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Driving Performance through Clear Measures of Success – *How to Get Rid of Annual Employee Evaluations*

Chris Scott, owner of Infinity Performance Solutions recently said “Managers and employees actually cite performance appraisals or annual reviews as one of their most disliked tasks because too often they are not done well.” Scott lists a number of reasons why employee evaluations do not work. In his view, evaluations are often a one-time event. Consequently, they try to do too much by covering too broad a range of topics and issues. They become an excuse for not having conversations throughout the year. They tend to be overly formal. So in turn, no one says what he or she really thinks. Since they cover so much, they take too much time. Lastly, they can be enablers for bad managers who do not engage with staff throughout the year. Mr. Scott is right in his assessment. Clients, candidates and human resource professionals groan as they head into annual evaluation season; they cannot wait for it to be over. Since everyone hates it so much, why do it?

Why are evaluations of any kind important? Because they give everyone the chance to learn, grow and improve performance. Perhaps, the process is turned around. Instead of doing the evaluation at the end, do it at the beginning. And instead of discussing past performance, discuss future measures of success. Here are some ideas about how to do that.

First, what do you really want people to do? This is not a trivial question. Most managers have difficulty answering this question. So let’s rephrase it: “If at the end of the year I were to ask you how team member “A” performed, and you answered that she was the best member of the team because she completed and accomplished “blah, blah, blah,” what would “blah, blah, blah be?” There are a couple of key words here: “completed” and “accomplished.” This means that the manager’s appraisal is based on concrete and specific tasks that were completed and accomplished. It also specifically implies that the manager and the team member understood what needed to be completed and accomplished at the beginning of the year.

The most valuable information any manager can give a team member is specific information about what needs to be accomplished, why it is important to the organization and what constitutes work “completed.” In addition, timelines for delivery are also important. Managers should be able to define and prioritize each task in terms of when they should be reasonably completed. If there are nine key tasks to be accomplished during the year, perhaps two should be completed in the first three months, three in the next three months, three in the three months following that and one more in the last three months of the year. This is not a one-sided conversation from manager to team member. It is a two-way conversation that ends in consensus and explicit agreement. I would never accept an evaluation of my performance that was based on measures of success that I did not understand or agree to. However, once mutual consensus and explicit agreement is reached, it is a different story. I understand what is expected and have agreed to deliver.

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Clear measures of success, with time frames for delivery, provide a second important component of team member development. As the work continues, there are multiple opportunities to check on progress, discuss challenges and opportunities and review what has been achieved to date for quality and completeness. It also permits discussion around skill development, both technical and interpersonal. The team member and the manager can identify areas where additional professional development is needed, and provide that training to the team member on a timely basis.

If done correctly by the manager, the team member gets feedback continuously throughout the year, not just at year-end. The team member and the manager have a running conversation about the team member's performance. Furthermore, by making sure the team's HR partner is involved, training and development programs can be implemented quickly for maximum benefit. At the end of the year, there are no surprises—evaluations have been taking place throughout the year and are fully completed by year-end. The typical annual evaluation conversation, which normally takes place, is now a positive and constructive discussion the measures of success for the following year.

There are a few structural pieces that need to be in place. The measures of success that are set for the team member are based on the measures of success that were set for the manager. Clarity, concreteness, consensus, and explicit agreement about measures of success are necessary from the team member up the chain of command and from the CEO and the Board back down. Additionally, the identified points of professional development for the team member must be taken seriously by both the team member and the manager. The team member successfully completing his or her agreed training and development is just as important as any other measure of success. The team member's successful training is also an important measure of success for the manager, as is the manager's successful training for his or her superiors.

Lastly, this structure should be integrated into the compensation plan. If I complete all my measures of success, including my professional development goals, then I should know what my compensation will be. Since I agreed to my measures of success, I have little to argue about when I do not meet them. Since the manager's performance is linked to the team member's performance, then the manager's compensation is also impacted by the team member's performance. This integration of performance and compensation continues up to the CEO and the Board.

Establishing clear measures of success for each member of a team, before the year begins, has a number of additional benefits. First, it gets rid of the end-of-year evaluations that everyone hates. Strong performers will clearly and objectively stand out. Weak performers can be identified early, given the necessary training and support and the opportunity to raise their performance. This also permits Human Resource and Organizational Development professionals to develop, with each employee, clear multi-year career plans, tied to the longer-term strategic objectives and management succession plans of the company. Lastly, it puts in place a structure that invests in and reinforces the value the company places on its most precious assets, its people.

Francis Goldwyn
Managing Director
[Quorum Associates LLC](#)