

# When Performance Reviews Fail

By Annette Simmons

Performance management often conflicts  
with relationship management.

Negative feedback doesn't motivate;  
ignoring the subjective element in reviews  
undermines employee attitudes.

Here's a proposal for an alternative  
review system that takes into account  
the important emotional aspects.

Apparently, I'm not a "team player."

That's what it said on my last performance review—the one I received right before I quit. It was, in fact, the reason I quit. I had killed myself trying to perform and was shocked to be graded below average on two measures: team player and communication. Somehow, that valuable feedback didn't encourage me to dig deep and find my inner team player. It felt like a smack in the face. If I were a better person, I might have examined the truth in the rating. But being a regular human being, I felt hurt and angry.

What about you? Have you ever experienced a performance review that left you feeling bad instead of motivated? You're not alone. It's time to admit that this primary tool designed to improve performance can, and often does, create the opposite of the desired and intended result.

### Equal parts accurate and ineffective

From the perspective of 10 years hence, I'm forced to admit that my review was accurate: Team focus wasn't my strength. But accurate didn't translate to effective. Average and low ratings often don't. Take Amy, now a producer at a local TV station. Amy once received "3s" all the way down the line on a five-point performance scale. When she asked her boss, he said, "No one gets a five." Doing one's job was the basic requirement and thus warranted no more than a "3"—average. "You're doing your job, so that's what you get." Amy asked more questions, but his insistence that "no one gets a five" sabotaged their discussion on what actions might get her an "excellent" (5) rating.

In order for a carrot to motivate, the rabbit needs to believe that he or she can reach it. Otherwise, we risk developing learned helplessness. Try-lose/try-lose/try-lose experiences breed a why try? attitude.

Even in the short-term, Amy's emotional reaction at being labeled "average," and her boss's defensiveness at being questioned, hijacked the opportunity for productive dialogue. Their emotions were more powerful than the facts. The manager was defensive and hiding from Amy's anger behind accuracy. Still, he was right: On a bell curve, "5s," by definition, should occur only 5 to 10 percent of the time. But hiding behind accuracy weakened his ability to stay connected. Amy says, "I remember it vividly. I was already considering leaving. But after that review, I knew it was the infamous last straw. I'm not average, and I'm no longer employed by that company, thank goodness."

The company lost a great employee because accuracy was valued over emotional connection. Performance—good, bad, indifferent—is always related to emotions. There are few more emotional interactions a boss can have with an employee than a performance review. Because the emotions are predictable, why not factor them into the review system? Responding to the emotional reactions of an employee validates his or her feelings and keeps those feelings in the loop of your influence as a boss. Ignore employees' feelings and those feelings may run amuck.

### I'm a person, and it's personal

These days, our backs are against the wall to provide objective, measurable results. As a result, we tend to let the unmeasurable, emotional results slide because the subjective stuff is...well, subjective. That's not going to cut it anymore. Subjective criteria such as emotions directly affect performance. Therefore, we need for performance reviews to factor in basic subjective criteria. With that in mind, I'd like to propose one lone subjective criterion concerning the emotional aspects of your current performance review system: Do your performance reviews leave employees with bad feelings that fuel resentment or discrediting behaviors toward the evaluation criteria, the evaluator, or the company?

If so, do something different. It doesn't matter how accurate your review system is or how it *should* work. If it fosters negative feelings that damage performance, it isn't effective. So what if people are "taking it wrong"? That's the reaction the system is creating. I smile when a well-meaning boss says, "Don't take it so personally." What a bunch of malarkey! First of all, it's desirable for people to take their reviews personally because that's a trademark of high performers: They take personal interest in their work. Personal feelings impel employees. The driver may be a competitive spirit, pride, a desire to please, providing for family, or avoiding trouble, but all are personal and rooted in emotion. The idea of a performance review that *isn't* personal would be ridiculous if it weren't for all of the people who think that's a good notion.

### Step on the scale

The core assumption of most performance reviews is that if you clarify the gap between current performance and desired performance, that will drive improved performance. If that's all it takes, then all I need to lose weight is a bathroom scale. Performance reviews often

end up like bathroom scales: They're shoved into a closet (no one takes them seriously); a little cheating and shifting affects the weight (rankings are distorted); or some people just take them out to the driveway and run over them a few times (what performance reviews?). The few people who step onto prominently displayed bathroom scales aren't normal—and we hate them!

