

Developing Effective Performance Reviews

Few people look forward to the annual performance review. Employees typically are anxious at the prospect of receiving negative comments on their work, and managers may be uncomfortable offering that criticism. When done correctly, however, appraisals can be positive experiences that

motivate staff members to reach their potential and achieve their professional goals.

The most effective performance review processes occur year-round. Annual evaluations are supplemented with ongoing feedback so that everyone has a solid understanding of how their work is perceived, minimizing potential surprises when you do meet. Try to respond immediately when employees do something well or when you identify an area for improvement. You'll reinforce your expectations, encouraging continued exceptional work or a change in behavior.

Creating a fair appraisal

When developing formal evaluations, be sure to establish a uniform set of performance standards for all staff. While there may be slight variations depending on the job function, you want to rate the same general factors. Typical categories to evaluate include:

- Competency: How well does an individual perform

basic job duties?

- Teamwork: Does the employee have positive working relationships with coworkers, and does he or she willingly assist others?

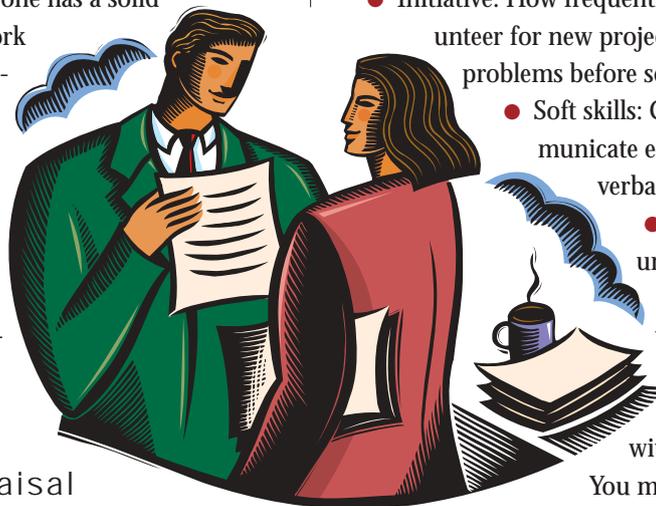
- Initiative: How frequently does the accountant volunteer for new projects and devise solutions to problems before seeking your guidance?

- Soft skills: Can the staff member communicate effectively in written and verbal form?

- Ethics: Does the employee understand the importance of maintaining confidentiality with financial information and making appropriate judgment calls when faced with ethical challenges?

You might use a scale of one to five, with five being the best, and provide further analysis to explain the score. For instance, an auditor may receive a "three" for initiative if he is able to generate creative ideas that benefit the company but doesn't proactively pursue additional projects when workloads slow.

You may also want to have employees complete a self-



appraisal before the meeting. You will show that you are genuinely interested in their perspective, and at the same time you may be reminded of some of the individual's key accomplishments that may have been overlooked in your own assessment.

Consider separating your performance evaluation meeting from any discussion about salary increases. Employees will be more focused on the appraisal if they aren't concerned about learning the details of a pay raise or bonus. In addition, you'll be able to take into account any new insights gained during your face-to-face talk when determining appropriate compensation adjustments.

Sharing your comments
For many managers, the most chal-

lenging aspect of formal performance appraisals is addressing areas in which an employee needs to improve. It's best to prepare for the meeting by gathering relevant information that can support your constructive criticism. Specific examples are more useful than generalities. For instance, instead of saying, "Your writing skills are below standard," try: "Your financial reports contain grammatical and spelling errors, which detract the reader's attention from the importance of the data." Then offer copies of documents that illustrate your point as well as samples from others that reflect best practices more effectively.

Allow time for employees to respond to your comments. There may be reasonable explanations for certain actions that you may not be aware of. An individual who has started missing deadlines with projects could be overburdened with rising workloads or facing personal issues, for instance.

Collaborate on developing a strategy for preventing problems in the future. Some common solutions include attending corporate training programs, working with a mentor to build skills or knowledge, and participating in educational sessions through local universities or organizations such as the IMA. Establish goals with specific deadlines, such as completing a course in corporate governance by the end of the third quarter or achieving proficiency with Microsoft Access by the end of April. This will help ensure that employees understand the expected timeline for improvement.

Building on the appraisal

In addition to assessing past performance, appraisal meetings provide

an ideal opportunity to look at future objectives. All accounting staff—not just underperformers—can benefit from an action plan for moving ahead in their careers.

Encourage employees to stretch their abilities, yet make sure goals are realistic. It's one thing to ask a senior accountant to learn about accounting regulations in Spain to support your firm's expansion in that country, but it's unfair to expect her to give a presentation on the relevant laws the next day.

Staff members should leave the meeting with a copy of their performance review and receive a memo detailing professional goals for the year ahead shortly afterward. Providing the information in writing will help employees monitor their progress and prepare for the next appraisal.

Performance evaluations allow you to reinforce expectations and communicate with your staff one-on-one about their career objectives. Prepare carefully for formal meetings, and offer constructive feedback throughout the year. You'll give your employees the information they need to improve upon weaknesses while achieving both personal and company objectives. ■

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