive causes of poor performance and low motivation in the workplace is the lack of feedback. The consequence of not receiving feedback is that staff will invent their own version of reality.

One of your most important jobs as a manger is to coach your employees. As a performance coach you are continually observing how employees are performing and providing them with feedback.

Effective feedback is:

- regular and goal directed
- clear, specific, timely, and brief
- descriptive rather than evaluative [Your report had three errors, not Your report was a mess.]
- directed toward behavior rather than personality [You have been late three times this week, not Can't you tell time?]
- face-to-face if possible,
- sincere and genuine
- done in an appropriate setting

It is absolutely essential that, whether your feedback is motivational or corrective, you must be constructive, not destructive. Destructive feedback is generalized, subjective comments that focus on personality characteristics rather than specific behaviors.

As a coach, you provide the employee with tools, training, information, and resources to be successful, such as decision-making authority, equipment, time, etc. Your role is to removes barriers to success and provide consistent vision and direction. "What do you need from me to be successful?" can be your key question during your one-on-one meetings and appraisal sessions.

3) Review and Assess

Setting expectations and objectives and providing coaching and feedback are only half of performance management. Whether your organization does it annually or more often, sooner or later you are going to have to write performance evaluations for the people who work for you. Let's be frank about it: Writing performance reviews takes time and preparation. Part of that preparation is tracking events through the year in your working files. Another part is the time you take throughout the year to talk to your employees about performance and objectives. Yet another part is learning about, and perhaps receiving formal training on, your organization's performance evaluation system. And, of course, you have to take the time to plan and write your reviews carefully, with plenty of objective, verifiable facts as support for your conclusions.

If you are an effective, successful supervisor or manager, you have made performance management a priority, because you understand that your own success depends on the success of those reporting to you. You know that it is your job to help your employees excel. The annual appraisal process gives you an important opportunity to do just that. Beyond that, well-done performance evaluations will help an employer avoid liability for alleged wrongful action or discrimination by maintaining a record, over time, of legitimate, job-related reasons for employment decisions.

A wide variety of evaluation formats are available and the choice of which form to use depends on the availability of corporate time, resources, and talent. You might use open-ended essays, checklists with ratings, rank ordering, and/or critical incident reports. Whichever format is used, you must focus on objective, verifiable facts and guard against bias. In addition, be aware of common sources of rating errors, such as:

- Halo effect: Giving high marks based on a favorable impression of a single incident or personal trait.
- Pitchfork effect: Under-rating because of a single incident or trait.
- Recency effect: Rating based on the most recent incident, instead of the annual average.
- Central tendency effect: Clustering all ratings near the mean.
- Length of service bias: Assuming that past performance is an accurate measure of present performance.
- Jealous rating: Under-rating based on personal feelings, including competitive feelings, toward an employee.

Here are some appraisal Dos:

- Appraise the entire year, not single incidents.
- Tell the truth! The legal and economic benefits of performance evaluations are lost if an evaluation is dishonest, even if it is to the employee's benefit.
- Evaluate in good faith and with reasonable care.
- Cite objective, verifiable facts to support conclusions.
- Rate employee performance, not personality, except to the extent that personal characteristics embody bona fide job qualifications.
- Keep evaluations confidential and limit access to them to a need-to-know basis. Wrongful disclosure and breach of confidentiality may result in liability for defamation, invasion of privacy, intentional infliction of emotional distress, public policy violations, negligent maintenance of records, or breach of contract, despite the qualified legal privilege protecting employee appraisals.
- Do evaluations regularly and on time.
- Gather information from a variety of sources.
- Apply consistent standards to all employees in similar jobs.

- If possible, compare current evaluations among supervisors, to prior evaluations, and to relevant statistical data (such as attendance records and performance test results) to resolve any questions or inconsistencies.
- Develop a performance improvement plan as needed.

The Appraisal Meeting

Sitting down with an employee to conduct the appraisal review is the part of performance management many managers dread. But the session doesn't have to be tense or uncomfortable. You can make it a productive, enlightening, and morale-boosting exchange for both of you. The key is to go into the review meeting fully prepared and with the right attitude.

