

A contemporary look at performance evaluation: The annual review is dead, long live the career dialogue

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Abstract

One of my favorite mentors would frequently tell me to look through the windshield, not in the rear-view mirror. He liked to focus his team on what was in front of us and where we were heading, rather than spending time rehashing where we had already been. I think that is a great metaphor for the career dialogue that tends to look at employee performance with an eye on the future, rather than an anchor to the past.

Around 2015, cutting-edge businesses began ditching their annual performance reviews in favor of continuous performance dialogues. Within just a few short years, almost every Fortune 500 company adopted this new approach to performance management.

How did this new trend take over so quickly? The easy answer is that everyone hated the old process! Managers invested a lot of time in a process that yielded very little positive return. Employees felt undervalued and demotivated. Thus, a process that was supposed to improve employee performance, productivity and engagement was having exactly the opposite impact on your practice team. Learn how transitioning to an easier, more enjoyable process can yield more positive results for everyone and tips for implementing it in your practice.

Key words: practice management, performance management, employee engagement, productivity, retention, dialogue, goals

A Brief History

The average full-time employee gives the practice about 2,000 hours of their time each year. So, it seems reasonable that managers/leaders could give them some of their time in return to let them know how they are doing by providing them with some performance feedback. At a minimum, performance feedback should include the following:

- Performance strengths
- Performance weaknesses
- Behaviors to be addressed
- Progress toward specific goals.
- The employee's overall contribution to the practice
- Attendance and punctuality
- Career development
- Training needs
- Promotional opportunities

- Pay increases
- Employee concerns

As a manager/leader, just looking at the above list of bullet points is probably overwhelming. Knowing that you need to do the subjective and objective research for each of those items, and prepare a document that addresses each of those items and deliver it to each member of your team, is daunting. Thus, many managers procrastinate which results in the process falling behind schedule which only acts to increase the anxiety level of everyone involved.

Employees need, want, and deserve to know how they are doing at work. However, this information must be timely, transparent and helpful so the employee clearly understands what is expected of them for them to be successful. However, it is perhaps even more important that the employee leaves the meeting knowing they have been heard by management, and that their questions have been answered and their concerns addressed.

Closer examination of the bullets above reveals that two-thirds of the items listed are "management concerns" while only one-third are "employee concerns." Thus, the traditional performance review process was out of balance and was often a win-lose dynamic instead of a win-win.

Therefore, most businesses have dumped their annual performance review and adopted a quarterly or monthly protocol. The problems with an annual process are many. First, historical reviews place a huge burden on the practice leadership. Assembling quality reviews is a lot of work, and the employees themselves have very little responsibility or input in the process. This problem is compounded by the fact that this heavy burden often results in the practice leadership being overwhelmed and thus, behind schedule. Delivering reviews late is a real blow to employee morale, employee engagement, and employee retention.

From a legal perspective, historical reviews are obligated to include prior incidents of poor performance as a basis for scores received and decisions made as well as to document them for future reference. All too often employers have gotten into trouble because they omitted important information from reviews. For example, if a receptionist was rude to a client and a client made a complaint to the practice owner, it needed to be documented in the review. Otherwise, if the receptionist is rude to another client and the practice owner terminates them for poor customer service, the receptionist could refer back to their review and state that there is no mention of prior poor customer service.

Dragging up all this old baggage such as a customer service incident from 6 months ago really demotivates employees and rapidly causes constructive dialogue and goal setting to cease. The only thought going through the employee's mind is – why are we rehashing this again, can't we get past this? Reality is that episodes of poor performance or poor judgment should be addressed immediately as teachable moments, and once coaching or discipline has been completed and the correct expectation set, both parties should move forward and put it behind them and look forward through the windshield and not look back in the rear-view mirror. While Millennials are often credited for driving these changes, we find that they have yielded positive results for members of all generations.

So now we know that managers/leaders hated preparing and delivering historical reviews because: 1) they were tremendously time consuming as the burden for gathering, analyzing, and presenting information fell almost completely on the manager, 2) most managers were never adequately trained on how to prepare and deliver reviews, so the process created anxiety, which led to procrastination which led to confrontation, 3) legal considerations required employers to document every employment concern they had during the previous year which was tedious and time consuming, 4) delivering the review often became confrontational, and 5) managers rarely saw improved performance after the process was completed, so they received very little return on their investment.

Employees have not been a fan of historical reviews either. Reviews have been a top-down process designed to give managers an opportunity to tell employees how they feel about them with only minimal opportunity for employees to raise the concerns and have their issues addressed. While some employees are given the opportunity to submit a self-evaluation to management in advance, many employees arrive at their annual review and are only asked “Do you have any questions?” at the end of the meeting.

