



Why is the appraisal process a perennial problem in many organisations today? Despite best efforts, it either falls into disrepair or is undermined almost as soon as it's introduced. Has it been noted how each year the process seems to have more paperwork and more to do? Employees and their managers struggle on with it but is there any real return on their investment in time and money? Is the Leadership Team (and HR) getting the information that they need to make decisions quickly in these turbulent times?

Let's review a typical example of how the appraisal process is viewed.

*It's appraisal time again and line managers are not looking forward to having to spend the time completing the paper work and employees generally aren't looking forward to the dreaded appraisal meeting itself. Unresolved issues that have been under the surface most of the year are going to be dragged out and documented and the usual unbearable 'schmoosing' upward to management will start if it hasn't already behind closed doors. Everyone will get given a 'rating' or score that they don't understand and by some process that is shrouded in secrecy. Some say that the score is used for bonus; some say a bad score will put you 'into the departure lounge'. It's not good that John (a colleague) and I haven't been seeing eye to eye lately and if he's going to be giving me some sort of a score, he'll put the knife in. Best I do too then. I'm not sure the forms we use really apply to my role and my Manager doesn't really understand the realities of the job I do, so we end up with these circular or inconclusive discussions that inevitably require me to sign off on some vague actions we all know won't happen. After all of this, it gets filed away and only used again if they want to stop me suing them if I get sacked or made redundant. The output of all of this seems pointless at best and everyone would rather not do it, but we have no choice on how, when and whether it's done.*

**If it's not working, why are we doing it like this?**

If you were to ask 'the business' what it wants from the process, answers such as the following would be commonly heard:

1. To set and measure goals	2. To raise and document performance issues
3. To improve the employee's future performance	4. To measure the employees past performance
5. To recognise achievements	6. To inform a pay raise or bonus
7. To create a training and development plan	8. To satisfy the requirement for legal documentation
9. To satisfy HR's mandate to 'do it'	10. To identify career direction possibilities

Is your appraisal process trying to do too much? Yes, according to Coens & Jenkins (2002) in their controversial work 'Abolishing Performance Appraisals'. They cite that while the practice of bundling multiple functions of the process together may make good sense in terms of being economical with people's time, it is a key contributor to the dismal track record of performance appraisal.

So what might different stakeholders want from a performance appraisal process and how did we get here? Below is a grid that you might like to use to see if your appraisal process is burdened with many competing needs. See how many you think exist in your organisation:

Employee need	Line Manager need	HR need	Business Leader need
To make sure that I'm supported and thought of well by those in control and of influence	To find out/recap on what the employee sees as their future	To identify those with high potential	To know that everyone is following corporate goals and strategy
To identify a future in this organisation – promotion, training etc	To identify performance blockers and work process issues	To be able to plan for future workforce needs	To ensure that the workforce is correctly sized and of the right mix of skills to meet corporate goals
To raise issues with work, processes, rewards and relationships and have them acknowledged	To plan work and priorities for the next period	To inform essential training and development provision	To gain structured and unstructured feedback from the workforce on their important issues
To participate in goal and target setting	To identify potential training and development needs and plan their action	To ensure correct specification of roles and personal characteristics to improve other HR practices such as recruitment	To communicate current priorities those who are at the sharp end
To gain some clarity and direction on what it is that I need to deliver	To find out/recap on personal situations and other outside influences that might affect performance and motivation	To ensure that we have the people management processes we need in order to maintain our IIP accreditation	To improve overall capacity and capability
To understand how the work that I do fits in with the bigger picture	To help me deal with under or poor performance	To ensure we meet compliance/ regulatory or legal requirements	To ensure our managers are doing what they need to do
To get some feedback – I want to know what I'm good at and what I could do better!	To help me develop the capability of my team so I can delegate work effectively to them	To help provide evidence to support cases of dismissal, poor performance etc.	To enable the business to get the most out of its workforce
To know that the work I do is valued by my managers and makes a positive contribution to the team and organisation	To help me meet my own objectives	To ensure line managers fulfil the requirements of their roles with regard to people management, allowing HR to focus on strategic interventions	To minimise the costs associated with errors, omissions and poor performance

### One size fits no-one

With these diverse audiences and their individual needs, reaching each with a compelling message is basic marketing. A recent article in the Wall Street Journal (March 23, 2009) suggests “Companies have long divided consumers into segments. They should do the same with potential - and current workers.” Schumann and Sartain in “Brand for Talent” propose that segmentation is at the core of any effective marketing program.

