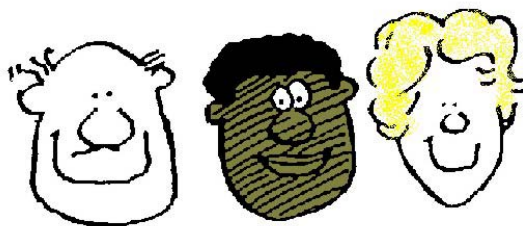

Performance Management & Appraisal Skills Hand Book



Mike Morrison

The Purpose of This Handbook

This handbook is designed to help to explain how a Performance Management Scheme could operate and what each person's role will be. It should be read in conjunction with the Performance Management & Appraisal Form (see appendix). It is not designed to replace formal appraisal training.

Any forward thinking business should require that all staff giving appraisals are given the appropriate training FIRST. This handbook could be received as a part of the training programme.

Performance Appraisal

Performance appraisal for all staff, reflects a belief that the effectiveness and efficiency of a business relies on the performance of its staff.

Most managers plan and assess business results as part of our normal management. This approach seeks to extend this systematic process to the way we manage ourselves, our people and their contribution to the Business Performance.

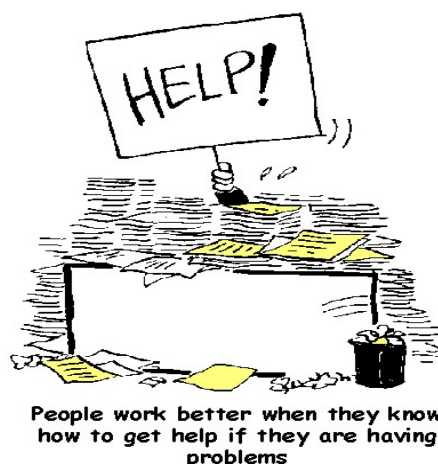
Appraisal provides a means by which a Manager and a Job Holder can consider the job away from the immediate pressures and demands of the working environment. Experience shows that benefits accrue to both Manager and Job Holder when an effective Performance Appraisal Scheme is implemented.

Increased (productive) communication **between** Manager and Job Holder often leads to a better mutual understanding of problems and opportunities. The identification of an individual development plan is helpful for both parties as well as the long term health of the business.

Performance Appraisal must not be seen as an isolated activity, but fully integrated with the operational needs of the business.

What Is Performance Appraisal For?

People work better when they know what is expected of them; how they are performing; and how to get help if they are having problems, the more frequent the discussion, the more effective the dialogue. This applies equally to long serving senior staff and recently appointed junior staff. Performance Appraisal should cover everyone.



Who Is Involved?

Only three people need to be involved in an individual's performance review.

The Individual (Job Holder)
The Individual's Immediate Manager (Reviewer)
The Reviewer's Manager (or Director)

In many SME's it will not be appropriate for 3 people to be involved. Interpret this guide as 'best practice' not mandatory.

Information on the Performance Appraisal Form (or as a part of the discussion) is normally confidential to the three people above but when necessary may be made available to the HR Manager.

The primary function of appraisal is to ensure that all staff know what is expected of them to meet the requirements of the business & its plans.

Best Approach

This handbook outlines a process which is undertaken quarterly. You may chose to adapt it to 3 or 2 times a year.

In the authors experience the more frequently the review the more relevant the discussion is to the individual and subsequently the more value added to the business.

Organisations who undertake annual appraisals find that in time they become disassociated with the running of the business. Objectives discussed one year are no longer relevant 12 months later. The more frequent the reviews the more the process becomes a part of the 'way that we manage here'.

After the first year or so, it has been shown that the average appraisal for a front line member of staff is 45-60 minutes. For quarterly the average review meeting is just 10-15 minutes.

To be really effective the appraisal process should be linked with the responsibilities of the individual and with the monitoring of progress against agreed objectives.

The appraisal part should also ensure that as manager you ensure that all the staff for which you are responsible are experienced & trained. The future of your business relies on having the right resources at the right time.

Caution

While making adaptations to this process, take care not to assume that all staff require the same level of 'support' A new member of the business may require quarterly (or even monthly) reviews – a worker who has been in the business for some time (doing the same role) will not need a 'full review'.

