

HR PRODUCTS AND SERVICES


HR RESOURCE GUIDE

Performance Management Resource Guide

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PERFORMANCE MANAGEMENT

Table of Contents

INTRODUCTION TO PERFORMANCE MANAGEMENT	6
DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM.....	8
PURPOSE AND BENEFITS OF PERFORMANCE MANAGEMENT	8
PERFORMANCE MANAGEMENT AS A CYCLE	9
PROBLEMS OR BARRIERS TO PERFORMANCE MANAGEMENT.....	12
DEVELOPING THE PERFORMANCE EVALUATION.....	13
PURPOSE AND BENEFITS OF PERFORMANCE EVALUATION.....	13
DEVELOPING THE PERFORMANCE EVALUATION PROCESS.....	14
PERFORMANCE EVALUATION CRITERIA	16
<i>Traits</i>	16
<i>Results</i>	17
<i>Behavior</i>	17
SETTING PERFORMANCE STANDARDS.....	18
PERFORMANCE DIMENSION ANALYSIS	19
GOAL SETTING	19
PERFORMANCE EVALUATION FORMS	20
EMPLOYEE PARTICIPATION IN THE EVALUATION PROCESS.....	20
EVALUATIONS FOR MANAGERS	21
RELATIONSHIP TO COMPENSATION SYSTEM.....	21
THE EVALUATION DISCUSSION	22
PREPARING FOR THE PERFORMANCE EVALUATION.....	22
STRUCTURE OF THE DISCUSSION	22
<i>Opening</i>	22
<i>Employee Comments</i>	22
<i>Supervisor Comments</i>	22
<i>Planning/Goal Setting</i>	23
<i>Pay Increase</i>	23
<i>Closing</i>	23
TONE OF THE DISCUSSION	23
DISCUSSION TECHNIQUES.....	23
OTHER INPUT IN THE EVALUATION PROCESS	25
SELF EVALUATIONS.....	25
TEAM APPRAISALS	25
PEER APPRAISALS.....	26
CUSTOMER QUESTIONNAIRES.....	26
SUPERVISOR APPRAISALS.....	26
TRAINING.....	27
SUPERVISORY TRAINING	27
<i>Contrast Effects</i>	27
<i>First Impression</i>	27
<i>Halo Effect</i>	27

<i>Similar-to-Me Effect</i>	27
<i>Central Tendency</i>	28
<i>Leniency/Strictness</i>	28
<i>Error of Recency</i>	28
<i>Rater Bias</i>	28
EMPLOYEE TRAINING	28
REWARDS	29
PAY FOR PERFORMANCE MATRIX.....	29
LUMP SUM INCREASES	30
LEGAL IMPLICATIONS OF PERFORMANCE EVALUATIONS	31
UNLAWFUL DISCHARGE.....	31
ILLEGAL DISCRIMINATION.....	31
OTHER ORGANIZATIONAL IMPLICATIONS	32
PERFORMANCE MANAGEMENT AND HIRING.....	32
CAREER MANAGEMENT.....	32
EMPLOYEE DEVELOPMENT.....	32
PERFORMANCE MANAGEMENT AND TRAINING.....	33
PERFORMANCE MANAGEMENT	34
AND A QUALITY-ORIENTED CULTURE	34
CONCLUSION	35
FORMS APPENDIX	36
GENERAL APPENDIX	65
SUBJECT: PERFORMANCE MANAGEMENT POLICY	1
PERFORMANCE DIMENSIONS ANALYSIS	1
MANAGER/SUPERVISOR CHECKLIST	1
QUESTIONING TECHNIQUES FOR PERFORMANCE EVALUATIONS	1
PERFORMANCE EVALUATION QUESTION ANALYSIS	1
SAMPLE PAY FOR PERFORMANCE MATRIX	1

INTRODUCTION TO PERFORMANCE MANAGEMENT

The familiar ritual of the annual performance appraisal was once the unquestioned way of evaluating employees. Neither the supervisor nor the employee liked it, but in the old “command and control” style of leadership, this was a perfectly appropriate model for measuring performance. Today, with the widespread emphasis on teamwork, shared leadership, and an ongoing struggle to find and retain qualified employees, it’s a model that is falling increasingly out of favor.

The real success of an organization depends on the success of its people – those who actually accomplish the organizational goals and objectives. To ensure that your employees are acting in the organization's best interest, it is necessary to develop a method for measuring employee contributions to the organization. We call this a *performance management culture*. Simply put, performance management is a process to maximize the organization’s performance through its people, by informing them about what is important and what is expected, and then evaluating whether the expectations have been met. Today, most organizations are moving beyond the traditional performance evaluation process to a continuous cycle of managing employee performance to achieve organizational goals.

Performance evaluation is the tool used by management to discuss an individual employee's contribution to the success of the organization. However, performance management goes well beyond assessment of past behavior, and includes rewards for desired behaviors (usually known as pay for performance increases or performance rewards), corrective action for unwanted behaviors, and goal setting for future behaviors.

The primary goal of performance management is to create a performance partnership between an employee and his/her supervisor. This partnership allows the employee to know, understand, and, in many cases, help develop the expected performance standards and get the necessary experiences, skills, or training to meet these standards. This partnership requires that the supervisor develop performance standards for each employee that will enable him/her to contribute to accomplishing departmental and organizational objectives in an efficient and cost-effective manner.

This manual has been created to help you design and implement an effective performance management system for your organization, including:

- Developing a performance management philosophy and policy;
- Designing an effective evaluation process;
- Setting performance goals and standards;
- Creating performance evaluation tools that work;
- Conducting evaluations; and,
- Linking compensation to performance.

Instead of measuring employees' performance and pointing out where they fall short, organizations will achieve better results if they line up the organization's needs with employees' talents and interests. This is far more likely to retain qualified employees and help achieve business and organizational goals.

Performance management recognizes that each employee approaches employment differently. For some, work is their sense of identity. For others, it is simply a way to meet the expenses of their chosen lifestyle. For some employment is exciting, generating a true sense of commitment of talent, and thinking well beyond what is required. For others, performing at work is deliberately designed to meet only the required standards. Understanding the different relationships that employees have with their employer is critical to creating effective outcomes and distinguishing between levels of performance and contribution.

DEVELOPING A PERFORMANCE MANAGEMENT SYSTEM

PURPOSE AND BENEFITS OF PERFORMANCE MANAGEMENT

A well-designed performance management system does three things:

1. Identifies and communicates the organization's goals or business strategies in terms that employees understand and can relate to;
2. Establishes performance targets for the organization, each department/work unit, and each position/employee; and
3. Structures workplace activities, resources, and priorities to meet those targets so the value of each employee's contribution is recognized and organizational goals are met.

As the system matures, the benefits to the employee and organization increase, including:

- Improved job performance through feedback and planning
- Better promotion decisions
- Improved productivity
- Better administration of compensation
- Enhanced ability to do succession planning
- Employee development and retention
- Identification of training needs
- Increased employee involvement and commitment to organizational success.
- Validation of selection procedures
- Reinforcement of the organization's culture
- Employee-directed career planning
- Clarification of expectations
- Creation of meaningful work plans
- Better recognition of employee contribution toward organizational goals

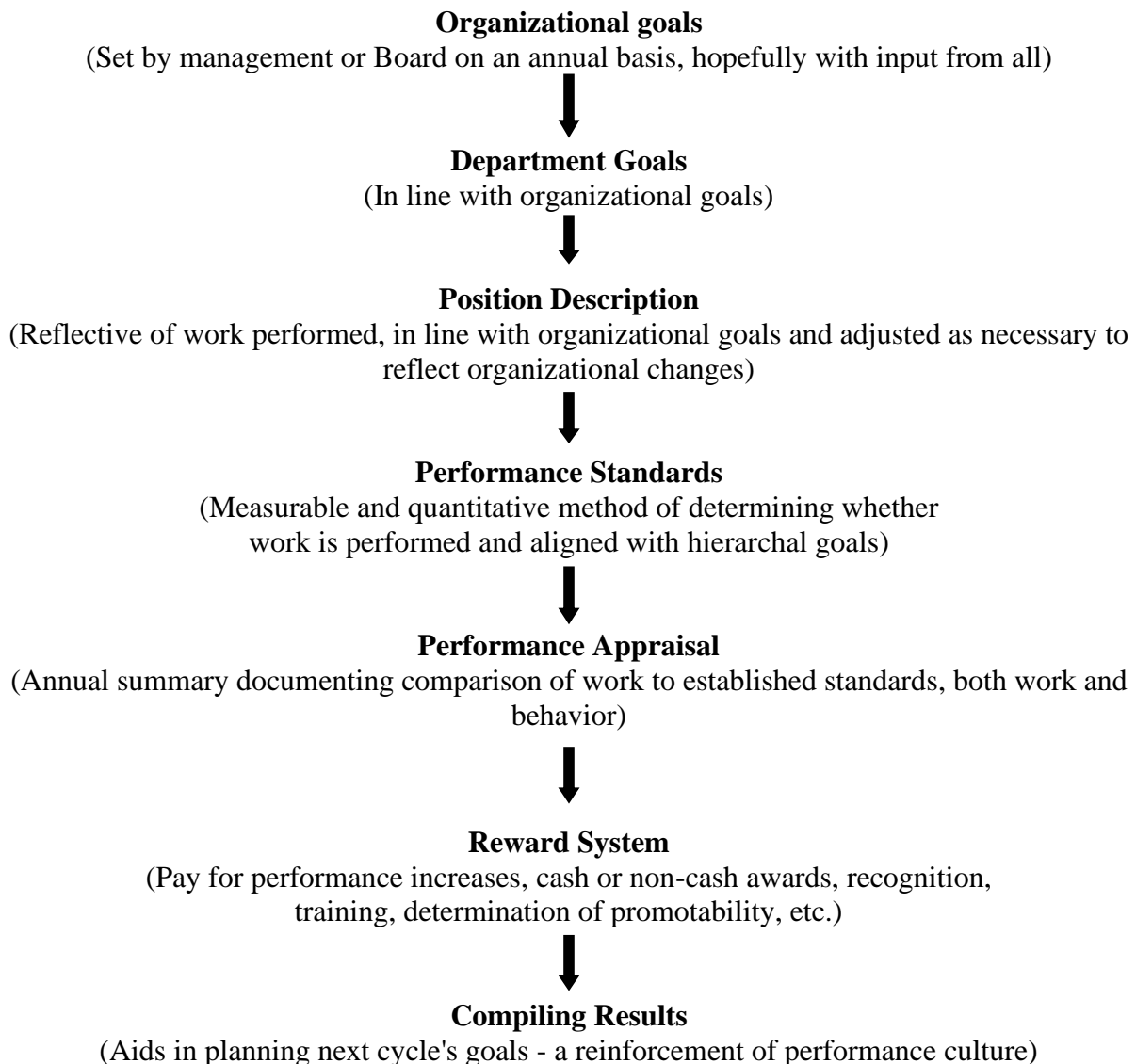
To be most effective, the performance evaluation cannot be a stand-alone management process. It must be part of an overall performance management system for an organization. The system should look something like this:

Organization Vision or Mission Statement
(Why the organization exists)



Long Term, Overall Organizational Goals
(What the organization wants to accomplish)





PERFORMANCE MANAGEMENT AS A CYCLE

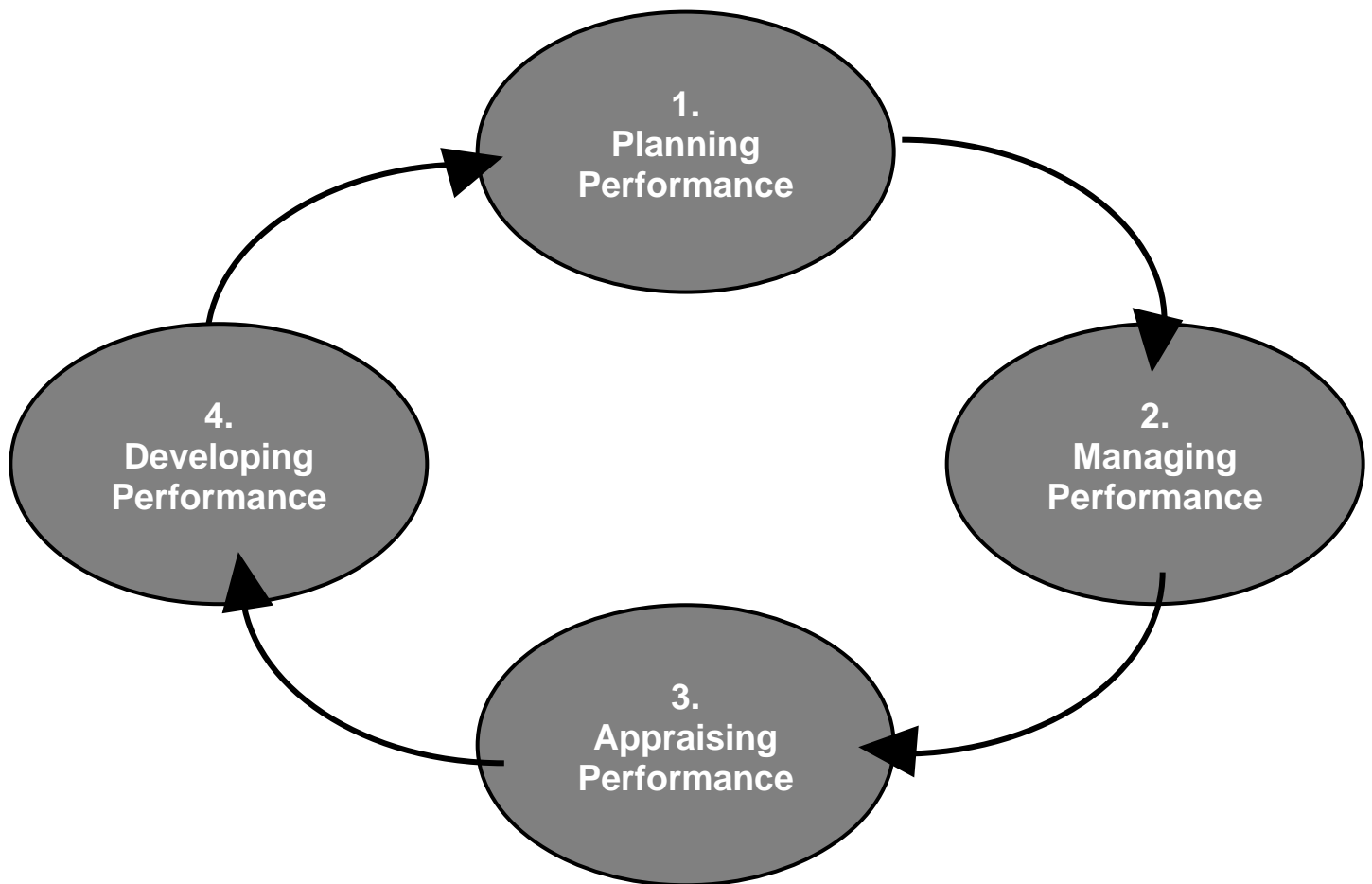
In a performance management culture, evaluating and coaching for performance is viewed as an ongoing process rather than a once (or twice) a year event. The first stage of the cycle is performance and development planning, which includes setting goals and objectives for the upcoming review period and appropriate timelines for each objective.