Reality is that after 2 to 3 years in the same role, historical reviews tend to look exactly the same year after year. For example, my office is always a mess. Chances are that is never going to change, so why tell me that year after year, is it really helping my engagement and performance?

A New Approach

By studying the different generations within our workforce, we know that younger employees crave more frequent feedback. We also know that older workers are typically pleased with more frequent feedback as well, so there is no downside to increasing the frequency of communication with your team. This transition only seems logical. If an employee was doing poorly, why would you want to wait to the end of the year to tell them and if they were doing well, why would you want to wait to the end of the year to reinforce that desired behavior?

As our understanding of what drives employee engagement grows, we have learned that employees go through short periods of change we now recognize as micro-engagement. Experienced managers know that if an employee buys a new home, or falls in love, their engagement typically increases. If they lose their home, get a divorce, or have a significant problem with a parent or child, their engagement goes down. If you meet with employees monthly or quarterly, managers are much more likely to be tuned in to these periods of micro-engagement and would be better prepared to respond accordingly. Currently, almost every employee is experiencing some form of micro-engagement impact from the COVID-19 pandemic. A dialogue with these employees can provide the employer with useful insights in how to minimize any negative impact within the practice.

These more frequent dialogues throughout the year may also be referred to as “check-ins.” These dialogues are brief and most of the content comes from the employee, so the burden on managers is minimal. Employees have an opportunity to make their manager aware of their accomplishments, and provide updates on their goal progress as well as what they are thinking of in the future. In HR speak, we refer to these as “did wells” and “next times.”

The final component in the process is an annual career development dialogue. Employees present a wish list of what skills they want to learn and what opportunities they seek as part of their personal development. Management listens with a keen ear to determine which of these are in harmony with the strategic needs of the practice. We know Millennials (the largest component of the workforce today) are hungry to learn new skills. In many cases, a resourceful manager can make a reverse mentoring connection that will achieve everyone's strategic needs. For example, a practice recently connected a Baby Boomer that wanted to learn more about how to use a Google Drive and apps on their smart phone with a Millennial that wanted to learn more about employee scheduling and managing a practice budget. Thus, 2 employees are happy, they are learning, they are becoming more highly bonded and productive members of the team, with little work on the part of management. This type of scenario creates a win-win for everyone involved!

Making the Leap

Here are 8 tips to help guide you through the transition to quarterly performance dialogues. As in most things, planning and preparation are the keys behind successful execution.

1. Know the elements of an effective performance review.

The most effective performance feedback routine combines quarterly performance conversations with a year-end review of general themes, notes, progress, and next steps. This allows managers and employees to stay on the same page about goals, progress, and performance. It also helps:

- Employees understand exactly where they stand and what to do to improve

- Managers provide real-time coaching and help overcome obstacles
- Practices benefit from continuous individual performance improvement
- Practices to benefit from timely feedback from the team

Many practices are initially afraid to transition to a quarterly performance review cadence because it feels like a 4-fold increase in time commitment. But if you transition to having frequent conversations, they don't need to be long to be effective. You also need to remember that the preparation is substantially less and equally shared with the employee. This change is not asking you to do 4 times the work each year. It is asking you to do less work and to spread that work out into 4 smaller events instead of 1 large one. Since the goal is meaningful 2-way conversations, managers and employees should equally contribute to the conversation, and employees should be just as invested in the preparation as managers.

Since employees only have the power to change what happens in the future, this is where the bulk of your performance conversations should focus. It's good to reflect on the past, but managers and employees should also spend most of their time looking forward. Performance reviews can be anxiety-inducing—and one of the best ways to reduce anxiety is to bring employees into the process early and involve them in the preparation and planning. Managers should work with each employee to create a clear, shared, and collaborative agenda with main points of discussion. Both parties should know exactly what to expect. This added transparency reduces the potential for uncomfortable surprises!

2. Understand why the performance dialogue process is important. Discussing performance issues can be very stressful. It's tough for managers to give feedback and even harder for employees to receive it. How an individual practice handles these conversations plays a huge role in an employee's engagement and overall experience.

Performance conversations are perfect opportunities to make or break trust. An open and honest dialogue helps to build trust among employees and managers, and the practice at large. Employees want to know, and deserve to know, exactly where they stand in terms of their performance.

Performance conversations help managers evaluate where the team is strong, where the team needs help or development, how to adjust an individual's goals in order to impact larger team goals, or where the practice could benefit from strategic hiring to augment missing skill sets within the team.

Managers can also provide emotional support by not letting employees dwell on the negative and instead focusing on what employees are doing well and uncovering opportunities to course-correct. Each performance conversation is an opportunity to build trust by helping employees understand where they are, allowing them to share, and providing guidance on where they need to go. I refer to this as the Mary Poppins style of management which is "accentuate the positive and eliminate the negative."