All staff however should have their skills & aspirations reviewed at least once per annum.

How Does It Work?

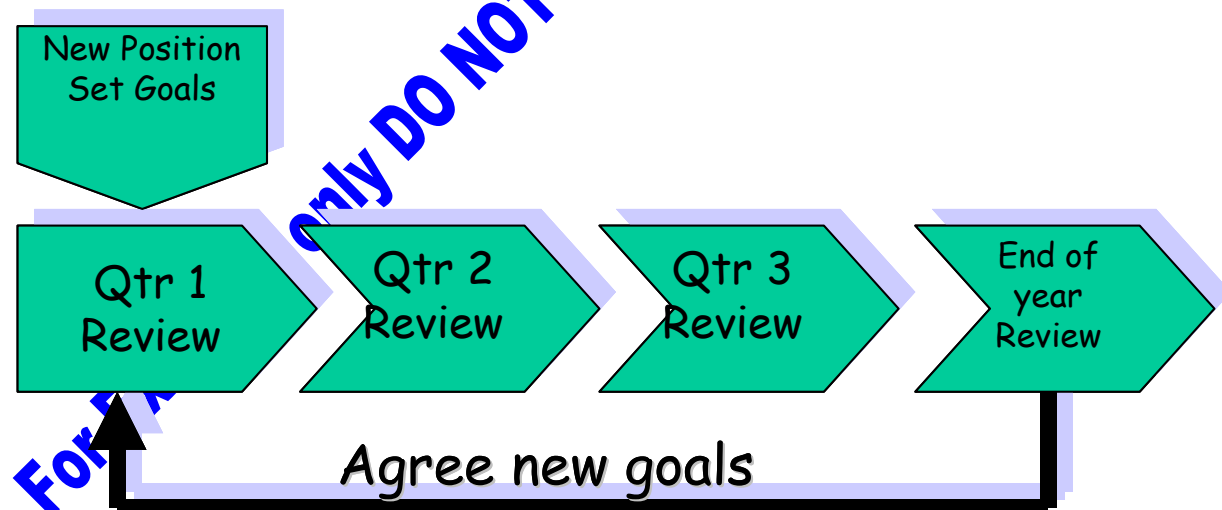
Our Performance Appraisal process consists of an annual meeting (with quarterly reviews), where plans and outcomes are reviewed. It is not only a friendly discussion but seeks to:

1. Review the individual's job performance over the previous period. Encourage two way exchange of views and information about the job in order to come to a decision on specific and overall performance.
2. Consider and agree what the Job Holder should be doing by agreeing future Job Objectives and Performance Standards on a joint basis.
3. Consider jointly whether any action is needed (for example training or coaching) to improve job performance and increase job satisfaction and record this.

A written record is kept of what has been agreed on the Performance Appraisal Form. The Immediate Manager holds the Form, but the Job Holder may retain a copy.

As you will see, the Form concentrates on the Job Holder's performance in the current job and the skills required.

This is what may happen:-



What Do I Do?

This will depend on whether you are the Job Holder, Immediate Manager or Senior Manager and whether this is the first review in your current job.

Everyone is a Job Holder as far as his/her own job is concerned. Managers will be either Immediate Managers or Senior Managers according to their level in the organisation. Some could be all three.

The following sections in this handbook explain what each has to do.

As Job Holder, page 5

As Immediate Manager, page 6

As Senior Manager, page 7



Some people will be a Job Holder, Reviewer and a Job Holder!

As Job Holder

The Immediate Manager will give you adequate notice of the date, time and place of the meeting. Beforehand, you should remind yourself of the agreed Job Objectives and Performance Standards that refer to the past period and consider how well you have performed.

Have your Main Responsibilities changed?
Did you meet the agreed objectives?
What did you do particularly well?
Did you have any particular difficulties?
What were they and what could have been done to help you overcome them?

Make a note of these in the appropriate part of the form BEFORE the meeting.

You can also think about how you see the job developing and what training and development you think would help your performance. (See the



You should read through the completed form and ensure that is a true reflection of what was discussed

alternative means of meeting training and development needs, on appendix 4a). The Job Holder and Immediate Manager should consider whether the actions agreed were carried out and investigate if it was not.

