

Making Performance Appraisals an Inspiring Event

by Jack Zenger and Joe Folkman

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The situation with performance appraisals

Most of the world's organizations use some kind of performance appraisal to evaluate their employees. It seems so commonplace that it is rarely debated as an essential part of running any organization. It is difficult to think of any other HR process that is used more frequently by organizations than the performance appraisal.

As we talk to groups around the world, it is interesting to ask the question,

“Who has had a very positive, life-enhancing experience in a performance appraisal?” While a few people acknowledge having had a very good experience, the vast majority see the event in a less than positive light. When we ask those who have had a positive experience what made it so, we hear answers such as, “My manager did not follow the standard process.” Others mention that they received some straightforward feedback about their performance on issues that hurt their effectiveness. They

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mention that this feedback was a surprise to them, but they used the feedback to make changes.

Based on our experience, the majority of people view the performance appraisal process as a negative experience, possibly because no one likes to be told that they are not a superstar. However, not every person is told they are not meeting the expectations. Surprisingly, even those with the best performance ratings generally find the process to be a waste of time. Most people assign the process to the category of a “necessary evil.”

Three-fold approach to performance improvement

This leads us to the question, “What could be done to make the performance appraisal process a positive, and perhaps even inspiring, experience?” The answer is very clear. Employees who had a positive performance appraisal experience were given valuable insights about what they could do to improve their effectiveness. As a manager, it is important to consider the following three approaches in terms of how to structure your next performance appraisal session.

1. Focus on Impact and Set the Bar for Improving Strengths

The first step managers can take to make a performance appraisal more inspiring is to ask, “What does this person need to do well to be more successful?” Most performance reviews focus the majority of time and attention on areas of improvement. However, the areas of improvement most managers identify are usually not something that will impact the overall effectiveness of their direct reports. If you ask five people how you could improve your effectiveness, 99 percent of the suggestions will be on improving areas of weakness. This is because most people equate performance improvement with “fixing weaknesses.” The phrasing, “What could I do to improve my effectiveness,” automatically gets managers to focus on weaknesses. Asking “What can I do to be more successful?” is a much better question because it improves the probability of discussing issues that will make a big difference.

To test this notion, we recently conducted a survey in a Fortune 500 foods company. Executives were evaluated on 24 key

behaviors that were critical to the success of the company, and then were asked the unique question, “Which behavior, if done well, would make the biggest difference in this person’s ability to be more successful in their current job?” When colleagues responded to this question, they didn’t automatically think about weaknesses. Looking at the aggregate data for a group of leaders, the top two behaviors they selected to make the most impact on success also correlated with their top strengths.

When you come to the part in the performance appraisal that asks for areas of improvement or development opportunities, ask yourself, “What skill or behavior, if done exceptionally well, would make this person more successful in their current job?” Don’t be afraid to discuss improving upon something that this person is already doing well. Remind them that good is not great. Our research clearly points out that to have the greatest impact, strengths need to be at a minimum of the 75th but preferably at the 90th percentile.

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Questions	Building Strengths	*Fixing Strengths
As a result of my development, I feel that I have improved in my overall leadership effectiveness.	72%	38%
I have taken the time and made a real effort to work on my development plan.	60%	38%
I have created an excellent development plan that will guide my efforts to improve.	63%	13%
My leadership improvement efforts had a positive impact on the business results of my team/organization.	72%	38%

**Percent marking “agree” or “strongly agree”*

strengths. They actually want to improve. It feels more like fun than hard work. Recently we surveyed 68 leaders from a financial services company and asked them if their development plan was more successful when focusing on fixing weaknesses or building strengths. The table shows results to a series of questions about their development.

For many managers, the problem of focusing on strengths comes when they are giving a performance rating that is lower than what the employee expected. The manager’s intuition is that in order to justify giving a lower rating they need to

point out what a person has done wrong or bring out weaknesses. A much better approach is to point out that their above average performance is not extraordinary performance and that is needed for great organizational performance. We found the number two reason why leaders fail was “Accepting mediocre performance in place of excellent results.” Set the bar higher and encourage them to reach farther.

2. Make Goals to Improve and Follow Up

Previously we discussed a survey completed at a Fortune 500 foods company,

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in which executives were evaluated on 24 key behaviors that were critical to the success of the company. They were then asked, “Which behavior, if done well, would make the biggest difference in this person’s ability to be more successful in their current job?” The first two behaviors selected to have the most impact on success were related to each executive’s strengths. However, the third behavior selected was more associated with an area of weakness. In our previous research on the “Extraordinary Leader” we found that great leaders were differentiated from average and poor leaders by the presence of strengths rather than the absence of weaknesses. Great leaders do a few things very well, but everyone has some weaknesses.

The most successful teams have individuals with diverse skills and competencies. Our research on high performance has validated the notion that the highest performers have strengths in key areas but are not perfect. In an exercise conducted thousands of times, we ask people to think of the best leader that they have ever known. We then ask,

“What was their profound strength?” It is fascinating to see the broad and diverse list generated. From this we learn that there is not any one universal quality that makes a leader. Finally, we ask, “Did this leader have any weaknesses?” The answer is always the same: yes. None of these great people were perfect.