Approach the evaluation as a mutual learning experience for you and the employee. After all, you can gain valuable insights from your staffers, and you have information and experience that can help bring out their best. Instead of thinking of the review as a critique of the staff member's duties, look at it as a routine checkup. Go in ready to talk, listen, and recharge your relationship.

Performance-related meetings and performance reviews can be emotional events. You can help reduce the tensions by choosing the right time, place and surroundings:

Place. As with any strategic planning meeting, hold your review in a private, neutral environment. A small conference room is ideal. If you can't find a neutral room, use another manager's office or an HR office, preferably one with a casual seating area.

Time. Avoid meeting during busy or stressful times for the employee. Ask the employee if the time you've chosen is convenient. Dedicate at least one uninterrupted hour—better still, two hours —to the discussion. You may not need the full period, but it's better to schedule too much time than too little. Try not to squeeze in a review between two other meetings. Do your utmost to avoid holding reviews on a Friday afternoon, especially if you plan to discuss serious performance problems.

Atmosphere. Create an environment that supports discussion, cooperation and negotiation. Sit next to your employee, not across the table. Place your paperwork near at hand, but not directly in front of you. You don't want anything to distract you. If you must use your office for the review, come out from behind your desk and sit in on a visitor's chair or a couch.

Interruptions. Eliminate all interruptions, if possible. Hold calls or forward them to voicemail. Put a "Do not disturb" sign on the door.

To get the most out of your meeting, help the employee feel at ease from the outset. But don't get caught up in small talk, which could destroy the meeting's business tone. By the same token, don't make light of the review process, and certainly don't give the impression that you are just "going through the motions." Emphasize that this meeting is important and you want it to be productive. Also, at the beginning provide an overview of the points you want to discuss. Make it clear that you don't expect to do all the talking.

To stimulate the performance appraisal discussion, here are some questions you may want to ask:

- What have you specifically accomplished in terms of increasing revenue?" [decreasing expenses, reducing waste, saving time, or whatever the employee's performance objectives were]
- "Which performance areas do you want to work on?"
- "What can I do to help build your skills and strengthen your overall performance?"

If there have been problems with the employee's performance, address each problem individually, cite specific examples and let the employee respond. Don't bring up a new issue until you've thoroughly discussed the current one.

Your review preparation should have included a plan for helping the employee improve performance, but during the meeting, the employee may suggest additional solutions. Agree on an approach for improving performance and establish some options in case the first method doesn't bring the results you want. Show your commitment by helping your employee obtain training, resources or other assistance to reach performance objectives.

4) Reward and Recognize

If I asked your employees the question: "How do you know that you are doing a good job?" What would they say? "My boss hasn't had any complaints about my work" is one answer, but if I were representing your company I hope that I would hear something like: "My manager tells me how I am doing, the good and the not-so-good, during our one-on-ones." In discussing performance management, so much time is spent on correcting poor performance, but it is equally important to focus on recognizing, acknowledging, and showing appreciation for your employees' efforts and contributions.

Like any feedback, recognition should be timely, sincere, and specific: "Thank you for staying last night and helping John and Connie finish up the proposal. I appreciate your teamwork."

What happens when we fail to recognize good performance? The employee figures that what he/she did was not important or valuable to you, and will probably stop doing it.

It's a basic fact of human nature: The most powerful motivator supervisors have available is recognition. It is cheap (usually free), universally liked, easy to do, and brings about more of the desired performance. The least expensive means is the one-on-one "Thank you" or "I really appreciated that."

Psychologist B.F. Skinner provided the now-classic formulation: "Behavior is a function of its consequences." In other words, what people do largely depends on what happens to them as a result. If a person does something and the consequence is positive, rewarding, or pleasant, the person will keep on doing it. If a person does something else, and discovers that the consequences are negative, punishing, or distasteful, the person will stop doing that thing. And if a person does something and finds out that there are no consequences—nothing at all happens—the person may keep it up for a short time but will probably eventually stop.

You can decide now to start providing recognition of good performance any time you see it. Acknowledging excellent work every time it appears is the best way to increase satisfaction, motivation, and performance among your employees.

