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## Our Blog: Strategic Impact

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Posted December 29, 2011 6:49 PM by Brandon Kline

The end of the year is quickly approaching and, for many organizations, this means the time for employee performance reviews. However, a recent Wall Street Journal article ([WSJ-Performance Reviews Lose Steam](#)) reported that some, about 1%, of organizations are getting rid of a formal review process due to its ineffectiveness to motivate, and the anxiety it causes among the employees. The article cited an academic review of more than 600 employee-feedback studies, and found that two-thirds of appraisals had zero or even negative effects on employee performance after the feedback was given.

With the notion that some companies are dropping their performance reviews due to ineffectiveness fresh in my mind, I decided to do a little more research into what elements make up an effective performance review. After a few minutes of "Google-ing," I found a follow-up response to the WSJ article mentioned above that I wanted to share with you.

The follow-up article, written by [Persis Swift at Workplace Insights](#), highlights the importance of performance reviews, and their role in keeping employees on track with their individual goals, as well as the overall goals of the company. According to the article, there are four key elements to

conducting productive employee performance reviews. Those elements are as follows:

- Readiness:

Great reviews start with great planning. Reexamine goals discussed in past reviews and collect specific examples of times the employee excelled and times the employee needed to improve throughout the year. Use this information to guide your review and help convey the expectations you have for the individual.

- Positivity:

Constructive criticism is necessary for all great performance reviews, but positive feedback is just as essential. Research shows that employees have a need to feel valued, so take an opportunity during the review to recognize them for the hard work they have contributed to the company. If an employee has performed exceptionally well, reward them with a merit increase or a non-monetary perk if budgets are tight. Rewarding employees for their efforts will help keep turnover low.

- Collaboration:

An employee review must include participation from the manager and the employee. Give employees time to reflect on their own performance and let them prepare for answering questions related to their current work flow and future company activity. Allow for two-way communication when conducting performance reviews. Employees should be able to offer suggestions on how they can improve their work. They also should feel comfortable to complain or mention items that could be hindering their performance.

- Action Plan:

Once past performances are analyzed, it is important for managers to work with their employees to create an action plan for the next couple of months. These action plans should be revisited and updated frequently during the year. Monthly and annual goals should be included in these plans. Projects to strengthen professional skills and accelerate career growth also should be included into employee action plans. Having these plans will be helpful when preparing for your next employee performance review.

It's important for managers to spend adequate time preparing for their reviews in order for them to be productive. If clear expectations, specific examples, constructive criticism, and future action steps are laid out, most employees will be motivated to achieve.

So, whether or not your organization is planning to utilize performance reviews as the year comes to a close, make sure you are keeping your employees engaged, motivated, and focused on the mission.

From all of us here at Ascendant, we wish you a Happy New Year!

Filed Under [Performance Management](#)

Hey Brandon, thanks for referencing our blog and my article on performance reviews. We definitely think conducting performance reviews correctly is critical to business success. We'd appreciate it if you would add a hyperlink to our blog in this post. You can use the general blog link or the actual link to the specific post your referring to. Thanks!

# Posted By [Persis](#) | 12/30/11 9:15 AM

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