Many organizations engage managers and employees in a stressful year-end or annual tango called “performance appraisal.” Organizations believe this is motivating...and it is not. They believe it lets the employees know how salary increases are justified...and it does not. Manager and employee alike would never have this encounter if not mandatory. Yet, the appraisal of performance is what most companies focus upon rather than the management of performance. The difference between appraisal and management is somewhat like the difference between financial management and accounting. One tends to be more forward looking - planning oriented - while the other looks backward - a postmortem.

We already know that employees report seven different general concerns regarding performance appraisals, all of which guarantee the experience will neither motivate nor legitimize salary:

1. Focusing on the negative rather than the accomplishments.
2. Little or no communication all year then...surprise!
3. Poor or no expectations given beforehand, thus never establishing a target.
4. Inconsistency between number ratings and verbal comments. For example, “If I do an “excellent” job, why am I a ‘3’?” or “If I’m your “best” ____, shouldn’t I be a ‘4’?”
5. The “recency” effect. Mentioning recent, year-end situations that could be isolated events from earlier in the year.
6. No connection between the performance rating and salary increase.
7. Managers do not like to do performance appraisals and many would not if it were not mandatory. This is apparent in the rushed, unprepared, and inaccurate assessment dialogues that they conduct.

Performance Management is a better approach. This process provides managers and supervisors with an effective way to let employees know where they stand compared to expectations. It offers a method of allowing people to change course during the year before it is too late.

The goal of Performance Management is “No Surprises.” Each employee arrives at year-end knowing how he or she has performed. Accomplishments are acknowledged and the employee understands what remains to be improved. Most importantly, he or she feels better about it because they have been given an opportunity to make any needed mid-course corrections or changes. They see it as a growth opportunity versus a year-end shock!!

Development tools such as coaching, 360-degree performance evaluations, and career counseling often prove beneficial in assisting employees to make the necessary changes. “These are natural linkage points,” says Mohr.

Mohr started developing his No Surprises! Approach (see related article) to performance management while working on his Master's Thesis. He added 15-years of real world business and human resource experience to make it the user-friendly process it is today.

“By taking the surprise out of the process, the year-end conversation is truly only a review of the interim discussions. Employees feel better about it because they have been given an opportunity to make any needed mid-course corrections or changes. They see it as a growth opportunity versus a year-end shock!!”

Mohr is a human resources manager in the Wisconsin-based offices of Degussa, a large food ingredient company. Vernon Roche Hodgson (VRH) has worked with Mohr since 1990.

Additional information on coaching or other professional development services offered by VRH is available at vrhconsulting.com or by calling 414-259-9722.

It is probably safe to speculate that, without exception, each of us has had at least one performance appraisal/review experience that made us cringe.

Did you know that these same performance review issues have been around since the 1940s?

According to Rich Mohr, “this is old stuff. These same performance appraisal issues were documented in publications dating back to 1945. Then and now - same problems!”

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The No Surprise! approach “requires some formal training to show that it really does makes sense, and works well if properly applied. Proper application would emphasize setting clear expectations and goals, and making the year-end summary just a year-end summary with no major issues introduced. Absolutely no surprises!”

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Continued on page 2
Performance Management has three main parts:

- **Expectations**
- **Interim Discussions**
- **Annual Summary**

**Interim Discussions**

This is perhaps the most important step. Interim Discussions are short, informal progress reviews lasting 5-10 minutes, one or two times during the year. Emphasis is on “informal” and “short.” After two Interim Discussions there should be little new information to discuss at year-end. This makes the annual summary easier, faster and less stressful for manager and employee. Interims need to be dialogues however or there is a risk that the Interim degrades into just another more frequent performance appraisal where the boss does all the talking.

Feedback Interactions are critical to the success of objective Interim Discussions. Feedback Interactions involve the manager commenting on a regular basis when observing something that meets Expectations. Some would call these comments praise. Successful Feedback Interactions are focused and brief. “Good job on the loading times today” for example is both brief and tells the employee exactly what happened according to Expectation. Remember intelligent people will be more likely to duplicate behavior that impresses their boss. Few rational people wake up in the morning with the intention of doing things the wrong way.

