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Conducting Effective Employee Performance Reviews

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Annual performance reviews. They make many an employee cringe. They also can make supervisors and managers groan. They can be time-consuming, and the benefit often not immediately apparent. However, for those employers with poorly performing employees who turn into former employees, who then turn into litigants contesting the reason for their termination, having a well-considered and substantive performance review can be invaluable.

Many employers choose the first part of the year to evaluate employee performance, issue raises, and distribute bonuses based on company or individual performance from the previous year. Having a formal employee performance review system in place can assist the employer when making these as well as a host of other decisions.

Developing a formal employee performance review system can seem daunting. However, it can be broken down into steps that are easily attainable with a little bit of planning and effort.

Initially, an employer should consider the frequency and timing of conducting performance reviews. Some employers choose to evaluate employees on the anniversary date of employment, others choose to evaluate one department at a time, and still others choose to evaluate all employees at year-end or on some other timeframe (quarterly, bi-annual, etc.).

Next, the employer should consider how to rate employees, such as through a rating system. Strong rating systems include definitions so that the evaluator has no question as to what it means when scoring "1, 2, or 3" or "Below, Meets, Exceeds (Expectations)."

The employer should also give thought to the categories to be used for the evaluation. Many employers choose to standardize these categories into a form that is used throughout the organization. A form-based system can help upper management review its workforce by comparing the performance of all employees reporting to a particular supervisor in a particular job category.

Oftentimes, employers also give employees the opportunity to complete a self-evaluation using the same rating system and categories that he/she will be evaluated on. This process can open up dialogue between the employer and the employee if the employee and the evaluator score the categories with different ratings. The employee may feel he/she is performing at a "5," or "Exceeds" level, and the evaluator may feel he/she is performing at a "2," or "Below Expectations" level, thus opening up the opportunity for a frank discussion as to performance and expectations.

The employer should also consider establishing deadlines for completion of the evaluations. Once compiled, the employer should consider setting in-person meetings to discuss the results. These in-person meetings may include human resources staff or may be conducted by a supervisor trained to properly issue and discuss employee performance.

The most effective employee performance reviews are written by the supervisor or manager with the most first-hand knowledge of the employee's work performance. When tasked with drafting an employee performance review, the evaluator should set aside adequate time to fully engage in the process. The evaluator should take the time to review the employee job description and list of duties and responsibilities and then, using that criterion, evaluate the employee's performance in each of the categories the employer has designated for review.

The employee's achievement of specific targets and goals should be addressed in the evaluation as well as the employee's deficiencies, if any. Specific examples of poor or underperformance should be given. Ambiguity should be avoided. Employees who receive performance reviews that contain blanket statements about their performance cannot utilize the feedback to improve or change.

It can be extremely uncomfortable to issue an accurate performance review to someone who is underperforming. However, reviews that inflate an employee's performance are disadvantageous to the employer because if the decision is ultimately made to end

that person's employment due to poor performance, an inflated review does not support that decision. Litigation may ensue if an employee who was never provided honest feedback regarding their performance is terminated for performance related reasons.

The evaluator should also remember to assess each aspect of the employee's performance independently. Good or poor performance in one area should not influence the assessment of other criteria.

Categories that are often overlooked by employers when conducting employee performance reviews are those intangibles that dramatically affect the workforce such as willingness to take instruction, ability to communicate and work effectively with others, demonstration of initiative, adaptability, and attitude in the workplace. Strengths and weaknesses in these areas should be addressed with the employee in the written performance review as well as during the in-person meeting.

Employers should also consider addressing expectations and specific goals for the next performance period, including timeframes and possible consequences for not meeting the goals. Rather than telling the employee to, "Try to do better next quarter," communicate a specific expectation such as, "We expect you to do XYZ within the next quarter." During the in-person meeting, strategies and suggestions for meeting the expressed goals should also be discussed.

Once compiled, the evaluator should have the written documentation reviewed by a third party (typically Human Resources or an upper-level manager) to ensure compliance with the employer's policies and to ensure fairness and accuracy. The Human Resources staff and upper level management should be on the lookout for any reference to prohibited factors in the written documentation, including the employee's sex, age, race, national origin, religion, or membership in any other protected class.

Employers are often faced with the difficult decision to terminate an employee for performance or promote one employee over another. When there is documented evidence of performance review and discussions to back up the decision, employers reduce their risk of liability. There is no one-size-fits-all review system for every employer, and employers are encouraged to work with legal counsel to develop a system that is not only right for them and their culture, but also helps mitigate the risks associated with poorly conducted performance reviews.

opinion on any specific facts or situations. For further information on your own situation, we encourage you to contact the author of the article or any other member of the firm.



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