During the meeting the Immediate Manager will want to discuss your performance since your last review. The Immediate Manager will seek your views as well as giving his or her own. Comments on your performance against the previous Job Objectives will be entered on the Form.

A further part of the discussion concerns what training and development you need in order to fulfil your agreed objectives for the next period. Identified needs are put on the current Form together with the name of the person responsible for implementing the necessary action.

If you do not agree with the Immediate Manager's comments you should record this on the form,

giving your reasons for the disagreement, before signing it and returning to the Immediate Manager. She/he may then arrange to meet again to resolve the problem.

The Immediate Manager and you will then go on jointly to consider what you will be doing during the next review period, and what standards can be used to assess how you are getting on. Implicit in this process is the principle of 'continuing improvement'.

Most jobs will contain between 4 and 6 main responsibility areas, that is areas for which you are held accountable and, in turn, each could contain 1 or 2 objectives. It is necessary to agree what your priorities will be over the next review period. You will also agree on how your performance in these areas will be assessed in terms of quality, quantity, costs and time.

The agreed working of your Main Responsibilities, Objectives and Performance Standards will be entered upon the form. You should read the Form through and make sure that you agree that it is a true record of what has been discussed. You may add any comments that you wish before signing and returning the original to your Immediate Manager, who may then discuss them with his/her own Manager and who may comment if s/he wishes.

In addition, you (the Job Holder) should keep your immediate manager.

Understand his/her objectives. Seek regular reviews on progress. Discuss your skills and areas for improvement with your Manager.

Work on your own review to make it productive: do not expecting your Manager to do all the work!

The Immediate Manager (Reviewer)

You must review the current form for the past period with the Job Holder. A copy of the new form (if it is the 4th quarter) should be given to the Job Holder. In addition a copy of last year's form needs to be available to review any actions.

You should give the Job Holder adequate notice of the date, time and place of the meeting (minimum of 5 working days). Beforehand, consider carefully how the Job Holder has performed over the period (or year if 4th quarter) in relation to the agreed Main Responsibilities, Objectives and Performance Standards. The result for each objective for the past period should be noted and agreed with the Job Holder. If there are any areas you wish to discuss, make sure you have specific examples to illustrate what you mean.

During the discussion, encourage the Job Holder to speak freely about how s/he has performed. Any particular success should be discussed first. Difficulties encountered should be fully explored. Try to get him/her to identify the cause of any problems, and to suggest how they could have been overcome. The Performance Appraisal Scheme requires a joint problem solving approach, and you should resist the temptation to simply tell the Job Holder where s/he went wrong.

There will of course be areas that you wish to raise with the Job Holder and you should allow sufficient time for a full discussion before attempting to summarise the comment on overall performance. (Allow more time for the 4th quarter review) The overall Performance Appraisal should mention any extraordinary factors that could have affected the Job Holder's performance such as changed objectives, prolonged illness or the introduction of new equipment or methods, which may either have enabled the Job Holder to perform particularly well, or created unforeseen problems. Again, agree what is to be noted, and enter it.

You need them to consider the Action Plan of the previous period and if it was not fully implemented, investigate shortcomings. For this reason you need to keep a copy of past forms.

Having reached agreement on how the Job Holder has performed in the past, you should now jointly consider future objectives.

Each job will probably contain between 4 and 6 Main Responsibilities each containing 1 to 2 Job Objectives, that is significant areas of work for which the Job Holder is responsible. These have to

be agreed and defined so as to leave no room for misinterpretation.

Any goals (or objectives) set should be derived from your departmental goals. Make this link with the Job Holder so they are clear about their role in the business.

Having identified what the Job Holder's priorities will be, you have to reach agreement on the standards against which their performance can be assessed, in terms of quality, quantity, time and costs. These too must be clearly stated and unambiguous.

When future Objectives and Performance Standards are agreed and have been noted in the form, you should consider what training and development the Job Holder may need to enable him/her to meet these challenges.

Identified needs should be noted in the Form. The training and development plan required to meet the Job Holder's needs should be entered. Add the target date for completion and the name of the person responsible for ensuring that action takes place. As Immediate Manager, it will normally be your responsibility to see that any identified needs are met. If it is not possible to fulfil these needs for any reason you should let the Job Holder know (and why). The non availability of a course is not acceptable!



