

‘Good Practice in Appraisals’

All managers know that staff appraisals are an essential part of ‘performance management’. But Jeremy Thorn suggests that ‘performance enhancement’ might be a far more rewarding focus. Well-conducted, appraisals can make both good organisations, and their staff, really great.

THE DREADED APPRAISAL!

In some organisations, appraisals are widely reported to be dreaded, by both managers and subordinates. Managers often dislike conducting them, especially those who have not been trained, perhaps because they see appraisal interviews as a possibly embarrassing formality which take up too much precious time. And across the desk, staff often say they find appraisals daunting, often threatening and, sometimes, even demotivating. Done badly, the appraisal process can indeed frustrate and damage staff relations, especially if seen as a one-off ‘end of term report’ – or even worse, a ‘character assassination’!

Done well, however, an appraisal can be genuinely productive and enjoyable, for both the appraiser and the appraised. Indeed, in many organisations, I hear complaints by staff very much more often that their appraisals have *not* been carried out by their busy line managers on time, rather than that they have happened at all.

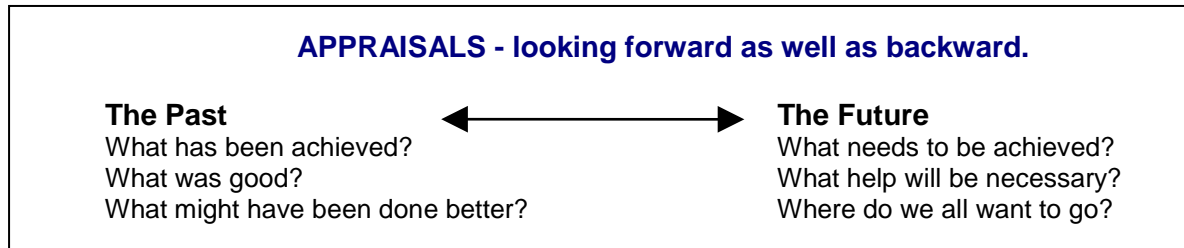
How does any organisation ever achieve such a positive outlook?

Some Background?

There are four generally acknowledged reasons for conducting appraisals.

1. They offer a formal mechanism to review, assess and manage the past performance of individuals, usually against agreed standards and targets. (In providing an opportunity to take a broad and objective over-view of performance over a period of time, note however that they should be complementary to - not a substitute for - the day-to-day management process.)
2. An appraisal process also provides an opportunity for individuals and their managers to look forward, to agree new targets, to assess any likely obstacles that may lie in the way, and to decide who needs to do what, when, on a collaborative basis.
3. Beyond reviewing past performance and setting new objectives for the future, there is usually a broader purpose of an appraisal. This is the establishment and review of individuals’ development needs and personal objectives, which can often be overlooked in any busy organisation unless time is formally set aside for the purpose.
4. Given a more open management style, the appraisal also offers a formal opportunity to the person being appraised to feed ideas and comments back up the management line. With growing trends towards more participative management styles, appraisals are increasingly seen as providing an important and formal opportunity for *two-way* communication, away from the pressures of day-to-day operations.

Accordingly, appraisals need to look both forward, as well as backwards. While often used as a management tool to ensure that staff meet agreed targets, it can also be a much broader corporate tool to ensure that the organisation meets its wider objectives too.



In most enlightened organisations, the appraisals are seen as an essential part of the process of management and personal development in order to secure corporate success

Concerns about Appraisals

Although a sound appraisal system can significantly add to an organisation's success, there are a number of concerns about the process which must be acknowledged.