For most of us, improving performance or dropping bad habits blends gap analysis with emotional support. Poor performers perform poorly more often because they're angry, sullen, cynical, or apathetic rather than because they don't understand the gap between current and desired performance. Excellent performers are excited, optimistic, and often conduct their own gap analysis. Rightly or wrongly, the emotional state of an employee will be a function of the quality of relationships that employee has with his or her boss and co-workers. Sure, feedback is important, but one conversation a year won't compensate for a bad relationship between a boss and his or her employee. In fact, the conversation can even make the situation worse.

### Amplify the quality

Performance ratings amplify the quality of the personal relationship between boss and employee. Good relationships tend to create a good experience, bad relationships can be horrid. I've found that many good bosses ridicule inflexible performance reviews in front of their staff. They use humor to inject flexibility into an inflexible system. They've found humor is the only way to stay connected when their company's performance system forces a disconnect between them and the people they must review. Many companies impose judge-judger roles or mandate that 80 percent of employees be ranked less than "excellent." Keith, a top-notch manager with an international high-tech manufacturing firm, uses humor to stay connected with employees during the treacherous review process. In this email, he reframes the process and sets a light tone for upcoming reviews of eight project managers:

"As most of you know, I'm starting to fill out your 2002 reviews. I'll schedule times with each of you. Here's what will happen: I fill out the ratings you've justly earned and click the button, Send and notify loyal and most appreciated employee. You receive the notification and can see what I've put in your file. If you find everything in order and agree most heartily with my evaluation, you click the button, Employee

## The Alternative Performance Review

Here's how to design a review that takes emotional factors into account.

**Add flexibility.** Blend some "it depends" flexibility into your system. Allow managers to interpret reviews so they best suit an employee's emotional state. Acknowledge that the easiest solution to a problem (such as, only the top 5 percent get a bonus this year) might not be the best solution in the long run.

Don't succumb to pressure to value consistency and accuracy over the messy job of nurturing relationships and tending to human beings. The people who try to bully you into hard numbers and consistency (inflexibility) are usually senior managers who feel overwhelmed by the enormity of their jobs and the complexity of managing the unmanageable. Know that, deep down, some or many harbor a sneaking suspicion that someday soon they'll be forced to admit they don't know what's going on. They may think this is one place they can simplify. Resist, with compassion. Tend to their anxiety without giving in to demands for logic over relationships and accuracy over effectiveness.

You'll need to deliver an airtight argument for flexibility. The soft stuff can be hard to deal with. Give managers a handle on the soft stuff so they can begin to feel some competence in that area. It's the feeling of incompetence in dealing with emotions that keeps most managers running back to the numbers to regain a sense of control. If they're good at the numbers part, you can usually expect a deficit in the emotions part. Get managers to talk about that deficit. Help them see that just because feedback is easier to systematize than emotional connection, that doesn't make feedback more important.

**Give data.** Provide information about how the review system affects the sense of connection between manager and employee. Ask managers how getting a "3" might feel and what behavioral responses that might cause. Survey people to describe the emotions they associate with the current performance review system. List those emotions along with the behaviors they create. If reviews engender anxiety, stress, and resentment, they're also causing resulting associated behaviors: avoidance, discrediting, withholding, and irritability. Does your organization really want to incite those behaviors? No? Then help it build flexibility into its review system. Let managers interpret the scales so that they affect employees' performance in a positive way. Let go of the desire to control, mandate consistency, and force equity—fine goals but always and forever illusory. It's irresponsible to believe and operate as though a system achieves those goals without damaging relationships.

signs and graciously accepts manager's wonderful evaluation (fat chance). If that happens (ha!), then you can choose to decline our meeting (I'm dreaming!), but then I'd decline your decline and force you into my office under the hot, bright light anyway. Realizing that step 4 will never happen, we'll meet and you'll con-

vince me of the error of my ways (a beating or cash)—at which point, I'll make the appropriate changes and click the button, Send and notify belligerent and obnoxious employee. Since you would've pummeled me into those changes, I assume you'll click the button, Employee signs weak and addled manager's evaluation. If not, we repeat steps 2 through 6 until successfully completing step 6 and HR is happy."

