

# Chapter 7 - Appraisal and Coaching - Improving Results with Feedback

How well are your people doing their jobs? Are some falling short of the mark? If so, do you understand why? Do they? Are they even aware that their work isn't meeting your expectations?

Many companies use regular performance appraisal to evaluate how people are doing. It is one part—but an important part—of a larger system of performance management that includes rewards, training, coaching, and career development. The first half of this chapter will show you how to handle performance appraisal and offers eight steps for doing it right. The balance of the chapter explains a related activity—how to improve performance through coaching. These two activities provide opportunities for both the manager and subordinate to provide feedback to one another—feedback on what is going well, what is not going well, what help would benefit the employee, and how their working relationship could be improved. This feedback is an essential element of management. <sup>[1]</sup>

## Performance Appraisal

*Performance appraisal* is a formal method for assessing how well people are doing with respect to their assigned goals. Its ultimate purpose is to communicate personal goals, to encourage good performance, to provide feedback, and to correct poor performance.

Performance appraisal is generally conducted annually, with follow-ups as needed. Like the physical exam administered by your doctor, this annual checkup gives a manager and the company opportunities to spot performance problems before they become chronic. It also helps employees and managers focus on the goals and performance expectations that impact salary, merit increases, and promotions. Appraisal sessions are both a confirmation and a formalization of the ongoing feedback that should be part of every manager-subordinate relationship.

Performance appraisals are not widely popular. Star performers may like them because they know that they'll get positive strokes from their bosses. "Well, Ms. Abercrombie, as usual you've met or exceeded all of your goals. I just wish that we had ten more people like you." Most other employees approach appraisals with apprehension, fearing that they'll get the same report card they received from their eighth-grade teacher: "Dear Mrs. Jones: Jimmy is very bright, but he's not working up to his potential." People don't like being told that they are short of the mark.

Busy managers are not particularly fond of performance appraisals either, and generally for two reasons. First, few managers enjoy telling people to their faces that they're not doing their jobs as well as they should. Second, giving performance appraisals to each

of many direct reports consumes time—for preparation, administration, documentation, and follow-up. And time is every manager's scarcest asset.

Indeed, performance appraisals are sometimes uncomfortable and definitely take time. But when they are approached with the right frame of mind and done well, they are well worth the effort. When you consider that a manager's fundamental responsibility is to get results *through people*, a systematic approach to assessing the human assets at one's disposal is a must. In addition to providing insights into employee performance, appraisal sessions give the manager opportunities to

- communicate goals to direct reports;
- increase productivity by providing timely feedback;
- help the organization make valid decisions with respect to pay, development, and promotions;
- protect the organization against lawsuits by employees who have been terminated, demoted, or denied a merit increase.

## **Eight Steps to Effective Appraisal**

There is no "one right way" to conduct performance appraisal. Every company has a set of suggested procedures, and every subordinate presents a different challenge to the appraising manager. Still, effective practice generally involves the following eight steps, addressed in this order.

**STEP 1: BE PREPARED** Like every activity, performance appraisal benefits from preparation—by both employee and managers. Little can be accomplished if either manager or employee—or both—strolls into an appraisal meeting without having reflected on what has happened during the preceding months.

Let's consider the employee first. It is important to involve an employee in every stage of the appraisal process so that both sides of the story are on the table. One of the best ways of doing this is to have the employee complete a self-appraisal. In many cases, the human resource department provides a checklist for this purpose. That checklist states the employee's goals and the job behaviors and functions associated with them. (Note: Those goals should have been established with the employee at the very beginning of the appraisal period.)

In self-appraisal, the employee evaluates his or her performance against goals. If your human resource department doesn't provide a checklist, here are a few questions you should ask the employee to address in a self-appraisal:

- To what extent did you achieve your goals?
- Which if any goals have you exceeded?
- Are there particular goals with which you are currently struggling?
- What is inhibiting your progress toward these goals: lack of training, resources, direction from management, etc?

Self-appraisal has two key benefits. First, it gets the person involved. That involvement sets a tone of partnership for the appraisal process and makes the employee more

open to subsequent feedback by the manager. Second, it gives the manager a different perspective on the subordinate's work and any related problems.

