

## ESSENTIAL GUIDE TO PERFORMANCE APPRAISAL

### What is performance appraisal?

Performance appraisal (or performance review) is a process for individual employees (appraisee) and their line manager (appraiser), to discuss their performance and development, and any support they need in their role. It is used to assess recent performance and focus on future objectives, opportunities and resources needed.

Sometimes seen as a chore or 'necessary evil' the performance appraisal process, with its valuable one to one conversation at the heart of it, can provide many positive benefits for the business:

- performance measurement - transparent, short, medium and long term
- clarifying, defining, redefining priorities and objectives
- motivation through agreeing objectives and targets and through achievement and feedback
- individual training needs and learning desires - assessment and agreement
- identification of personal strengths and direction - including unused hidden strengths
- career and succession planning - personal and organisational
- team roles clarification and team building
- organisational training needs assessment and analysis
- appraisee and manager mutual awareness, understanding and relationship
- resolving confusions and misunderstandings
- reinforcing and cascading company ethos, values, aims, strategies, priorities, etc
- delegation, additional responsibilities, employee growth and development
- manager development

Appraisal is one element of the company's performance management process. It works most effectively when it is incorporated into the daily life of the management team. Regular feedback and discussion with staff on progress increases the opportunity for performance improvement and ensures that there are no surprises for either party at the annual appraisal.

### The five key elements of performance appraisal

1. **Measurement** – assessing performance against agreed targets and objectives, as well as behaviours and attitudes against espoused values.
2. **Feedback** – providing information to individuals on their performance and progress and on what's required to continue to perform well in the future, particularly in view of any change programme and evolution of roles.
3. **Positive reinforcement** – emphasising what has been done well, offering constructive criticism about what might be improved, drawing out the importance of how things are done, as well as what is done, and ensuring effort is directed at value-adding activities.
4. **Open exchange of views** – a frank exchange of views about what has happened, how appraisees can improve their performance, the support they need from their managers to achieve this and their aspirations for their future career.

5. **Agreement** – jointly coming to an understanding by all parties about what needs to be done to improve and sustain performance generally and overcome any issues raised in the course of the discussion.

## Preparing for the appraisal meeting

Both parties should prepare for the review meeting beforehand if a successful outcome is to be achieved. The following topics can be included:

- how well the individual has performed since the last meeting and what they have achieved, with examples or other evidence
  - managers can seek feedback from other managers, peers, clients etc to provide objective evidence of performance
- how successfully objectives and development plans from the last meeting have been implemented
- factors that have helped or hindered performance
- how the appraisee has responded to challenges
- current learning and development and support needed
- potential actions that could be taken by either party to develop or improve performance
- potential directions the individual's career might take
- potential objectives for the next review period.
- appraisees can consider what they most enjoy about the job and how they might want to develop the role.

Some companies find it useful for the employee to complete a self-assessment process encouraging them to assess and analyse their own performance as a basis for discussion and action. This can improve the quality of the appraisal discussion because individuals feel actively involved in the process and as this encourages them to work through the points identified above in advance. This approach may be particularly useful with more junior staff or those not used to appraisals.

On a practical note, make sure that the venue is private and that adequate time is set aside for the appraisal to ensure that the discussion is of quality and interruptions are avoided.

## Keeping a record of the appraisal

Whether or not your company has a standard pro forma for recording the appraisal conversation, it is useful to record the following:

- Objectives – whether they were achieved and, if not, the reasons why this did not happen
- Competence – whether individuals are performing below, within or above the requirements of the role
- Values and behaviours – how the objectives were achieved
- Training – what training the individuals have received and which training and development activities they would benefit from in the future
- Actions – a note of any actions that need to be carried out by the individual or the appraiser.

## Agree Specific Objectives \*

- Agree SMART objectives which are specific, Measurable, Achievable, Realistic and Time Bounded.
- Break Objectives down if necessary so that the employee can plan and implement the steps necessary to reach the goal.
- Agree any support, resources, training required to enable the employee to meet their objectives.
- No more than 5/6 objectives – or they will fail the realistic/ achievable test.
- Review progress regularly.

\*see our information sheet on Writing SMART performance objectives

## What a good appraisal looks like

Constructive appraisal	Poor appraisal
achievement is recognised and reinforced	focuses on a catalogue of failures and omissions
conversation is 2 way and appraisers listen actively to what appraisees say	is controlled by the appraiser
there is scope for reflection and analysis	ends with disagreement between appraiser and appraisee
performance and behaviour analysed, not personality	leaves the appraisee feeling disengaged or demotivated by the process
the whole period is reviewed, not just recent or isolated events	
future capability and development needs are discussed	
the meeting ends positively with agreed action plans to improve and sustain performance in the future.	