Discussion of performance appraisals – variations of, experiences with, and how they contribute to the sustainability of the organizational culture and economic viability.

Senior Executives Present:
Toni Auston – Co-owner, H.D. Auston Moving Systems, LLC
David Bereskin – CEO, Greenville Water
Carol Burdette – President & CPO, United Way of Anderson County
Sharon Day – President, Sales Activation Group
Lisa Ireland – Chief Talent Officer, Palmetto Bank
David Krysh – Owner & CEO, The Alternative Board Upstate-SC
Mark Lambeth – Organizational Development Director, ScanSource
Anna Locke – President, A. T. Locke
Jennifer Mallory – Partner, Nelson Mullins – Columbia, SC
Michael Mino – President & CEO, Property Boss Solutions
Ed Parris – President, Phillips Staffing

Academic Expert:
Kristin D. Scott – Assistant Professor, CBBS, Clemson University

Co-facilitators:
Dean Hybl – Executive Director, Ten At The Top
Daniel Wueste – Professor and Director, Rutland Institute for Ethics, Clemson University

Topic: Performance Appraisal

Meeting Objectives:
- Discussion of performance appraisals – variations of, experiences with, and how they contribute to the sustainability of the organizational culture and economic viability.
- Using small group break-outs, analyze Survey Monkey responses and report conclusions to the larger group. Dr. Kristin Scott will then speak to the results and best practices.

Comments from Academic Expert (following working group report outs summarized at the bottom of the report):
Kirstin Scott, Assistant Professor, College of Business and Behavioral Sciences, Clemson University began the large group discussion with the following observations:
- There existed a great deal of combined knowledge in the room.
- Answers depended on the level of HR development in the organization. Many had behavior based and coach based forms of HR.
- It was surprising to her that more companies do not have probationary assessments for new employees. She speculated that it was because a number were smaller companies.

- The level of formality of the performance appraisal process depends on the HR structures utilized by the organization.
- The issues discussed were common across organizations – and mostly based on behaviors of employees and supervisors alike.
  - Better training on getting and giving feedback would improve any organization's process.
  - Emotional intelligence is a benefit – when it is at a good to high level.

Group Discussion (during and following Dr. Scott's comments):
- It is very different when you appraise people on a tangible product as compared to a professional service performed. But in either case, need to discuss results without making it personal.
- How do performance appraisals need to look different to be more effective?
- It was commonly agreed that the word "you" should be taken out of the discussion, right from the beginning.
- There should be two parts of an appraisal: a section for technical objectives and a section for cultural objectives.

Meeting Outcomes (Big Topic Ideas) – Dean Hybl (summarized from group discussion above and notes from the two working groups that follow the Next Step section):
- Candor and honesty are critically important. How can it be created in an organization?
- The optimal is a balanced results-based process with a human side and training.
- It would be an innovation to educate employees on how to accept feedback. In particular, the taking of criticism focused on the work performed.

Next Step:
- Meeting notes sent out in early January. A one-page summary of the VBL series of meetings will be included, along with a link to a Doodle Survey to help determine quarterly meeting dates for 2014 and a link to a Survey Monkey questionnaire to help determine the next topic of most interest to the group.

Small Work Group Activity:
- Executives were organized in two discussion groups to analyze various portions of the Survey Monkey results collected. The groups reported their conclusions to the entire group.
- Comparisons and contrasts were made based on size, industry, culture, etc.
- Assistant Professor Kristin Scott, http://www.clemson.edu/cbbs/faculty-staff/profiles/profile.html?userid=KSCOTT3, with both academic and corporate expertise in human resource management, made comments on what was reported out as well as common and best practices.

Group 1 Report Out of Discussion of Survey Monkey Questions 2-6:
- **Q2:** The question asked to describe the organization's goal setting process. Four ways emerged: set by "corporate"; an interactive conversation between managers and employees; gathered from self-evaluations, peer

comments and management comments; as part of the performance appraisal process.