**STEP 2: CONDUCT THE PERFORMANCE APPRAISAL MEETING** Many people are anxious about performance appraisal meetings. So create a tone of partnership from the very beginning. Start by setting the person at ease; don't let the person feel that he or she is in the prisoner's dock. Then review the purpose of the appraisal and its positive benefits for both parties. This will psychologically prepare you and the employee and will act as a warm-up for dialogue.

Then ask the employee to talk about his or her self-appraisal. This will help you understand the employee's point of view and prevent you from controlling too much of the conversation. Listen very carefully to what the person is saying. Don't interrupt until the person has had his or her say. Demonstrate that you are listening by repeating what you've heard: "If I understand you correctly, you feel that you are meeting all goals with respect to the weekly sales reports, but that you're struggling to contact all the key customers you've been assigned. Do I have that right?"

Once the employee has laid all of the cards on the table, move on to your appraisal.

**STEP 3: IDENTIFY PERFORMANCE GAPS** As you disclose your appraisal, give priority to how the employee's accomplishments compare to agreed-upon goals. For example, if Joan says that her greatest achievement was organizing and chairing a meeting between key customers and your R&D personnel, ask yourself, "Was this one of her goals?" If it was, how close did that performance come to meeting the metrics of that goal? How did she do relative to her other goals? Look for gaps between actual and expected performance. Your big problem here may be that some performance is difficult to quantify. For example, if a hotel manager has given his desk personnel the goal of creating a welcoming environment for guests, how would he measure their performance?

If your appraisal has found a "gap" between the employee's goal and actual performance, make this the focus of your discussion and feedback. As a starting point, identify a larger organizational goal to explain how the employee's goal supports it. People can and do change when they understand the consequences of their behavior and work. For example, you might say:

*Our department's goal is to resolve all customer warranty problems within one week. That's our contribution to the company's higher goal of creating customer satisfaction and loyalty—both of which guarantee our future employment and bonuses. We can't accomplish that if any team member fails to handle his or her share of customer complaints. Do you see how what we are doing fits in?*

Make sure the employee affirms your statement. Then move the conversation toward identifying the root cause of substandard performance. "If you're falling short of your goal, why do you think that is?" Listen carefully to the response; give your employee the first opportunity to identify the root cause. If you don't hear a thoughtful reply, probe with

other questions: "Could the problem be that you need more training?" "Are there too many distractions in the office?"

**STEP 4: FIND THE ROOT CAUSES OF PERFORMANCE GAPS** Identifying the root causes of performance gaps will, in most cases, create an atmosphere of objectivity in which both you and your subordinate can contribute in positive ways. You won't be attacking the subordinate, and he won't be defending himself from your criticism. Instead, you'll be working together to address "the problem," which in most cases is *outside* the subordinate (e.g., lack of proper training, too few resources, the workplace environment). The following suggestions can help you offer more useful feedback:

- Encourage the employee to articulate points of disagreement.
- Avoid generalizations such as, "You just don't seem involved with your work;" in favor of specific comments that relate to the job, such as, "I have noticed that you haven't offered any suggestions at our service improvement meetings. Why is that?"
- Be selective. You don't need to recite every shortcoming or failing. Stick to the issues that really matter.
- Give authentic praise as well as meaningful criticism.
- Orient feedback toward problem-solving and action.

**Note** (For a handy checklist for planning a feedback session, see Appendix A. You can download free copies of the same checklist and other tools used in the Harvard Business Essentials series from the series' Web site: [www.elearning.hbsp.org/businessstools](http://www.elearning.hbsp.org/businessstools).)

**STEP 5: PLAN TO CLOSE PERFORMANCE GAPS** Once you've identified performance gaps and discussed their root causes, make sure that the employee acknowledges them and recognizes their importance. Once that is done, begin a dialogue about their resolution.

Give the employee the first opportunity to develop a plan to close any gaps. Say something like, "What would you propose as a solution?" Putting the ball in the employee's court will make him or her more responsible for the solution and, hopefully, more committed to it. As the employee describes her plan to close any gaps, challenge assumptions and offer ideas for strengthening that plan. If the employee cannot put a credible plan together, you'll have to take a more active approach. In either case, seek agreement and commitment from the employee to the plan. A good plan includes

- specific goals;
- a timeline;
- action steps;
- expected outcomes;
- training or practice required, if applicable.

