HHHR
Objective Setting and Performance Appraisal Cycle for Supervisors

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Building HR for Departments of One
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The goals of today’s session are to give you the information you will need to effectively execute and deliver our Annual Performance Appraisal and Objective Setting cycle. At the end of today’s training session, you will understand the following:

• Understand the three steps that define our Performance Management system

• How to set effective objectives in collaboration with your direct report

• The reasons why it is important to provide coaching and feedback

• Understand the purpose of Performance Appraisals.

• The steps you will need to take to effectively prepare the Performance Appraisal

• How to deliver the Performance Appraisal
Our performance management system is made of up the following three steps.

1. The first is establishing objectives for each employee in the organization.
2. The second step is supervisors providing effective training, coaching, and feedback to their direct reports.
3. And the third step is supervisors writing and delivering annual performance appraisals to their direct reports.

We are going to talk about why each of these are important in the next several slides as they are all interconnected with each other and a part of a very effective system if used correctly.
Why Set Objectives

- Setting specific, difficult objectives consistently leads to higher performance
- Objectives are energizing. Difficult objectives produce greater effort than easy objectives.
- Making a commitment to an objective increases personal commitment.
- Helps employees focus their efforts on accomplishing those results that will have the highest benefit to the organization.

The first step in the process is Establishing Objectives. Why is setting objectives so important?

A study conducted several years ago found the following

- Setting specific, difficult objectives consistently leads to higher performance than just encouraging employees to do their best.

- Objectives are motivating. Difficult objectives produce a much greater effort than easy objectives. Your best employees will actually thrive with difficult and challenging objectives.

- Making a commitment with a supervisor to an objective increases the employee's personal commitment to achieve the objective.

- Helps employees focus their efforts on accomplishing those results that will have the highest benefit to the organization.
Now we will take a few minutes to discuss the important guidelines for setting objectives.

The process of establishing objectives begins at the beginning of each year with an agreement between each supervisor and their direct reports on the specific objectives for which each employee will be held accountable during that year.

- First, select the correct form for your employee on SharePoint (or internal website, or via email from HR). There are two forms – Exempt and Non Exempt.

- Supervisors will then meet with and give each of their direct reports the 2016 Objectives form next week and discuss how it is to be filled out.

  • You and your employee must decide and agree on their most important objectives for the year. Remember that this is a collaborative process in order to ensure buy in by your employee. An employee can have 1 to 3 objectives – some employees will only need to have one and some will need to have more.

  • On the Objective Setting form, describe the objectives in the grey boxes. The grey boxes will expand as you type text.

  • Explain how the objectives will look if it was below expectations, met expectations, and exceeded expectations

  • Indicate the weighting of each objective. The weightings of the Core Competencies and Objectives must equal 100%

- You will review and finalize the 2016 Objectives during the performance appraisal meeting you have with your employee in February.
The second step in the system is providing training, coaching and feedback. We’re not going to spend a lot of time with this step as it is a huge topic by itself. Instead, we are just going to cover some key points.

Coaching involves learning from experience. The supervisor needs put the employee’s experience in context through coaching. Before employees can benefit from coaching, however, they must have the correct training and skills. Remember, that training comes first and coaching comes second. Employees must also know what’s expected of them and how their performance will be measured. If your employees don’t know what performance is expected of them, they won’t know how meet that performance.

To be more specific, coaching involves the following:

• Provides employees with direction so that they can fully develop their knowledge, skills, and abilities (KSA). Coaching involves providing help with the knowledge and the skills required to do the job.

• Provides employees with the support they need to do their jobs effectively. Coaching involves being available when the employee needs help, but not controlling and monitoring the employee’s every move. It’s important to understand that it is the employee’s responsibility for improving their performance and meeting the requirements of their job.

• Gives employees the confidence that will allow them to improve their performance. Coaching includes giving positive and constructive feedback that allows employees to feel confident about what and how they’re doing.