So, consider how these processes are introduced and ‘sold’ to different stakeholders and categories of employees. Research conducted by one of our consultants (Wood, 1995) showed that there is a significant difference between the way appraisers and appraisees feel about performance management and that these groups needed tailored messages about the purpose and benefits of performance appraisal in order to get personal value from engaging in it.

### What are we up against - conduct a Cultural Audit

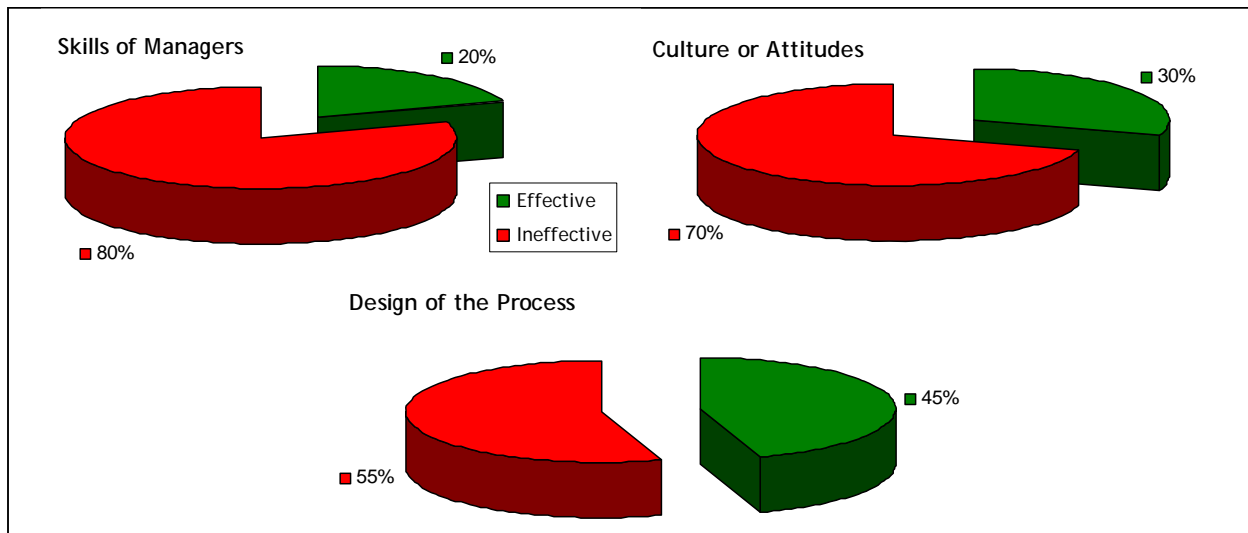
One of the biggest barriers to implementing a successful performance appraisal process that fulfils the needs and expectations of all stakeholders is culture. You can try this simple experiment for yourself:

1. Bring together a group of stakeholders - HR specialists, appraising managers, senior managers, appraisees.
2. Ask them to write down, on separate post it notes, all the reasons why performance management fails to have the required impact. What makes it difficult? What are the barriers to having a ‘good’ appraisal? What tends to go wrong? What makes for a ‘bad’ appraisal? Ask them to do the same for a successful appraisal process. What would you need to make this possible? If they have experienced an effective performance management process, what allowed it to be so? What factors contribute to good performance management?
3. Cluster these post-it notes together as a group on a flipchart, into the following table:

		What makes for:	
		Effective appraisals and performance management	Ineffective appraisals and performance management
<b>These factors are due to or part of:</b>	The culture or ethos of the organisation, including general attitudes towards performance management		
	The design of the performance management system and paperwork		
	The skills of appraising managers		

4. Count the number of post-its under each of the six categories.

We have conducted this exercise in a range of organisations, in different sectors, over the past ten years. And do you know what? We find that we get reasonably consistent pattern of responses, with the percentage of factors being distributed something like this:



So what does this tell us?

It certainly highlights management skill and culture as being key enabling (or derailing) factors in effective performance appraisal, as more often than not these things are cited as elements that contribute to poor appraisals. It also tells us that, no matter how long you spend on the design of the process (and research tells us that design of the paperwork can take around 80% of your time in the implementation and review of an appraisal system), you won't get very far unless you consider how far the culture of the organisation goes to supporting and allowing meaningful appraisals to take place. Typically, organisations invest much less effort (about 5% of overall effort) in looking at cultural barriers and removing these in an effort to improve performance management practices.