The development plan should become part of the employee's record.

If you cannot settle the matter of closing performance gaps during your appraisal meeting, establish a time and place for a follow-up meeting, and explain its purpose: "Over the next week I'd like you to think about the things we've discussed today. I'll do

the same. We'll then meet again and develop a plan for getting the help you need to handle these problems."

Before concluding the meeting, conduct a brief review of what was said and what agreements were made.

**STEP 6: REEXAMINE PERFORMANCE GOALS** Since an entire year may have passed since their last performance appraisals, reexamine the goals toward which your subordinates are expected to work. This is especially important when the organization is in a state of change, and when a subordinate is on a rapid trajectory of workplace mastery.

Involve the employee in the goal-changing process to be sure that (1) he or she has the capacity to assume new goals, and (2) the employee understands the details and the importance of these goals.

In all cases be very clear about the new goals and how performance against them will be measured. Also, depending on employee skills, this is the time to create a development plan (coaching, training, etc.) for giving the employee the capability required to meet the new goals.

**STEP 7: GET IT ON THE RECORD** It's very important to document your meeting, its key points, and its outcomes. That means that you'll need to take rough notes during the meeting and complete them immediately afterward, when your memory is still fresh.

Make a record of

- the date;
- key points and phrases used by the employee (not necessarily verbatim), including his or her self-appraisal;
- key points and phrases used by you;
- points of disagreement, if any;
- a summary of the development plan;
- agreed-upon next steps;
- performance goals for the coming year.

Chances are that your company will require that copies of this record be provided to the employee and added to the employee's human resource file and to your files. In most cases, both the manager and the employee are asked to sign the performance appraisal report, and the employee has a legal right to append his or her own comments to the report.

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### **Tips for Effective Appraisal**

- Make the employee feel that he or she is part of the process.
  - Provide honest feedback to the employees.
  - Cover the full spectrum of the employee's job responsibilities in terms of what was done right and what was done wrong.
  - Make it balanced: neither a love fest nor total criticism.
  - Identify what should be done in terms of employee development.
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**STEP 8: FOLLOW UP** You should plan on following up every appraisal meeting. The high performers and satisfactory performers will obviously need less follow-up. However, if you've given them new, more demanding goals, you'll want to monitor their progress and determine if they need added training, coaching, or support.

Employees with performance gaps who have committed to development plans should be more carefully monitored. That monitoring could take the form of a follow-up meeting every few weeks or months. Here, your goal will be to check for progress against development plans. These meetings represent opportunities for coaching and encouragement from you.

<sup>[1]</sup>Materials in this chapter draw heavily on the "Coaching" and "Performance Evaluation" modules of Harvard ManageMentor, an online product of Harvard Business School Publishing.

## Coaching

Coaching, like performance appraisal, is part of a larger performance management system. It quite naturally flows from performance appraisal, since, as a manager, you're bound to encounter subordinates who need extra help in doing their work and meeting their goals. Performance appraisal will also reveal that others are ready to step up to greater responsibilities and more challenging goals; all they need is an extra boost. Chances are that your company has formal and on-the-job training to help both types of employees. But it also looks to you to provide one-on-one coaching.

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### Managing Versus Coaching

Though managers must often act as coaches, management and coaching are quite different activities, and the difference makes coaching difficult for many managers.

#### Managing focuses on:

- Telling
- Directing
- Authority
- Immediate needs
- A specific outcome

#### Coaching focuses on:

- Exploring
- Facilitating
- Partnership
- Long-term improvement
- Many possible outcomes

*Coaching* is a two-way activity in which the parties share knowledge and experience in order to maximize a subordinate's potential and help him or her achieve agreed-upon goals. It is a shared effort in which the person being coached actively and willingly

participates. Good managers find coaching opportunities not only in performance appraisal, but also in the course of everyday business.