The second stage of the cycle is ongoing coaching and progress reviews. Performance needs to be managed on a continual basis, not only at pre-arranged or pre-scheduled times. This coaching can occur when an employee has a problem and asks his/her supervisor a question. An astute supervisor will see that this lack of knowledge or skill is going to impact some of the agreed-upon performance objectives and will ensure that the employee gets the knowledge or learns the skill to accomplish those objectives. A progress review can occur anytime a supervisor checks

with an employee on the accomplishment of objectives. At this stage of the cycle, adjustments to agreed-upon objectives or time lines may be necessary depending on the circumstances. A key component of this ongoing feedback is praise and acknowledgement for work done well and work contributions made.

The third stage of the performance management cycle is the scheduled performance evaluation. This includes a review of accomplished goals and objectives during that performance period, as well as a review of any developmental activities during that time. It should cover both the “what” and the “how” of performance. This meeting should also focus on creating goals, objectives, and development activities for the next review period. Thus the cycle repeats itself.

The Four Phases of Performance Management



Whether you are thinking about implementing a performance management approach or you are evaluating your current system, it is important to first understand the objectives you are trying to accomplish. Some organizations implement performance management in order to raise the performance bar inside the organization, while others want to institute a performance-based

culture. Organizations that already have systems in place may choose to make improvements so that employee performance is better aligned with business goals and with employee training and development systems. Recognition is emphasized, or training and development becomes a larger focus. Sometimes introducing new technology or radically different procedures calls for a change in how performance is evaluated.

Once you have determined your overall objective, the next step is to answer the following questions about your existing organizational culture:

- ✓ Is there a written mission or objective for the performance management system? If so, what is it? How does it relate to the organization's mission statement? If not, management needs to define the objectives and goals of the system. These objectives and goals should support the organization's mission and goals (see the Sample Performance Management Policy in the General Appendix of this manual).
- ✓ Is the process structured so that everyone can relate to and understand it? How do/will you know this? A critical element for the success of any performance management system is how well it is communicated, understood, and supported by employees and supervisors.
- ✓ Does the performance management system positively contribute to other management systems? How do/will you know this?
- ✓ Do the policies, procedures, and forms used support the overall objectives of the program? How do/will you know this?
- ✓ Do the rewards generated by this system serve as recognition or incentive for improved performance? How do/will you know this?
- ✓ Does the system contribute to positive organizational culture? How do/will you know this?
- ✓ Has everyone been oriented and trained on using the system? Is/will there be any follow-up to ensure that people are using the system correctly?
- ✓ Is management's support of the system evident to everyone? How do/will you know this?
- ✓ Is there understanding of the role performance management plays in employee connection to the organization?

Once you've answered these questions, build your performance management philosophy and system based on the following five principles:

1. Both the manager and the employee will set and agree upon goals;
2. Metrics for measuring the employee's success in meeting those goals will be clearly articulated;
3. The goals themselves will be flexible enough to reflect the changing conditions in the economy and the workplace; and,
4. How things are done is just as important as the actual work accomplished.

5. Employees will be able to think of their managers as coaches whose role is not to pass judgment, but to help them succeed.

PROBLEMS OR BARRIERS TO PERFORMANCE MANAGEMENT

There are a number of reasons why performance management systems don't work.

Fundamentally, the best designed system will never be effective if the emphasis is on completing annual forms, rather than focusing on the year-round process of goal setting, coaching, praising, course-correction, and employee development. Other reasons include:

- There is no evaluation by management to validate whether the performance management system is meeting the organization's goals. (Often this is because there are no real goals of the system or no objective review of the system's effectiveness.)
- Supervisors often think of performance management as a single annual discussion.
- Supervisors do a poor evaluation for the following reasons:
 - ✓ Desire to give a bigger increase;
 - ✓ No performance standards are in place;
 - ✓ Don't want to admit hiring the wrong person;
 - ✓ Don't want to admit failure to train an employee;
 - ✓ Personal bias or other rating errors;
 - ✓ Lack of knowledge regarding the job being evaluated;
 - ✓ A desire to avoid negative issues; and/or,
 - ✓ A failure to look at the entire performance period.
- Employees see the system or process as unfair.
- Performance expectations are poorly communicated.
- Coaching or review comments are too general.
- Ratings are inconsistent with compensation.
- Negative issues are avoided or delivered in a harsh, abrupt manner.
- Only recent performance is considered when doing the review.

Most of these problems can be corrected by involving employees in creating the system, refusing to let the system simply be the annual conversation, effectively communicating the system and all its processes to everyone in the organization, and training supervisors and managers in all the activities that are relevant to an effective performance management system.

DEVELOPING THE PERFORMANCE EVALUATION

PURPOSE AND BENEFITS OF PERFORMANCE EVALUATION

There is no question that the annual discussion is a key part of the system. Therefore, handling it well can be a great start for both the supervisor-employee relationship and the employee's understanding of what is expected during the next performance period. The general goal of performance evaluation is to help employees accomplish results that will meet organizational objectives. A good performance evaluation system should:

- ✓ Provide a systematic analysis of all-important aspects of an employee's performance;
- ✓ Provide a prospective and retrospective view;
- ✓ Consistently apply uniform standards of behavior and excellence to all employees;
- ✓ Reduce guesswork, favoritism, and other illegal or unwanted influences in the evaluation process;
- ✓ Produce a fair, reliable, and objective basis for promotions, transfers, training, terminations, merit increases, etc.;
- ✓ Give employees recognition and rewards in direct relation to their performance on the job; and,
- ✓ Provide information on progress and development to each employee with specific indications of where improvement is needed and how the employee's contribution is viewed.

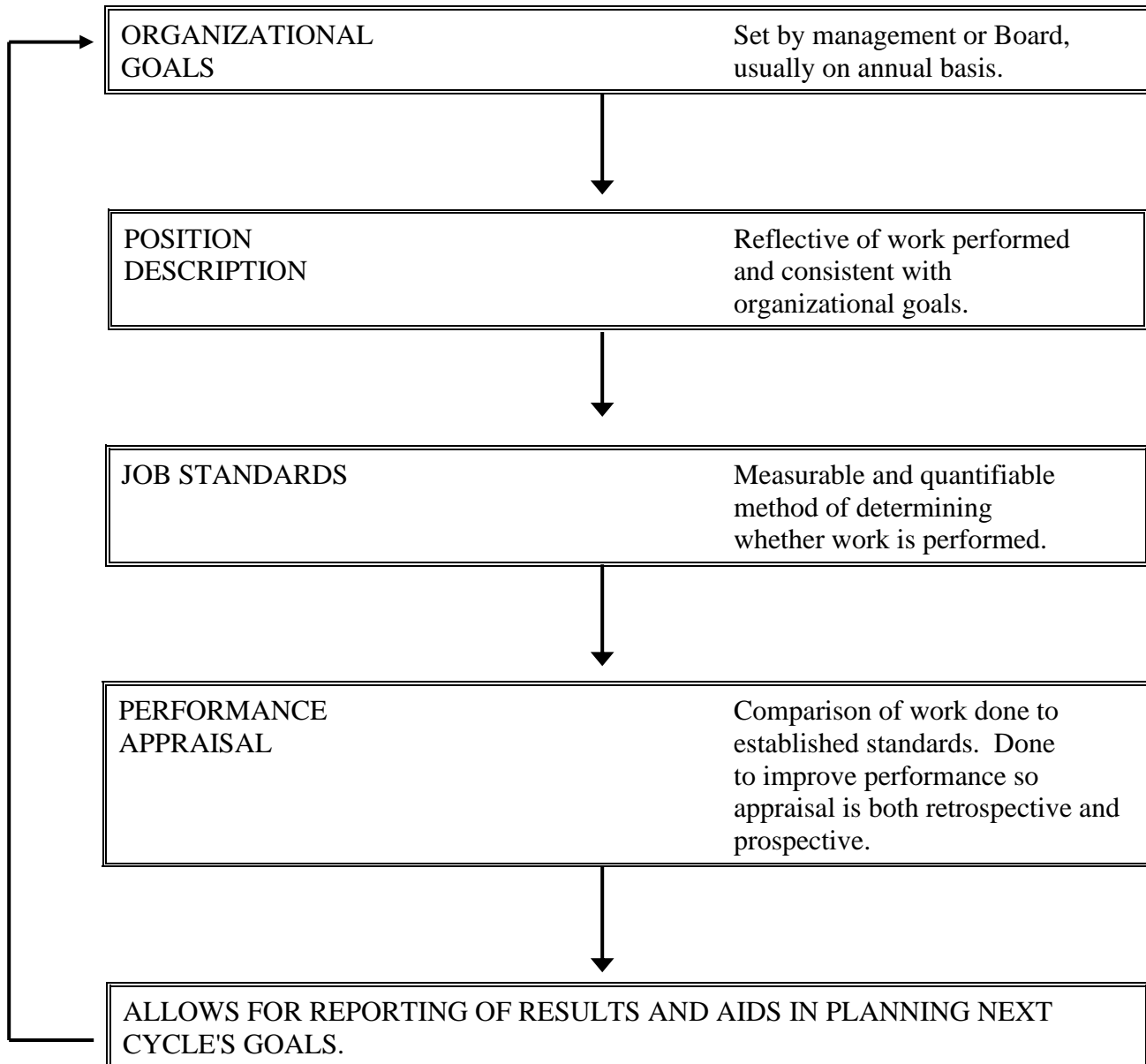
A well-designed performance appraisal system will have other benefits in addition to ensuring employees are performing in a manner that supports organizational plans and needs. These benefits may include:

- ✓ Improved productivity as employees learn how their work behaviors directly affect the organization's productivity and success;
- ✓ Improved employee relations as employees see consistency in the evaluation process and that performance problems are not allowed to continue;
- ✓ Development of an inventory of workforce skills that maximize use of employees' abilities;
- ✓ Motivated employees correct their own performance problems as they are made aware, in a timely and positive manner, of how and where improvements can be made;
- ✓ Development of employees for the organization's future needs;
- ✓ Disclosure of weaknesses in the recruitment and selection process;
- ✓ Creation of a sound and visible connection between the compensation system and the accomplishment of organizational goals and objectives; and,

- ✓ Increased supervisory involvement in personnel management issues such as training, promotions, and transfers.

DEVELOPING THE PERFORMANCE EVALUATION PROCESS

**Organizational Goals
Individual Performance Flowchart**



Before developing a performance appraisal process, an organization needs to understand its current formal or informal evaluation methods and its employees' opinions about what should be happening. The following questions can be used to discover what is currently happening, and what should be happening (see the Organizational Assessment Worksheet in the Forms Appendix).

