

Great employee performance is vital to any organization. Many management processes do not encourage world-class employee performance. This leads to the question: what grade would you give *your* employee performance management process?

If you are less than satisfied with your grade, you're definitely not alone. In fact, most performance review systems were designed to document and measure employee performance, and not to enhance employee development and effectiveness. This unfortunate reality reflects how performance rating systems have failed to evolve over time, and does not address the challenge we as leaders face: how to make our organizations more effective.

Based on my own experience running businesses, as well as coaching, I see a number of issues common among less effective performance management systems in organizations of all sizes and shapes:

1. The performance management system is geared to assessing employee performance looking in the rearview mirror only, and doesn't include a development conversation to help navigate the road ahead.
2. A surprising number of organizations simply don't have a standardized performance rating process. This is particularly true among smaller organizations.
3. For a variety of reasons, managers and leaders will give ratings that do not reflect the feedback they have given the employee. A rating that does not reflect specific feedback is confusing and ineffective.
4. Managers and leaders within organizations are not timely with their performance ratings.
5. Goals either aren't specific at the employee level, or aren't set on a small enough time scale to address the rapid change and pace of the work being done.
6. Interim feedback (between annual reviews) is not given in a standardized format, and is not done timely.

7. Some enterprises try to normalize performance ratings by mandating a mathematically-distributed curve. This leads to skewed results when the population being rated is too small.
8. When looking at the performance of an enterprise, some functional areas are up against more challenges than others. For example, Area A can be undergoing a leadership or management change and a large increase in volume, while Area B is more established and volume is steady.

What is the potential win here? Measuring performance and focusing on employee development ultimately makes your job as a leader easier. Now let's take a look at solutions.

Assess Your Current Situation: Looking at the eight factors I've identified here, give your own performance management process a good look, and determine where it can be stronger. Assessing your own performance management process annually will help you to continuously evolve and improve it, and therefore make it more effective as time goes on.

Common Review Dates: Do your performance reviews at the same time across the board. This allows you to calibrate expectations, goals, and distribution of ratings across your organization. Synchronizing your reviews encourages participation and mutual support of the evaluation and development process by your management team. Attention to this practice simplifies and increases your ability to track performance reviews.

Separate the Past from the Future: As Michael Applebee, PhD, an executive coach and consultant put it recently, "Have two conversations with the employee, one to look at the past and, separately, one discussion about looking ahead at development. Selective hearing being what it is, employees need to process the feedback about the past **before** they can be receptive to a development conversation."

Don't Kill Motivation: One corporate HR executive put it like this: "For most, negative performance feedback is de-motivating. The trick is finding

people's strengths, and building on those. Focusing exclusively on somebody's weaknesses is not the way to get the best out of them." It's important to find the balance between being grateful, positive, and upbeat with being direct (i.e., not sugar-coating the truth), particularly when dealing with lower-performing employees.

No Surprise Feedback: Encourage your managers and leaders to provide feedback at the time it is warranted, and in a private and encouraging way. In addition, quarterly standardized feedback is the best practice. As one executive put it, "This drastically reduces the chances that the employee will feel they were thrown a curve ball at annual review time." Discourage "shadow feedback," which is providing feedback to an employee on behalf of someone else. Encourage direct feedback.

Take it Seriously: Require yourself and your managers and leaders to do the performance management process fully, fairly, and on a timely basis. Dr. Applebee noted that, "The performance review is a management responsibility to impact employee behavior. Employee development, while still a management practice, is an opportunity to demonstrate leadership."

Consider What People are Up Against: Support functional areas to adjust their ratings for the level of difficulty or challenge they are up against during the review period.

Understand the Limitations of Forced Distribution of Ratings: One executive recently told me, "It's hard to get a normal distribution unless you have a population of at least 50." If your population is small, or there is no compelling reason to enforce distribution of ratings along a curve, don't do it.

Finally, build into your system the specific, actionable behaviors, priorities, organizational values, and goals you are trying to achieve. As another HR Executive put it "You can't fix a performance management system, without addressing what behaviors and priorities are rewarded and recognized."

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