## Why Coach?

You and a subordinate may agree to form a coaching relationship when both believe that working together will lead to improved performance. Coaching can help subordinates to:

- Rekindle motivation
- Get back on track if they are having performance problems
- Maximize their strengths, such as building on their analytical skills
- Overcome personal obstacles, such as reducing a fear of dealing directly with a difficult customer
- Achieve new skills and competencies, such as learning how to make a better stand-up presentation
- Prepare themselves for new responsibilities, such as developing leadership skills
- Manage themselves more effectively, such as improving time management

Good coaching produces greater job satisfaction and higher motivation. It may also improve your working relationship with subordinates, making your job as manager much easier. Just remember that effective coaching requires mutual agreement. The other person must *want* to do better and must *welcome* your help.

## Begin with Observation

The first step in effective coaching is to understand the situation, the person, and the person's current skills. The best way to gain that understanding is through direct observation. Your goal should be to identify strengths and weaknesses, and to understand the impact that the person's behavior has on coworkers and on his ability to achieve his goals. As you observe, keep these points in mind:

- Learn what the person is doing or not doing well. Be as precise as you can be and try to get to the cause of problems. Consider this example:  
*After observing several team meetings, a manager noted something about Harriet. She interrupted others frequently. This behavior appeared to prevent others from expressing their views. A less observant manager might have said, "Harriet isn't a good team player." But that general statement would not have isolated Harriet's specific problem—a problem amenable to coaching.*
- Avoid premature judgments. One or two observations may give an incomplete impression. So continue observing, particularly if you have any doubts about your perceptions.
- Test your theories. Where appropriate, discuss the situation with trusted peers or colleagues. Add their observations to your own.
- Avoid unrealistic expectations. Don't apply your own performance yardstick to others. You've probably progressed in your career by setting high expectations

and achieving an outstanding track record. Assuming that others have identical motivations or identical strengths may be unrealistic and unfair.

- Listen carefully. A person may be asking for your help, but you may not be hearing him. Ask yourself, "Have I passed up chances to listen?" People don't always know what kind of help they need or exactly how to ask for it. When you see an opportunity, take the time to listen actively to direct reports.

## **Discuss Your Observations with the Employee**

Once you've determined where coaching can help, enter into dialogue with the employee. But stick to observed behaviors. For example, begin by saying, "This is what I observed." Also cite the impact of the person's behavior on group goals and on coworkers. For example, you might suggest that "If I were in one of your coworker's shoes, I might think that you were trying to dominate the meeting. I'd have that impression because of how you interrupt others."

When describing behavior and its impact, be truthful and frank, yet supportive. Leave motives out of the discussion; doing otherwise will only make the person feel that he or she is under personal attack. Those motives would be pure speculation on your part in any case. Here's an example of an assumed motive: "Your inability to get reports done on time tells me that you don't like this type of work."

## **Be an Active Listener**

As a coach you must be highly tuned in to the other person. You do this through active listening. Active listening encourages communication and puts other people at ease. An active listener pays attention to the speaker by

- maintaining eye contact;
- smiling at appropriate moment;
- avoiding distractions;
- taking notes only if necessary;
- being sensitive to body language;
- listening first and evaluating later;
- never interrupting except to ask for clarification;
- indicating that he's listening by repeating what was said, such as, "So if I hear you right, you're having trouble with ..."

## **Ask the Right Questions**

Asking the right questions will help you understand the other person and determine his or her perspective. There are open-ended and closed questions. Each yields a different response.

Open-ended questions invite participation and idea sharing. Use them to:

- Explore alternatives: "What would happen if ..."
- Uncover attitudes or needs: "How do you feel about our progress to date?"

- Establish priorities and allow elaboration: "What do you think the major issues are with this project?"

Closed questions lead to yes or no answers. Use them to:

- Focus the response: "Is the project on schedule?"
- Confirm what the other person has said: "So, your big problem is scheduling your time?"

When you want to find out more about the other person's motivations and feelings, use open-ended questions. Through this line of questioning you may be able to uncover the other person's views and deeper thoughts on the problem. This, in turn, will help you formulate better advice.

## **Begin Coaching**

Once you understand the person and the situation, you can begin your coaching sessions. Effective coaches offer their ideas in such a way that the person receiving them can hear them, respond to them, and consider their value. It is important to advocate your opinions in a clear and balanced way.