There is no problem with asking people to work on improving weakness as long as they can clearly see how improvement efforts will make them more successful in their current job. Without a clear link, people feel they are just going through the motions. When people feel that performance ratings are arbitrary and based on bias, the process fails. In order to get people to improve weaknesses, they need to be highly committed. Helping them see a clear vision of how change will improve their effectiveness is helpful; creating a personal desire for improvement is a crucial element for change to occur.

Though an employee may have the desire to change, goals that are not written down are simply wishes that will not be accomplished. Having the individual

create a personal plan for improvement is essential. In general, people do a poor job of creating good improvement plans. In a recent study of over 60 executives only one rated their improvement plan as excellent. To help them get the most of their development plan, ask to review the plan with them three to four times a year, at minimum. Setting goals based on an annual performance review and then reviewing progress one year later will never produce the desired change. Short-term goals will have greater impact than one that is far away.

3. Directly and Promptly Address “Fatal Flaws”

During the previously mentioned exercise, participants made a list of all the great leaders they had ever known. Each of those leaders had weaknesses, but these weaknesses were not what we call “fatal flaws.” A “fatal flaw” is a profound weakness rated below the 10th percentile in a 360-degree survey process. Some people have not liked the term “fatal flaw,” and feel it is too harsh. We understand the jarring quality of the verbiage but feel that it correctly identi-

fies the problem. This is a behavior that will permanently damage and negatively impact a person's career.

When an employee has a fatal flaw, managers need to give direct and honest feedback about the flaw. Employees need to work hard to improve. Their motivation comes from the weight of the negative consequences of not improving. Working on strengths will be of no benefit to employees with fatal flaws because this is all that others notice. We are convinced that people can improve these fatal flaws, but it takes a lot of effort and commitment on the part of the individual, including a great deal of follow-up and feedback by the manager and others.

Five keys to help people improve

There are two purposes behind a performance appraisal. The first is to give each employee periodic feedback on performance. This rating influences pay, bonus, and promotion potential. The second purpose is to help each individual improve or, if they are outstanding performers, to maintain that high level

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of performance. We have researched thousands of managers and individual contributors to identify the keys that help people change. As managers work with each employee to build a plan for continual improvement, it will be helpful to keep in mind the following five keys.

1. Willingness to Take on a Challenge

When employees feel overwhelmed by their job and personal problems, working on additional areas of improvement will feel impossible. Pouring more water on a sponge that is already waterlogged does no good. The water merely rolls off because it cannot absorb any more. It is unlikely that employees will make any progress on personal goals until they are willing to take on an additional development challenge.

2. Accepting Feedback

Just because we give people feedback does not necessarily mean that they have accepted the feedback. Every healthy person has developed well-honed methods of rationalization, justification, and blaming to avoid accepting feedback. Even when a person says that they accept feedback,

it does not necessarily mean that they actually internalize the feedback. Until people really welcome the feedback, they will have a difficult time making a concerted effort to improve.

3. Be Honest

In the best organizations, people are honest and straightforward with each other. We have a tendency to tell others what they want to hear rather than what they need to hear. A manager had an excellent and very honest approach of giving feedback. He would sit people down and say, “I want to give you a high performance rating, but I can’t,” or “If I were to give you a performance rating today, this is what I’d have to put down. I’d prefer not doing that.” This would get people’s attention. He would then say, “Here is what you need to do to get that high performance rating. If you do this then I can give you that rating.” Honesty will often jolt people into action who have previously been content with mediocre results.

4. Be Considerate

A new leader from India was given some confusing feedback. He was told that he

was too direct. In coaching, this leader acknowledged his dilemma. He said, “I had always heard the Americans were direct and straightforward so that is what I did. Now I get this feedback. I realized that Americans only want to be told what they want to hear.”

His direct approach was perceived as being very inconsiderate. People everywhere want to receive honest feedback, but in a considerate way. When people feel that a manager does not have their best interests at heart, their commitment to improve diminishes.

5. Innovation

Often when people try to improve, they come up with an impossible improvement plan that focuses completely on their own personal efforts. We all know that systems and processes help everyone to be more organized and effective. If a person is trying to improve on punctuality, they can work on improving their memory, making a daily list of appointments, or they can put all their appointments in their calendar and set an alarm 15 minutes in advance. The calendar will keep a person

on schedule. Encourage each individual to find innovative ways to accomplish their development goals.

Conclusion

A performance appraisal can be an inspiring event when it facilitates individual improvement by focusing on the issues that will make a big difference. People want to make a difference and they want to be successful. When a process helps them to be successful, they appreciate that process. It is critical that every manager understand that improvement does not necessarily mean fixing weaknesses.

Areas of improvement can focus on building strengths or fixing weaknesses. The critical issue is to address something that will have a great impact on the employee's effectiveness. When individuals have significant weaknesses (i.e., fatal flaws), they need to hear that their weakness is fatal and needs to be fixed. An appraisal process that both evaluates performance and facilitates improved performance lets people know where they stand and offers them a path for improvement.

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About Us

Zenger Folkman relentlessly seeks to rise above the inconsistent, and sometimes misleading, nature of popular leadership philosophies and beliefs brought on by opinion. The discipline of leadership and those who pursue it deserve better. Our most valuable asset is the expertise of combining hard data and statistical analysis with logical explanations and actionable application that help individual leaders thrive and organizations succeed.