• Helps employees gain greater competence by helping them acquire the knowledge and skills that help them do their job better.
The third and final step of the system is performance appraisals. First off, every employee who works for us wants the answer to two basic questions from their supervisor:

1. The first is what do you expect of me?
2. And the second is how am I doing at meeting your expectations?
3. And finally, what do I need to do to meet expectations?

These three questions are answered at the beginning of each year, when supervisors sit down with their direct reports and discuss their objectives, expected behaviors, and key job responsibilities.
Why Do Performance Appraisals – Employer Perspective

• Important decision making tool
  • Who deserves a raise and who doesn't?
  • What is the depth of our talent pool?
  • Who deserves a promotion?
  • Who are our best performers?
  • Who are our weakest performers?

• Most importantly...
  • Requires supervisors to inform employees what is expected of them and how they are doing

Equally important, an effective performance appraisal system is an important tool that gives our company the information that allows us to make some very important human capital decisions which include the following:

• Which employees deserve a raise based on their performance over the previous year? Who shouldn't?

• What's the depth of our internal talent? Do we have the people with the skills, experience, and/or potential we need for the future?

• Who should we promote? Can we promote them? Do we have a position in the company now or in the near future? If not, how can we retain until we do?

• Who are our best performers? And do we have plans to keep them with us? If not, we need to have a plan to retain our best.

• Who are our weakest performers? Why are they still working for us? Are any of them salvageable? Have we documented their poor performance and conduct? If not, why not?

And most importantly
• Requires supervisors to inform their employees of exactly what is expected of them and how they are doing at meeting those expectations.
Performance Appraisals are Not Easy

• One of the most difficult things we ask our supervisors to do
• Will never be comfortable or routine
• Supervisor’s opinion of how employee performed
• Must evaluate good and poor performance
• It can’t be made easy but it can be made doable

No matter how good a supervisor you are, how good the forms are, how efficient the process is, delivering Performance Appraisals is always going to be tough.

• Delivering performance appraisals are one of the most difficult things we ask our supervisors to do each year.

• Since performance appraisals are done only once a year, it is not something that is comfortable or routine.

• It’s important to understand that a performance appraisal is a supervisor’s opinion about exactly how well the employee has performed in their job over the previous year. The opinion can’t necessarily be proven but should be an honest assessment of how the employee did.

• Both good and poor performance must be evaluated during the appraisal. The good is always easy but the poor is more difficult because most people don’t like confrontation. Discussing poor performance can be confrontational especially if it hasn’t been discussed prior to the appraisal (something that should never be done but all too often is)

• There is no way to make the Performance Appraisal job easy, but we can make it doable. Our goal is to make the activities and procedure of the Performance Appraisal less difficult.
Now we are going to spend some time talking about the nuts and bolts of doing the Performance Appraisal. The first thing you need to do when you sit down to start writing the PA is to collect information about how the employee performed.

• Go back over the past year and look for everything you can about how the employee did their job. It’s important to consider the entire year, not just the last month or two, the time you remember best.

• There are four sources of information to look at:

  1. The first is the job itself. How did the employee perform at the core competencies of their job? Was it solid all year or were there rough patches?

  2. The second source is performance data. Are there performance metrics available that show how the employee did on projects or tasks?

  3. The third source is the employee. Ask the employee how they did. Ask for an annual summary of projects and how they felt they did overall for the year. Although this will be a biased summary, it will still be valuable information that will jog your memory when you start writing the PAs.

  4. Others in the organization. Ask your peers and your supervisor how they think the employee did
The next step in preparing to write the performance appraisal is to evaluate the information you collected.

- Think about the message you want to deliver to the employee.
  - What is the most important thing you want your employee to learn from their PA?
  - Keep this message in the forefront as you evaluate and write the PA. Make sure this message comes through as you evaluate and assign your scores.

- It's also very important to pay attention for common biases when you are evaluating and writing the PA.
  - There's the Halo/Horns Effect bias where you either like or dislike the person which results in generalizing every part of their performance based on your positive or negative feeling.
  - Then there is the Recency bias where you are evaluating the employee on their most recent behavior or performance. It can go both ways – good and bad. A great performer recently made a mistake which negatively colors their scores. Or a poor performer does something great and their past performance is forgotten.
• There is also the Leniency bias where a supervisor gives everyone on their team a high rating.