Conversely, if the manager notes performance that is not matching Expectations, the Feedback Interaction becomes a dialogue on why, and coaching on how to improve. Sometimes people have just forgotten and coaching isn’t necessary. These Feedback Interactions provide an opportunity for employees to change course and avoid hearing about an issue at year-end when it is too late to change. Feedback Interactions then provide material to talk about during Interim Discussions along with a review of progress. New employees or those new to a job will need more Feedback Interactions than seasoned employees.

**Annual Summaries**

If the above has taken place, the conversation (performance appraisal) at year-end becomes much easier. The manager has only to review the Interim Discussions with the employee. There should be little if any new ground broached at this time. The employee should know exactly what the conversation will involve before sitting down because of the short Interim Discussions that have already occurred and been documented.

Performance Management is a process. However, it requires supervisors skilled in coaching and facilitating conversation. Organizations considering this approach need to ensure that supervisors receive such skill training. For the supervisor whose company requires only the completion of an appraisal form at year-end, the Performance Management process with its focus on setting Expectations and offering feedback via Interim Discussions is still a recommended tool so that he or she manages performance with NO Surprises!

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**Did You Know…**

The U.S. Department of Labor’s Bureau of Labor Statistics provides 10-year employment projections on where future job growth is expected by industry and occupation. Widely used in studying long-range employment trends, these projections are especially useful to students for education and career planning.

**For the period 1998 - 2008, the projections indicate:**

- Total employment will increase by 14%.
- Service-producing industries will account for virtually all job growth.
- Manufacturing’s share of total jobs is expected to decline.

**The five fastest-growing industries include:**

- Computer and data processing services
- Health services
- Residential care
- Management and public relations
- Personnel supply services
- Occupations expected to grow faster than the average are executive, administrative, managerial, technicians and related support, and marketing and sales.

**The ten fastest-growing occupations include:**

- Computer engineers
- Computer support specialists
- Systems analysts
- Database administrators
- Desktop publishing specialists
- Paralegals and legal assistants
- Personal care and home health aides
- Medical assistants
- Social and human services assistants
- Physician assistants

You may wish to visit the web site that posts these projections - http://stats.bls.gov.
Mastering the Hiring Process

What is described here is a three-stage, process-oriented approach to the hiring process. Each stage has proven strategies that you can use to weed out poor candidates and get new hires off to a stunning start.

Stage 1 - The Prehiring Process

- **Interview people who already work for you.** Pick your best employees and talk with them.
- **Do your best not to hire anyone.** Do not assume you have to “knee-jerk” hire a replacement just because you lose a worker.
- **The first place to look for “new” employees = your own company.** Hiring and promoting from within increases morale and gives you candidates with track records.
- **Write down on a piece of paper, “I will not lower my standards.”** Even if it is the 25th candidate, hiring subpar candidates inevitably leads to firing subpar workers.

Stage 2 - The Interview Process

- **Learn to spot producers.** Hire people with a proven track record of producing results.
- **Send candidates to lunch with a trusted employee after the interview.** At lunch, polished candidates let their guard down and act more natural (especially when the interviewer is absent).
- **Ask, “What were the strengths and weaknesses of your past supervisors?”** Repeated stabs at former bosses may indicate a problem with authority.
- **Ask, “What was your biggest failure in your last job?”** If the failure was someone else’s you may have your own problems.
- **Test if you are dealing with a team player.** Listen to the pronouns used. You want “we” people not “I” people on your team.
- **Write things down.** Studies have shown that interviewers who do not take notes retain only one-fourth of what they have been told. Develop a shorthand code if necessary.

At the end of Stage 2, you have hired the right person. Now, get them off on the right foot!