It may be that there is a specific course that exactly meets your requirements. There are however other ways to meet training needs and these should also be considered (see appendix).

Once the current form for the past period has been completed it should be given to the Senior Manager for comment, if necessary, and signature. The current form for the past year should then be put into the appropriate Personnel File.

To summarise as the Immediate Manager you should:

Communicate business plans and departmental priorities;
Agree clear objectives and performance standards;
Review progress regularly;
Support the Job Holder with advise and coaching;
Ensure that your Job Holder's are meeting their accountabilities;
Make recommendations for rewarding the achievement in appropriate ways.

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As Senior Manager

After the 4th quarter review discussion you may want to see the completed current form and part-completed new form.

You should satisfy yourself that the Job Holder has received fair treatment and that the Objectives set are realistic and achievable. You should also ensure that any training and development needs mentioned have been properly defined and are relevant to performance in the present job. If, for example, communication skills, have been identified as a need, it must be clear whether this means letter writing or verbal skills.

If you are satisfied on all these points you then sign the current form and comment if you wish.

If communications skills has been identified as a need, is it clear what it means?



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There may be occasions when it will not be appropriate for the immediate manager to be the Reviewer (for example, where the Manager is newly appointed and a more Senior Manager wishes to assume the role). In these cases you will decide who is the most appropriate person to carry out the review.

Should the Reviewer and Job Holder fail to reach agreement during their meeting the matter will be referred to you.



Should the reviewer and job holder fail to reach agreement during their meeting, the matter will be referred to you.

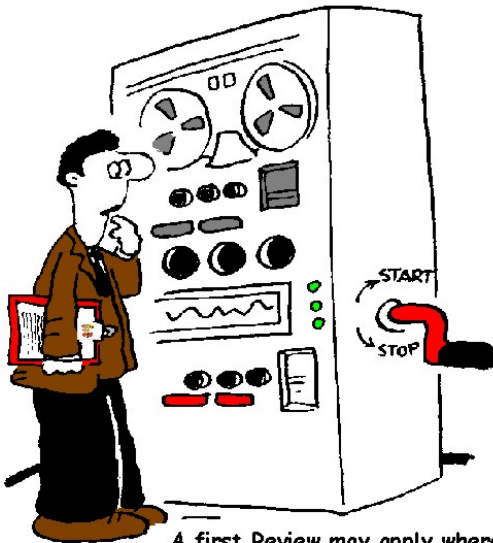
The First Review

A new Job Holder must have a first review within 3 months of starting. A first review may also apply at other times, for example:

Where the Job Holder has transferred into a different field of work;

or

Where the Job Holder's duties have dramatically changed (for example promotion or using new technology).



A first Review may apply where the Job Holders responsibilities have changed significantly.

The purpose of the first review is to review induction goals and set the standard for the work performance and Appraisal process. It is essential that the Job Holder and Immediate Manager are in agreement as to the Main Responsibilities and Objectives for which the Job Holder is responsible and what performance is expected. When a first review is to take place, both the Job Holder and Immediate Manager should each bring to the meeting a Job Description (or list of objectives). Along with notes of what both parties perceive the Job Holder's current Main Responsibilities and Job objectives to be and comment on his/her performance in each of these areas.

The Review Meetings

The essence of the Performance Appraisal is contained in the regular discussion between a Manager and Job Holder. It is not just a friendly discussion but is also a sharing of information and views so that problems and opportunities can be explored and future action agreed. The aim of the Quarterly Review meetings is to ensure successful progress towards meeting Goals and objectives. They also provide opportunities to review Training and Development needs.

Successful meetings rely not only on the willingness of both parties to discuss matters freely, but also on the Immediate Manager's skill in arranging and leading such a discussion.

The following points, although relevant to both parties are particularly important for the Immediate Manager.

Preparation

1. Aim to give 5 working days notice of the meeting, which will give both parties time to think and prepare for what they wish to say. Try to use a room in which you can talk freely in private, preferably with comfortable seating.



Try to use a room in which you can talk freely in private, preferably with an appropriate level of comfort

2. It is important that you avoid interruptions during the meeting. Arrange for telephone calls to be diverted (if possible) and if necessary put a "do not disturb" notice on the door.