- Appraisals conducted by a boss and subordinate alone often lack objectivity.
This problem can easily be exacerbated if:
 - either side feels inhibited from telling the truth, especially if financial reward or job security is seen to be clearly linked to the outcome;
 - if the appraiser and the appraised do not work well together or, conversely, if one idolises the other (the so-called 'halo or horns' effect);
 - if the organisation's style tends to be recriminatory, as can happen particularly during times of high stress or uncertainty.To avoid any lack of objectivity and impartiality, a moderating influence from another party is usually essential in the appraisal procedure, most usually the boss' boss, at least in the form of an appeal procedure
- Many appraisals are conducted solely out of routine formality, with little commitment from either side to the process and little belief that anything will change.
To be effective, *all* the senior management must be fully committed to the process, should provide training for those who conduct appraisals, and should also make the process and procedures transparent and consistent throughout their organisation.
- Appraisal are often linked to discussions on pay, bonus or continuation of contract.
This can only diminish the possibility of an honest and objective inter-change and may well increase the chances of employee demotivation and loss of mutual good-will. Contract reviews and pay discussions should be conducted quite separately.
- Some appraisals are conducted in the absence of any clear and agreed statements of what is expected of the individual being appraised - which should most usually be outlined by a formal job description.
If there is no formal agreement in advance of what an employee's duties are, it is highly unlikely that a review of performance can be either fair or objective.

JEREMY THORN

LEADERSHIP COACH, WORKSHOP FACILITATOR, NON-EXECUTIVE DIRECTOR
BUSINESS STRATEGY, ORGANISATIONAL SUPPORT & MANAGEMENT DEVELOPMENT

- Many appraisals are conducted badly: for example:
 - without impartiality,
 - without proper preparation or due reference to appropriate records,
 - without reserving adequate time for the process,
 - without careful listening skills and two-way participation,
 - without due confidentiality,
 - or without appropriate follow-up action which is properly recorded and monitored.
- Some methods of appraisal are far too time-consuming, requiring more effort than the parties involved feel is worth-while; and/or are they are much too bureaucratic, based on a 'tick-box mentality' that allows for no proper discussion.
- Some appraisals concentrate on past performance at the expense of looking forward. First, the outcome of an appraisal should never come as a complete surprise. It is the saving up of 'bad news' until appraisal-time that probably gives appraisals such a bad name. Formal appraisals are *not* a substitute for sound day-to-day management, nor regular informal appraisal. Secondly, for most organisations, what *has* been done is far less important usually than what *might* be done

Unless these concerns are addressed, it is unlikely that a successful appraisal system will work.

BENEFITS OF APPRAISALS

Despite all the innate mistrust of the appraisal system (by those in particular who have seen the process fail before or conducted badly), the benefits of a well-conducted appraisal process are substantial. These include opportunities to:

- review performance and development needs formally and objectively;
- seek collaborative solutions to possible problems, before they become a running sore;
- praise and acknowledge good performance, and to receive formal recognition;
- improve relationships and internal communications;
- improve the effectiveness of the organisation and its employees.

All the above benefits will be more easily realised if the appraisal system is positive, reflects local wishes and culture, is well understood, and the participants are suitably trained.

Some Organisational Guidelines

Although the style of an appraisal will best reflect the local corporate culture and management style, there is a wealth of research on what constitutes good practice.

- The appraisal process must have **demonstrable commitment from the top** and be geared to the development of individuals and their ability to contribute to the organisation's goals. It should never be an excuse for a 'witch-hunt'.

JEREMY THORN

LEADERSHIP COACH, WORKSHOP FACILITATOR, NON-EXECUTIVE DIRECTOR
BUSINESS STRATEGY, ORGANISATIONAL SUPPORT & MANAGEMENT DEVELOPMENT

- Both appraisers and the appraised need to **be clear about the purpose of the appraisal** and its process, **and be trained accordingly**.
- Appraisals need to be **planned properly by both parties** with due forethought, both adequate and uninterrupted time. Ideally, they should always be relaxed and preferably conducted in an informal atmosphere.
- The appraisal system should have **the agreement of all who participate**, must be based on mutual trust, and the mechanism itself should be sufficiently flexible to cater for local requirements.
- Performance reviews should **focus on performance and improvement**, against targets which have been agreed and can be measured. An appraisal might review work attitudes and behaviour, but not aspects which cannot be modified, such as character or personality.
- The process should **encourage 'upward' comment and review**, as well as 'downward', without becoming personal and recriminatory.
- **Action should happen**, and be seen to happen after the process is completed, with agreed milestones and target dates, and formal appraisals should never be a substitute for much more frequent management comment or communication.
- The process should also be **flexible and non-bureaucratic**.

One highly effective appraisal process is to include the aggregated, confidential comments from others who work closely with the person being appraised; ie those more senior, those at the same level and those more junior – the so-called '360-degree Appraisal'. This is very powerful but needs to be handled with extreme care, confidentiality and sensitivity. If your organisation does not already have an effective and well-embedded appraisal process, you may well find this approach unnecessarily complex and ambitious.