The key is to make the recognition you provide commensurate with the quality of the job that was done. As the employee's skills increase, the quality of job performance must also improve.

Consider one of the most fundamental human behaviors: walking. The parents of an infant make a major production over encouraging their baby to walk. When baby takes her very first step, mom and dad celebrate the occasion, haul out the video camera, call grandma and grandpa, and shower the baby with hugs and kisses. Baby learns that all she has to do is take a wobbly step or two, and the excitement starts. But quickly, mom and dad raise the stakes. A few baby steps aren't enough to bring on the oohs and aaahs any more. Now baby has to toddle all the way across the room to get that reinforcement. Gradually, baby learns to walk.

Reinforcement and recognition are the powerful motivators behind baby's acquisition and use of her new walking skill. But once she's got it, she's going to have to run a 100-yard dash or perform an arabesque en pointe to get more reinforcement for her walking ability. The message? Use reinforcement a lot when someone is learning a new job or acquiring a new skill. Use a lot more when someone does something remarkably well. But taper off the recognition once the skill has been acquired—you don't really expect to be praised for walking across the room anymore, do you?

Some Legal Issues in Performance Management

Federal, state and local laws on equal employment opportunity and other labor issues all apply to your organization's performance management policies and practices. Doing performance management properly helps protect companies from frivolous law suits from employees who allege that they may have been discriminated against because of a protected characteristic—age, race, sexual orientation, disability, etc. In court, the company will be expected to prove that any adverse decisions made about an employee (termination, denial of promotion, etc), were made for legitimate, non-discriminatory business reasons. Having proper documentation produced by an effective performance management system helps a company defend against such charges if they go to court.

For instance, in a 2002 federal appeals case, an Asian employee received years of favorable reviews, but each noted that she needed to improve her management skills, her rapport with others, and her responsiveness to supervision. This appraisal helped the employer refute the employee's claim that race discrimination, not performance, was the reason for her termination. *(Salvadori v. Franklin School District, 293 F.3d 989 (7th Cir., 2002))*

"Objective, verifiable facts" should be your mantra in constructing performance documentation. The U.S. Supreme Court has recognized that "an employer's policy of leaving promotion decisions to the unchecked discretion of lower level supervisors" can lead to discrimination, both deliberate and unintentional. *(Watson v. Fort Worth Bank and Trust, 487 U.S. 977, 990 (1988))*. As one appellate court noted, "subjective evaluations...provide a ready mechanism for racial discrimination. That is because the supervisor is left free to indulge a preference, if he has one, for one race of workers over another." *(Miles v. MNC Corp., 750 F.2d 867, 871 (11th Cir. 1985))*.

In a 2008 case, a company lost a class action involving 700 employees because it allowed its managers to use subjective criteria when deciding on assignments, evaluations, promotions, training opportunities, and bid eligibility. The company had to pay the workers more than $3.4 million in back wages, and in 2009, after the company took an unsuccessful appeal to the Supreme Court, had to pay the employees' attorneys more than $4.7 million in fees, plus nearly $1.1 million in litigation costs and expenses. *(McClain v. Lufkin Industries, 519 F.3d 264 (5th Cir.), cert. den. 129 S. Ct. 198 (2008), on remand 2009 U.S. Dist. LEXIS 27983 (E.D. Tex. Apr. 2, 2009))*

Stereotypes have no place in performance evaluations. Consider the case of Ann Hopkins, who was one of 88 candidates for partnership in a large accounting firm. She brought more business to the firm than any other candidate, but she was not chosen for partner. She sued for sex discrimination, and her case ended up in the US Supreme Court. In affirming the lower courts' finding of discrimination the Court focused on the comments made on evaluation forms and in coaching by the firm's partners. As the Court noted, several evaluations "criticized her use of profanity; in response one partner suggested those partners objected to her swearing only 'because it's a lady using foul language.'" At the end of the process one partner gave her what the Court called the "coup de grace": "Walk more femininely, talk more femininely, dress more femininely, wear make-up, have her hair styled, and wear jewelry." (*Price Waterhouse v. Hopkins, 490 U.S. 228, 235(1989))*.

