

How To Make the Most of Performance Evaluations

By John W. Myrna

Many companies have figured out how to drastically reduce the amount of time and stress involved in performance evaluations. The result is less hassled managers and happier employees.

How did these companies manage to do this? What skills did they teach to their managers to turn the performance evaluation process into a win/win situation? Why was changing the performance evaluation system such an important mission for these companies?

Given my 18 years of experience facilitating strategic planning meetings and workforce reviews, I can report that administering performance reviews is one of the most commonly despised aspects of a manager's job. They complain that "the forms are unclear," or "the time consumed is excessive." Even in companies with reasonable processes, managers rarely follow the prescribed system.

When one considers how valuable a performance assessment is to every single employee in an organization—employees who count on their manager's reviews to accurately measure their performance, recommend salary increases, and

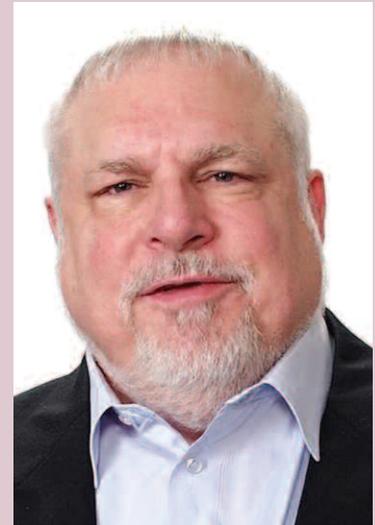
identify potential advancement opportunities—it's no wonder employee morale and productivity are diminished wherever managers treat performance reviews as a "bother" and not a management tool.

There is a better approach but it requires three process changes:

1. Change the individuals accountable for performance reviews.

The key is to change the person in charge. That's what winning companies are doing; they are making all employees, from the VPs on down, responsible for one and only one review—their own. When each employee is responsible for his or her own review, you can be certain evaluations will be completed on time and managers will be less stressed by the process. In addition, every organization wants to make its employees more accountable. This is one way to make that happen.

To support this shift, the training department must design and hold training sessions to teach all employees, not just the managers, the various aspects of the company's performance review system—including how to fairly and accurately record one's own



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performance as well as areas of needed improvement.

2. Change the information that is documented in job descriptions.

Too many job descriptions are focused on activities rather than results. Consequently, performance reviews of incumbents measure activities rather than results. Motion is not the same as progress. So job descriptions need to be changed.

The goal is to have each employee identify the three to five results he or she is expected to deliver—not activities they perform, but results they achieve.

The training department in most companies is well equipped to lead this kind of exercise. Or, outside resources can be hired to accomplish this activity.

During the training, ask your company's employees to answer the following questions and complete the process:

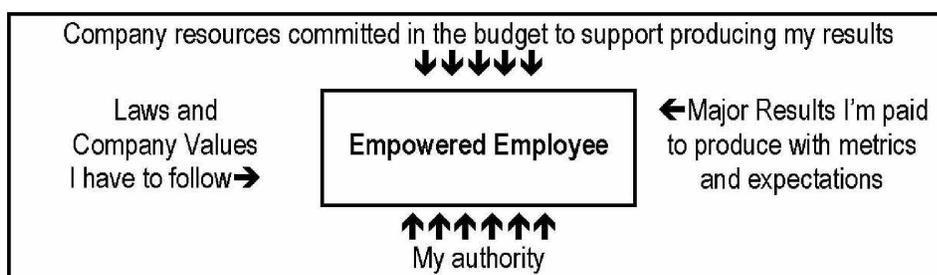
1. What is the most important result you're paid to produce. (For example, a sales rep is paid to produce sales today and to fill the pipeline for sales tomorrow.)
2. How is success measured for that result? (For example, a sales rep is measured by meeting the monthly sales quota, plus adding new customers, plus increasing the average sales per customer.)
3. What are the specific expectations for each metric? (For example, a sales rep is responsible for \$200,000 in sales per month, or two major new customers per quarter or an increase of 20 percent in the average sales per existing customer.)

Then have them answer these questions for the second, third, fourth, and fifth most important results.

Once the job description is filled in with these criteria, and these criteria only, employees will know how they can win and will be more empowered.

The next important step in every job description is to define the other three boundaries within which all employees in your company must operate: The budget, the levels of authority they have to take action, and the laws and company values they must abide by.

Here is a schematic of how this job description works.



3. Change the perception of the responsibility/authority dynamics.

The challenge is that people think about their jobs as monoliths; instead every position is a blend of responsibilities, some that require a high level of authority while other areas do not.

There are five levels of authority:

- **Wait.** The employee is not expected to even recognize that action needs to be taken. This is the most basic level of management – pure supervision.
- **Ask.** The employee is expected to recognize that some sort of action should be taken but not to know what that action should be – so they ask.
- **Propose.** Not only is the employee expected to recognize that some action is required, he or she is expected to offer a suggestion as to the kind of action that should be taken.

- **Inform.** The employee is expected to recognize that action is required, to decide on an appropriate action, to take it and then to inform his or her superiors about the decision and action. For the managers of these individuals, there is still value in reviewing each decision to fine-tune his or her judgment. While the action taken usually works, it may not be the very best choice. This evaluation, after the action, will help them improve future decisions.

- **Act.** The employee is expected to recognize that action is required, to decide on the best action, and to execute it well with a high level of autonomy. This is the ultimate level of trust bestowed on an individual by his management: "Just use your best judgment."

Creating an Authority Table for each job completes the empowerment frame and provides a basis for the performance review.

By helping change these three aspects to the performance review system, and training everyone in the organization to be accountable and responsible for his or her own reviews, you can help your management create a dynamic and empowered workforce for today and unleash their potential leaders for tomorrow.

From where does authority derive? It is earned by the employee's demonstrated competence. To be promoted or hired for a position, the employee must have the competence

to exercise a high level of authority for his or her major responsibilities—usually a minimum of “inform,” with “act” being ideal. Other responsibilities can be met at a lower level, usually “ask,” with the ideal being “propose.” Most organizations can’t function with someone in a job where they must always be told what to do.

Putting it all together, employees then schedule their reviews with their managers. They evaluate their own performance against the results they agreed to. They identify increases in authority they earned through demonstrated competence. They identify what position they are targeting for their next promotion. They e-mail the forms to their managers, who then add their insights and responses. The managers identify gaps between the employees’ promotion targets and their current competence. During the review each manager and employee identify the development plan that will enable the employee to qualify for his or her targeted promotion. The development could be formal training, participation on a taskforce, or self study.

Employees are happier when they are in control of their time and their lives. Managers are happier and more effective when they are coaches and focused on empowering their employee’s superior performance. This new approach to performance reviews accomplishes these goals.

The Authority Table

Levels of authority for each responsibility (each level of authority implies a level of competence)	1. Wait until told what to do	2. Ask for direction	3. Propose action	4. Inform after taking acting	5. Act and report routinely
Responsibility 1					✓
Responsibility 2				✓	
Responsibility 3			✓		
Responsibility 4		✓			
Responsibility 5	✓				

Required competence

✓ Identifies minimum competence



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