A very much simpler process, which I commend, would first be to agree a simple *proforma* appraisal document for both the appraiser and appraisee, across your organisation so that it is the same for all. The approach I prefer has just 4 simple boxes, headed:

1. **Part 1:** A review of targets agreed at the last appraisal and performance subsequently;
2. **Part 2:** A note of future intentions, targets and action to be taken, by whom and by when (to be reviewed at the next appraisal);
3. **Part 3:** Confirmation of any training needs to enable Part 2, and also any longer-term career aspirations and the development-support these might require, whether provided by the employer, under-taken solely by the employee, or even both.
4. **Sign-off:** By both the appraisee and the appraiser, with agreement on when the next formal appraisal should take place. Ideally, this document should also be signed off by the appraiser's boss with room for any comments, to ensure both additional objectivity and that the wider needs of the organisation have been covered.

JEREMY THORN

LEADERSHIP COACH, WORKSHOP FACILITATOR, NON-EXECUTIVE DIRECTOR
BUSINESS STRATEGY, ORGANISATIONAL SUPPORT & MANAGEMENT DEVELOPMENT

Next, *both* the appraiser and the appraisee should complete Parts 1 and 2 *separately*, before meeting to discuss a combined version and completing Part 3. (Note the power of this approach? It makes sure that the person being appraised has the opportunity to have *at least* as much input as the appraiser, at least at the start. For an appraisal to work well, the appraisee must have ownership of the outcomes.) Once both parties are agreed, a composite summary should then be signed and dated by both parties, and preferably afterwards by the appraiser's boss too.

And how often should this process happen? It depends on the circumstances. For a formal appraisal <as opposed to more frequent informal appraisals meanwhile>, you may think 6-monthly intervals may be about right, but whatever you decide, they should happen regularly, and *at least* annually for all.

Some Personal Tips

Beyond the above well-established guidelines, there are some additional personal thoughts you might find especially helpful as an appraiser.

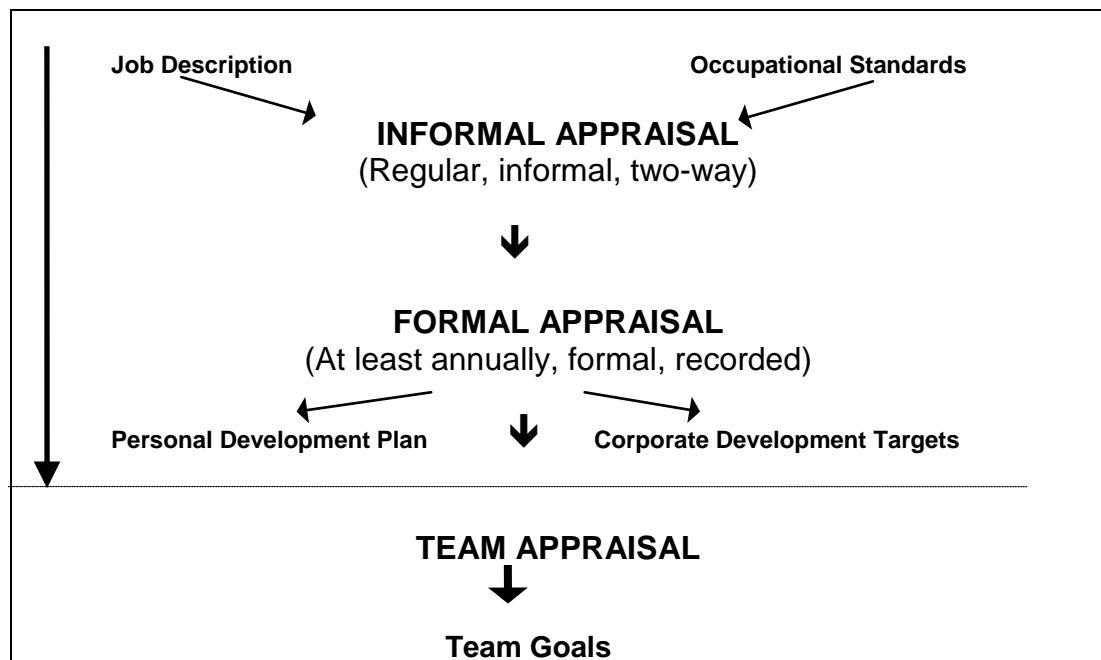
- ⊗ **Aim to leave colleagues you appraise feeling *more* positive about their role and contribution** after their appraisal, not less.
Great managers, and especially great leaders, aim to do this in *all* their interactions with their staff. They do this by working assiduously to gather all the facts before passing any criticism and ensuring all parties have a chance to express their own points of view. They also possess mature emotional intelligence, they avoid personal remarks and they focus at least as much on what could be improved in the future and how, rather than just on what has been done.
- ⊗ **Don't, however, shy away from discussing problem areas for either party.**
Focusing on the positive is always good practice, but ignoring the negative altogether is weak, ineffective and counter-productive. Most employees know when their performance has been sub-standard, and it can be surprisingly liberating for them to have this acknowledged, with ways forward discussed openly and honestly.
- ⊗ **Avoid blame – by either side.**
For appraisals to offer a positive and rewarding experience, it is critical to avoid making them a complaints session, let alone a blaming session. Don't forget, the aim is improvement, not criticism for its own sake! So for example, don't pass personal remarks <such as 'you are utterly unreliable'> but focus on behaviours and their consequences <such as 'when you fail to complete a task on time, this leaves your colleagues having to cover for you unfairly'>.
- ⊗ **Keep interim notes.**
Great appraisals need great in-put! So consider keeping brief informal notes between appraisals for each person you have to appraise. These may not only remind you of possible new targets you may want to propose at the next appraisal, but especially remind you of the times when you have caught your colleagues doing something really well, so you can refer to them at the next appraisal with full chapter and verse.
- ⊗ **Agree clear objectives.**
Make them 'SMART': simple to understand and measure, achievable and time-bound