You can understand why an employee might claim that the performance appraisal was wrong because it underrated the employee. But would you believe that an employee would complain if he thought evaluation was too good? Yes! Over a seven-year period, an employee filed a series of race discrimination, sex discrimination, and retaliation complaints against his employer. Upper management told his immediate supervisors to give him inflated "fully successful" ratings on his performance evaluations, in the hope that the higher ratings would dissuade the employee from filing more complaints. But, ironically, the employee again claimed discrimination, alleging that the "fully successful" grade made him ineligible for a remedial program that he thought would help his future advancement opportunities. Fortunately for the employer, the appeals court held that the employer did not discriminate against its former employee, since the supervisor did periodically meet with the employee, explained performance deficiencies as they happened, and otherwise gave the employee work standards to follow. In the words of the appeals panel: "The question before us, then, is whether it is a violation of Title VII [of the Civil Rights Act of 1964, the basic federal anti-discrimination law] for an employer to in effect delay kicking someone upstairs (with more pay and a higher grade level) instead of kicking him down and possibly out. A close examination of the statute reveals that this undeniably poor policy does not violate the Act." *(Cullom v. Brown, 209 F.3d 1035 (7th Cir. 2000))*

The U.S. Supreme Court has recognized that management could use performance appraisals to retaliate against an employee with whom a supervisor is angry. *(City of St. Louis v. Praprotnik, 485 U.S. 112, 115 (1988))* (Noting that the employee's appraisals got much worse after his supervisor learned that the employee had filed a successful grievance against him). In a California wrongful termination case, the employer had doctored past reviews with White-Out correction fluid, removed favorable appraisals from the employee's file, and entered poor ones without the employee's knowledge. Are you surprised that the jury ruled in favor of the employee? *(Haycock v. Hughes Aircraft Co., 28 Cal. Rptr. 2d 248, 249-53 (Cal. Ct. App. 1994)).* In another case, a federal appeals court found that a senior manager told a supervisor to start documenting a black woman's personnel file whenever she made a mistake, so that they could "build a file" to hide their racist and sexist reasons for firing her. The manager was held personally liable, along with the company. *(Few v. Yellow Freight Systems, 845 F.2d 123, 124 (6th Cir. 1988))*. And another federal appeals court found that where an employee had received good appraisals for 20 years, and then got poor appraisals immediately after filing an EEOC age discrimination claim, the poor reviews were obvious retaliation. *(Neyman v. United Telecommunications, 1 F.3d 1249 (10th Cir. 1993))*

Documentation

As a manager, you need to write down what happens with your employees on a day-to-day basis. A case could take up to five years to get to trial. You could be gone by then. If there's no documentation from you, the company won't know how to defend it. They won't know what was on your mind when you made your decisions.

Even if you aren't gone, you can forget what happened five years ago. And even if you have a crystal clear memory, you still need documentation because if you don't, then it's your word against another's.

When to document

Documentation is an essential part of the two-way communication between you and your employees. It lets employees know what you require from them. It gives the employee a chance to correct a problem and avoid termination. It can mold expectations so that, if an employee is terminated, the employee is not totally surprised, feels treated more fairly, and is less likely to hire a lawyer. It shows the employee's lawyer (and, if you get there, a judge and jury) that you had clearly communicated legitimate business reasons for your actions, and that the employee's case is weak.

Maybe you think you can simply talk to an employee about a performance or discipline issue and not bother with documentation. Often, that just doesn't work. It's hard to deliver bad news, and many managers have trouble doing that clearly and firmly. It's also hard to hear bad news, and the employee may well get only part of the message. Even worse, if there's a lawsuit, you and the employee will probably remember the conversation differently, and a jury made up of worker bees—as most are—may well decide to believe the employee's version, since you have no documentation to refute it.

Even if you don't write it down immediately, you can go back later and document events. Put the date you wrote the notes on the top, and then in the body of the memo, write down the date it occurred. The attorney for the employee can still make an issue about the delay, but you are in a much stronger position with late documentation than with no documentation at all. Never manufacture evidence to bolster your decisions, no matter how strong the temptation.

