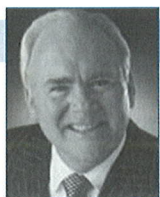




Performance Appraisal



by Dick Grote

LET ME ASK YOU three questions regarding performance management: 1) Do you have a performance appraisal system?; 2) Do you have a written vision and values or mission statement?; and 3) Does the wording of your performance appraisal match the wording of your mission statement? If people see no connection between the mission and their performance appraisal, they will become cynical about the stated mission. A performance appraisal system can tightly link strategy—mission, vision and values—with daily performance.

Used well, performance appraisal enables managers to mobilize the energy of people to achieve strategic goals. Appraisal can focus every person's attention on the mission, vision and values and answer the questions that everybody wants answered: How am I doing? Am I meeting expectations? Is my future bright?

But too often performance appraisal is done poorly. Forms are inadequate, and systems are poorly designed. So, employees are frustrated, managers simply go through the motions, and the procedure quickly becomes the target of lampoons.

Should we then abolish performance appraisal? No. Performance management systems and appraisals give us the data we need to provide feedback, encourage performance improvement, make valid decisions, justify terminations, identify training and development needs, and defend personnel decisions.

The best response is to create forms and systems that produce the results we need. The good news: There is an ideal system, and a perfect form.

How a Great System Works

A great performance appraisal system features four phases:

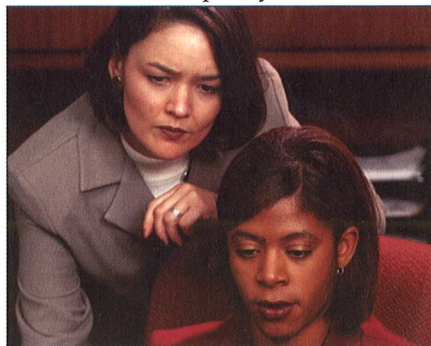
Phase 1—Performance planning. Once a year, the manager meets with each employee for a performance planning discussion. In this hour-long session, they

discuss the how and what of the job: how the person will do the job (behaviors and competencies) and what results the person will achieve (key responsibilities, projects, goals). They also discuss the person's development plans.

Phase 2—Performance execution.

Over the year, the employee works to achieve the goals, objectives, and key responsibilities. The manager provides coaching and feedback, creating conditions that motivate and resolve any performance problems that arise. Every quarter, they review performance against the plans and goals.

Phase 3—Performance assessment. As the appraisal nears, the manager reflects on how well the person has performed and fills out the forms. The manager may recommend a change in compensation based on the quality of the work.



Phase 4—Performance review. The manager and employee meet to review the manager's appraisal form and the person's self-appraisal of job performance. They talk honestly about performance: strengths, weaknesses, successes, failures, and improvement needs.

This process not only transforms performance management from an annual event to an on-going cycle, it tightly links the performance of each member with the mission and values of the company. That's the purpose of performance appraisal: to focus everyone's attention on achieving the strategic goals and integrating the company's vision and values in day-to-day behavior.

Five Parts of the Perfect Form

The appraisal form should focus energy on high-priority issues. An ideal

appraisal form has five sections: The first two deal with organizational and job-specific competencies; the next two concentrate on key job responsibilities and goals; and the fifth is a summary of what the person did to further mission, vision, and values.

1. Cultural competencies. Top management should identify about six competencies for every person and position. These competencies may include such attributes as customer focus, communication skills, learning and continuous improvement, and ethics and integrity.

2. Job-specific competencies. The talents and skills required for success in one job may differ from those needed in another job. For example, in professional jobs, skills such as analytical thinking and achievement orientation might be indispensable, while in leadership jobs emphasis is placed on developing talent and people management skills. The ideal form identifies competencies that correlate with job success.

3. Key job responsibilities. The major components of the position should be listed in a well-written job description. Identify the most important responsibilities or accountabilities of the job. Few jobs have more than six key responsibilities. If you have more, you're probably listing minor tasks that are performed to accomplish a key responsibility.

4. Goals and major projects. Goals go beyond key job responsibilities. Real goals are transformational, visionary, and long-term. They transform the nature of the position. "Keep the network up and running," for example, is a well-stated job responsibility. "Develop a system that eliminates network failures," is a goal. Many people also take on special projects or assignments. Often their contributions are unheralded in their appraisal. This section provides for the recognition of these contributions.

5. Summary of the most important achievements. Growth and development result more from building on a person's unique strengths than from attempts to shore up deficiencies.

Performance appraisal enables everyone to understand and be held accountable for meeting important objectives.

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