How to Conduct Terrible Employee Evaluations: Your 5-Step Plan on What Not to Do

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If your workplace is anything like most others, your team probably dreads the annual performance review process. Employees don't like receiving reviews and managers don't like conducting them. In fact, only 26% of North American organizations thought they were effective at both managing and paying for performance, according to a recent Willis Towers Watson survey. What does this mean for your organization? Poor performance management can hurt your operations and have significant legal consequences, yet employers often make the same fundamental mistakes year after year. Want to keep conducting ineffective – and potentially disastrous – performance evaluations? Keep following these five steps below. But if you want to improve the process this year and add value for your workforce, we also provided some practical tips on developing an effective performance management system.

Step One: Don't Prepare

The best way to conduct a really bad evaluation is to just wing it. Too many employers consider performance management a one-time meeting at the end of the fiscal year. Perhaps the manager and employee share a cup of coffee (either in person or virtually) and discuss the past year in very general terms. Effective performance management requires goal setting, on-going monitoring, and year-end feedback with tangible examples of successes and improvement opportunities. The process should be transparent to employees and consistent from year to year.

Practical Tips:

- Develop an annual timeline with designated periods for goal setting, mid-year check-ins, and year-end evaluations.
- Train your managers on the importance of effective performance management to make it a priority rather than a bureaucratic task.

Step Two: Skip the Goal Setting Process

Why set goals when you have no idea what the next year will bring? Because this is quite possibly the most important aspect of performance management. Setting effective goals designed for the individual employee at the start of the performance period is essential for success. Unfortunately, many managers simply copy the previous year's goals, or they don't create specific objectives at all many managers simply copy the previous year's goals, or they don't create specific objectives at all.

In some cases, all employees have identical cookie-cutter goals that don't provide a meaningful strategy for optimal performance. Goals should be relevant to the overall business objectives and result in meaningful development for the employee. The goals should be collaboratively developed and SMART: **S**pecific, Measurable, **A**chievable, **R**ealistic, and **T**ime-Bound.

Practical Tips:

- Develop unique goals at the start of the planning year.
- Tie goals to either the company's objectives or the employee's career development objectives (or both).
- Train managers on how to set appropriate goals.

Step Three: Focus on Gut Feelings and General Impressions

Managers may struggle to provide clear, objective feedback during the annual review. Too often they focus on either one key success or failure and make the entire review a rehash of that specific event. An effective review should focus on clear goals that were set in advance and the employee's performance in meeting those goals. Managers should have objective criteria to support their assessment, not just vague impressions or "gut feelings" about how things turned out.

The best reviews are often two-way conversations highlighting both successes and areas for improvement. Managers should be particularly careful to avoid unconscious biases in their evaluations. For instance, the "halo effect" can come into play if a manager thinks an employee is a strong performer and thus tends to minimize shortcomings or failure to meet objectives. On the flip side, the "horns effect" occurs when a manager lets a single negative impression override any positive outcomes the employee may have achieved over the course of the year.

Practical Tips:

- Focus on objective results, not subjective impressions.
- Be consistent over time and among employees.
- Document the year-end performance meeting.
- Note opportunities for improvement that were reviewed with the employee and develop an action plan.

Step Four: Gloss Over the Hard Conversations

Being friends with employees is way easier and more fun for managers, so why focus on the negative stuff? Unfortunately, a manager's job isn't always fun or easy, and they must be prepared to provide honest feedback. Afterall, the purpose of an evaluation is to recognize good performance and correct underperformance.

While the truth may be uncomfortable at times, honestly is also important for legal reasons. What will a court think if you fired someone for performance-based reasons and yet they had a positive appraisal? The former employee's lawyer will surely ask you about it at trial. *Were you lying during the performance evaluation or when you used performance as the justification for the termination?* That's another reason it's so important for managers to have honest conversations during the evaluation, so they don't find themselves in this situation later.

Managers also need to ensure their comments are appropriate and legal. For example, it would not be appropriate to criticize the attendance record of an employee whose only absences were covered by the Family and Medical Leave Act. In addition to training managers, consider having your HR team review draft performance evaluations before they are delivered to employees.

Practical Tips:

- Ensure your managers are able to have difficult conversations in appropriate, prompt, and honest ways – and hold them accountable.
- Train managers on the legal importance of being honest in performance reviews.
- Train managers on employment laws so they understand what should and should not be considered when evaluating employees.
- Develop a system for HR to review draft performance documents before they are finalized.

Step Five: Shelve the Review Process Again Until Next Year

Once the annual review is complete, your team can breathe a collective sigh of relief until you start the uncomfortable process of performance evaluations again next year. Right? Not so fast. When annual evaluations include constructive feedback, employees often claim they were "surprised" or "didn't see it coming." Another common criticism is that managers only focus on the last month of performance, rather than the entire year. That's why performance communication should occur all year long. This can help reduce or eliminate surprises and keep everyone on track to meet goals. Feedback should occur when it's timely and relevant, but you should also consider scheduling a formal and documented mid-year year check-in. This will give the employee and the manager an opportunity to track progress and make suggested adjustments if performance is not on track.

Practical Tips:

- Document comments, including positive <u>and</u> negative feedback, during each check-in.
- Ask simple, open-ended questions throughout the year. For example, "What resources do you need to achieve your goals?"
- Strive to provide consistent feedback for all employees.

Conclusion

The annual review process provides an opportunity to enhance employee performance and help your company achieve its overall business objectives. Avoiding these five mistakes and following our practical tips should help your company develop a successful program. If you have any questions about enhancing your program to add value to your organization and reduce your legal risks, please reach out to your Fisher Phillips attorney or the authors of this Insight. Make sure to subscribe to Fisher Phillips' Insight System to get the most up-to-date information on this and other workplace topics sent directly to your inbox.

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