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Delivering an Effective Performance Review

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by Rebecca Knight | **Comments (24)**

It's performance review season, and you know the drill. Drag each of your direct reports into a conference room for a one-on-one, hand them an official-looking document, and then start in with the same, tired conversation. Say some positive things about what the employee is good at, then some unpleasant things about what he's not good at, and end — wearing your most solicitous grin — with some more strokes of his ego. The result: a mixed message that leaves even your best employees feeling disappointed. But if you take the right approach, appraisals are an excellent opportunity to reinforce solid performers and redirect the poor ones.

What the Experts Say

For many employees, a face-to-face performance review is the most stressful work conversation they'll have all year. For managers, the discussion is just as tense. "What a performance appraisal requires is for one person to stand in judgment of another. Deep down, it's uncomfortable," says Dick Grote, author of *How to Be Good at Performance Appraisals* (http://hbr.org/product/how-to-be-good-at-performance-appraisals-simple-ef/an/10295-HBK-ENG) . Evaluating an employee's job performance should consist of more than an annual chat, according to James Baron, the William S. Beinecke Professor of Management at Yale School of Management. Performance management is a process, he says. "Presumably you're giving a tremendous amount of real-time feedback, and your employees are people you know well. Hopefully your relationship can survive candid feedback." No matter what kind of appraisal system your company uses, here are several strategies to help you make performance review season less nerve-racking and more productive.

Set expectations early

The performance review doesn't start with a sit-down in the spare conference room. You must be clear from the outset how you'll evaluate your employees. Grote suggests holding "performance planning" sessions with each of your direct reports at the beginning of the year, to discuss that person's goals and your expectations. "You'll see immediate improvement in performance because everyone knows what the boss expects," he says. "And it earns you the right to hold people accountable at the end of the year." Listen carefully to your employees' personal ambitions, as it will inform the way you assess their work. "Oftentimes managers are evaluating performance without necessarily knowing what that person's career aspirations are. We often assume that everyone wants to be CEO. But that's not always the case," says Barron. Understanding what your direct reports want from their careers will help you figure out ways to broaden their professional experiences.

Lay the groundwork

About two weeks before the face-to-face review, ask your employee to jot down a few things he's done over the last year that he's proud of. This will both help refresh your memory, and "will put a positive focus on an event that is so often seen as negative," says Grote. Next, go over other notes you've kept on your employee over the year: a well-executed project; a deadline missed; the deft handling of a difficult client. Finally, ask for feedback from others in the company who work closely with your employee. "The larger number of independent evaluations the better," says Barron. About an hour before the meeting, give your employee a copy of his appraisal. That way, he can have his initial emotional response — positive or negative — in the privacy of his own cubicle. "When people read someone's assessment of them, they are going to have all sorts of churning emotions," says Grote. "Let them have that on their own time, and give them a chance to think about it." Then with a calmer, cooler head, the employee can prepare for a rational and constructive business conversation.

Set a tone

Too often the face-to-face conversation takes the form of a "feedback sandwich:" compliments, criticism, more niceties. But because there's no single, clear message this approach demoralizes your stars and falsely encourages your losers. Instead, pick a side. "Most people are good solid workers, so for the vast majority, you should concentrate exclusively on things the person has done well," says Grote, adding that this method tends to motivate people who are already competent at their jobs. For your marginal workers, however, do not sugarcoat bad news. Performance reviews are your chance to confront poor performers and demand improvement. "People are resilient," says Grote. "As time goes on, that person is not going to get a promotion and not going to get a raise...You're not doing this person any favors by [avoiding their deficiencies]."

Constructively coach

After discussing the strengths and achievements of your solid performers, ask them how they feel about how things are going. "In most cases you're dealing with mature adults and you'll elicit their honest concerns," says Grote. For both solid and poor performers, frame feedback in terms of a "stop, start, and continue" model, suggests Barron. What is the employee doing now that is not working? What are they doing that is highly effective? What actions should they adopt to be more so? By focusing on behaviors not dispositions, it takes the personal edge out of the conversation. Give specific advice and targeted praise. "Don't say things like: 'You need to be more proactive.' That doesn't mean anything. Say something like: 'You need to take more initiative in calling potential sales leads.'" Similarly, "Saying: 'You're an innovator' is nice but it's helpful to know exactly what they're doing that reflects that," says Barron.

