

## **Performance Appraisals, Riddle Me This** **By Lesley Sifers, Tax Favored Benefits, Inc.**

Here's a riddle for you: What management activity, common to many organizations, is universally resented by managers and employees alike, causes resentment and complaints, and creates headaches for business owners? If you answered something other than "Performance Appraisals," you have at least two problems.

In the many years I worked as an office manager, personnel manager and director of human resources, I seldom encountered a practice so entrenched or ineffective as the manner in which employee performance is measured. The practice of reviewing or, if you prefer, "evaluating" employees is common and most non-union workers have learned to deal with this periodic torture. Managers, who must actually wield the tools of torture, often have difficulties carrying out this part of their job and may resent the entire process. Do your managers complain that they don't have time to get all the reviews done on schedule? Have they told you that the forms you use are terrible? Ah-Ha!

What are the options? You could, of course, just pitch the whole system. After all, if you can't do something moderately well, why do it at all? But could the process be fixed? Could the performance evaluation actually accomplish something? Could it become a planning and development tool that, in step with other programs, actually improves your workforce? What would it take to make things better?

The first step you must take to decide whether or not your performance evaluation system works is to figure out **WHY** you are doing it in the first place. Sometimes it's just because every other company does it. Other times, the evaluation is tied to a raise or it becomes an ineffective means of disciplining or discharging an employee. In a few, very progressive companies, evaluations are used to encourage people to keep doing the things they do well, to strive for more opportunity, or to adjust their behavior in certain ways. (This is sometimes called "career development," "job enrichment" or some such thing.)

If you are just doing performance evaluations because you think you should, then I can almost guarantee that your system is broken. It has become just more paperwork for you and your managers. The signs are probably evident. Are the reviews late? Incomplete? Do your managers complain about the forms or say they don't have time? Do your employees sometimes complain about the process?

If you use reviews to justify discipline or discharge you will probably find, someday, that the reviews will be used against you – in court! Performance reviews are often requested by agencies such as the EEOC or Department of Labor when they investigate a complaint from an employee. They are commonly introduced in employment litigation as evidence. In many cases, those reviews actually support the employee's case – not yours. This is often because the process has been ineffective for years before the actual negative action took place. The employee can usually produce reviews that rate them "above average" (or something akin to that) and probably prove that the reviews took a sharp downturn at some point. You lose!

If you use reviews to determine pay increases, you had best have a lot of documentation to prove how you arrived at a certain rate of pay. (No matter how much you forbid your employees to discuss pay, some of them will do it anyway.) You need an effective system to measure performance so you can support your compensation decisions.

This article is the first in a series that will address various elements of an effective performance measurement system, including forms, training, employee self-evaluations and linking pay to performance. Your input about the pros and cons of performance evaluation will help to make this series more useful. Share your experiences with me at 800-683-3440 or by e-mail at [lesley@taxfavoredbenefits.com](mailto:lesley@taxfavoredbenefits.com). Of course, anything you discuss with me will be kept strictly confidential.