THE OVERALL CONTEXT

Good practice suggests that appraisals should be conducted at three levels:

1. Frequent **informal appraisal**, with a focus on the job, with two-way feed-back about personal performance against an agreed job description and standards. The newer the incumbent to his or her post, the more frequent these will probably be. It is not imperative to record these, but both parties should be trained to raise whatever topics they like in an open and constructive manner, with mutual trust, on a regular basis as required.
2. **Formal appraisals**, should be recorded, with a special emphasis on identifying personal development needs and plans to address these needs, in line with agreed competences.
The process should be seen as offering high value to all parties and central to achieving longer-term success for the organisation. Both objective and subjective views should be considered, but *not* usually quantified or graded as this can often be unhelpfully arbitrary, inconsistent and far too 'black or white', especially for more experienced staff. And remember, the formal appraisal should not be conducted at the same time as pay, bonus or contract reviews.
3. The above might be complemented by **team performance** assessments, focusing on the achievement of organisational and business goals relevant to each team. Goals should be challenging, but never imposed, and the team must have a high commitment to their achievement, with the resources and freedom to meet them.

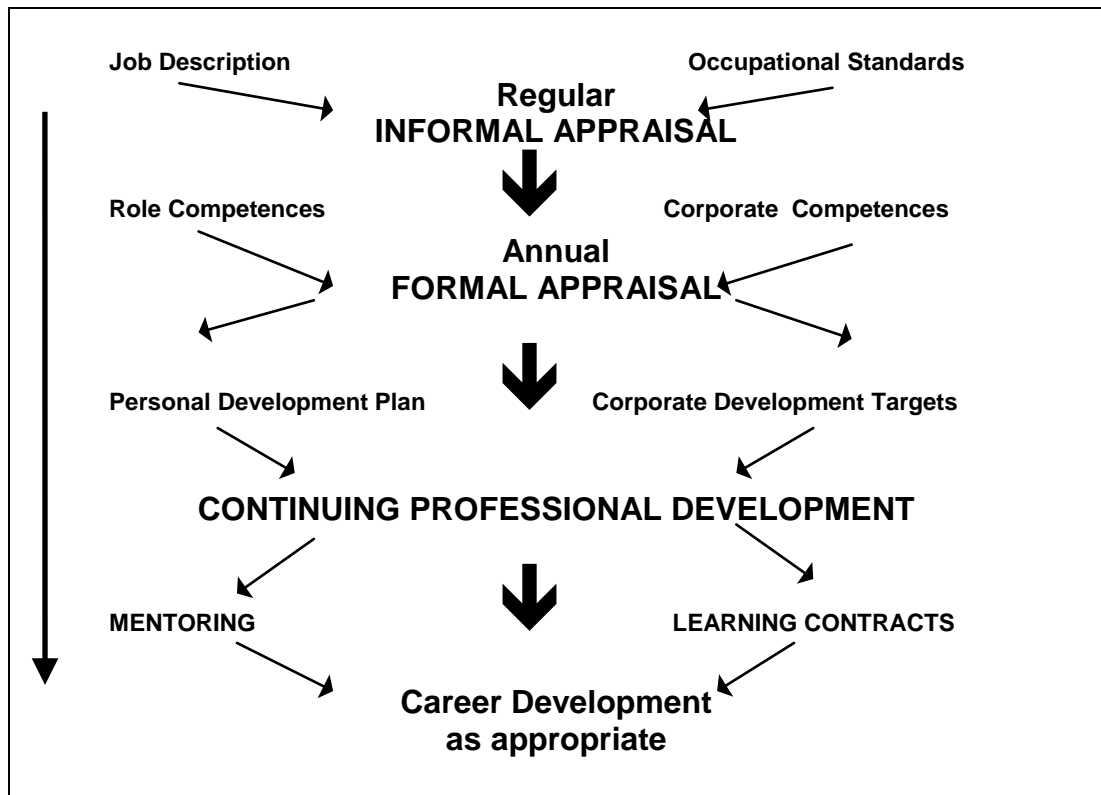
In summary, the process may look like this:



Continuing Professional Development

We have suggested that an important aspect of any appraisal process is not just the review of past performance, but also consideration of the tasks and challenges for the future and the development of the capabilities that may be needed to meet these.

The linkage between the overall appraisal process, opportunities for mentoring and the continuing professional development might be drawn schematically as follows:



The above model offers a really rigorous commitment to your staff. As an employee yourself, would you have it any other way?

Quality Standards ...