Hold your ground

The hot button issues associated with performance reviews are money and rank. If your company allows it, separate any talk of compensation from the performance review. "But if you must, do not save the salary information for the end of the conversation," says Grote, "otherwise there'll be an invisible parrot above the employees' head squawking: how much? throughout the entire discussion." Rank is another place for potential bruised feelings. A majority of companies require managers to rate their employees — often on a scale of 1-5. Your goal is go over the data, and make a judgment call. Remember: the 1-5 system is not analogous to the A-F grading scheme in school; most employees will get the middle rank, a 3. This might leave some employees feeling let down, thinking they're merely "average." Don't cave in. "In the corporate world, you're dealing with a highly selective group," says Grote. "The rules of the game have changed. In school, a C was mediocre, but a 3 in the working world means they're meeting expectations. They're shooting par." Conveying that message is a leadership challenge. "People can accept it rationally but it may be hard to accept viscerally," he says. "This is why it's so important to hold a performance planning meeting at the outset. If they hit their targets, they are a 3. It's a goal."

Principles to Remember

Do

- Make it clear at the beginning of the year how you'll evaluate your employees with individual performance planning sessions
- Give your employees a copy of their appraisal before the meeting so they may have their initial emotional response in private
- Deliver a positive message to your good performers by mainly concentrating on their strengths and achievements during the conversation

Don't

- Offer general feedback; be specific on behaviors you want your employee to stop, start, and continue
- Talk about compensation during the review; but if you must, divulge the salary information at the start of the conversation
- Sugarcoat the review for your poor performers; use the face-to-face as an opportunity to demand improvement

Case Study #1: Understand and set goals together

Ben Snyder*, an expat working in London at a global media company, was new at his job. He inherited an employee, Jim, whose primary responsibility was to travel to Africa, the Middle East, and Russia to develop partnerships, which would ultimately drive sales to Ben's business. But Jim wasn't delivering.

"During quarterly performance reviews, Jim and I had long conversations about his approaches and the great relationships he was developing. I would tell him how glad I was that people were talking to him, that he was forming these relationships. But I also told him that that we needed tangible deals," says Ben.

This happened for three straight quarters: same conversation, no deals. Increasingly, though, Ben was under pressure: Jim was spending a lot of the company's money with nothing to show for it.

"I needed to scare him into action. At the next performance review, I gave Jim 90 days to close a deal."

Nothing changed and Jim was eliminated. "Even when we sat down with HR and let him go, he was genuinely surprised," recalls Ben.

In retrospect, Ben says he went overboard in validating Jim's spadework, and didn't establish the right tone during their conversations. "The message wasn't clear — Jim only heard what he wanted to hear — the positive praise about the relationship building. He ignored the demand to close deals."

Ben also should have worked harder in the beginning to understand the specifics of Jim's job, and set clear expectations. "It was a business I wasn't familiar with. I didn't know how to push him in the right direction because I wasn't exactly sure what he was doing. I had never really sat down with him and defined what success should look like."

Case Study #2: Be a better coach
Lucy Orren* worked as a director of business development at a biotech start-up in New Jersey. She managed Peter, who was, according to Lucy: "a real star. He was smart, very conscientious, and good at everything he tried." One of Peter's biggest responsibilities was giving presentations.

"One of the vice presidents at my company brought it to my attention that Peter too often used a certain crutch phrase, and that while he was a good speaker, he was very deliberate in the way that he spoke, which was sometimes too slow. She thought it portrayed a lack of energy. I thought it was a relatively minor problem but I decided to bring it up in the performance appraisal."

During the face-to-face discussion, however, Lucy chickened out. "Peter was so good at his job, that I was reluctant to give him any criticism," she says. "I tried to couch the advice when we were discussing his strengths. But I sugarcoated it too much, and he didn't get it."

At the very end of the conversation, Lucy highlighted areas of improvement. She told Peter to try to be more upbeat during in his presentations. The advice was too vague; Peter wasn't sure what do with the recommendation.

"The next few presentations he gave were pretty rocky. He overcompensated," recalls Lucy.

After one of his presentations, Lucy realized she needed to be more specific with her coaching. She warned him of the crutch phrase, and told him to try to speak faster.

"Peter came through, and improved on every level. He still uses the crutch phrase every so often, but there is more momentum to his presentations."

*Names have been changed

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