3. Try to avoid formal interviews across a table or desk (especially your own) - aim for a position that encourages open discussion.

4. Read the current form and complete it in draft, familiarise yourself with the contents and decide which areas you wish to discuss. Identify areas for praise where things went particularly well. If you feel there are weaknesses have specific examples in mind and positive suggestions for improvement.

5. Identify the areas for the forthcoming quarter and year you wish to cover in the discussion.

6. Prepare the new form for the forthcoming year (when appropriate), jointly with the Job Holder.

Introduction

Be ready for the Job Holder when s/he arrives and try to remove tension or anxiety (especially at the first meeting) by an informal approach.



The overall performance assessment should mention any extraordinary factors that could have affected the Job Holders Performance.

Explain the reasons behind the scheme and clarify any doubts or questions the Job Holder may have.

Rapport Skills

These are ways of establishing a feeling of confidence on the part of the Job Holder. The Immediate Manager should try to establish a "rapport" or understanding with the Job Holder. Without this rapport, open discussion of problem areas will be difficult to achieve.



Non-verbal signals - can convey disinterest or discouragement

Some of the skills for developing rapport are:

Active Listening

Hearing what is said and reacting to it. You should aim to listen for much of the early stages of the meeting.

Maintaining Eye Contact

We look at people to show we are interested in what they are saying, and wish to hear them. We look at people more when we are listening and when we are talking to them.

Use of Non Verbal Signals

Facial expressions, pitch, stress and timing of speech; hand movements; body posture and stance; looking up or down. These convey attitude, interest or encouragement. They can also convey disinterest and discouragement, e.g. yawning, looking at watch.

Positive Re-enforcement

"Head nods" and positive comments indicate understanding, support and agreement.

Reflecting Feelings

Picking up ideas, thoughts and emotions and reflecting back to the speaker helps to clarify, summarise and reinforce what has been said. This sometimes reveals misunderstandings which can then be corrected, and it shows you have been listening and have understood "So what you mean is..."

Note Taking

Both parties should feel free to take notes and this should be stated at the beginning of the discussion. Taking notes shows interest in what is being said and avoids having to rely on memory.

During The Meeting

It is important that both parties feel that they are getting somewhere and achieving something during the meeting. Various techniques can be used for structuring the discussion and ensuring that the topics are fully covered.

These include the use of:

Open Questions

These encourage full and open comment for example "How do you feel the job is going?" or "What do you think about...?"

Probing Questions

These help with thorough exploration of important topics by asking for further information. For example, "Why do you think that happened?" or "What do you think caused that?". These also encourage the Job Holder to examine his/her views positively, which can lead to a fuller mutual understanding.

Summarising

Occasional summaries or recaps on progress will help to ensure that both parties cover the points that they wish to, and understand what has so far been agreed. It also helps to keep the discussion relevant and to the point.

Some types of questions actively discourage the free and open exchange of views and information and are to be avoided.

These include:

Closed Questions

These only permit the answer "yes" or "no". For example, "Are you enjoying the job?". If you use the closed question, you will probably have to use a "probing" question to get the information that you want.



Avoid closed questions!

Leading Questions

These suggest the answer that you want to hear and you do not get a true answer. This can lead to serious misunderstanding. For example, "We don't

need to discuss that again, do we?" or "I am sure you agree that we should do it my way?".

Multiple Question

These confuse the recipient and complicate issues that are probably best kept separate. For example, how would you start to answer this? "Do you think that we are making progress, if so where do you think we are succeeding, and if not what do you think we ought to be doing about it?"

Some Do's and Don'ts

Do

Keep all discussion to the Job Holder's performance in the current role
Maintain a calm attitude, even if there are difficulties
Keep to the point
Have specific examples to illustrate your points
Above all LISTEN! the Job Holder should be doing most of the talking during the meeting

Don't

Use the review meeting for discussing matters that should be dealt with under grievance or disciplinary procedures
Turn the discussion into a welfare counselling session
Make comments about assumed personality traits such as "initiative"
Assume you have all the facts or the answers.

