

Why You're Doing Performance Reviews All Wrong

by Kirsten Korosec

They're every manager's yearly conundrum. In theory, performance reviews make sense. In practice, the exercise borders on the absurd: You have one hour to review a whole year's worth of work, issue a grade usually based on a rudimentary "satisfaction" scale, and outline goals that you likely won't revisit until next year's meeting.

Sound familiar? If this is still how you think about and conduct performance reviews, then you're wasting everyone's time, including your own.

Reviews don't have to feel like you're simply jumping through HR's hoops. In fact, forget about the hoops for a moment, including those satisfaction ratings. If reviews are going to be a valuable management tool — and they can be — you're going to have to put more skin in the game.

Here are three common ways managers misuse the performance review — and what to do instead to make these meetings more effective.

You're still trying to look backward.

When you sit down to review an employee, how much time do you spend going over events that have already happened? Here's where the traditional review reveals how you, the manager, are falling short: If you're still trying to cram a whole year's worth of praise and constructive criticism into one meeting, you're probably shortchanging your employees on feedback during the rest of the year.

The annual review has become an excuse for managers to skip the ongoing feedback that is necessary for an employee's personal and professional development. Instead, bosses often save up the good and the bad for one annual conversation — way too late to be meaningful for the employee.

Feedback should be a precursor to a great performance, like studying game films in sports, says John Foster, head of talent and organization at design firm IDEO. "You study the films to figure out what you'll do in the upcoming game, not to evaluate how the last game went," he says. "The score of the game serves that purpose."

The Fix: If you're not already, start checking in with employees weekly or biweekly to talk about their projects. This is when you talk about what's working and not working, what your employees are struggling with, and how they could use your help. By the time the annual or biannual meeting rolls around, there shouldn't be any surprises and you shouldn't need to dwell on the past. Instead, use that time to plan for what's to come.

Los Angeles-based Here Media, which owns Out magazine and Gay.com, replaced the backward-looking review with the performance "preview" — a meeting focused exclusively on looking ahead, setting goals, and discussing what employees need to accomplish those goals. To prep for the previews, both the supervisor and the employee jot down a few items that will help the employee be productive in the coming

year. This document then serves as a guide for the discussion (and gives HR the documentation they need). Previews aren't just a once-a-year ritual — managers hold them when they feel like both parties need to refocus. VP of Human Resources Christin Dennis says that managers and employees both prefer the new system because it means that they're meeting and communicating more often.

You do most of the talking.

You're the one in charge and you know what your employee needs to do to improve. So why shouldn't you dominate the conversation?

If you're the only one that gets the floor, your problem is two-fold: You can't be sure that your feedback is getting through, and you may be missing important information from your employee. At best, the "I'll-talk-and-you'll-listen" approach leaves an employee feeling overloaded with information and unclear about how to use it, says Samuel Culbert, a UCLA management professor and author of the forthcoming book "Get Rid of the Performance Review!" At worst, your direct report will feel flat-out attacked. Even if you're providing valuable feedback, if your employees don't absorb and learn from it, then the whole process is ineffective, Culbert says.

The Fix: Your direct reports are much more likely to take ownership over their improvement and be less defensive if they are prompted to point out their own shortcomings. Shift some of the conversational burden onto them, says Foster. Require employees to show up with specific details on their own progress, concerns, and accomplishments. You can start the conversation by asking questions such as, "what do you think of your own performance?" and "where do you think you need to develop the most?" This allows you to position yourself as the coach/mentor who's focused on achieving results — not pointing out faults.

You try to motivate employees with rewards.

Usually the thinking goes, if you want employees to work harder, you need to provide positive reinforcement through praise or even a pay raise. But it turns out that our brains are not so simple, says Charles Jacobs, a management consultant and author of the book "Management Rewired." In fact, praise and money often produce the exact opposite reaction you intend.

Here's the problem: A reward is only effective if it's valued. The boss who's handing out five percent raises may think that it's a valuable increase. But if the employee was expecting 10 percent, he may view the smaller raise as a slap in the face.

Likewise, praise can lose its potency if given too frequently, Jacobs argues. An employee can come to expect it without putting in the work to earn it. If your direct reports are trying to do a good job, he says, then they already have intrinsic motivation — it's not something that you can give them.

The Fix: This is not to say that you shouldn't give raises or praise. Your employees want rewards, but they don't want them to seem manipulative or arbitrary. Make sure that doesn't happen by connecting rewards to as objective a source as possible, says Jacobs. For example, attach praise to a specific behavior or result: "David, we never would have completed this project on time and under budget without your guidance." Similarly, tie raises to specific achievements, not just a vague notion of a job well done this year.

"We figured out that everyone wants to do a good job," says CEO John Lilly, who recently revamped the performance review process at Mozilla, the company behind the Firefox browser. "We wanted to make the conversation about how you can get better and divorce it from the 'do they like me?' discussion." So Mozilla rebuilt the compensation process to make it more transparent and objective. Now, employees earn raises by meeting a set of clearly defined metrics that become more challenging the longer they're on the job and the more they move up. Employees always know where they stand, so reviews need not be about whether they've convinced the boss that they're working hard enough.