• There is also the Similar-to-me bias. This is a tendency to positively rate those employees who are similar to us.
Once you have collected and evaluated the information and have decided what the most important thing you want your employee to come away with during the PA meeting,

• You need to determine what information best conveys the message you want your employee to take away from the PA

  • Its likely to be a combination of Behaviors, Performance and Results.

  • Does the information that you collected support the message?

Writing the PA

• Determine the information best conveys the message
  • Likely to be a combination of Behaviors, Performance and Results.
  • Does the information you collected support the message?
When the Talent Review Meetings are complete and your PAs are finalized, it’s time to sit down with your employee and deliver the PA.

Here are some important steps to take in order to make the process worthwhile and effective for your employee, you, and our organization.

• First, Schedule the Meeting
  - Clearly communicate the time and place of the meeting with the employee.
  - Schedule at least a half hour for each PA. Some might take an hour.
  - Sit on the same side of the desk or table as the employee, if possible
  - Hibernate your computer, mute your phones, and dedicate 100% of your attention to the employee.
  - Show your employee the respect they deserve during the meeting.

• What to bring
  - Two copies of the PA. One for you and one for employee

• How to Start
  - Review some Ground Rules with the employee before starting.
    - Promise to start and end on time
    - There will be no comparisons to other employees
    - Both promise to remain professional
    - Either of you can end the meeting at any time or take a break
    - Both promise to listen Actively
    - Encourage your employee to ask questions

• Review the message you want the employee to take from the meeting
  - Make sure the employee clearly understands this message by the end of the PA meeting.
Performance Appraisal Guidelines

• Select the correct form for your employee
  • Non Exempt
  • Exempt
  • Supervisor (Exempt)
• Select the appropriate rating for each Core Competency
• Fill in and select the appropriate rating for each 2015 Objective
• Make appropriate Evaluator Comments and ensure they are consistent with ratings

It is very important to properly fill out the PA form so that it is consistent and understandable to the employee

• In SharePoint, select the correct form for your employee
  • Non Exempt
  • Exempt
  • Supervisor (Exempt)

After filling in the top section on the first page,
• Select the appropriate rating for each Core Competency on page 2 by using the drop down when you click on the cell

• On page 3, Fill in the description of the 2015 Objective and select the appropriate rating by using the drop down when clicking on the cell. You also need to fill in the weighting that was agreed upon during last year’s Objective Setting process for each Objective. Fill in any comments that you have about the objective – explain to the employee why you gave them the particular score for that objective.

• On the last page, there is space to make Evaluator Comments. It’s very important that your final comments are consistent with your ratings and should be clearly express the Core Message that you decided on during the evaluation and writing the PA. This is where you summarize the employee’s overall performance for the year and explain what they did well and what they need to do to improve for 2016.
In order to speed up the construction of the Talent Review notebooks and help me effectively organize and review the PAs, I need everybody to follow these additional guidelines for the PA forms.

• The forms are protected for a reason. Do not alter any of the forms. If you need more room for comments, attach a sheet.

• You should work on the PA by using the Excel Page Layout selection on the View Tab.

• Fill out all the forms on the computer. No handwritten forms please.

• Email me the Excel doc of PA when returning the preliminary version. No pdfs please. I need the Excel doc.

• Save each PA using the following format
  • LastName FirstName 2015 PA (Draft) – no underscores please
Here are the key dates of the Cycle.

**Jan 11-15:** Meet with your employees to discuss their 2016 Objectives

**Wednesday, January 20:** Preliminary PAs due to HR

**February 2-8:** Talent Review Meetings

**February 8-12:** Delivery of PAs to employees and finalize 2016 Objectives

**Wednesday, February 17:** Completed and signed PAs and final 2016 Objectives due to HR
Thank you very much for your attention.

Are there any questions?

You all know how to get a hold of me if you need any help or have any more questions.