Closing the Meeting

It is important that the meeting does not just fade out. When all the issues have been discussed the Immediate Manager should summarise the areas that have been covered and reiterate what has been agreed and will be put on the Report Form. S/he should make sure that the Job Holder understands what will happen to the form, and what will be done about training and development needs that have been identified.

The Immediate Manager should thank the Job Holder for his/her time and co-operation. It is important to part on friendly terms, particularly if the discussion has been especially demanding at times.

The discussion should end on a note that looks forward to the future and anticipate performance.

Appendix

I hope you have found this guide as useful as other managers I have shared this with. I would appreciate your comments and views. This guide is constantly under review.

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Email mmorrison@rapidbi.com
Web www.rapidbi.com

Appendix 1

Job Objectives

A Job Objective derived from a main responsibility and departmental goals and objectives, it is an end-result for which the Job Holder is responsible.

For example, interviewing job applicants may be a job objective for a Manager. It does not list the various tasks involved like screening applications, short-listing candidates or making placements after selections, but states what it is the Job Holder's to achieve.

In any effective Performance Appraisal System it is expected that a Job Holder will have between 4 and 6 Main Responsibilities each having one or two Job Objectives and agreement has to be reached between the Job Holder and Immediate Manager as to what these are. More than this and it is unlikely that the goals will be achieved.

Here are some more examples of Objectives:

- "To ensure that adequate stocks of.....are available at all times."
- "To ensure that records are efficiently maintained."
- "To ensure that departments receive adequate supplies and spares."

Remember to keep all of your objectives SMARTER:

Specific

Measurable

Achievable

Relevant

Time bound

Enabling

Rewarding

Appendix 2

Performance Standards

Performance Standards are those measures by which a Job Holder's success in achieving the Job Objectives can be assessed. They can be qualitative or quantitative measures expressed in terms of costs, time, and resources used. To use an example:

Objective

To maintain a forward monthly plan

Performance Standards

1.1 The plan must be accessible to all in the department

1.2 The plan should be updated at the close of business each day

You will see that there is a statement about time: "...at the close of business each day." and also quality: "The plan should be updated...."

But there is another factor, quantity, that can be used to express the standard for which a Job Holder should aim, For example:

Objective

"To ensure adequate stocks of spares are available at all times."

Performance Standards

"No more than 10 items of standard stock to fall below minimum figure."

Remember that Performance Standards must be achievable and realistic (SMARTER), and should represent the performance that Job Holder and Immediate Manager agree is desirable in that area of work.

Appendix 3

Overall Performance

The summary part of the form relates to the previous review year and gives an opportunity to comment on the Job Holder's total performance as opposed to performance in specific areas. This is the part which is often called appraisal in many organisations. It is more effective to comment on the overall performance in the context of performance than in isolation.

It may be that the Job Holder either exceeded or did not fulfil the Performance Standard and this is the time to explore the reasons for that.

For example, the Review of Past Performance may show:

Objective

Maintain an operational team of x personnel at any given time.

Results Against Performance Standards

1. 20% of vacancies were filled late
2. On xyz occasions the interviewees did not meet the minimum personnel specification

On the face of it the Job Holder may not have performed very well but there may be external factors to take account.

Has the Job Holder had to take on extra duties during the period, which would affect his/her output?

Were the sources of applicants or salary rates inadequate to provide interviewees at the minimum standards?

Have advertising agencies demanded a longer lead time for placement of advertisements?

Has the Job Holder been ill for long periods.

It may be that in this particular case the Job Holder had to cope with delegated management duties and a completely new computing system plus salary levels that are un-competitive. As a result, the levels s/he actually achieved are very good and are to be commended.

Appendix 4

Training and Development

In the Performance Appraisal the emphasis is on performance in the current job. Training and development needs should be related to the Job Objectives and Performance Standards. For example, if a Job Holder's Job Objective is:

"To introduce a computerised records system"

And the Performance Standards are:

"Reports to be generated within two days of request" and "files to be updated twice a week" then s/he would have a clear training and development need.

The more closely a need can be defined the better, so the form could show:

Training Need:

Instruction and experience in the use of the *Moveit* System

Action To Be Taken and By Whom:

- 1.1 A basic training course to be arranged within 3 months. The HR Manager to be notified (if an outside option is to be used).
- 1.2 Coaching by internal expert.