1. What are your organization's performance evaluation system priorities: Improving performance? Identifying promotion potential? Developing employees? Identifying training needs? Receiving employee feedback? Compensation, staffing, or something else? (Executives should rank and discuss these priorities.)
2. Who is responsible for administering the performance management system: the Human Resources Department, supervisors, or executives? We recommend that the organization designate someone responsible for general oversight and management of the system. This will typically fall under Human Resources if the organization has a formal HR department or designated function.
3. Does the employee always, sometimes, or never see the completed evaluation form? We recommend that employees always see the completed evaluation form. If it's not shared, employees may become suspicious and distrustful of the system.
4. What does your organization consider to be the most important factors measured in the evaluation process: Potential? Results? Knowledge? Job skills? Job behaviors? Other? (Again, executives and/or managers should rank these and discuss their differences.)
5. Does the organization's evaluation form evaluate personality traits? We do not recommend personality trait evaluation because it is far less preferable to actual behavior and results-oriented reviews. And, from a legal standpoint, it is difficult to defend personality-based evaluations of employees. We do, however, strongly encourage clear behavioral standards.
6. Who reviews and/or approves evaluations before they're shared with the employee? We recommend that evaluations be reviewed by Human Resources or another senior manager to ensure consistency and appropriateness.
7. Who has access to completed evaluation forms? Access should only be on a need-to-know basis. We recommend that completed appraisal forms be kept in each employee's personnel file and that access be restricted to the employee, the Human Resources department, and those in a direct supervisory role.
8. Who receives copies of completed evaluations? The employee should be given a copy of the completed form; the original should go to the personnel file; and there may be instances where it would be appropriate for the supervisor to keep a copy (for example, when personnel files are kept at another site or are not otherwise easily accessible).

9. What are evaluations used for in the organization: Training decisions? Lay-off decisions? Discharge? Disciplinary actions? Promotions? Transfers? Other? (All possible uses should be identified and built into the process.)
10. Are evaluation interviews with employees required or optional? We recommend that they be required, which conveys the message to employees that evaluation is an important activity. Also, failure to hold supervisors and managers accountable for evaluating employee performance can make it difficult to hold employees accountable for good performance.
11. Does the evaluation system lead to intended changes in behavior?
12. Does the evaluation system lead to intended changes in performance?
13. Have specific performance standards been developed and communicated so that employees understand the criteria against which their performance is being measured? This is an extremely important part of the process. If employees and supervisors don't know what good performance looks like, it is highly unlikely that actual performance will meet the intended goals.
14. What training methods are used to orient supervisors and managers regarding goals and procedures of performance evaluation: Policy manuals? Direct supervision? Formal training session? No training? Some kind of training is highly recommended to ensure that everyone understands the process, why it is important, and how to conduct actual evaluations. Failure to provide training may lead to inconsistency and the possibility of employment-related legal claims, such as discrimination or wrongful discharge.
15. What training/orientation have employees been given so that they understand their rights and responsibilities regarding evaluations? This is also important because employees are likely to support a system they understand.
16. How frequently are evaluations done? Typical timeframes include the end of the introductory period, annually, or semi-annually, but this is really up to each organization. We recommend that evaluations be conducted at least annually.

PERFORMANCE EVALUATION CRITERIA

Three types of criteria are commonly used to evaluate employees: traits, results, and behaviors.

Traits

Using traits, although easy, is often ineffective because of the generality and lack of objectivity. Another issue to consider is that traits-based appraisal systems are not legally defensible in the court system as the basis for making employment decisions. This was the case when the court ruled on *Wade v. Mississippi Cooperative Extension Service* (1974). In this case, African-American employees charged that the performance appraisal instrument used by the organization

discriminated against them as a class. The performance appraisal rated such factors as leadership, public acceptance, attitude toward people, appearance, grooming, outlook on life, and resourcefulness. The organization argued that its performance appraisals were objective. However, the court ruled, "As may be readily observed, these are traits which are susceptible to partiality and to the personal taste, whim, or fancy of the evaluator. We must then view these factors as presently utilized to be patently subjective in form and obviously susceptible to completely subjective treatment."

Results

The second type of criteria often used in performance evaluation is results. Results are much more objective than traits, however they alone don't provide information on how a job or a certain set of job functions should be performed. Despite this disadvantage, results-oriented evaluation systems can be especially effective when employees have input into establishing the criteria for determining results, are counseled or trained in specific ways to accomplish the desired results, and can control the results.

Behavior

The third criterion often used for performance evaluation systems is specific behavioral measures. The main drawbacks to using behavioral criteria are that they are time consuming to develop, must be developed uniquely for each job, and must be modified if a job changes at all. The advantage of using behavioral criteria is that it provides mutually agreed-upon written instructions to employees regarding management's expectations.

Some general evaluation criteria may include:

- Communication skills;
- Accuracy/quality of work performed;
- Learning capability;
- Attendance;
- Initiative;
- Quantity of work performed;
- Job knowledge;
- Service orientation;
- Cooperation/teamwork;
- Managing change and innovation; and,
- Planning/organization skills.

In addition, supervisors should be evaluated on:

- Supervisory skills;
- Success in motivating and developing employees;

- Budgeting and meeting targets;
- Turnover rates; and,
- Timeliness of performance evaluations.

Any criteria chosen for evaluation need to reflect the organization's and the department's goals and objectives.

SETTING PERFORMANCE STANDARDS

We recommend setting performance standards as part of your overall performance management system, because people work best when they know what is expected of them. Likewise, organizations work best when their people understand the organization's goals/standards. Finally, people are most likely to reach goals/standards that they have helped set.

Performance (or job) standards may be defined as task or behavioral standards established as goals to be achieved by an employee. Performance standards provide the basis for performance evaluation and measure work that should be attainable if all else is normal. Because performance standards are the specifics upon which each individual's performance is based, standards must be developed for each position.

A performance evaluation system must try to achieve consistently applied uniform standards for all employees and to reduce favoritism or guesswork. Because performance standards are objective and related to a position rather than to an individual, they are an important part of the performance evaluation process. They provide objective information to employees, and also establish and maintain both validity and objectivity for the performance evaluation process as a whole.

To be effective, a standard must have certain characteristics. First, it must be specific. For example, one performance standard of an accountant might be to complete the month-end close according to GAAP and established procedures. To give meaning to this standard, more information is needed, which relates to the second characteristic of a good standard: it must be quantitative. There must be a "measure" that can demonstrate whether the work was accomplished. The supervisor and the employee need to come to agreement on what a valid measure of the performance will be. In the above example of the accountant and month-end close, a good standard would require that month-end close be done within a certain time period, such as five working days. This creates a standard that is both specific and measurable.

A good standard must stimulate interest, reflect a solid contribution, and challenge the employee. Standards that are too easily achieved may result in boredom and cause employees to lose interest in their accomplishment. Standards must be attainable as well. If an employee believes a standard can't be achieved, performance may deteriorate. A standard should also direct the employee's focus to the desired end results. This keeps the activity in proper perspective – the activity is designed to produce an output or end result, and not be merely for the sake of the activity itself.

If there's doubt about whether a particular task or objective is quantitative, the general rule is that if a desired outcome or activity can be articulated, it can be measured. Some of the common measures that can be used include:

How many (much)?	Survey results/audit
By when?	Variances
Budget limits (dollars or percents)	Turnover figures
Error ratio	Cost savings
Number of complaints	End result or desired outcome
Retention of/expansion of	

A frequently overlooked benefit to performance standards is that they meet people's inherent need to know and understand. Therefore, performance standards can be considered an important employee relations tool and can strongly influence employees' perceptions of the performance evaluation process.

PERFORMANCE DIMENSION ANALYSIS

Performance dimensions provide a means to recognize the unique skills necessary for success in each position. A performance dimension is a descriptive heading or skill area under which specific examples of job performance can be classified. For example, the following set of performance dimensions might be very appropriate for a Receptionist position, in which the incumbent has frequent contact with outside individuals and generally works standard business hours. But a different set of performance dimensions would be needed for a Systems Programmer who has very little contact with people and frequently works alone at night.

Appearance:	Willingness to maintain a high standard of personal grooming
Attendance:	Ability to report to work as scheduled
Internal Liaison:	Ability to effectively and wisely deal with other internal personnel
Listening Skill:	Ability to extract important information in oral communication
Sensitivity:	Ability to perceive and react sensitively to others' needs.

A sample set of performance dimensions is included in the General Appendix. The key to using performance dimension analysis is to develop a set of performance dimensions reflective of the unique nature of each position.

GOAL SETTING

The purpose of performance evaluation is not merely to comment on past behavior but to influence or change future performance and behavior. For this reason, a performance evaluation is not complete without planning information. This section needs to include information on the areas where growth is needed, specific objectives for the next evaluation period, a timeline for achievement, and a discussion of any training or other resources necessary to accomplish the objectives. It is often helpful to use the S.M.A.R.T. model for goal setting:

- Specific:** The activity should be described in terms of its major outcomes or end product. The activity should be related to quality, productivity, and individual development. Document the observable result expected when the activity is complete.
- Measurable:** Activities can be measured as qualitative or quantitative. Qualitative looks at how well the result is produced or performed. Quantitative asks “how many,” “how much,” “when,” or “how often.” It includes an amount of work completed within a specific timeframe.
- Attainable:** Activities should be within reach, considering the scope of the job and the resources available. However, they should also present a challenge for the individual.
- Relevant:** Activities need to be directly related to the organization’s mission and individual development goals.
- Timeframe and Priority:** Activities need to focus on “what to do” or “how to do it” as well as the “when to do it.” They should include timeframes, which can be stated in terms of frequency or deadlines.

PERFORMANCE EVALUATION FORMS

In order to conduct effective and consistent performance evaluations, we recommend using standardized forms. Sample performance evaluation forms are included in the Forms Appendix. A performance evaluation form should reflect the organization's culture and systems and should include a statement of the performance management philosophy or policy. In addition to the employee's name, job title, and date of evaluation, it should include signature blocks for the supervisor and the employee. The employee should be asked to sign that the evaluation has occurred, not that there is necessarily agreement with the evaluation itself. A rating scale for measuring performance is also needed. Well-defined rating scales may be wordy, but they are easier to follow. In addition to established criteria, the evaluation form needs to include space for explanation of the chosen rating. It is not sufficient to rate criteria without comments. Examples reinforce the concept that the appraisal is an evaluation of the employee's work behaviors and not an attack on the person's character. Our advice is that no performance comment be made without the support of one or more examples!

EMPLOYEE PARTICIPATION IN THE EVALUATION PROCESS

An effective performance evaluation process includes employee participation – from developing the process, to receiving a copy of the completed evaluation, to setting goals for the next performance period. Any process created or administered without employee input may result in employee resistance, refusal to cooperate, or even attempts to sabotage the process.

Managers and employees alike benefit from a participatory process. Employees are much more likely to accept, and even willingly participate in, a system in which they have some say. An employee's perspective of his/her work may be very valuable to the manager in setting standards and performance expectations. However, the greatest benefit may be discussion of performance expectations and how those expectations relate to accomplishing organizational objectives. To encourage employee participation in the performance appraisal process, the organization may want to use an employee self-evaluation form (see the Forms Appendix for a sample).

In addition to self evaluation, here are some other suggestions for ways to increase employee ownership in the process:

1. Let the employee schedule the evaluation appointment.
2. Give the employee specific questions to think about prior to the appointment.
3. Explain the purpose of the discussion.
4. Let the employee talk first.
5. Have the employee take notes or work with a blank form.
6. Let the employee draft the final form or text of the discussion and next year's plan.

EVALUATIONS FOR MANAGERS

As part of an effective, worthwhile performance evaluation process, managers should be "receivers" as well as "doers." In other words, managers' performance should be evaluated, just as the performance of their employees is, which will give them an important edge in understanding the dynamics of the performance evaluation process. The evaluation process for management staff, however, must encompass the distinctive nature of the work that managers and supervisors do. A sample form for that purpose is included in the Forms Appendix of this manual.

RELATIONSHIP TO COMPENSATION SYSTEM

In a performance management culture, rewards for performance tie directly to the accomplishment of performance management objectives. Rewards can take many forms: raises, bonuses, perquisites ("perqs"), special acknowledgments, or benefits. The purpose of a reward is to reinforce desired behavior. The power of praise cannot be overstated. The praise must be genuine and example based. It is a potent reinforcer and encourager to the vast majority of employees. A performance management system will determine the basis for rewards, i.e., how an employee has performed relative to departmental and organizational goals and objectives. This determination is made by evaluating an employee's behavior compared to his/her job description and performance standards.

THE EVALUATION DISCUSSION

PREPARING FOR THE PERFORMANCE EVALUATION

It is important to keep track of performance throughout the cycle by taking notes during regular meetings and coaching sessions. After setting the date and time, begin preparing several weeks in advance by gathering the following information:

- Organizational goals
- Performance standards
- Previous evaluation goals (and performance toward those goals)
- Work specifics and examples collected during the evaluation cycle
- Position description and job standards
- Coaching and planning session notes
- Attendance records
- Input from others
- Employee self evaluation

Take time to think of some appropriate future goals for the employee, but do not formalize these until the actual performance evaluation discussion. The final establishment of these should be a joint process, with the supervisor opening the discussion on goal-setting.

STRUCTURE OF THE DISCUSSION

Following is a sample outline for ensuring that certain topics are covered in an evaluation discussion:

Opening

The opening should remind both parties of why they are having this discussion and what they hope to accomplish. This sets the stage for the evaluation discussion. It is also a good time to elaborate on definitions so that any misperceptions can be clarified before the discussion gets underway.

Employee Comments

Assuming that the employee is an active participant in this process, allow him/her to speak first and discuss their perceptions of how objectives have been met. Supervisors should be encouraged to ask for examples and more detail, even if they think they disagree with the comments.

Supervisor Comments

The supervisor can then relate his/her perceptions and examples of how the employee has met objectives. This comparison of perceptions sets the stage for the next phase of the evaluation discussion.