- **A2:** The working group talked about this at length. It was thought that if goals are set by corporate, there is not buy-in by the people at the bottom of the organization (where much of the work gets done). They thought that if corporate has a rationale to get buy-in, it helps. The concluded that there must be a process that meets in the middle.
- **Q3:** The question asked to describe the numerical or descriptive scales and number of levels of choices of ratings in the organization's performance appraisal. Answers included four ways: a 5-point scale; a 4-point scale; a 3-point scale; numerical goals with specific targets – either met or not met.
- **A3:** The working group discussed that a 3-point scale might be best in its simplicity. However, they said that a 5-point scale may be better for other organizations. Most important is an understanding of the meanings of each rating. They also said that it is important to train appraisers (management) not to give all the constructive comments up front and "unload" with negative comments and criticism at the end.
- **Q4:** The question asked how often and when performance reviews occurred.
- **A4:** While the survey answers varied from annually on common date (55%); annually on person's work anniversary date (27%); annually by department or unit at a certain time (27%), the working group indicated a preference for annual reviews on a common date, even though it can be onerous to do so many at one time.
- The working group did not get as far as discussing questions 5 and 6 before they ran out of time. **Q5** asked about details of the annual review. Most respondents said that appraisees initiated the first draft of the appraisal (82%) and were asked to give their thoughts on what the ratings should be (90%). 91% said that when the appraiser reviewed the submission, s/he adds comments in addition to ratings. **Q6** Asked if new employees were subject to probational performance appraisals. 36% responded that they used them. Only 10% responded that they use them on newly promoted employees.

Group 2 Report Out of Discussion of Survey Monkey Questions 7-10:
- **Q7:** The question asked about conducting performance appraisals among classes of people.
- **A7:** The answers focused on: between supervisors and employees (92%); peer to peer (35%); employee to supervisor feedback (50%). Clarifying comments included the use of 360 feedback for development and coaching, not on appraisals. The working group brought up the fact that most often the employee is asked to initiate completion of a self appraisal.
- **Q8:** The question asked how supervisors were advised to handle difficult feedback.
- **A8:** The working group reviewed the 10 responses and added the following:
  - Have a third party observer

- o Use the progressive discipline process if necessary
- o Handle difficult conversations with candor (maybe with an observer), and focus on the behavior, not the person, while giving specific examples.
- o Seek peer input
- o Make sure the manager is trained and has done some role-playing of the conversation.
- **Q9:** This question focused on rank ordering the levels of positions that respondents were most concerned with for performance assessment. 11 answered the question and 1 skipped it.
- **A9:** The responses basically focused on the most concern at the lower levels of administrative, trade or hourly, professional and team leaders. Respondents were least concerned with assessing senior management, a bit more interested in Mid-level management, and slightly more concerned with supervisors. The working group thought that the answers would be flipped in importance, with the most interest in how senior managers were doing.
- **Q10:** This question asked respondents to identify the best and least liked parts of their organization's performance appraisal system. There were 9 respondents.
- **A10:** The respondent that skipped Q9 indicated that their organization views all levels as equally important and deserving of coaching and the benefit of the appraisal process. The working group reviewed the responses and determined:
  - o Appraisals with same date get well organized and complete the process efficiently.
  - o Appraisals on anniversary dates have stronger 1:1 dialogue, but may be harder budget-wise.
  - o Appraisers are not as candid as they could be. This is often because they don't want people to "go off the rails".

Dean's notes from Working Group Report Outs:
- o Goals: depending on who sets them, the more input, the more buy-in.
- o The performance process often meets in the middle to give people ownership of goals.
- o A 3-point scale seemed most popular and offers a balance. However, finding a scale that works best for the organization and is consistent across the organization, is the optimal for that one.
- o How often reviews are done is dependent upon the organization.
- o Self-evaluations are common.
- o Employee feedback is an important part of the evaluation process.
- o Some organizations try to handle issues throughout the year rather than just at annual review.
- o It is important to set up the opportunity for honest conversation.
- o Coaching and training of supervisors is crucial.
- o It is important to look for innovative ways to evaluate employees.
- o The level of the role of HR (as developed in the organization) will influence types of evaluations and how they are administered.
- o Organizations use different appraisal forms depending on position.