Doing the exercise above can help you identify some of those cultural barriers, and lead to a constructive discussion about what might be done to remove some of them. For instance, a common cultural barrier is lack of openness or downward communication about business priorities, strategy and corporate plans.

### It might be simpler than you think

It's important to point out that we're not offering any magic silver bullet to 'fix appraisals', but we are offering a way to diagnose and start to address the issues by changing the way we think about how our HR processes are implemented.

If we were to review the above appraisal example again and distil out the questions your employees and managers might ask of the appraisal process, then there might be some very simple strategies that can make a big impact.

**Question:**

Do I have some influence on how I am performance reviewed and is it transparent?

Do I have some control and have I been given the tools to use to find out how I can develop my career in this organisation?

Am I being assessed against the role I actually perform or some arbitrary measure?

As a manager do I have the skills and resources to handle the appraisal effectively to meet needs and expectations?

Will this process actually go somewhere and help me grow and develop?

**It could be as simple as:**

For a 360 review, allowing the employee to select who might review them, moderating that choice and the resultant review. Be transparent as to who is reviewing and allow people a chance to decline to review. Check if your 360 tool can support this, if not choose Talent 360.

Provide sample career paths and show how specific skills, experiences and behaviours need to develop to enable their progression. Talent Navigator is such a tool that can enhance development planning.

Create assessments/behavioural questionnaires that reflect the required behaviours in actual roles and segment people based on their role/job family or department. Talk to us about creating these assessments from scratch, or using your role profiles as a start or developing them from the standards used by the Chartered Management Institute, of which we are a licensee.

A poorly handled appraisal meeting creates problems that can take years to remedy, if ever. Ensure the management population have got the skills to manage feedback. Find out with Talent FQ, our feedback capability assessment and if they need development, our Feedback Training course will be well worth it.

A tick box exercise that generates more paper than action simply wastes the company's time and money. The Interactive Development Plan within Talent 180 and Talent 360 enables your staff to set direct goals and supports internal and external mentoring to help them achieve those goals.

## Summary

With multiple and often conflicting demands placed upon an appraisal process, it comes as no surprise that the time devoted to it gravitates to satisfying the documentation and legal priorities with little time allowed for those important developmental discussions. With the management population often ill equipped to have those 'difficult conversations' (be it praise or otherwise) we have a willing accomplice in them.

A critical review of performance appraisal to see if it has grown too complex is time well spent and the process of a cultural audit (with a light touch) is likely to be revealing - it may also create advocates of any improvements that come out of the exercise.

Being clear about the purpose and benefits of performance appraisal to employees and then ensuring managers are equipped to deliver on this promise is clearly a major enabler for an appraisal process. Sounds obvious doesn't it? But then why is it cited as being a blocker in 80% of cases?

The tools and forms used in your process are more likely to be considered useful if they reflect the real work the people do. Even better if the way they are introduced reflect the needs of the employees and managers. For HR and Business Leaders where high-level views are needed, paper systems have probably had their day and on-line applications have now become useful to the actual users themselves. Our Talent® suite being one such example where feedback, goal setting and management, career planning and high potential identification all feature. In our final article in this series, we will critically review the tools at your disposal to improve performance appraisal and outline how to implement them to develop and support the culture you are trying to create.

Head Light Communications can assist you in the implementation of competency and performance assessment and development programmes using our Talent® software technology and supporting consultancy services, including competency design, feedback coaching and training and assessment centres. Our Talent® products have been specifically designed to allow you to configure and tailor the important implementation aspects so that you can send the right messages to your managers and staff about how HR processes are to work.

Our portfolio of Talent® software and services are ideal for:

- Professionalising public sector organisations
- Maturing high growth and medium-sized businesses
- Pioneering divisions of large organisations



### References and further reading:

Mark Schumann & Libby Sartain (2009) Brand for Talent: Eight Essentials to Make Your Talent as Famous as Your Brand. Jossey Bass.

Tom Coens & Mary Jenkins (2002) Abolishing Performance Appraisals: Why they backfire and what to do instead. Berrett Koehler.