Planning/Goal Setting

Planning includes both professional and personal goals. Professional goals deal with performance issues and future development needs. Personal goals deal with a person's interests at work, and their desire to stay with the employer.

Pay Increase

If the performance evaluation process is part of a merit compensation system, a discussion of pay or a pay-for-performance increase would be appropriate at this time.

Closing

In closing, review the discussion, supervisors need to recognize the employee's accomplishments, and set plans to follow-up on next year's goals and objectives or other matters that were discussed.

TONE OF THE DISCUSSION

Both the tone and format of the evaluation discussion can affect how the employee receives it and the comfort level of the person giving the evaluation. Evaluators should remember that the employee is a human being with feelings and emotions, and probably some concerns about the evaluation process. The discussion should be private and without interruptions. Seating should be arranged to emphasize and enhance participation.

The discussion dialogue should be an open exchange of comments and ideas that allows room for differences of opinion. It is this gap between perceptions that is of critical importance. Why does the gap exist? What are the supervisor and employee seeing or defining differently? Minimizing the gap over time contributes to a more harmonious work relationship and more positive results. The conversation should focus on a discussion of results and behaviors, NOT personal characteristics. Discussing personal characteristics can be viewed by the employee as an attack rather than an appraisal. As much as possible and where appropriate, reassurance and compliments should be offered. If an employee disagrees with the evaluation, gentle probing of the issue may reveal the reason and uncover areas where the employee's perception is different than first thought. If and when possible, seek a way to agree on a subject or comment.

Most importantly, the evaluation process can't be rushed. The employee needs time to relax and say what is on their mind. Rushing the process can be counter-productive and the employee can interpret it to mean that you really don't care about helping them improve their performance. In concluding the discussion, set a follow-up meeting to talk about progress on next year's goals and objectives. This reaffirms to the employee that you are serious about meeting those goals and objectives and that you have a sincere interest in learning how the work is going.

DISCUSSION TECHNIQUES

The types of questions an evaluator asks can determine how much information an employee will share. A restrictive question calls for a "yes" or "no" answer or a specific piece of information. While appropriate at certain times, a restrictive question is the least useful in encouraging people to open up. Therefore, it should be used sparingly.

An open-ended question can be more effective because it encourages the employee to reveal as much as possible about a particular area, rather than soliciting an “expected answer.” One variation on the open-ended question is the open-ended problem. This involves posing a hypothetical situation and asking the employee how s/he would handle it.

Another useful technique during a discussion is to give directives such as, "Tell me about it," or "Give me some details," to keep the employee talking and on track. Offering a choice can also be effective. If an employee has a difficult time grasping a situation, making suggestions and requiring a choice from more than one alternative can guide them to more effectively express their feelings or beliefs. A summary of these types of questions, with definitions and examples, is included in the General Appendix.

Possible Reactions To Criticism	Possible Feelings	Techniques for Resolution
Silence	Shock, disbelief anger, fear	Silence. Acknowledge difficulty of accepting criticism. Ask for thoughts.
Crying	Sadness, fear, disappointment, anger	Allow venting. State that you understand employee is angry; ask for confirmation. Avoid defensiveness. Allow employee to ask questions. Respond factually and specifically. Avoid “forced calm.”
Terseness, directness	Indignant feelings, frustration	Allow venting. State that you will respond to questions one at a time. Use silence to allow employee to reflect on his or her statements.
Remorse, pleading, bargaining	Guilt, fear, disbelief	Acknowledge feelings. Reinforce determination to achieve results and implement decisions. Encourage discussion of next steps. Be very clear and direct.

Note: If at any time emotions are too intense for calm and rational dialogue, it is best to suspend the meeting and suggest another time to continue.

OTHER INPUT IN THE EVALUATION PROCESS

Traditional performance appraisal has focused on a supervisor evaluating an employee. Today, the emphasis is on a participatory evaluation process that includes employees helping establish goals, objectives, and specific performance criteria, and evaluating their own performance against these standards. Other evaluation methods can provide beneficial information. These may include team appraisals, peer appraisals, supervisor appraisals, and customer questionnaires.

In a normal, participatory performance evaluation, anonymity is not an issue because both parties are aware of who is saying what. However, the question of anonymity has to be addressed when considering peer, team, or supervisor appraisals. Requiring employees to sign peer/team/supervisor evaluations can be beneficial in compelling them to clearly consider their comments. On the other hand, fear of reprisal may keep employees from being honest and direct, and from sharing important information. It is best to start with anonymous evaluations and move to signed evaluations only after you have established trust in the process.

If peers/teams/supervisors are used to assist with the evaluation process, should the employee being appraised receive a summary or copies of the evaluations? If the goal is to assure anonymity, a summary of the evaluations is the only appropriate choice. If the goal is complete disclosure, sharing copies of the actual appraisals would be appropriate.

SELF EVALUATIONS

The value of self evaluation is considerable. First, it is an important way to get an employee to "buy-in" to the evaluation process. It is much easier for employees to accept a process over which they have some control. Second, from an employee relations perspective, self-evaluation is not done *to* an employee. Instead, it makes the employee an active participant in the process. Third, comparing the employee's self evaluation to the supervisor's evaluation can reveal areas where communication may have been unclear or misperceived. This allows both parties to correct the lack of clarity or misperception. A sample self evaluation form is included in the Forms Appendix.

Self appraisals should include active participation in setting goals for the next performance cycle, as well as evaluating past performance.

TEAM APPRAISALS

In a team-based working environment, the team evaluation gives employees an opportunity to see how others view their contributions. When rewards are based on team performance, team evaluations can be an effective way of letting an employee know what behaviors/results are appreciated and what behaviors/results the team would like to see modified. An example of a team evaluation form is included in the Forms Appendix.

PEER APPRAISALS

Research has shown that peer evaluations tend to be consistent and generally objective. Since valuing comments usually come from more than one person, they are often more credible for the person critiqued. It appears that having multiple peer evaluations tends to smooth out any differences caused by personality or other non-performance issues. Also, an employee's peers know how an employee behaves in front of the boss and when the boss is not there. An example of a peer evaluation form is included in the Forms Appendix.

CUSTOMER QUESTIONNAIRES

Another method of obtaining feedback about employee behavior is customer questionnaires. In the past these have often been limited to employees who have public/customer contact, but they are still an excellent way to let employees know how the people they serve view them. If an organization has identified an internal chain of customers, peer reviews from other departments can also be considered customer questionnaires.

SUPERVISOR APPRAISALS

Supervisor evaluations are relatively new and still viewed with suspicion by supervisors and employees alike. However, many organizations find the information gathered from subordinate employees very helpful in determining management training programs. To work effectively, employees must be convinced that the organization truly desires their honesty and will use the information provided. Employees usually have to be convinced that they will not be retaliated against for their remarks. Supervisors often have to be convinced that employees will give a fair and just evaluation and will not be "out to get" them.

TRAINING

SUPERVISORY TRAINING

Over time, some of the more frequent problems with performance evaluation processes have been documented and analyzed. A common observation is that, without education and training, individuals tend to repeat certain errors in judgment when evaluating the performance of others. The impact on an organization's employee relations can be significant, as employees who have reservations about the validity of performance management will see it as evidence in support of their distrust. Repeated errors in judgment contradict the purpose of the performance management system, sometimes rewarding poor employees while discouraging good employees, even to the extent of hindering their retention. Another compelling reason to identify and prevent judgment errors in performance evaluations is to avert claims of unlawful discharge or illegal discrimination.

You can help to minimize repeated errors in judgment by teaching evaluators how to recognize them. Following is a description of the most common errors of this type and suggested ways to avoid making them.

Contrast Effects

May occur when one supervisor evaluates several individuals. One employee is compared to another, rather than to defined criteria. Thus, if one person is a strong performer, the next-evaluated individual may appear weak, when actually s/he may be effective but not to the same extent as the previous employee. Well-written specific performance standards help prevent this error.

First Impression

Occurs when an evaluator initially decides an employee is very good, very bad, or just mediocre, and later distorts new information about that employee's performance to avoid changing their opinion. Considering a variety of concrete examples over the entire review period will help to eliminate this error.

Halo Effect

Involves giving a favorable rating on all duties based on impressive performance in just one category. A well-written performance evaluation form that covers the entire scope of an employee's position will help to reduce this error. The opposite, called the "Pitchfork Effect," occurs when all categories are rated poorly because of weakness in one or two areas.

Similar-to-Me Effect

The tendency to judge more favorably those whom one perceives to be similar to him/herself. This can include having similar beliefs, points of view, or backgrounds. This is a serious error that has important legal implications with regard to discrimination. Focusing on the requirements of the job as described by the performance standards, and how well an employee has met those standards, will help prevent this error.

Central Tendency

The tendency to “play it safe” and give everyone a middle score. Awareness of this situation plus training in proper performance appraisal techniques is the best method of prevention.

Leniency/Strictness

The tendency to assign lenient, or loose, ratings, often to avoid confrontation by ignoring weak areas. This can leave employees unaware that there is a need for improvement, or they may be promoted before they are ready for additional responsibility. Like the central tendency error, this may cause employees to doubt the validity of the performance management culture. On the other hand, such ratings may be used by a supervisor setting unrealistic goals or by employees who have a tendency to rate themselves too severely. This is an area where application of performance standards can reduce errors.

Error of Recency

Only the last few weeks of the evaluation period are included in the rating. Accomplishments throughout the period should be noted, as well as any critical incidents occurring during the same period.

Rater Bias

Caused by the conscious or unconscious biases held by the evaluator. For example, “Men are more logical than women.” “Asians work hard.” “Overweight people are not as physically active as thin people.” As an evaluator, it is important to consider whether such biases exist.

EMPLOYEE TRAINING

It has long been curious that usually only supervisors receive any training regarding reviews or performance management. Therefore, the annual discussion is between one “trained” supervisor and one unaware employee. Training employees, equalizing the information, can be a key element in ensuring that the discussion has a positive outcome. Informing employees of the purpose, process, and their role in the discussion reduces the power imbalance and works to create a more collaborative conversation and outcome. It also helps ensure that supervisors work to build a more productive review experience, since employees know what should occur.

REWARDS

In a performance management culture, rewards tie directly to accomplishment of performance objectives. After determining how an employee has achieved departmental and organizational goals and objectives, management must determine how many rewards it chooses to give and in what form. The most common form of reward is a pay-oriented increase. In a performance management culture, a reward for performance is usually known as a pay-for-performance increase. A pay-oriented increase is usually (but not always) given in the form of a percentage increase to an employee's base pay. However, it can also be a lump sum performance award, perquisite (“perq”), or other benefit.

PAY FOR PERFORMANCE MATRIX

A matrix is a visual representation of a systematic method often used to determine pay increases. The easy-to-read format is an uncomplicated way to provide guidelines for supervisors and managers attempting to distribute increases in a systematic manner. In the past, organizations used step increases based on the length of service to determine raises, in what was essentially a longevity matrix. In a performance management culture where performance is the key factor in determining raises, the matrix is known as a pay-for-performance matrix. A pay-for-performance matrix reinforces the performance culture and directly ties the compensation system to the performance management system.

When an organization wants to distribute pay-for-performance increases, it develops a pay-for-performance matrix. Usually, these increases are administered in a range of percentages based on each individual employee's level of performance. The numbers are frequently revised on an annual basis to fit with the budgeted pay increase amount. A copy of a sample pay-for-performance matrix is included in the General Appendix. This sample pay matrix has two significant factors. The first is that the rate at which an employee moves through his/her pay range will be determined by his/her performance. The second factor is that an employee's performance will also determine how far s/he will be allowed to progress in the range.

The sample pay-for-performance matrix represents increases based on current pay range quartiles. An employee's position in the current range is one determining factor in the possible pay-for-performance increase. The second determining factor is the employee's performance. The performance rating categories on a pay-for-performance matrix must match those on the performance evaluation form; this match provides consistency and helps to reduce confusion.

The goal of using a pay-for-performance matrix like the sample provided is that employees who perform well are rewarded and encouraged to stay with the organization. Thus, employees who meet or exceed performance standards move to the mid-point of the pay range more quickly as they receive larger pay-for-performance increases. Another benefit of this rapid movement to the mid-point of the pay range is that these good performers are paid average market pay (the mid-point should be the going rate for that position), reducing the possibility of losing them to competing organizations.

A further benefit of using a pay-for-performance matrix is that employees who fall below standards do not receive increases or receive only nominal ones. The message to them is that they need to improve their performance or leave. This is another example where the pay-for-performance matrix supports and reinforces the performance management culture by providing a tangible link between the compensation system and the performance management system.

LUMP SUM INCREASES

The organization must decide how to continue pay-for-performance increases when an employee has moved close to the top of his/her pay range. One choice is to continue increases as shown on the sample matrix. The advantage to doing this is that it's simple to administer and employees like the security of such a system. The disadvantage is that it continues, in effect, to reward employees in the future for past performance; the increase becomes just another entitlement rather than a reward for specific behaviors. Instead, some organizations choose to reward high performers in the form of a lump-sum performance award. This specifies that the award is for certain behaviors over a certain period of time. To earn additional awards, certain behaviors must also be evident over another specified period of time. This prevents an entitlement mentality as well as the compounding effect of continued base-pay increases.