For those already aware of the 'Investors in People' (IIP) standard, this process will come as no surprise. IIP seeks to link corporate strategy and organisational goals that are clearly communicated, with an HR strategy that includes a robust appraisal system in order to support all employees in achieving, and even exceeding, these goals.

If your organisation might be at all wary of making a commitment to this standard, do think again? It isn't just a badge on the wall for 'feel-good' external promotion, as some may suggest, but a well-established and proven process to ensure that your internal organisation is fit for purpose, whatever that purpose may be.

After all:

- If your organisation's goals aren't clear, how might your colleagues ever know what they are each meant to achieve?
- If they don't know what they are meant to achieve, how can they ever know how well they are doing?
- And if your colleagues aren't given any appropriate feedback on their contributions, how could they possibly know how they might do even better?

You don't need Investors In People accreditation to ensure your appraisals are well conducted, but it can provide an excellent discipline. Above all, let's make sure our own appraisal systems are based on really good practice, aimed at achieving clear organisational goals, and are motivational rather than blame-ridden?

JEREMY THORN

LEADERSHIP COACH, WORKSHOP FACILITATOR, NON-EXECUTIVE DIRECTOR
BUSINESS STRATEGY, ORGANISATIONAL SUPPORT & MANAGEMENT DEVELOPMENT

I wish you all success!



Jeremy Thorn is a frequent speaker to business groups on a wide variety of topics and a Non-Executive Director of several fast-growing businesses. He is the author of several prize-winning books, including *How to Negotiate Better Deals*, *Sales Management and Management Development*, published internationally; and tips booklets on *Presentation Skills*, *Pricing Strategy*, *Negotiation Skills* and *Effective Recruitment Practice*.

Jeremy is a qualified Executive Coach and a licensed user of an array of psychometric-profiling tools governed by the ethics of the British Psychological Society, a Companion Member of the Chartered Management Institute and a Fellow of the Royal Society of Arts. After a first degree in Materials Science from the University of Leeds, his post-graduate training has included the European College of Marketing, Cranfield Institute of Technology and the London Business School.