- Describe the individual's situation in a neutral way—without value judgments.
- State your opinion.
- Make the thoughts behind your opinion explicit.
- Share your own experiences if they might help.
- Encourage the other person to provide his or her perspective.

Your collaborations will be most successful if you use both inquiry and advocacy in your communications. Overreliance on inquiry can result in the participants' withholding important information and positions. Conversely, if you emphasize advocacy too heavily, you create a controlling atmosphere that can undermine the coaching partnership.

## **Give and Receive Feedback**

Giving and receiving feedback is a critical part of coaching—and supervision in general. This give-and-take goes on throughout the coaching process as you identify issues to work on, develop action plans together, and assess the results. Here are a few tips for giving feedback:

- Focus on behavior, not character, attitudes, or personality. This will prevent the person from sensing that she is being personally attacked.
- Describe the other person's behavior and its impact on projects and/or coworkers, but avoid judgmental language that will put that person on the defensive. For example, instead of saying, "You're rude and domineering," say, "You interrupted Fred several times during each of our last three meetings." Notice how the behavior, and not the person, was attacked in that last statement.

- Avoid generalizations. Instead of saying, "You did a really good job," offer something more specific, such as, "The transparencies you used for your presentation were effective in getting the message across."
- Be sincere. Give feedback with the clear intent of helping the person improve.
- Be realistic. Focus on factors that the other person can control.
- Give feedback early and often in the coaching process. Frequent feedback that is delivered soon after the fact is more effective than infrequent feedback.

Feedback is a two-way street. That means that you must be open to feedback on how effective *you* are as a manager and coach. Coaches who are able to request and process feedback about themselves learn more about the effectiveness of their management styles and create greater trust. To improve your ability to receive feedback, ask for specific information. For example, "What did I say that made you think I wasn't interested in your proposal?" or "How were my suggestions helpful to you?"

When you ask for clarification, do so in a way that doesn't put the other person on the defensive. Instead of saying, "What do you mean, I seemed hostile to your idea?" say, "Could you give me an example?" Also,

- be willing to receive both negative and positive feedback; and
- encourage the other person to avoid emotion-laden terms. For example, "You said that I am often inflexible. Give me an example of things I do that make you believe that."

And be sure to thank the person for his or her feedback, both positive and negative. Doing so will improve trust and be a model of productive behavior to the person you are coaching.

## Develop an Action Plan

Some coaching situations benefit from an action plan. A situation in which a subordinate must bring performance up to standard within a certain time or risk dismissal is one clear example. Another would be when you have an excellent subordinate you wish to prepare for a higher-level job within a few months. In each case, a plan assures systematic attention to performance improvement.

An action plan should be written by the person being coached and should describe the specific changes in behavior or new skills the person must work on. Like any effective plan, it should include a timetable and measures of success. Your role in creating the plan should include

- ensuring that the goals are realistic;
- helping the subordinate to prioritize the tasks needed to achieve his goals;
- highlighting potential obstacles and brainstorming potential solutions;
- determining what additional coaching support or training will be required.

Work together on these agreements. Your involvement will demonstrate your interest in the subordinate's success and your commitment to the action plan.

## Always Follow Up

Effective coaching includes follow-up that checks progress. Follow-up helps individuals continue to improve. Your follow-up might include asking what is going well and what is not. Follow-up sessions are also opportunities for praising progress, and looking for opportunities for continued coaching and feedback. If the action plan needs modification, the follow-up meeting is the place to do it.

If you're a new manager, or new at coaching, your first efforts may feel uncomfortable and may not be entirely effective. Just remember that you will get better with practice.

## Summing Up

- Performance appraisal is a formal method for assessing how well people are doing with respect to their assigned goals. You and your company will need these assessments when you make decisions on pay and promotion.
- The eight steps of effective appraisal are preparation, the appraisal meeting, identifying gaps between actual and expected performance, finding the root causes of the gaps, planning how the gaps will be closed, reevaluating goals, documenting your meeting, and follow-up.
- Coaching is a two-way activity in which the parties share knowledge and experience in order to maximize a subordinate's potential and help that person achieve agreed-upon goals.
- Coaching begins with observation, moves on to a discussion of observed problems with the employee, involves two-way feedback and an action plan, and ends with follow-up by the manager.