There are many factors to consider regarding lump sum awards for performance acknowledgment. First, an organization must decide an appropriate amount of guaranteed pay vs. the portion of earnings dependent on performance. Generally, if an organization wants to retain good employees, the point at which base-pay increases end and lump-sum performance awards begin should be at the market point plus 10%. Second, will employees be ready to accept the switch to lump-sum awards? Do they have enough faith in the performance management system to believe a lump-sum system will really work and truly reward good performance? Are supervisors well-trained in tying good performance to productivity and vice versa? Also, a lump sum system, for the very reason that it rewards performance, does not reward seniority. Determining if there are any implications or issues about this that may need to be considered for each different organization will be beneficial. A visual representation of how lump-sum awards are administered is also included in the General Appendix.

LEGAL IMPLICATIONS OF PERFORMANCE EVALUATIONS

An employee's performance appraisal is an important part of the documented history of the relationship between the employee and the employer. As such, it needs to be an honest and accurate reflection of that relationship. Performance appraisals play an important role in lawsuits involving charges of unlawful discharge and illegal discrimination.

UNLAWFUL DISCHARGE

Material in the personnel file must support and justify the firing of an employee for poor performance or when performance is, in any way, an issue in the firing. If the terminated employee sues for unlawful discharge and the performance evaluations only describe the employee's performance in good or satisfactory terms, it will be difficult for the organization to successfully defend against the charge.

Performance management is a continuous process; when an employee is not performing to standards, it is essential to document all of the organization's efforts to improve the employee's performance, as well as the results.

ILLEGAL DISCRIMINATION

Federal, state, and municipal laws make it illegal to make employment decisions based on characteristics such as age, sex, race, color, religion, marital status, veteran's status, or sexual orientation. If a current or former employee claims that such an event occurred, performance evaluation documents will play an important role in successfully defending that claim. The courts look for employment decisions based on valid, objective, job-related criteria. Well-written performance evaluations based on well-defined, well-communicated, and legitimate performance standards play an important role in the successful defense against such charges. Conversely, poorly written performance evaluations based on subjective criteria irrelevant to the position will cast doubt on any assertions made by management that the employment decision in question was not an act of illegal discrimination.

OTHER ORGANIZATIONAL IMPLICATIONS

Performance management has significance to an organization beyond managing performance. Information gathered in performance evaluation can provide insight about the effectiveness of the hiring process for the organization as a whole or one department in particular. Also, employee training and development can have long term implications for the organization and assist employees with career management issues.

PERFORMANCE MANAGEMENT AND HIRING

When an organization hires an employee, the person or department doing the hiring is looking for a combination of education and experience, and plans to have the new hire use that education and experience to perform certain tasks or activities for the organization. Information gathered in the performance evaluation can provide important feedback as to whether that is occurring. If the information gathered reveals deficiencies or weaknesses, the required education and experience for a particular position can be modified or training for new hires can be developed. Thus, the information gathered from the performance management process is used to improve hiring and the performance management culture is reinforced.

CAREER MANAGEMENT

An integral part of the performance partnership is ensuring that employees have chances to develop or acquire the necessary skills, training, and experience to meet future performance goals. From the employee's perspective, performance management can provide important input on career management issues. It can be very helpful to be aware of skills that are lacking or know that management is looking for employees to develop certain other skills to meet future needs. This information can help an employee decide on a particular direction in a career path or skill development opportunities to pursue. In summary, the input generated through the performance evaluation process can provide important information to employees in developing and managing their careers.

EMPLOYEE DEVELOPMENT

One of an organization's concerns is to ensure it has a pool of competent, qualified employees for now and the future. Some of these employees will be new hires, but a great number will be current employees. To ensure that these employees are prepared and trained to meet future requirements, an organization needs a way to identify what training and development activities are needed and who needs to participate. As part of the goal setting process of performance appraisal, management should plan for future needs, encourage employees to set goals that will meet those needs, and ensure these employees are provided the training and experience to acquire any necessary skills.

Employee development is not just for line or staff employees. It has important implications for supervisory and management employees as well. If an organization is not producing promotable employees at all levels, the performance management system needs to be scrutinized thoroughly for possible reasons.

PERFORMANCE MANAGEMENT AND TRAINING

In an organization with a performance management culture, the performance evaluation process must be an integral factor in developing any training programs. Managers and supervisors should provide input to those responsible for training to ensure the appropriate training is developed to meet skill deficiencies or evolving education and/or experience needs. Any strategic planning must be done within the context of hiring the correct skill sets or training existing employees to meet new skill and expertise demands. Managers can plan work projects to ensure that employees are cross-trained to cover essential work in the department. All of these decisions should be made within the context of information gathered in the performance evaluation process.

PERFORMANCE MANAGEMENT AND A QUALITY-ORIENTED CULTURE

Those who have read the work of Dr. W. Edwards Deming or instituted a Total Quality Management (TQM) program are aware that Dr. Deming described performance evaluations, merit ratings, and annual reviews as a "deadly disease" and viewed performance appraisal as a plague to be wiped from the face of the earth. We agree, to the extent that *poorly designed and administered* performance evaluation systems are a scourge to both management and employees. However, we differ from Deming in our belief that the process of managing performance, like many other processes, can be done in a worthwhile and positive manner. We believe that an organization can be committed to total quality and to performance management as well.

An organization manages, in essence, people, money, and processes. We put people first because we believe they are first. The study of economics is the study of scarce resources and how to maximize them. This principle is fundamental to any organization, and since a limited number of employees can be hired, they, like other assets, deserve and need to be managed efficiently and effectively.

A performance management system does not exist in a vacuum. If an organization "values" treating customers with courtesy and respect, that value should be evident in all management systems, especially performance management since it judges how people perform relative to the goals and objectives of the organization. Any system you develop must fit the culture of the organization. If an organization strongly emphasizes teamwork, the performance management system must reflect that emphasis.

Deming and his followers have criticized performance evaluations that are characteristic of poorly designed and administered systems. The subjectivity of criteria used to evaluate employees is one target of criticism. As we have mentioned, use of subjective criteria is not only a poor practice, it can have serious legal implications. Objective, quantitative standards into which the employee has had developmental input are the best criteria for performance appraisal. Another complaint is that performance evaluations can be capricious and unfair. Objective standards are not enough; supervisors and managers must be trained to give fair and consistent evaluations.

Performance evaluations have been criticized for fostering mediocrity because supervisors don't encourage employees to stretch themselves and don't really reward employees for outstanding performance. If the performance management system evaluates and rewards supervisors and managers for how they evaluate and develop their employees, mediocrity will not be an issue. One of the greatest criticisms of performance evaluation is its emotional impact on employees. That is why performance management focuses not on past assessment, but on future development. In addition, in a true performance management system, employees with low ratings are given specific guidelines, directions, and training, if necessary, on what and how to improve. And, in a true pay-for-performance environment, ongoing coaching and counseling ensures that there are no surprises during the review because the employee is continually given positive and constructive feedback.

CONCLUSION

Performance management is a multi-faceted system designed to help an organization succeed and prosper by ensuring a supply of employees who know how to act in support of the organization's current and future success. It engages employees in the design and evaluation of their work. It structures their activities so that each employee can make the intended contribution to the organization. Performance management is how an organization can create a bond between the work that needs to be done and the employees doing the work. It reinforces the basic element of partnership. It takes both the organization and its human assets and aligns them for organizational success.

FORMS APPENDIX

ORGANIZATIONAL ASSESSMENT WORKSHEET FOR PERFORMANCE EVALUATION SYSTEM

1. Identify the priorities of your organization's performance appraisal system by ranking the following (1 being the highest priority):

<input type="checkbox"/> Improving Performance	<input type="checkbox"/> Employee Feedback
<input type="checkbox"/> Identifying Promotion Potential	<input type="checkbox"/> Administering Compensation
<input type="checkbox"/> Employee Development	<input type="checkbox"/> Staffing
<input type="checkbox"/> Identifying Training Needs	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

2. Who is responsible for administering the organization's performance evaluation system?

HR Department Supervisor Executives

3. Does each evaluated employee see their completed appraisal form?

Never Sometimes Always

4. What does your organization consider the most important factor measured in the evaluation process?

<input type="checkbox"/> Potential	<input type="checkbox"/> Job Skill	<input type="checkbox"/> Results
<input type="checkbox"/> Attitude	<input type="checkbox"/> Knowledge	<input type="checkbox"/> Other: _____

5. Does your organization's evaluation form evaluate personality traits?

Yes No

6. Who reviews and/or approves the evaluation before it is communicated to the employee?

7. Who has access to completed evaluation forms?

8. Who receives copies of completed evaluations?

9. What are evaluation forms used for in your organization?

Training Decisions Discharge

Lay-off Decisions Disciplinary Actions
 Promotions/Transfers Other: _____

10. Are appraisal interviews with the employee required?

Yes No

11. In your opinion, does your system lead to intended changes in behavior or performance?

Behavior: Yes No
Performance: Yes No

12. Has the organization developed and communicated specific performance standards so that employees understand what criteria their performance is being measured against?

Yes No

13. What training methods does the organization use to orient its supervisors and managers regarding goals and procedures of performance evaluation?

Policy Manual Formal training session
 Manager's Supervisor No training is offered

14. What training/orientation have employees received so that they understand their rights and responsibilities regarding appraisal?

15. How frequently are performance evaluations done in your organization (indicate intervals in months)?

New Hire Non-exempt employee
 Exempt employee Executive/Managerial

16. Identify the strengths of your program.

17. Identify the areas where improvement is necessary.

SAMPLE
[ORGANIZATION]
PERFORMANCE EVALUATION FORM

Statement of Policy

(ORGANIZATION) believes in regularly scheduled performance evaluations of employees. The evaluation will be a formal written document to assist the employee in his/her development and to provide the basis for compensation, promotion, transfer, and retention. This process assumes, and designates as a supervisory responsibility, that mutually agreed upon standards for performance will be set and used to evaluate employees. The overall evaluation will be conducted on a job-related basis, and will consider both supervisory observation and co-worker opinion.

It is the organization's responsibility to monitor employees' efforts continuously through communication and counseling, and the written appraisal must be consistent with such prior discussions.

The organization will maintain appropriate records of employee accomplishments and behavior to assure that the information incorporated into the appraisal is accurate, representative, and relevant to the entire evaluation period.

An employee's performance is confidential and guarded from inappropriate disclosure. Completed evaluation forms and their content should not be discussed outside authorized management channels. Employees should regard appraisals, compensation, promotion, retention, or similar information as personal and we ask that you exercise discretion and care regarding any discussion of these matters. Each employee must receive a copy of their completed evaluation for their own records.

Name: _____ Date: _____

Job Title: _____

Rate the employee on the job behaviors inside this form and circle the number corresponding to the most appropriate response:

- 1 - NEEDS IMMEDIATE IMPROVEMENT - Not performing to the requirements of the job. Needs a high degree of supervision and direction. May not have background to grasp the work. Needs to be aware of performance deficiencies and work immediately to correct.
- 2 - APPROACHING STANDARDS - Usually performs at or close to job requirements, however, needs supervision for complete and on time results. Could result from being new to the position.
- 3 - CONTRIBUTORY PERFORMANCE - Performance is what is expected of a fully qualified and competent person in the position. Sometimes performs with excellence, but not consistently.
- 4 - OUTSTANDING - Far exceeds normal expectations. Seldom equaled in overall contribution to [ORGANIZATION] and/or its programs.

The "prompts" shown next to the numerical ratings are meant to be a guide, and should not be used as strict or explicit statements.

EVALUATORS MUST ADD COMMENTS REGARDING EACH CRITERION TO EXPLAIN OR ILLUSTRATE THE JOB BEHAVIOR.

COMMUNICATION/TEMPERAMENT - Consider level of communication skills. Also consider ability to adjust skills to multitude of personalities and circumstances.

- 1 - Exhibits poor communication skills. Needs substantial improvement to be effective. Fails to notify others of critical issues or incidents. Has difficulty maintaining emotional balance.
- 2 - Communication requires effort. Is not comfortable with some interactions. Unsure when others should be notified of events. Retains even emotional keel in most circumstances.
- 3 - Effective in expressing and understanding ideas and instructions. Communicates clearly with staff, management, vendors, and customers. Maintains good behavior balance even when situation is difficult.
- 4 - Exceptional communication skills. Relates positively with everyone. Outstanding capacity to maintain sense of humor, perspective, and is a calming influence.

Comments:

ACCURACY/QUALITY - Consider correctness and thoroughness of work results when compared to established procedures and methods.

- 1 - Makes errors in judgment and work is inconsistent with desired quality.
- 2 - Usually accurate. Makes occasional mistakes.
- 3 - Requires little checking. Is exact, precise and complete most of the time.
- 4 - Requires virtually no checking. Accuracy and quality of work are a priority.

Comments:

LEARNING CAPABILITY - Consider speed with which new routines and explanations are understood, and the ability to retain new knowledge.

- 1 - Requires repeated and detailed instructions and explanations.
- 2 - Grasps instructions after explanation and opportunity to try out.
- 3 - Learns rapidly and retains instructions. Readily agreeable to change.
- 4 - Exceptionally fast to learn and adjust to changing conditions.

Comments:

ATTENDANCE - Consider faithfulness in coming to work daily, on time, and conforming to work hours.

- 1 - Lax in attendance and/or reporting for work on time.
- 2 - Usually present and on time.
- 3 - Promptness and attendance at standard.
- 4 - Exceptionally reliable in this area.