Note that:

The exact type of systems is named *Moveit*
The basic course is required within three months and the HR Manager is to be contacted.
and also:

Coaching by an internal expert is to follow the course.

plus:

Everybody knows what is to be done, when it is to be done and who is going to do it.

Appendix 4(a)

Alternative Means Of Meeting Training And Development Needs

There are many ways to fulfil training and development needs apart from attendance at courses. This list may give you some idea of the possibilities you can consider. The HR Manager can give you further information if you wish to know more.

On The Job Training

Learning from a more experienced worker.

Planned Work Experience

To enable staff to learn a variety of jobs and therefore be able to carry out a wider range of duties.

Attachments/Secondments

To learn the way other departments and businesses work, to broaden the experience by working in different environments.

Guided Study

To develop an area of knowledge

Tutorial/Counselling/Coaching

By his/her Manager

Record Keeping

It is vital that a record is kept of all training undertaken. Maintaining effective records of both on and off the job training can make your job as a manager easier when you have an employee who is either under or over performing.
e.g. for an over performing employee when justifying increases in remuneration to senior managers
and Under performers should discipline & grievance procedures be required.

All training activity should be traceable to an identified need. This may be through job descriptions (for safety and other mandatory training) or reviews for other training.

Ultimately there should be the following records:

- 1) A copy of the Training Link form
- 2) A note made in the training/ personnel record

Appendix 5

Sample forms for consideration.

Both of the following forms are designed to be double sided. One for the performance appraisal review the other for monitoring training.

Tip – the form can be printed A4 or A3 dependant upon the amount of notes required for a given individual or group.

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Job
Holder

Line Manager
(Reviewer)

	QTR	Current Performance	Required Performance	Relevance of Activity (Why do something different)	Personal Development Required	Responsibility	Initials: Manager & Job Holder
	1	Describe your current performance in relation to your Goals and Objectives.	Describe what you need to be able to do that is different from now and to what standard.	Describe how this is related to your departments' goals and objectives.	Describe how this change is going to be achieved. Training, coaching etc.	Who does what and by when?	
		
	2	
		
	3	
		

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Quarter 4, Summary of Appraisal/ Any other comments

Briefly summarise the performance this year and add any other comments, which are relevant (at year end).

Employee Comments

The employee is encouraged to note comments or suggestions he/she may have concerning the appraisal or review process. (Comments may be entered here at any time.)

Sign Off at year end

Signed	Manager/ Supervisor	Date
Signed	Job Holder	Date
Signed	Head of Division/ Dir	Date

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Performance Appraisal

Private & Confidential

Name	
Position & Title	
Reports to	
Job Commencement Date	
How Long in Job	
Date of Last annual Review	

Key parts of the job and main objectives for the year ahead:

Review Dates

	Qtr. 1	Qtr. 2	Qtr. 3	Next annual review
Planned				
Actual				

How Well Did It Go?

3 month review

Results
1
2
3
4

What Happens Now?

Further development - Managers' continued support, encouragement and coaching will be invaluable in motivating all staff to continue this development process.

Future development activities/ requirements

Manager/ Foreman	_____	Date	_____
Individual	_____	Date	_____
Entry made in personal portfolio/log	_____	Total CPD/ Hours	_____

Yes/No

Copy this form and file in your portfolio

Training & Development Link

Action and Development

Programme for: (name)

Explanatory Note

This form offers you the opportunity to ensure that maximum benefit is obtained from all Training and Development activity undertaken. It also provides evidence for NVQ's, and other CPD schemes. This sequence of activities represents a small but vital investment of your time. Use this in conjunction with the Performance Management & review process.

This approach should be used for all development activities over 3 Hours duration.

Outline of Development Activity - i.e. course, secondment etc.

--

Pre-training discussion to clarify expectations for attendance/completion, for example:

Improvement in performance	Change of roles/ responsibilities
Preparation for promotion	Change in skill, knowledge or behaviour

and any additional views and expectations of the participant.

SMARTER Objectives - Complete this section PRIOR to the training

3 or 4 specific areas for attention during the activity.

1
2
3
4

Agreed: _____ and _____ Date _____
 Manager Individual

