

Using appraisals to boost performance

Did you know that staff performance reviews often leave workers feeling disappointed and demotivated?

A recent survey by training company Video Arts found that 43% of employees felt either no different, or disappointed and undervalued, after their last appraisal. 24% of employees were worried by bosses who refused to listen, while 19% believed their appraisals were a waste of time. Worse, over 13% simply dreaded a confrontation with their boss.

Peter Ryding, Chairman of Video Arts, said: 'We've found that for many people appraisals are a pointless "tick-box" exercise. So we think there is a real need for a new approach to appraisals: one that replaces misunderstanding and missed opportunities with a perfect meeting of minds.'

This is supported by other findings that 92% of employees thought well-managed appraisals could boost business. Perceived potential benefits include improved morale (43%), increased motivation and productivity (39%) and improved staff retention (10%).

So here's how to make them work for you.

What is an appraisal?

An appraisal is a semi-formal meeting between *any* two people in an organisation but generally between an employee and their manager. It looks at past and current activity with the aim of improving performance, as well as improving the business as a whole. It is a review of the person rather than the tasks they have performed, and hence focuses on all aspects of someone's job, personal skills, training needs and career development.

Staff appraisal frequency on the increase

Growing numbers of employees can expect to have their work assessed more frequently than in the past.

In a survey of 145 employers, annual appraisals are still the norm, but over a third now carry out six-monthly reviews. According to research issued by Industrial Relations Services Employment Review:

- 54.8% conduct appraisals annually;
- 34.2% run them at six-monthly intervals;
- 7.5% do it quarterly.

Compared with IRS's 2003 Employment Review, more frequent appraisals are on the rise. In 2003, 70% of respondents carried out annual reviews, 18.9% ran them at six-monthly intervals and just 4.2% quarterly.

Where an employee's performance is of concern, just under half the employers surveyed (45.9%) arrange more frequent review sessions. These are also more common in the first year or two after an employee joins the organisation and for newly promoted employees.

Other key findings include:

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Around half the respondents use competencies to measure performance, and 89% measure accomplishments against objectives or goals. Less than half use numerical scores to rate individual staff.

- Although the link between appraisals and pay is rarely a major reason for setting up an appraisal scheme, half the organisations surveyed use the results to help decide pay rises and almost a third (29.4%) to determine bonuses.
- Almost all employers offer training for appraisers, usually on a one-off basis, but managers in 13% of organisations receive regular training.
- Formal training is provided in six in 10 organisations and three-quarters say their appraisers are encouraged to use coaching techniques during the appraisal interview.
- Self-appraisal forms part of the process at nine out of 10 organisations (91.1%).
- Most organisations use appraisal results to assist with training and development plans; six in 10 (61.6%) use the information to help with succession planning, and a similar number to plan promotions. Most organisations evaluate their appraisal scheme and plan to make some changes in the near future.
- Although four in 10 (40.4%) employers said there had been no problems linked to their appraisal system, less than a third (30.1%) said there had been, and just over a quarter (27.4%) did not know.
- Disagreement between a manager and appraisee about negative feedback or the way a review had been handled was by far the most common problem.

IRS Employment Review managing editor, Mark Crail, said: 'Appraisals are central to company productivity. When managers have a good system to work with and implement it effectively, they can help improve both individual and organisational performance. But all too often things go wrong, so it is essential to keep any appraisal scheme under review. Our research shows that HR departments are well aware of this, with almost half those we spoke to planning to introduce changes in the near future.'

Putting it into practice

The employee needs to feel that this is *their* time rather than the organisation's. So whether you allow a couple of hours twice a year or have to do the appraisal at the weekend, make sure there are no interruptions.

The appraiser leads the process by asking questions and *listening* to the answers, while keeping notes. The tone should be constructive rather than critical. The employee should do most of the talking.

Areas of review

The first part of the appraisal looks at the person's strengths, weaknesses and ambitions. Where do they see they fit in to the business? How do they want to grow? Questions for an employee to consider could include:

- What do you feel are your main achievements since the last appraisal/you started?
- What strengths do you think you have shown in these?

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- What things do you feel you have not achieved satisfactorily?
- What constraints, obstacles and difficulties have you encountered in your job?
- What do you feel are your main weaknesses in work? How do you think you can best address these?
- What suggestions do you have for improving the way in which your job is done?
- How would you like to develop your strengths and abilities?
- What guidance or help would you like?
- What targets/standards do you plan for the next six months?

Standardise the approach

It may be better to create a standard appraisal form with these questions. This has several benefits:

- It gives appraisees the chance to consider the questions in advance so there is more honesty and more time to discuss solutions;
- It ensures the appraisee get their viewpoint across, which is not always easy with some managers;
- It ensures a consistent approach rather than each manager doing their own thing, often in an unstructured and unhelpful way;
- It highlights the formality of the appraisal process and how seriously you take it.

Improving performance

The second part of the appraisal looks at how the job might be done better. Key areas for review could include:

1. Activities

It helps to review activities in turn, looking at administrative activities first, then sales and so on. The emphasis should be on priorities. Pareto's Law, the 80/20 rule, applies here and some activities are more important than others.

2. Task allocation

The reason why one person handles a task is often historic. Work allocation should play to people's strengths. So consider reallocating tasks to accommodate these.

3. Time

Time management is essential in any organisation. Reducing the time taken to carry out routine tasks may bring significant overall improvements.

This may mean rescheduling their day. Thus if they make sales calls in the afternoon and find it hard to get through to decision-makers, they might double their effectiveness if they called first thing in the morning when decision-makers were at their desks.

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4. Communication

Do they communicate effectively with their peers, seniors and subordinates? For instance, are there frequent misunderstandings? How could they reduce these?

5. Skills improvement

They may be a terrific designer, say, but it doesn't follow that they can *sell* their skills. Learning new techniques keeps people on their toes, their interest high and your business at the top.

Identify the things they find difficult and plan how they will improve them. Perhaps they just need to read a book on it. Alternatively you could sub-contract or reallocate the process altogether.

The output

Finally, what do you get out of an appraisal? Initially, some ideas and intentions that should then be written down. Then you'll need an action plan for the ones you intend to progress. This simply states who will do what and by when.

That vision and commitment to action will increase the likelihood of improvement happening.

An appraisal is the opportunity for an employee to let off steam and talk about themselves, their problems and their hopes. It is not a moment for managers to roast them or just talk about the business.

Further reading:

How to motivate people by Patrick Forsyth. Pub: Kogan Page. ISBN 0-7494 3255-1.

Conducting staff appraisals by Nigel Hunt. Pub: How to Books. ISBN 1-8452 8009-1.

See below for a sample appraisal form

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Appraisal form

Employee name:

Appraiser:

Meeting date:

Key objectives of the meeting	
Review last targets. What do you feel are your main achievements since the last appraisal/since you started?	
What strengths do you think you have shown in these?	
What things do you feel you have not achieved satisfactorily?	
What constraints, obstacles and difficulties have you encountered in your job?	
What do you feel are your main weaknesses in work? How do you think you can best address these?	
Review work activities. What suggestions do you have for improving the way your job is done? Look at task allocation	
Assess overall time management	
Assess communication issues, with peers, managers and subordinates	
Skills improvement. How would you like to develop your strengths and abilities?	
What guidance or help would you like?	
What targets/standards do you plan for the next six months?	
Other issues you would like to discuss	
Date for next meeting	

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