That email is a clue as to why Keith's employees love him and would do anything for him. He understands that relationships are more important than performance reviews. I fret for managers who get lost in the task, rules, and logistics. They end up dreading the meeting, and I'll bet their employees do, too. Even well-intentioned performance review systems can make relationships worse, not better. What's more, employees who *aren't* reviewed feel they have tangible proof they're not valued.

### Down with forced ranking

At Lake Wobegon Inc., all employees are above average. If we were to rank performance reviews on good intentions, they'd all get all "5s." Unfortunately, good ideas go bad fast when accuracy overrules a manager's flexibility in using his or her common sense.

Steve, in tech support, received an email from his boss, Mark, who also used humor (an important tool for tending relationships) to override the potentially damaging impact of being forced to tone down a glowing review. Steve, like many employees nowadays, is overqualified for his current job. He speaks fluent Japanese, has a master's degree in anthropology, and is gifted in calming anxious software users at the same time he fixes their technical issues. Any tech-support manager would feel blessed to have Steve as an employee and would want to keep him happy. Mark's attempt to compliment Steve violated Wally's strict interpretation of the rules:

From: Wally  
To: Mark

"Your review makes Steve sound like he walks on water. You might consider toning it down a bit. Additionally, those of us that can't walk on water can improve in some areas. I didn't see any comments from you explaining to him how to improve. Remember, you should structure your comments like, 'Steve does this blah blah great and to improve, he needs to blah blah....'"

From: Mark

To: Steve

Wally doesn't think you can walk on water?

Full credit to Mark for negotiating that awkward situation with tact and humor. You can bet that Wally doesn't inspire the same commitment from his staff (Mark quit a week later). A supervisor who values good relationships as well as accurate feedback will get better performance and more loyalty from employees over the long run.

Performance review protocols test managers' ability to balance accuracy with effective relationship management. A manager who spends years developing good relationships can see those relationships sabotaged overnight by an inflexible review system—particularly when the system uses forced ranking. One manager told me of a review system that was designed to, in order of importance, "reward exceptional performance, encourage others that exceptional performance is worth striving for, and encourage teamwork." That's a system that deserves all "5s" for good intentions but "1s" for the relationship impact.

In another example, Mike describes his dilemma: "There was a mandate that no more than 35 percent of employees receive a bonus. That means that with a staff of seven, I can recommend bonuses for only two people. If I fervently believe that our branch acted as a team and deserves a team award, I'm stuck with having to demoralize them except possibly the two people who get a bonus."

Forced ranking is one example of a perfectly logical approach to performance management that turns into disaster for relationship management. No one disagrees with the fact we can't all be above average. The disagreement comes when we decide how often we choose to remind someone he or she is average.

Consider the Academy Awards. The intention to create an elite award and "the award goes to" kind of excitement that inspires great performance makes sense. But in everyday work life, a similar intention in performance reviews has been co-opted by hidden agendas and emotional dynamics, and often discredited by the people reviews purport to reward. It's hard to remember their original intent. Same with Oscars. Most actors would love one, but many protect themselves against disappointment by downplaying or even discrediting the process, judging, and elitism. I think it's safe to say that their day-to-day performance in

front of a camera is hardly fueled by the desire for an Oscar. The award is after the fact—unexpected and not the primary motivator. Many in the industry think the Academy Awards show is a fashion show and political circus—not so different from how some people feel about their companies' performance review systems.

If your business thrives on a few stars, then forced ranking might make sense. But if you want most of your employees to feel like winners, forced ranking reminds the average performers that they're average. Forced ranking creates "losers," and erodes cooperation and collaboration. Forced ranking forces a scarcity world view into a company's culture. Competitive types may be inspired to try harder, but less competitive employees won't. Note that quality often comes from the diligence of noncompetitive employees who display such noncompetitive behaviors as sharing resources and credit, as well as working even when no one's looking. Those employees often exceed expectations. Regardless, forced ranking reduces a manager's

flexibility to manage emotional connection—a primary contributor to performance.

Don't let forced ranking ruin your work relationships. Refuse to give in to a system that forces you to treat employees with anything but respect. If you have to go underground, fine. If you're part of the design team, fight for a saner performance review system.

I understand why we have performance reviews. I understand that we need a consistent measure that aligns the entire organization around the same goals—and that without a yearly review, some people would never get any feedback from their managers. But I also believe we can do a better job by lightening up a little on the numbers and paying more attention to the emotions and relationship dynamics. It's just my attempt to become a team player. TD

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