Comments:

INITIATIVE - Consider the tendency to contribute, develop, and/or carry out new ideas or methods.

- 1 - Rarely initiates or suggests new approaches. Prefers no change.
- 2 - Shows initiative occasionally. Needs to improve.
- 3 - Is resourceful, suggests or implements change and improvements.
- 4 - Frequently suggests new methods. Is very imaginative and creative. Acts on own initiative to accomplish assignments or identify work to be done.

Comments:

QUANTITY OF WORK - Consider the volume of work an individual does during a shift as compared to the volume of the whole job.

- 1 - Unable to keep pace with expected workload.
- 2 - Meets standards of output on some occasions, but not on consistent basis.
- 3 - Meets requirements of work expected.
- 4 - Usually completes more than expected without any sacrifice of quality.

Comments:

JOB KNOWLEDGE - Consider the depth and breadth of information concerning work duties, processes and [ORGANIZATION] procedures which are required for competent performance.

- 1 - Lacks understanding of many aspects. Makes little effort to upgrade self.
- 2 - Lacks knowledge of some procedures and/or duties. Makes an effort to improve.
- 3 - Has necessary knowledge level and works to keep it current.
- 4 - Has broad knowledge base of own job and (ORGANIZATION) as a whole. Takes advantage of every opportunity to improve self.

Comments:

SERVICE ORIENTATION - Consider relationship with staff, management, vendors, and customers.

- 1 - Does not demonstrate interest in others' needs, concerns, or work.
- 2 - Occasionally places operational tasks above others' needs or concerns. Needs to value people more highly.
- 3 - Interacts well with others. Acts effectively and cooperatively to solve problems in a timely fashion. Knows value of good service and positive interactions.
- 4 - Treats others as top priority. Clearly communicates their importance. Demonstrates effort to meet all requests and needs.

Comments:

COOPERATION/TEAMWORK - Consider willingness to assist others, contribute to harmony, and work toward common goals.

- 1 - Exhibits unwillingness to work with others. Not seen as a team player, can be obstacle to accomplishing goals.
- 2 - Prefers to work independently. Not quick to share information, resources, or efforts, but will when asked.
- 3 - Understands and supports concept of teamwork and is quick to volunteer to assist others.
- 4 - Exceptional at building work teams and consensus. Always has time and energy to give to others. Creates very harmonious work environment.

Comments:

MANAGING CHANGE/INNOVATION - Consider level of understanding why change is necessary and what will be required. Also consider ability to ask for input to clear up misunderstandings and to offer ideas on how to make change go as smoothly as possible.

- 1 - Unable to innovate or foster change.
- 2 - Some understanding of the change process. Often uncomfortable with cooperatively approaching change.
- 3 - Recognizes needed change and takes responsibility for an effective change and innovation process.
- 4 - Innovative thinking. Exceptional ability to foster positive climate of change.

Comments:

PLANNING/ORGANIZATION - Consider level of planning, organizing information, prioritizing tasks, and utilizing resources to meet needs; level of dependability in meeting deadlines.

- 1 - Crisis work style. No planning evident. Poor utilization of resources. Misses important deadlines.
- 2 - Deals with current situation only. Needs more planning to meet deadlines and handle multiple tasks.
- 3 - Not only thinks ahead, sees needs and reacts quickly to new priorities. Good at planning for future situations. Work is completed on time.
- 4 - Thinks strategically and is able to combine resources and information with exceptional skill to deal with current and future work. Efficiency and effectiveness at the highest level.

Comments:

SUPERVISING/MOTIVATING EMPLOYEES (if applicable) - Clearly tells others or employees what is expected and how their work will affect customers. Handles emotional behavior effectively. Gives recognition for positive results. Uses coaching and delegation to encourage improvement, takes corrective action when needed.

- 1 - Little effort expended to motivate or recognize people. Appears insensitive to others' needs. Subordinates do not see supervisor as role model.
- 2 - Does not take sufficient responsibility for motivating subordinates. Needs improvement. Needs to strengthen supervisor/subordinate relationship.
- 3 - Understands and takes seriously the development of employees. Creates a good work environment.
- 4 - Creates a most positive and highly effective work environment. Exceptionally skilled at developing and motivating employees to give best effort.

Comments:

NARRATIVE SUMMARY

Overall Rating: Put an "X" where description most closely approximates this person's total impact on [ORGANIZATION]. Do not average; rather, consider the overall contribution.

- Falls below standards
- Approaching standards
- Contributory Performance
- Outstanding

Supervisor Signature

Date

Supervisor/Manager

Date

EMPLOYEE COMMENTS (use additional paper if necessary for full detail)

Your signature does not imply you agree with any or all of the evaluation remarks, only that you have been given an opportunity to participate in the process and have seen this review.

Employee Signature

Date

PLANNING FOR FUTURE PERFORMANCE (to be completed by both employee and supervisor during the appraisal discussion)

List mutually agreed upon specific areas which represent opportunities for improvement or growth in performance. Establish and list here specific objectives for achieving this improvement or growth. Discuss the action steps to accomplish each objective. Include resources committed by the supervisor and/or [ORGANIZATION] to support this growth where applicable.

Targeted Areas	Objectives	Date of Achievement

What training, support, actions, or resources are necessary or desirable to complete the above performance plan or to build skills for the future?

[ORGANIZATION] PERFORMANCE EVALUATION

ESSENTIAL JOB FUNCTIONS

Date: _____

Name: _____

Page ____ of ____

Appraised by: _____

Position Title: _____

Department: _____

ESSENTIAL FUNCTIONS	PERFORMANCE STANDARDS	RATING*	APPRAISAL (comments)

* Appraisal Key: 4 = Exceeds Performance Standards 2 = Work Approaches Standards
 3 = Meets Performance Standards 1 = Does Not Meet Standards

[ORGANIZATION] PERFORMANCE EVALUATION

WORK BEHAVIORS

Date: _____

Name: _____

Page ____ of ____

WORK BEHAVIORS	ORGANIZATION EXPECTATIONS	RATING	APPRAISAL (comments)

[ORGANIZATION] PERFORMANCE EVALUATION

IRREGULAR OR UNPLANNED WORK

Date: _____

Name: _____

Page ____ of ____

IRREGULAR OR UNPLANNED WORK PERFORMED	COMMENTS

[ORGANIZATION] PERFORMANCE EVALUATION

GOAL SETTING AND PLANNING

Date: _____

Name: _____

Page ____ of ____

	STEPS NECESSARY TO ACHIEVE GOALS	COMPLETION DATE/COMMENTS
JOB-RELATED GOALS		
PROFESSIONAL DEVELOPMENT GOALS		

[ORGANIZATION] PERFORMANCE EVALUATION

EVALUATION SUMMARY

Date: _____

Name: _____

Page ____ of ____

Comments: _____

Summary Rating: Put an "X" where the description most closely describes overall job performance.

- () EXCEEDS STANDARDS. Far exceeds normal expectations. Seldom equaled in overall contribution to department and/or commission goals.
- () MEETS STANDARDS. Performance is what is expected of a fully qualified and experienced person in the position. Sometimes performs with excellence, but not consistently.
- () APPROACHING STANDARDS. Usually performs to job requirements. Needs supervision for complete and on-time results. Could result from being new on job.
- () DOES NOT MEET STANDARDS. Not performing to the requirements of the job. Needs a high degree of supervision and direction. May not have background to grasp the work. Needs to be aware of performance deficiencies and work immediately to correct.

Employee Signature *

Date

* Your signature does not imply that you agree with any or all of the evaluation remarks, only that you have been given an opportunity to participate in the process and have seen this review.

Supervisor Signature

Date

EMPLOYEE COMMENTS: _____

EMPLOYEE SELF-EVALUATION FORM

[ORGANIZATION] is committed to developing and helping all of its employees grow and develop their full potential. To further this effort, employees are asked to evaluate their own performance. Your responses to the questions below will aid in providing a complete and accurate performance review. If, for some reason, a question is not applicable to your position, please check "Not Rated."

Name of Employee

Date

1. I believe that I:

- a. Give advice or assistance freely when asked, respond to requests for information, questions, or suggestions in a timely manner; don't hold up the work of others unnecessarily with delays if at all possible.

Consistently Usually Sometimes Rarely Not rated

Comments:

- b. Keep others informed about the progress of my work that impacts their work, and let them know when deadlines or timelines are changed.

Often Occasionally Seldom Not at all Not rated

Comments:

- c. Work safely; follow established safety practices and procedures.

Consistently Usually Sometimes Rarely Not rated

Comments:

- d. Demonstrate initiative in how I do my work and ensure its accomplishment.**

Consistently Usually Sometimes Rarely Not rated

Comments:

- e. Am receptive to ideas and suggestions for new or different systems or approaches.

Very receptive Somewhat receptive Not receptive Not rated

Comments:

f. Am reliable and dependable when dealing with other staff members; do what I say I will do.

Consistently Usually Sometimes Rarely Not rated

Comments:

g. Treat other employees in a manner which creates a feeling of mutual respect.

Consistently Usually Sometimes Rarely Not rated

Comments:

h. Treat customers, vendors, and other outside contacts with courtesy, consideration, and helpfulness.

Consistently Usually Sometimes Rarely Not rated

Comments:

2. On a scale of 1 to 4 (1=low, 4=high), rate your work quality and quantity; explain your ratings.

3. Do you feel that you fall below, meet, or exceed your supervisor's and organization's expectations, and why?

4. What do you feel you have accomplished or improved upon since your last review (or hire date, if you have not previously had a review)?

5. Are there any areas in which you feel you could improve? If so, what are they and what type of improvement is necessary?

6. Overall, how well do you feel you perform your job duties and responsibilities?

7. What do you need from your supervisor or the organization to help you perform your job? Why?

MANAGERIAL/SUPERVISORY EVALUATION FORM

(Insert this page in the performance review if the individual being reviewed has supervisory and/or management responsibilities.)

BUDGET/FISCAL RESPONSIBILITY - Develops realistic budgets, manages within established parameters.

- 1 - Does not comprehend budget responsibility.
- 2 - Needs improvement relative to budget process and expense management.
- 3 - Develops budget guidelines and has minimal variance.
- 4 - Exceptional ability to forecast and manage expenditures without compromising results.

Comments/Examples:

PLANNING/ORGANIZATION – Plans, organizes information, defines and prioritizes tasks, and develops resources to meet organizational needs.

- 1 - Crisis management style; no planning evident
- 2 - Deals with current situation only. Needs more long range thinking.
- 3 - Thinks ahead. Sees needs and reacts quickly to new priorities. Good at planning for future situations.
- 4 - Thinks strategically and is able to combine resources and information with exceptional skill to deal with current and future issues.

Comments/Examples:

MANAGING – Develops efficient methods of tracking organizational activities and effectively utilizes resources. Establishes guidelines and sets priorities to direct subordinates. Delegates proper authority and workload.

- 1 - Poor utilization of resources, both personnel and physical.
- 2 - Delegation and work results can improve to meet organizational needs.
- 3 - Work is well distributed and completed as scheduled.
- 4 - Results of efforts are more than expected; efficiency and effectiveness are at highest level.

Comments/Examples:

MOTIVATING EMPLOYEES – Gives constructive feedback. Seeks information from subordinates when problems arise. Gives clear and logical reasons for decision. Handles emotional behavior effectively. Gives recognition for positive results.

- 1 - Little effort expended to motivate or recognize people. Insensitive to others' needs. Subordinates do not see supervisor as role model
- 2 - Does not take sufficient responsibility for motivating subordinates. Needs improvement. Needs to strengthen supervisor/subordinate relationship.
- 3 - Understands the need to provide motivational atmosphere for employees to achieve good work, and creates good work environment.
- 4 - Creates a most positive and highly effective work environment and encourages self and employees to give best effort.

Comments/Examples:

DEVELOPING EMPLOYEE PERFORMANCE - Clearly tells employee what is expected and how their work will affect business goals. Allows time for, and encourages, career development and job-skills training. Recognizes employee limitations and uses coaching and delegation to encourage improvement. Takes corrective action promptly when needed.

- 1 - Spends no time with and makes no effort to develop subordinates.
- 2 - Seldom spends time with individuals except to give instructions and correct problems.
- 3 - Understands the responsibility and takes subordinate development seriously.
- 4 - Highly skilled at focusing on individual performance and encouraging employees to do their best. Helps employees take responsibility for improving their performance.

Comments/Examples:

MANAGING CHANGE/INNOVATION - Explains to employees why change is necessary and what will be required. Asks for employee input to clear up misunderstandings. Seeks and uses employee ideas on how to make change go as smoothly as possible. Monitors and reinforces progress.

- 1 - Contributes to an environment where people are fearful of change.
- 2 - Resists change and promotes an environment of status quo. Needs to recognize value of change and be less resistant.
- 3 - Recognizes that change is part of the work process and takes responsibility for working with employees to make the changes.
- 4 - Creates and sustains a climate that accepts change as part of the work process and stresses the importance of working smarter.

Comments/Examples:

MAKING ORGANIZATIONAL IMPACT - Maintains effective relationship with organization top management. Maintains a constructive relationship and confronts issues to achieve positive results. Understands the business and generates ideas to improve overall operations.