3. Make time for your team and find the right meeting space. Finding time is difficult and getting in the right mental and emotional state can be even harder. Making performance reviews a priority means that employees will feel heard, managers will coach more effectively, and the practice will reap the results. Mark your calendar as far in advance as necessary. My calendar always lists 12 months of review meetings, so they do not get missed or forgotten. It is important to note that while monthly dialogues are better than quarterly dialogues, it takes a lot of experience to be able to pull them off well. I am a fan of mastering quarterly meetings before attempting monthly.

The environment you choose for your performance conversations has a big impact on the overall impact of the discussion. With your workspace in mind, think about what message you will be sending based on the location, time, noise, and comfort level of your meeting space. I have held some of my best review meetings in a booth at Dunkin Donuts (a neutral space with good coffee). The worst ones are in my office which creates an imbalance of power and an opportunity for frequent interruption.

4. Prepare notes and an agenda. When meeting for a performance dialogue, the manager still needs to be prepared with key talking points, illustrative examples and some ideas for steps (goals) going forward. Both parties should work together to prepare a shared agenda and key talking points.

Above all, managers and employees should have a shared understanding of what good performance looks like. When necessary, managers should provide clarity around each employee's role and how the practice perceives their contributions. By aligning expectations with established performance criteria, your employees won't feel misguided or alarmed when their review begins.

This will relieve some of the anxiety around the conversation and will give employees a chance to contribute their thoughts and prepare for the meeting. It also allows employees to adjust the agenda to fit their needs. When employees are encouraged to bring topics they want to discuss, managers can focus on actively listening rather than lecturing.

5. Ask the right performance review questions. Asking (and inviting) the right performance review questions is critical. The right questions help keep you focused on the topics that are important to your employees' and the practice's success. Use a performance review template that invites honest, genuine feedback and uncovers actionable ways to improve performance.

Here are a few good questions to ask in a performance review:

- What accomplishment(s) from the last quarter are you most proud of?
- What goals do you have for the next quarter?
- What development goals would you like to set for the next year?
- What obstacles are standing in your way?

- What have you learned this quarter?
- How can I improve as your manager?

Managers who approach performance conversations with an evaluation mindset may make employees feel like they're on trial. Ask the questions above to shift your mindset from judge to coach. Always encourage employees to ask questions of you. By coaching your employees and inviting them to contribute to the conversation, you can work together to help them achieve their goals.

6. Be an active listener. Another favorite mentor used to tell me you have 2 ears and 1 mouth, so use them in that ratio. Performance conversations should be 2-way, so make sure while you're facilitating a dialogue that you are actually listening as well. Listening to your employees helps you learn and understand rather than simply give someone equal talking time. Ask follow-up questions to help you dig deeper and paint a fuller picture.

Finally, participating in the conversation isn't always about sharing your point of view. After an employee shares their feedback, repeat back what you heard. This gives you the opportunity to check that you accurately understood what the other person said. If you're spending your listening time preparing your response, then you're not actually listening to the other person.

7. Establish and agree on next steps. Performance management does not end when the meeting is over. After the conversation concludes managers and employees should review notes, define next steps, and follow up with shared comments and feedback. Without these items, performance conversations feel unresolved. If you want your performance dialogue to actually improve performance, creating an action plan is vital. Some managers like to have the employee sign the notes at this time, others like to type them up and email them to the employee. Whatever your style is, you still want to maintain some record of the meeting.

8. Keep the conversation going. After the meeting ends, employees will need continued support to achieve the goals you've created together. Keeping the conversation going and maintaining an open-door policy will ensure your employees feel supported and set up for success.

Performance conversations should happen regularly. When your meeting concludes, put the next performance conversation on the calendar. Better yet, schedule a series of conversations throughout the year. Whether these meetings occur quarterly or monthly, setting a regular routine shows you are invested in your employees' continued growth and development.

Conclusion

Even if your practice hasn't made the switch to more frequent performance conversations, it can be helpful for managers to establish an open-door policy with employees so that they feel comfortable discussing their performance all year long. Combining this policy with quarterly dialogues and pulse checks throughout an employee's life cycle is a good way to move toward a continuous performance conversation model.

In general, always remember to focus on strengths more than weaknesses. Focusing on weakness sends the message 'What's wrong with you?' Focusing on strength gets people excited and motivated to grow. A focus on weakness really says that your strengths don't matter.

Don't forget to acknowledge those intangible behaviors that make a difference. A willingness to stay late when needed, or to pick up an extra shift to cover for someone else's vacation make a huge difference, and employees want that dedication recognized. Don't wait to acknowledge great performance until it is too late.