Documenting is simple. Use your calendar, notebook system or engineering log to keep track of informal warnings and praise-worthy accomplishments. This can be done manually or on computer. Whenever an employee makes a mistake, make a note on that date.

Write just a sentence or two. If it turns out it was just a minor problem -- everyone makes mistakes -- you never need to use that information.

But if you see a consistent pattern of the same kinds of mistakes, you can put it in a warning or review. When you do that, make a copy of your informal documentation and put it in the official HR file. The same goes for noting the good ideas and accomplishments of employees.

Save message slips, work orders or reports that show employees' mistakes. In some states, you must save these in the official Human Resources file. In others, it's "appropriate…reasonable, and not unusual" for a manager to keep his or her own files, as a 2005 appellate decision noted. And in still others, including California, a manager can keep a separate working file of documents, as long as they aren't used to judge an employee. As a federal appeals court has noted, "An employer which documents its reasons for taking adverse employment actions can often be more suitably described as sensible than devious."

Many times, you don't know if you are going to use an incident in the employee's performance appraisal. It depends on how the employee acts in the future. So keep the note for a while. If the employee shows no other signs of a problem, throw it away. If instead the employee's performance deteriorates, you can show the first time it occurred. Attach this evidence to the performance appraisal or warning as backup documentation.

State and federal laws and regulations mandate that certain kinds of records—payroll, employee benefit information, interview notes and job applications, discrimination and harassment investigation documents—must be kept for certain periods of time. Be sure to check with HR or the Legal Department to find out what you need to keep, where, and how long.

The official personnel file

In many states, employees have the right to see their own personnel files. You may be able to put reasonable limits on when, where and how often employees may review their files. Your state may require you to give employees copies of their file, or at least copies of documents they've signed.

You also may be required to show employees documents before you put them in the file.

As a practical matter, it's best to get employees' signatures on all warnings, performance appraisals and other important documents, to prove they received them. But don't go overboard and threaten employees with discipline for insubordination if they refuse to sign. That's wrongful termination, according to a 2002 state Supreme Court decision.

How to document

Follow these simple rules whenever you give a written document to an employee:

Assume a judge is going to see your disciplinary memo, so write a memo you want a judge to see. It should look professional. Type it, or write neatly. There is nothing more frustrating then having good documentation that no one can read.

Fill out all company forms completely, to show you are following all procedures conscientiously.

Don't give conclusions without facts to back you up.

Never say, "You have a bad attitude." That's a conclusion. You can't prove a person's attitude. You can only prove behavior. You don't care what an employee's attitude is, as long as the behavior is satisfactory. List the objective, verifiable facts that led you to the conclusion that there was a bad attitude. For example:

"Two times on May 15, Terry asked you to help out and you refused. On May 16 and 17, you slammed down the phone, swore in a loud voice and stomped away from your desk six different times."

That's objective. It's verifiable. It's not "bad attitude," it's "unprofessional behavior."

Don't say "frequently" there is a problem. That's not objective or verifiable. Instead, say how many times. Or better still, "On (this date) at (this time) you (did this)."

Don't use subjective words such as common sense, good judgment, ambitious, loyal. In order for employees to improve, they must know exactly what to do. They won't know how unless you outline objective, verifiable behavior.

Use clear, precise language. Don't use big words that people may not understand. Consider translating services for employees whose second language is English.

If you are angry, take time to step back and re-assess the situation before you start writing. Don’t let your emotions get the better of you.

Avoid extremes. Never say never, always avoid always.

A sobering reminder of the importance of taking action when employee performance slips is the case of U.S. Army Major Nidal Hasan, the sole suspect in the 2009 mass shooting at Fort Hood, Texas, which left 13 people dead and another 30 injured. According to news reports, officials at Walter Reed Medical Center, where Maj. Hasan had worked before being transferred to Texas, repeatedly expressed concern about Maj. Hasan's behavior during the entire six years he was there. Maj. Hasan wouldn’t answer the telephone when he was on call, he was late to work, and he often had trouble concentrating on his job. His supervisors gave him poor evaluations and warned him that he was doing substandard work, but never did anything about it. In this case, if the employer had used the information in their performance management system to take needed corrective action, this tragedy may have been avoided.