

Are Performance Reviews Going Extinct? 6 Tips for Making Nonprofit Reviews More Effective



Like me, you probably read the headlines last year with interest - [IBM is Blowing Up its Annual Performance Reviews!](#) Fortune 500 companies such as GE and Accenture followed and there was even discussion about [performance ratings being ditched](#). It was an important conversation about the changing nature of work and our efforts to keep and retain talent. Now that the debate has settled, I recruited my good friend and fellow Duke MBA alum, [John Troy of WorkMonger](#), to boil down the conversation into a step-by-step process for the social sector.

So it's annual Performance Review time, again? Didn't we just do this a year ago?

Before you dust off last year's review and start filling it in again, why not take a step back?

What is Your Goal?

First, your overall goal should be a well-run organization that is efficiently utilizing its resources to deliver excellent results for your mission. What does a well-run organization need? Productive, happy employees. An effective Performance Review should answer three questions for an employee in detail with data (to the extent possible) and specific examples:

- 1. How am I doing?*
- 2. How is my team and organization doing?*
- 3. How is my work contributing to the team's and organization's performance?*

An effective Performance Review should also identify an employee's strengths and weaknesses. Then, you can turn the Performance Review into a Performance Plan for the upcoming year. (Hint - Don't fall for the trap of thinking a Performance Plan is focused primarily on improving weaknesses - we should encourage and support our employees in honing their [strengths](#).)

Is Your Current System Meeting Your Goal?

The statistics say probably not. According to corporate research and [advisory firm CEB](#), only 4 percent of HR managers think their system of assessing employees is effective. That number was 23 percent in 2012. Chances are your employees don't like your review system either. A 2013 [Globoforce study](#) found that 63 percent of employees don't think reviews are a "true indicator of performance."

So, What Are We Doing Wrong?

First, acknowledge what we all know. Getting reviewed is not fun. It can feel like you're sitting in the proverbial Principal's Office, thinking, "Am I in trouble?" And many employees leave their review thinking, "Why don't they like me?" If your Performance Reviews are destroying morale and breeding resentment and bitterness, your employees can't focus on performance improvement.

Here are some common complaints from employees:

- Being judged on expectations that were never established.
- Being judged based on one disgruntled opinion.
- Being judged on one recent mistake and not a year's worth of performance.

How Can We Make Them Better?

Set Clear Goals. Performance Reviews should really start when you are setting your organization's goals for the upcoming year. Employees' Performance Goals and Expectations should be tied to your organization's [strategic plan](#) and annual action plans. They should be clear, measurable, and agreed upon up front with input from the employee.

More Frequent, Less Formal Evaluations. Reviewing performance weekly, monthly, and quarterly tends to be less threatening. It's also more practical - employees have time to make adjustments and act upon the feedback shared. Organizations today move more quickly than ever before. A once-a-year check-in is too little, too late. Plus, this way, by the time you reach the annual review, it's really just a wrap up of the past four quarterly discussions - there should be no surprises for the employee.

Avoid the Recency Effect. Don't overly focus on or emphasize the most recent events, when the review is supposed to cover a longer period of time. This is another reason we like more frequent evaluations.

Constructive Concrete Feedback. Have negative feedback to give? Be specific. Have examples ready. But don't disproportionately emphasize areas of improvement. Don't make up areas of improvement just because you feel like you need to give the employee something to work on. If you happen to have an employee who is really exceeding expectations in all areas, tell them that! It will be the cheapest bonus you ever give! (Note: Fan of the "sandwich approach" for giving feedback? Might be time to [drop it](#).)

Response Time. Allow time for the employee to respond. Is there something the employee needs to help them meet a goal or expectation? Also solicit and be ready to

accept your employees' feedback on you as a manager. Annual Reviews are also a great time to discuss employees' career ambitions and professional development. This increases the chances your employees will leave their review feeling valued and worthy of the organization's investment.

Avoid the Traps of Our Sector. Tough annual reviews and grading employees are common in the for-profit industry. Think: Jack Welch of GE. (However, even companies known for the toughest review systems have recently begun [revamping them](#).) While performance reviews are a tool that can be relevant and helpful in the social sector, don't fall for two common social sector traps on either end of the spectrum:

Don't Be Heartless. Remember your staff's motivation, especially if you are a manager who has recently transitioned from the private sector. Most employees in the sector aren't here for the money (though they still deserve to be paid fairly). Remember that pouring your heart into something may make you more sensitive to criticism. That doesn't mean you shouldn't still give accurate feedback, but keeping your audience in mind may make for a more effective review.

But, Don't Be Too Nice. On the other hand, some of us can have too much of a bleeding heart. You are probably a nice person. Your employees are probably nice people. If you are working in this sector, you are by definition valuing something more than making a profit. That's so nice of you! As Suzanne has written before, our sector's [niceness can get in the way of progress](#). In Performance Reviews, it can also get in the way of clear, straightforward feedback. Avoiding sharing feedback is not being nice to your employees - you're actually doing them a disservice.

Review the Review. Are you currently using a form for your review? How is it working? Ask managers and employees if they like the form. Don't simply keep using the same form because you always have. Forms are good when they provide structure, guidance and consistency among employees. But many can become unnecessarily cumbersome, fail to communicate desired or important information, and generally are not user-friendly.

Are you in the 4 percent? Do you feel like your organization gets this right? [Let us know](#) what you do and don't like about your performance review process. We would love to help you problem solve until you get it just right for your organization.

All the Best,

A handwritten signature in black ink that reads "Suzanne Smith". The signature is fluid and cursive, with the first name "Suzanne" written in a larger, more prominent script than the last name "Smith".

Suzanne Smith
CEO and Founder
Social Impact Architects