Stage 3 - The Initiation Process

- **Have their business cards waiting for them when they arrive.** What a great welcome!
- **Outfit your new employee’s workspace.** Make sure the computer is operational with software loaded, the desk stocked with office supplies, and directories/handbooks in sight. Extra touches - present your new hire with a day planner or company mug.
- **Use the Buddy System.** Select an employee with good communication skills to answer any questions.
- **Make time to meet every day.** At least for the first week, meet with your new hire for fifteen minutes at the end of every day. Make sure they know you are behind them from the beginning.

Contact Laura Lawrence, VRH business consultant, for more information on interviewing successfully, including tips and suggested questions.

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**VRH Updates**

Assessment Data Profile

In our continuing effort to increase your decision-making confidence and improve the user-friendliness of our tools, we have recently updated the assessment data profile pages to include interpretations of your candidate’s results. These interpretations are intended to improve your understanding of candidates’ individual assessment outcomes.

A sample of this new data profile page is illustrated below.

<table>
<thead>
<tr>
<th>Measured Characteristics</th>
<th>%</th>
<th>Limited ability to acquire new knowledge and apply this to problem-solving</th>
<th>Excellent ability to acquire new knowledge and apply this to problem-solving</th>
</tr>
</thead>
<tbody>
<tr>
<td>INTELLIGENCE</td>
<td>82</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

You will now find an interpretation at each end of the Measured Characteristics spectrum. The gray bar illustrates your candidate’s assessed performance when compared to various norm groups used by VRH.

“We wanted to make the reports easier for our clients to understand by finding a better way to communicate assessment outcomes and results,” says Deborah Lawler, Client Services Manager. “This should also help our clients when formulating employee developmental plans.”

A preview of enhanced services to come…

VRH is currently working on an abbreviated version of their proprietary personality measurement tool, and to the possibility of offering it in a more flexible format via the Internet.

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**Introducing Our New Staff Member**

VRH is pleased to introduce business consultant and human resources professional, Laura Lawrence.

Lawrence, who joined the professional staff in May, brings a wealth of expertise to her business-consulting position at VRH. Her clients will appreciate her broad experience and knowledge from diverse industries including healthcare, manufacturing, technology and education where she has accumulated expertise in aspects of strategic staffing, including job analysis and assessments, compensation systems, and performance measurement. Lawrence’s background in career planning and professional development at the high school and university levels is ideal as VRH expands service in these areas this fall to students and mid-career adults.

Lawrence earned her Masters of Science degree in industrial-organizational psychology from Illinois State University, and her undergraduate degree in psychology from Marquette University. She has done extensive research on the effectiveness of employment interviews.

Please join us in welcoming Laura Lawrence to the VRH family!
“I need to be able to justify spending the money for executive coaching - can you help?” was the gist of the question posed in a recent Fortune magazine Q&A column. What was cited were the results of a survey by a global workforce-consulting firm, on what its customers had gotten out of their coaching investment. The respondents were executives from large companies who had participated in a coaching program lasting from 6-months to a year. About 60% were ages 40 to 49, half held positions of vice president or higher and a third earned $200,000 or more per year.

Result highlights include:
• An average return of more than $100,000, or about six times what the coaching had cost their companies.
• 28% (three in ten) claimed they had learned enough to boost quantifiable job performance - whether in sales, productivity, or profits - by $500,000 to $1 million since they started their program.
• 77% reported better relationships with direct reports, bosses (71%), peers (63%), and clients (37%).
• 61% cited a marked increase in job satisfaction.
• 44% cited a marked increase in ‘organizational commitment’ - they are less likely to quit than they were before.

A caution was added that any coach’s credentials and experience should be carefully checked out before you sign up your people. With more than 15 years of professional and personal coaching experience, VRH could be a resource for you.

Sources: Fortune, February 19, 2001, Ask Annie by Anne Fisher; www.manchesterUS.com

Designed to make it easier for you to do business with us, it is more user-friendly to navigate and offers a wide assortment of hot link references and resources.
Please bookmark and visit us often.

If you would like to receive this and future newsletters via email contact deb@vrhconsulting.com.