- 1 - Makes no effort to build positive relationships with managers and peers, seldom offers any ideas.
- 2 - Seldom collaborates with other departments or people. Needs to get more involved with whole business.
- 3 - Recognizes the value of peer and management support in getting the job done. Offers ideas and participates in overall organization processes.
- 4 - Takes initiative to effectively build trust and creates allies in all parts of the organization. Is highly interested and committed to organization goals.

Comments/Examples:

MANAGERIAL/SUPERVISORY BEHAVIOR RATING IS TO BE INCLUDED WITH PERFORMANCE APPRAISAL AND DEVELOPMENT GUIDE FOR:

Name: _____ Date: _____

Department/Division: _____

Job Classification: _____

By: _____

TEAM MEMBER EVALUATION FORM
(for use with other employees on same team or in same department)

Name of Team Member

Position

1. Maintains awareness of both internal and external client needs, and makes the effort to respond to those needs.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

2. Is alert to opportunities to expand on technical knowledge, skills, or experience.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

3. Considers audience addressed, listens, and provides concise and timely oral and written information. Keeps other team members informed of progress and shares information with others to help everyone do his/her job better.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

4. Exhibits teamwork skills: considers the team effort as more important than his/her own individual efforts; is sensitive to the needs and opinions of other team members; participates openly and honestly; shares opinions, knowledge, and experience with others; and pitches in to help even when someone else is responsible for the job.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

5. Actively checks for accuracy of data received or generated before passing it on.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

6. Is proactive rather than reactive and pursues opportunities or takes action before being asked.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

7. Considers how his/her work impacts operating efficiency and focuses on both the long-term and short-term consequences of his/her actions. Seeks opportunities to improve performance and feedback to improve and measure performance.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

8. Is able to articulate several perspectives on a problem and see the merit of differing points of view. Able to change or modify strong opinions, switch to alternative strategies when necessary, and adjust to changing work priorities.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

9. Looks for new and better ways to do things and is not content with the status quo. Questions traditional ways of doing things when choosing a new course of action or finds new combinations of old elements to form innovative solutions.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

10. Recognizes that greater returns require greater risks. Takes actions where outcomes are less certain but where potential rewards are greater.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

11. Builds consensus. Stimulates cooperation between team members and other teams to develop agreeable solutions. Encourages give-and-take discussions to ensure all concerns are addressed before an action is taken.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

12. Provides help to other team members by giving them candid feedback and support to succeed. Makes developing other team members an important objective and expresses confidence in their ability to do the job.

Consistently Usually Sometimes Rarely Not rated

Comments: _____

13. Understands the need to achieve the organization's objectives through others and gives others room to act in accomplishing these objectives.

___ Consistently ___ Usually ___ Sometimes ___ Rarely ___ Not rated

Comments: _____

Consider individual and team objectives established and discussed throughout the review period. Attach additional pages if necessary.

Objective: _____

Result: _____

Objective: _____

Result: _____

Objective: _____

Result: _____

Objective: _____

Result: _____

Name of Reviewer

Signature of Reviewer

Date of Review

Name of Employee

Signature of Employee

Date of Review

(Note: Signature of employee does not imply agreement, but rather that the review was covered with the employee.)

CO-WORKER INPUT FORM #1

(if Team Member form is used, this would apply to employees in other departments)

[ORGANIZATION] is committed to developing and helping all its employees grow and develop their full potential. To further this effort, employees are asked to provide input regarding their co-workers' job performance. Your answers to these questions are important. If for any reason you feel you cannot answer a question or have no basis for comment, please check "Not Rated."

Name of Co-worker

Date

In working with this person, it appears that s/he:

1. Gives advice or assistance when asked; doesn't hoard information that might be of assistance to my work.

Consistently Usually Sometimes Rarely Not rated

Comments:

2. Keeps me informed about the progress of his/her work that impacts the work that I do, and lets me know when deadlines or timelines are changed.

Often Occasionally Seldom Not at All Not rated

Comments:

3. Is a safe worker; follows established safety practices and procedures.

Consistently Usually Sometimes Rarely Not rated

Comments:

4. Responds to request for information, questions, or suggestions in a timely manner; doesn't hold up my work unnecessarily with delays.

Consistently Usually Sometimes Rarely Not rated

Comments:

5. Is receptive to ideas and suggestions for new or different systems or approaches.

Very receptive Somewhat receptive Not receptive Not rated

Comments:

6. Is reliable and dependable when dealing with other staff members; does what s/he says s/he will do.

Consistently Usually Sometimes Rarely Not rated

Comments:

7. Treats me and other employees in a manner which creates a feeling of mutual respect.

Consistently Usually Sometimes Rarely Not rated

Comments:

8. Treats customers, vendors, and other outside contacts with courtesy, consideration, and helpfulness.

Consistently Usually Sometimes Rarely Not rated

Comments:

9. What do you like most about working with this individual?

10. In your opinion, what are his/her strongest abilities in relation to the job?

11. Are there any areas in which you feel your co-worker could improve? If so, what are they and what type of improvement do you feel is necessary?

CO-WORKER INFORMATION FORM #2

[ORGANIZATION] is committed to developing and helping its employees grow and experience their full potential. To further this effort, we ask co-workers to provide input during the performance review process. The questions below are designed to solicit responses which will aid in providing a complete and accurate performance review. Your answers to these questions are important to us, and your responses will be held in the strictest confidence.

Employee being evaluated: _____

Position title: _____

Date of evaluation: _____

-
-
1. Describe the co-worker's interactions with customers, vendors, and other outside contacts.

2. In your opinion, what are his/her strongest abilities in relation to the job?

3. How does the co-worker interact with other employees?

4. On a scale of 1 to 4 (1=low, 4=high), how would you rate the co-worker's enthusiasm for his/her job? Why?

5. Are there any areas in which you feel the co-worker could improve? If so, what are they and what type of improvement do you feel is necessary?

6. Overall, how well do you feel the co-worker performs his/her job duties and responsibilities?

Signature of Employee Providing Response

Date

SUPERVISOR INPUT FORM #1
(for use by employees regarding their supervisor)

[ORGANIZATION] is committed to developing and helping all its employees grow and develop their full potential. To further this effort, employees are asked to provide information regarding their supervisor's job performance. Your answers to these questions are important. If, for any reason, you feel you cannot answer a question or have no basis for comment, please check "Not Rated."

Name of Supervisor

Date

In working for this person, it appears that s/he:

1. Is technically competent and well-versed in his/her field of expertise; is able to provide counsel and advice when I have technical questions.

Consistently Usually Sometimes Rarely Not rated

Comments:

2. Keeps me informed about objectives and progress, and lets me know when plans are changed.

Often Occasionally Seldom Not at All Not rated

Comments:

3. Is a good teacher; explains and monitors expected standards of performance; provides direction to me on new tasks, projects, and priorities.

Consistently Usually Sometimes Rarely Not rated

Comments:

4. Effectively delegates workload, responsibility, and authority.

<input type="checkbox"/> Delegates work appropriately	<input type="checkbox"/> Gives me work assignments requiring work experience I do not yet have
<input type="checkbox"/> Gives me assignments that are not challenging enough	<input type="checkbox"/> Not rated

Comments:

5. Makes time to be accessible and available to discuss my suggestions, questions, or problems.

Consistently Usually Sometimes Rarely Not rated

Comments:

6. Is receptive to ideas and suggestions for new or different systems or approaches.

Very Receptive Somewhat Receptive Not Receptive Not rated

Comments:

7. Is fair and consistent when dealing with staff members.

Consistently Usually Sometimes Rarely Not rated

Comments:

8. Gives me recognition for my contributions and efforts.

Often Occasionally Seldom Not at All Not rated

Comments:

9. Provides support and encouragement to me in areas I am working to improve or develop.

Very Supportive Somewhat Supportive Not Supportive Enough Not rated

Comments:

10. Listens and understands me when we talk.

Listens intently Is usually attentive

Often does not really hear what I am saying Not rated

Comments:

11. Helps me to develop professionally by providing opportunities for growth and challenge.

Often Occasionally Seldom Not at all Not rated

Comments:

12. Sets a good example for staff members to follow.

Consistently Usually Sometimes Rarely Not rated

Comments:

13. Treats me and others in a manner which creates a feeling of mutual respect.

Consistently Usually Sometimes Rarely Not rated

Comments:

14. What do you like most about working with this individual?

15. What suggestions do you have that you feel could improve your working relationship?

16. Are there any areas in which you feel your supervisor could improve? If yes, what are they and what type of improvement do you feel is necessary?

SUPERVISOR INFORMATION FORM #2
(for use by employees regarding their supervisor)

[ORGANIZATION] is committed to developing and helping its employees grow and experience their full potential. To further this effort, we ask subordinates to provide input regarding their supervisors. The questions below are designed to solicit responses which will aid supervisors in identifying areas for improvement or change. Your answers to these questions are important.

Date

Supervisor's Name

Position Title

1. To what degree is your supervisor friendly and helpful?

2. To what degree is the supervision you receive helpful to you in performing your work?

3. To what degree does your supervisor provide clear instructions about the work you are assigned?

4. If you are unfamiliar with a task, to what degree does your supervisor provide adequate training and assistance?

5. To what degree do you feel able to address concerns about your work, new ideas, and/or suggestions with your supervisor? Do you feel that your supervisor is open and receptive to your input? Does your supervisor take you seriously and respond appropriately?

6. In your opinion, what are your supervisor's strongest abilities as a supervisor?

7. Are there any areas in which you feel your supervisor could improve? If so, what are they and what type of improvement do you feel is necessary?

8. Overall, how well do you feel your supervisor performs his/her job duties and responsibilities?

Signature of Employee Providing Response

Date

GENERAL APPENDIX

**SAMPLE
[ORGANIZATION]**

SUBJECT: PERFORMANCE MANAGEMENT POLICY

EFFECTIVE DATE:

REVIEW DATE(S):

APPROVAL:

I. Introduction

This policy's purpose is to describe the methods, timing, and principles of performance management at [ORGANIZATION]. Further, each individual who supervises employees and is responsible for their performance shall be held accountable for carrying out these responsibilities in accordance with this policy.

II. Philosophy

The philosophy on which the performance management process is built recognizes the following as the most important features of the program:

- Performance management and planning is a two-way process, involving both employees and managers.
- Employee performance is assessed on objective, job-related criteria, developed and understood in advance by both the manager and subordinate.
- Job performance evaluation is based on observable job behaviors rather than personality or attitudinal factors.
- Setting objectives for future performance and growth is as important as evaluating past performance.
- Performance management is an ongoing process of coaching, praising, assisting, and correction as needed.

III. Objectives

The objectives of the Performance Management system are:

- To let the employee know how s/he is doing on the job.
- To encourage communication of both the employee's and [ORGANIZATION]'s expectations and goals.
- To build stronger performance in both employees and supervisors.
- To provide a consistent, objective, and fair means of making pay adjustments.
- To help determine promotions, transfers, and other personnel actions.
- To be a tool for counseling and career planning.
- To build a permanent record of performance.

IV. Ongoing Feedback

Supervisors are expected to provide regular feedback and coaching to all direct reports. Employees are entitled to know how they are doing and to have a supervisor who is invested in their employment success.

V. Appraisal Procedure

At least one month in advance of the formal evaluation due date, supervisors will be notified that employees are due for review. This should allow adequate time for compiling performance information, completing the evaluation form, and setting an appointment with an employee.

The evaluation discussion then takes place, during which the supervisor and employee establish objectives for the following evaluation period. Employee comments are added in writing during the performance planning and appraisal discussion. Employee and manager both sign the Performance Planning and Evaluation form (the employee's signature does not necessarily mean agreement with the ratings). The completed form is sent with the required paperwork to the next level of management, who signs it and forwards it to payroll and the personnel files. Both the manager and employee may retain a copy of the completed Performance Evaluation.

VI. Schedule

Performance evaluations are scheduled as follows:

- At end of introductory period (usually 90 days).
- Six months after first evaluation.
- 12 months after second evaluation and annually thereafter.

This schedule can be started over again at the time of promotion, or a new schedule can be set. Increases may occur at the time of each evaluation, but they are not guaranteed. No performance-related increase can happen without a completed appraisal.

VII. Completing the Evaluation Process

This process is designed primarily to help employees and supervisors do a better job. It is very important that employees know exactly where they stand in relation to established standards of performance. An employee is done a disservice by an evaluation that is non-specific, glosses over areas that need improvement, or is unduly harsh.

If evaluations are done with great care, searching thought, and analysis of each employee's achievements, the end result will be a highly reliable evaluation.

Evaluations done hastily or without conscientious review of each employee's performance over the entire rating period will inevitably result in inequities and eventual dissatisfaction with the system.

Each evaluation should be personalized for each employee. Each manager should feel free to add statements to clarify any aspects that deserve special attention.

PERFORMANCE DIMENSIONS ANALYSIS

A performance dimension is simply a descriptive heading or skill area under which specific examples of job performance can be classified. Performance dimensions provide the basis for individualizing the performance review to recognize the unique skills necessary for success in each position.

Below are listed numerous performance dimensions. Place a checkmark by each one to indicate whether it is of high, medium, or low importance to success in the position. If the ones listed below do not comprehensively cover the areas important to success in the position, you may consider adding others. Positions classified as non-exempt will typically have five dimensions identified as "high," and positions classified as exempt will typically have ten dimensions identified as "high." For your performance review system to be truly meaningful, you should reach an agreement with the employee as to what you both consider to be the most important performance dimensions before completing this form.

