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## **Reform needed to replace the dreaded performance review**

Nashville Business Journal - by [Tim Shaver](#)

Performance reviews might be one of the most reviled practices in business today. And one of the most ineffective.

Why, then, do we persist in using them? My eyes were opened to just how damaging these evaluations can be when Gary Markle, president of Energage In., recently spoke to the CEOs in my Vistage group.

Markle explained: "Sitting across from your boss and getting a grade or label for your stunning 3 percent raise is seen as demeaning by the employee, and a waste of time by managers. Believe me, I know. Having spent 17 years in HR with companies like Exxon and Shell, I've given thousands of reviews and I've been given dozens myself."

The author of "Catalytic Coaching: The End of the Performance Review," Markle had plenty to share.

Did you know that performance reviews:

- Originated in the early 1900s with Frederick W. Taylor, the father of so-called "Scientific Management." He began the trend of looking at employees as parts in a production machine.
- Gained traction in the early 1980s, when Xerox adopted and standardized the ritual of grading people, then talking with them about their pay at the end of the conversation?
- Remain entrenched for two primary reasons: to minimize legal exposure for employers, and to "pay-for-performance" with base salaries?

"Yet labor attorneys usually concede that, in employment litigation, performance evaluations are usually first entered into evidence by employees' counsel," Markle points out. "And 'pay-for-performance' is a misnomer.

Before last year's performance can be considered, an employee's pay is really determined first by two other considerations: 1) Budget - the amount of money a company can afford to set aside for raises, and 2) the Compa-Ratio - a benchmark for analyzing the employee's current pay versus what equally qualified peers are paid to do similar work for other comparably sized companies.

Markle developed the "Catalytic Coaching system" to return the employee-employer formal interactions about pay and performance to an "adult-to-adult" discussion that doesn't cloud the developmental conversation with dollar signs. The system ensures that every employee will meet one-on-one with his or her supervisor in a series of meetings totaling five hours, with the sole item on the agenda being that employee and his career.

Here's how Markle summarizes the system:

Step 1: An Employee Presentation to the Supervisor: The employee is given a form to fill out that becomes a springboard for a 45-minute presentation the employee gives to his supervisor. The purpose is to help the employee explain where he is with the company, and thinking about the future. The form and interview are focused on three basic questions.

- "What have you done for the company lately?"
- "What have you done for yourself lately?"
- "What do you want to do when you grow up?"

The responses might be surprising. You might find that someone you thought to be "retired on the job" is really quite ambitious, or that someone you were grooming for promotion is not interested in management responsibility.

The second meeting involves the manager giving counsel to the employee. They start the meeting talking about areas in which the employee stands out in a positive way.

Focus on four areas of improvement, and prioritize them. Each area of improvement falls into one (or no more than two) of these categories:

- Performance-impacting: helps you in your current assignment.
- Potential-enhancing: makes you better promotion material.
- Job threatening: can lead quickly to demotion, transfer or termination.

Finally, employees are given recommendations for development in a "here's how we can help you" format.

The third document is the Personal Development Plan which structures the third and subsequent meetings. It contains a focused improvement plan for the year. The employee fills this out.

Generally, a 15-minute conversation accompanies the development plan, which encompasses four goals. Employees normally transfer their four areas of improvement onto this form, and use the boss' development recommendations to address those areas.

The employee is asked to make one goal out of a strength, and explain how he can "give back" to the company based on that strength. For example, teaching other employees Spanish might be a way to give back if an employee is bilingual.

Once a quarter, the manager holds a meeting in which the employee gives a progress report.

"Because there's no grading involved, catalytic coaching usually results in a really powerful conversation between two people," says Markle. "What you get when you do it right is a highly motivated and highly focused employee that is grateful for the time you've spent helping them grow."

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