

# HR Insights

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## Performance Evaluations: Best Practices

Employee evaluation is an important part of a company's quality assurance. Many companies formally evaluate an employee's performance and progress after an initial trial period and then again on an annual or semi-annual basis. Although performance evaluations can improve productivity and employee morale, many employers do not make them a high priority because they are time-consuming and are sometimes viewed by managers as having little practical value.

### Why Conduct a Performance Evaluation?

- To promote growth and competence and to increase employee productivity
- To facilitate employer-employee communication and develop relationships
- To hold all employees to the same standard of performance and identify high and low performers
- To let employees know how they are doing
- To document incidents of poor performance for future reference
- To establish valid defenses for employment litigation and legitimate reasons for termination
- To determine the level of salary increases

From a productivity perspective, regular performance reviews can help ensure that employees are meeting performance expectations. They can also help evaluate individuals, teams and managers and find underperformers that need to be addressed.

In addition, the increasing number of discrimination and wrongful termination lawsuits illustrate the

importance of performance documentation as a means of justifying the legitimate business reasons underlying an employer's personnel decisions. A series of well-documented evaluations that clearly describe an employee's poor performance provides the employer with objective evidence of legitimate and nondiscriminatory reasons to support a job transfer, demotion, layoff or termination. Failure to conduct formal evaluations may leave an employer vulnerable in a discrimination or wrongful discharge lawsuit.

### Best Practices When Implementing a Performance Evaluation Process

- Perform formal evaluations at the same time for everyone each year. While this increases the workload of managers and supervisors during review time, it forces direct comparisons of employees and establishes a nonbiased system.
- Have regular meetings with supervisory staff. Supervisors will learn from each other's experiences. Provide adequate training and insist on candid observations.
- Clearly communicate to employees what their duties are and what is satisfactory performance. Accomplish this through periodic reviews of job descriptions, training, and both formal and informal appraisal.



- Tell employees the criteria upon which their performance will be reviewed. Develop standards and establish reasonable goals for employees. Make sure that employees understand the consequences of their failure to improve.
- Don't wait until the annual evaluation to provide feedback; offer it throughout the year. Give both positive and negative feedback.
- Document poor performance in writing. This can be done in the form of coaching, training, discipline or assessment.
- Ask employees to complete a self-assessment in addition to the review completed by the manager. This can identify areas where the employee and manager disagree on performance or expectations.
- Give employees the opportunity to review, challenge, and comment on the evaluation.
- Meet with employees to discuss all evaluations and expectations. Keep a record of the meeting.
- Have employees sign the evaluation. While the employee may not agree with it, it provides evidence that the employee has seen it and has been given a copy. If the employee refuses to sign, the individual giving the evaluation should sign it along with a witness noting that the employee was given a copy.
- Establish a review process for evaluations. This will keep the supervisor honest and ensure that supervisory staff is performing reviews consistently.
- Give employees time to improve and offer resources and assistance if appropriate.
- Follow established procedures strictly. Apply all procedures and standards equally to all employees.
- Use other supervisory personnel in the process, if possible, to mitigate claims of personality conflict. This will enhance credibility if all evaluations point to the same conclusion.
- Make sure employees understand the consequences for failure to perform at an acceptable level. There should be no surprises in employee supervision and evaluation.
- Managers should be held responsible for helping subordinates develop and improve.
- Maintain confidentiality in employee performance evaluations.