- | High | Medium | Low | |
|--------------------------|--------------------------|--------------------------|---|
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | ADAPTABILITY – Ability to modify behavior and approach to reach a goal. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | AFFIRMATIVE ACTION – Willingness and ability to meet organization-established affirmative action goals. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | ANALYTICAL ABILITY – Ability to evaluate, isolate, and appraise essentials and reach sound conclusions. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | APPEARANCE – Willingness to maintain a high standard of personal grooming. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | ATTENDANCE – Ability to report to work regularly and on schedule. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | CLOSING ABILITY – Ability to handle customer objections and to close sales. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | COMPREHENSION – Effectiveness and speed with which instructions and assignments are understood and new ideas, methods, techniques, and principles are grasped and retained. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | COOPERATION – Ability to work effectively with others and jointly with a group. Capacity for teamwork. |
| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | COST CONSCIOUSNESS – Economical and effective use of people, materials, and facilities. |

High
Medium
Low

- CREATIVITY – Ability to come up with imaginative ideas, new approaches, and solutions to business situations.
- CUSTOMER KNOWLEDGE – Extent of knowledge of customers and their need for the organization’s products.
- DECISIVENESS – Readiness to make decisions or render judgment.
- DEPENDABILITY – Reliability in carrying out instructions, observing rules, respecting confidences, and completing responsibilities.
- DEVELOPING TEAM MEMBERS – Ability to develop team members’ working knowledge and skills.
- DRIVE AND WILL TO SUCCEED – Setting high goals of achievement and putting forth extra determination to reach them.
- ENERGY – Ability to achieve a high activity level. Physical effort required to perform responsibilities.
- IMPACT – Ability to create a good first impression, to command attention and respect, to show an air of confidence and to achieve personal recognition.
- INDEPENDENCE – Action based on own conviction rather than a desire to please others.
- INITIATIVE – Active efforts to influence events rather than passive acceptance; self starting.
- INTERNAL LIAISON – Works effectively and wisely in dealing with other internal personnel.
- JUDGMENT – Ability to act and make decisions based on sound reasoning.
- LEADERSHIP – Effectiveness in bringing a group to accomplish tasks and in getting ideas accepted.
- LISTENING SKILL – Ability to bring out important information in oral communication.
- MOTIVATION -- The work’s importance in personal satisfaction and the desire to achieve at work.
- ORAL COMMUNICATION SKILL – Ability to make a persuasive, clear presentation of ideas or facts.

High
Medium
Low

- PLANNING AND ORGANIZATION – Effectiveness in planning and organizing own activities and those of a group.
- PRODUCT KNOWLEDGE – Extent of knowledge of our product applications; attributes; and exclusive, distinctive, or superior features which can be used to prove claims of user benefits.
- PROSPECTING – Ability to seek out new customers.
- QUALITY OF WORK – Ability to maintain high standards of performance.
- REGARD FOR EXACTNESS – Ability to work accurately with numbers, etc., for extended periods of time.
- REPORTS AND PAPERWORK – Meets deadlines regularly and executes all paperwork neatly and effectively.
- RISK-TAKING – Extent to which calculated risks are taken based on sound judgment.
- SENSITIVITY – Skill in perceiving and reacting sensitively to the needs of others.
- SPECIALIZED KNOWLEDGE – (e.g., engineering, accounting, etc.) Extent of and ability to apply theoretical and practical knowledge and skills.
- STRESS TOLERANCE – Stability of performance under pressure and opposition.
- TENACITY – Tendency to stay with a problem or line of thought until the matter is settled.
- TERRITORY PLANNING – Plans and executes efficient sales-call patterns.
- USE OF DELEGATION – Ability to effectively use subordinates and to understand where a decision can best be made.
- USE OF SALES AIDS – Ability to use sales aids such as brochures, displays, films, etc., to increase sales.
- WRITTEN COMMUNICATION SKILL – Ability to express ideas clearly in writing in good grammatical form.

MANAGER/SUPERVISOR CHECKLIST

The following checklist is another helpful tool in preparing for coaching discussions throughout the performance period. Before conducting employee counseling, answer the questions below about the employee and the situation. Doing so will help you focus on the level of action needed to correct or respond to the situation.

Yes No

- | | | |
|-------|-------|--|
| _____ | _____ | 1. Does the employee know what is supposed to be done and when? |
| _____ | _____ | 2. Have I defined the job description and skills required to do the job? |
| _____ | _____ | 3. Does the employee have the skills required to do the job? |
| _____ | _____ | 4. Has the employee been trained sufficiently in the organizational culture and skills needed to do the job? |
| _____ | _____ | 5. Do I have the time it will take to sufficiently train/orient this person? |
| _____ | _____ | 6. Have I adequately defined the job performance expectations? |
| _____ | _____ | 7. If no, can anyone do the job? Is the standard realistic? |
| _____ | _____ | 8. If no, can I revise the standard? |

9. What is the specific difference between the present performance level and the desired performance level?

10. Define the impact the performance problem has on:

You: _____

The employee: _____

The work unit/team: _____

The organization: _____

The customer/client: _____

- | Yes | No | |
|-------|-------|---|
| _____ | _____ | 11. Does the employee want the job? |
| _____ | _____ | 12. Does the employee have adequate resources to do the job? |
| | | If no, what specifically does the employee need? _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| _____ | _____ | 13. Are obstacles beyond the employee's control affecting performance? |
| | | If yes, what specific obstacles, and can they be removed? _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| | | 14. What does the employee need from me during this time to help meet minimal performance standards? |
| | | _____ |
| | | _____ |
| | | _____ |
| _____ | _____ | 15. Are consequences positive for positive performance? |
| _____ | _____ | 16. Have I been giving high-quality feedback? |
| | | If no, how can I improve? _____ |
| | | _____ |
| | | _____ |
| | | _____ |
| _____ | _____ | 17. Have I given immediate reinforcements for improvements? |
| _____ | _____ | 18. Have I been inadvertently rewarding poor performance by ignoring it rather than coaching to correct it? |
| | | 19. Does the employee trust me and feel I am here to help him/her be successful in this job? |

If no, what specifically can I do to build the trust? _____

_____ 20. Do I have a plan to develop the employee's skill or motivation?

If yes, describe the plan in detail below: _____

QUESTIONING TECHNIQUES FOR PERFORMANCE EVALUATIONS

Type of Question	Description	Example
1. Restrictive	Calls for yes or no answer; may call for a specific piece of information.	“Do you like your work here?” “How long have you been with us now?”
2. Open-ended	Does not give any indication of desired answer; encourages employee to reveal as much as possible about a particular area.	“How do you account for this problem?” “Why has this situation persisted for so long?”
3. Open-ended problem	Poses a real or hypothetical problem and asks employee how s/he would handle it.	“Suppose you were the supervisor – how would you handle it?”
4. Command	Encourages employee to keep talking.	“Tell me about it.” “Give me some details.”
5. Choice	Provides two or more options from which the employee may select.	“Well, is it the people, the type of work, or the pay that bothers you most?”

PERFORMANCE EVALUATION QUESTION ANALYSIS

1. **RESTRICTIVE:** This type of question is probably the most widely used, and perfectly appropriate under certain circumstances. However, it is the least useful in getting people to open up. Beware of overuse.
2. **OPEN-ENDED:** This type of question gives plenty of latitude for a response and makes it difficult for the employee to answer in a word or two. Since getting the employee to do most of the talking is critical to the interview's success, open-ended questions should be used whenever possible.
3. **OPEN-ENDED PROBLEM:** This is a variation of the open-ended question. Such a device can be very stimulating and may reveal a great deal about the employee. However, it should not be used to excess.
4. **COMMAND:** This is not the "Forward, march!" type of command, but the kind that occurs naturally in the course of a conversation. It has much the same effect as the open-ended questions: it keeps the employee talking and places no restrictions on the length of the response desired.
5. **CHOICE:** This falls somewhere between the restrictive and the open-ended question. It can be very useful in getting employees to clarify their feelings, be more specific, open up new areas for discussion, or pursue previous questions that were too broad or too narrow.

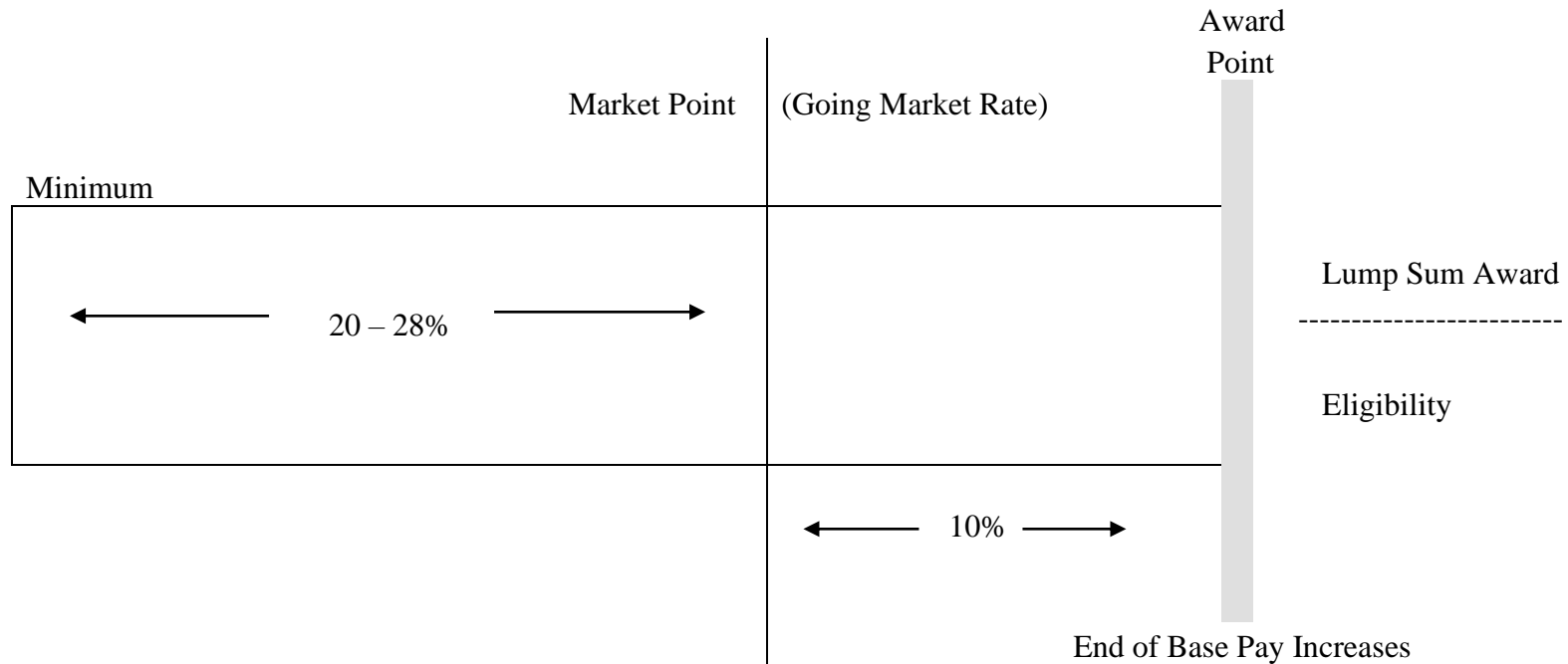
One type of question should not be used to the exclusion of all the others. The most effective interviewer uses the whole range of question types presented here, mixing them skillfully to get the employee to open up, to provide the requested information, and to do as much of the talking as possible.

SAMPLE PAY FOR PERFORMANCE MATRIX

PERFORMANCE RATING	MINI- MUM	1ST QUARTILE	2ND QUARTILE	MID- POINT	3RD QUARTILE	4TH QUARTILE	MAXI- MUM
Outstanding		8% - 9%	6% - 7%		4% - 5%	3% (Or up to maximum)	
Contributory Performance (Consistently Meets Standards, May Occasionally Exceed Them)		5% - 6%	3% - 4%		2% - 3%	X%	
Approaching Standards (Frequently Meets Standards, But Still Has Room For Improvement)		3% - 4%	2% - 3%		X%	No Increase	
Below Standards (Occasionally Meets Standards, But Is Inconsistent In Performance)		No Increase (reschedule for 90 days)	No Increase (reschedule for 6 months)		No Increase	No Increase	

* X = the range movement for the current increase period, if any. (If more than 2%, other amounts may need to be adjusted upward by the difference.)

LUMP SUM AWARD PAY RANGE STRUCTURE



In a traditional compensation structure, the first half of the pay range pays for learning curve growth. The second half of the pay range pays for retention. In a lump sum award structure, the first half of the pay range pays for learning curve plus a little more. Employees are encouraged to move quickly through the first half of the pay range by having good performance rewarded. The midpoint of a traditional compensation structure becomes the market point of a lump sum structure. The point at which base pay increases end is usually just slightly higher (up to 10%) than market point. This is to encourage retention of good employees. The result of the lump sum structure is that an employee who is performing well moves relatively quickly to the award point and is eligible for continuing rewards based on continuing performance through lump sum awards, as opposed to base pay increases. The lump sum structure also prevents rewards from becoming entitlements and prevents the compounding effect of regular base salary increases.

