



Performance Reviews – A Guide for Managers *By Lauraine Bifulco*

Even if you're a small business with only a handful of employees, performance reviews are an essential business practice. First of all, regular performance reviews focus your employees' efforts and make them more productive workers. Additionally, conducting and documenting performance reviews is one of the best defenses you will have against any possible claims of employment discrimination.

How often?

It's advisable to do formal reviews at least once a year. Additionally, you should review an employee's performance three to six months after hire, promotion, or transfer to a new position. It is also appropriate to conduct a review whenever an employee is performing exceptionally well or poorly. Keep in mind that informal reviews and written notes should be done periodically throughout the year and kept in the employee's personnel file.

Review salaries at the same time?

It's always better to conduct salary reviews at a different time

than performance reviews. If possible, space them out by at least three months. When done together, both you and the employee will tend to focus on the money and spend less time discussing performance issues. Raises are often influenced by factors outside of the employee's control (budgetary constraints, company profitability, cost of living), so it may be inappropriate or unfair to imply that the two are directly related. Try implementing a bonus plan if you would like to provide a monetary reward for job performance.

Let them know what you expect

Managers are too often unclear about the expectations that they have for their employees. Reviews (especially those early on in the job) are an opportunity to evaluate the employee's past performance, but also a time to set goals for the future. Define your expectations in the following areas: performance and behavior, standards of quality, and development of capabilities. Create a timetable for employee

training. Set goals for personal, departmental, and company-wide performance. Be specific. Instead of saying, "We'd like you to show more initiative," tell the employee instead, "We expect you each month to propose two new ways of increasing our client base." This is the best chance to encourage your employees to do those things that will earn your company the most money.

What to discuss

It's a good idea to use your written job descriptions as a basis for the performance review. Typical areas of focus include: accuracy, timeliness, and completeness of work; productivity; supervisory skills; leadership; technical abilities; communication; working relationships; compliance with company rules; adaptability; etc.

Documentation

You most certainly should use a standardized form to help conduct and document the review. This practice will not only help ensure consistency amongst employees, but will also serve as a reminder for you to cover all the pertinent areas.

A common mistake of people conducting performance reviews is to over-focus on one particular area of strength or weakness. Use facts. Don't write that the employee has a "bad attitude." Instead, explain a specific circumstance that he/she handled inappropriately. Keep in mind, however, that the form is simply there to document the discussions that take place – don't treat it as a report card. Let the employee see your written review. It's even best to provide a place on the form for the employee's comments, if any, and signature. And finally, make sure that the form is placed in the employee's personnel file.

Keys for success

All of the employee's managers should participate in the review process, but not necessarily at the same time or in the same capacity. Perhaps each manager fills out an evaluation form, but only the most direct supervisor conducts the employee meeting. An employee who feels "ganged up on" may become intimidated and defensive. Make sure the employee feels as comfortable as possible – pick a time that is mutually convenient. Always choose a completely private setting – hold all visitors and phone calls. The meeting should be conducted as a dialog between all the parties. Your goal should be to come away

from the review with a more productive relationship between you and the employee.

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Lauraine Bijulco is President of Vantaggio HR, a full-service human resource and management consulting firm headquartered in Southern California with offices in Atlanta, GA and Tampa, FL. Vantaggio's services include: HR outsourcing, labor law compliance, employee handbooks, HR hotline, on-site HR services, performance reviews, new employer set up, new hire paperwork, employment posters, employee discipline & terminations, training & development, software vendor evaluation, sexual harassment programs, recruiting, HR audits, compensation planning, payroll administration, bookkeeping services, employee benefit & retirement plans, safety, affirmative action plans, labor commissioner complaints, expert witness testimony, organizational development, merger & acquisition consulting. For more information call (949) 425-1262 or email: info@VantaggioHR.com.