

KEN MOORE ASSOCIATES

Presents

WHY ARE PERFORMANCE EVALUATIONS SUCH A PAIN IN THE (insert here) ?

- Why is it so difficult to find five people in any company who are pleased with the way performance evaluations are conducted?
- Why does a well thought out and well written evaluation policy turn into a waste of good bureaucracy in practice?
- Why hasn't Human Resources stepped up to the plate and delivered something of value to the whole evaluation experience?

I'll try to answer the first two questions.

There are scores of books, magazine articles, research papers, and dissertations out there that tell us how to properly write and conduct performance evaluations, and give us sound reasons for why they exist and are necessary. Conceptually, it's a no-brainer. Yet somewhere between policy and practice, the process falls apart, usually with more harm than good coming from it. Having given, received and reviewed hundreds of evaluations over the years, I will offer some observations.

First, since performance evaluations are supposed to evaluate performance, it seems reasonable to assume that performance metrics are established for the job at the beginning of the rating period and modified and communicated appropriately throughout the rating period. This is rarely the case and it seems to get worse the larger the company becomes.

Second, all too often, the job description that occasionally accompanies the review bears little resemblance with the work being performed. Given the fast changing demands of the marketplace, this is not surprising. Companies must adapt quickly if they wish to remain in business. Yet managers who do not adjust the performance expectations of their subordinates accordingly run a very high risk of reducing the value of an evaluation as well as the values added contributions of the employees.

Third, too many evaluations are based upon a set of arbitrary activities - from a format developed by HR - that have little direct impact on the material success of the department or the organization. Far too many job descriptions record activities instead of outcomes that are valuable to departmental or organizational success;

Fourth, in the quest for operational efficiency, managers, supervisors and executives have far more people reporting to them than they can effectively manage. Thus, the evaluation process becomes commoditized with a "just fill out the form" mentality. Additionally you may be managing virtual teams throughout the world where your only communication with your subordinates is via the Internet or telephone.

Fifth, the higher one goes in the hierarchy, the more qualitative the criteria become. Henry Ford famously fired Lee Iacocca, arguably one of the best auto executives in the business at the time. When Iacocca asked Ford why he fired him Ford replied: "Because I just don't like you." It didn't matter that Iacocca has achieved and surpassed every quantitative performance measurement during his tenure at Ford.

Finally, at the root of all evaluations is the reality that it is damned hard to objectively and constructively evaluate the performance of someone that you work with 24/7. It is very easy to evaluate anyone from a distance but the closer that person becomes to you, the more personal it is for both. Further, it becomes more difficult to look them in the eye and provide constructive criticism without having them mis-interpret your comments.

So why do we conduct this annual ritual which turns more people off than turns them on. There are some very solid reasons:

1. We use them for personnel decisions such as promotions, transfers, assignments and terminations;
2. We use them to identify training and development needs;
3. We use them as a criterion against which selection and development programs are validated;
4. We use them as a basis for reward allocation, i.e. salary increases;
5. We use them to keep our companies in compliance with, and in the spirit of, our labor laws.

If you must have performance evaluations in your company – and there are many CEO's and HR executives who advocate the elimination of them in their organization – then here are some suggestions to at least improve the process.

1. **Measure outcomes, not activities.** Outcomes contribute value to an organization. Activities do not. Every job in any organization must be directly linked to the performance standards established for the company. If your job is to reduce turnover by 20%, and you achieve that goal, you have just added value to your position. If one of your side jobs is to organize the company Christmas party, realize that the party may not add any inherent competitive advantage to the company's business plan. Its relevance on the performance review is thus argumentative.
2. **Know well why your subordinate's position exists.** How does it directly and materially help you to achieve your performance objectives? If you cannot articulate why a position exists, or if you cannot describe the position's return on investment, then you will be hard pressed to justify its existence and accompanying expense.
3. **Establish performance expectations at the beginning of the rating period, not at the end.** Never grade a subordinate on a critical performance outcome unless standards have been discussed and set. If the expectations change in the middle of the period due to market force demands, communicate them immediately to your subordinates.
4. **Performance evaluation is a continuing process,** not one that is conducted once a year as required by corporate policy. If there are any surprises in the review process, someone is not communicating properly. Effective evaluation is a daily and continuing process of communication between the employee and his/her superior.
5. **Conduct a reality check on your managerial responsibilities.** In your organizational world, you may supervise 10-20 or more people at a time. If you are a virtual manager, you may be supervising eight people in eight different parts of the world where performance information comes in snippets over the Internet. By necessity, this reduces the evaluation process to a bureaucratic routine. Focus on the outcomes critical to the success of the organization.

The bottom line is that each job in an organization must exist for a reason that is directly tied to organizational success factors. As long as performance evaluations remain a part of our work experience, we must work harder to overcome its inherent problems and focus on the things that matter.

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