



Advance

performance appraisal system

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In addition to the 40 page guidelines, the toolkit comes complete with template forms (in Word format), for objective setting, annual review, behaviour analysis, and planning training and development activity.

introduction

Performance Management is a broad topic that covers everything from recruitment and selection, performance appraisal, reward and recognition, sickness, absenteeism, disciplinary issues and increasingly, legislative requirements.

All of these elements are of course important. It is essential that the selection processes used ensure people with the right skills are brought into the Company. A performance appraisal system needs to highlight objectives and expectations, recognise success, identify training opportunities and, to be credible, must be seen as fair and objective. A business also needs to monitor performance in terms of the impact of sickness and absenteeism, where trends can be as much an indication of the health of the company in terms of staff loyalty, morale and interest as they are an indication of the health of employees. Performance also needs to be managed in terms of the application of necessary rules and regulations, whether originating internally, or externally (e.g. through legislation or governing body regulation). Finally, social legislation like the working hours regulations introduced in the last few years, will have an increasing influence on the way performance management is undertaken.

This toolkit focuses on one of these elements; the performance appraisal. Performance appraisal is a key part of performance management and will impact upon many of the other areas we have mentioned.




A good performance appraisal system that is used well will ensure individuals feel valued, help to identify problems and issues early on and reinforce a partnership approach between managers and their staff.

We have called our system *Advance* because in our view this sums up what can be achieved through successful performance appraisal. Advancement for the individual, the manager and the business. For an individual, this doesn't necessarily mean promotion - it could mean the development of new skills or recognition of achievements that develop confidence. For managers it could be receiving constructive feedback that helps him or her develop stronger links with the team. And for the business, it is the likely result of a motivated, valued team, where trust and a willingness to share ideas and thoughts are the norm.

Advance also gives the suggestion of momentum and moving forward - a fundamental function of the performance appraisal, which should be as concerned with looking ahead as it is with reviewing past performance.

key to symbols used

In this toolkit we have introduced some simple symbols to highlight certain areas of text:

	The flag is used to highlight important points or areas of potential danger.
	The bell is used to highlight time saving tips or ideas.
	The open file is used to highlight text relating to our case study.

basic principles



Think of a performance appraisal system as a brick. All bricks can be used in two ways, constructively to build things, or destructively to destroy.

A successful performance appraisal system needs to:

- ✓ be simple to use both for staff and managers, but effective.
- ✓ assess performance in a way that is both transparent and fair.
- ✓ assess staff on the range of key skills and behaviours required.
- ✓ ensure all roles within the Company are valued. Any appraisal system must acknowledge and recognise the different skills required in different roles.
- ✓ help to identify learning and development objectives for individuals and encourage self development.
- ✓ encourage a partnership between staff and management.
- ✓ reflect the ideals identified by the Investors in People standard and provide a solid foundation for IIP recognition.

A successful performance appraisal is not:

- ✗ A secret report the employee doesn't see.
- ✗ The manager telling the employee what he or she did wrong.
- ✗ A meeting to negotiate pay.

partnership – the key to success

We cannot emphasise strongly enough the value of a partnership approach to performance appraisal. Where this exists the results will be substantially more beneficial to the individual, the manager and the business. Our experience has shown that a number of things happen when a partnership approach is applied successfully.

In particular:

- The exchange of information and ideas becomes easier, more constructive and more relaxed.
- Individuals may become more receptive to constructive feedback and less defensive when assessing their own performance. Indeed, on occasions individuals may become surprisingly self-critical. This happens where the individual genuinely believes that the manager is there to help develop their skills and a high degree of trust exists. All of this means that any constructive criticism is more likely to be taken on board and acted upon.
- Rather than seeing the appraisal as a process that has to be endured, individuals start to view performance reviews as an opportunity to discuss issues of concern to them. They may bring up ideas which don't have any direct relevance to their individual role, but which nevertheless benefit the organisation.
- Managers are more likely to receive useful feedback on the way they are perceived by their teams. As managers, we have probably all experienced occasions when the people who report to us have responded well to something we have done, and occasions when the response has been less positive. Unless they tell us, do we ever find out why we experience these different reactions?

In short, partnership encourages communication. Without two-way communication, with both parties listening and sharing thoughts and ideas, performance appraisal will not fulfil its potential to improve your business.

investors in people

A successful appraisal system provides one of the key building blocks in achieving recognition as an 'Investor in People'. To achieve Investors in People, an organisation has to show that it has met a number of criteria, or 'indicators'. Until April 2000 there were 23 indicators but these were reduced to twelve, and subsequently, in 2005, to just ten. This does not however mean that Investors in People recognition has suddenly become easier to achieve - indeed the new indicators include for the first time reference to equal opportunities.

The ten IIP indicators are¹:

1. A strategy for improving the performance of the organisation is clearly defined and understood.
2. Learning and development is planned to achieve the organisation's objectives.
3. Strategies for managing people are designed to promote quality of opportunity in the development of the organisation's people.
4. The capabilities managers need to lead, manage and develop people effectively are clearly defined and understood.
5. Managers are effective in leading, managing and developing people.
6. People's contribution to the organisation is recognised and valued.
7. People are encouraged to take ownership and responsibility by being involved in decision-making.
8. People learn and develop effectively.
9. Investment in people improves the performance of the organisation.
10. Improvements are continually made to the way people are managed and developed.

Even a quick review of the indicators will explain how an effective appraisal system can help towards achieving IIP recognition.

¹ Correct at the time of publication. For more information about the Investors in People award, please visit the IIP website at www.iipuk.co.uk

Advance links to the IIP indicators by:

- Introducing a system that encourages a partnership approach to developing individual abilities and supporting individual development.
- Encouraging individuals to consider their own development needs as well as those of the people who report into them.
- Encouraging the development of individual objectives that link into business plans.
- Encouraging the evaluation of learning and development activity.
- Encouraging individuals to develop skills that will be required for progression.



It is important to point out that good systems alone cannot accomplish Investors in People. The principles of IIP must be evident not only in the systems used, but more importantly, in the overall culture of the business and the way systems are used.

behaviours and skills

Before performance appraisal can be successfully introduced, it is essential to understand what skills and behaviours an individual needs to demonstrate in order to successfully fulfil their role.

Advance achieves this by encouraging performance to be measured against behaviours, and also specific computer and technical skills that have been identified as required within the role.

behaviours



If your organisation already has a set of behaviours or competencies, then they can be integrated into *Advance*. If it doesn't, then we've provided a simple behavioural model as part of this toolkit.

The behaviours an individual will need to demonstrate in order to be effective within their role will be agreed and this list will form the portfolio of behaviours applicable to that role. It is important to note that the behaviours are mapped to the requirements of the role, and not to the individual's abilities or aspirations. This helps to ensure the business needs are met.

In addition to using Behaviours, *Advance* also allows for the assessment of specific computer or technical skills required in a given role.

How does a portfolio of behaviours help performance appraisal?

Whilst computer skills and (probably) technical skills can be assessed reasonably objectively, the same is not always true when assessing, what have traditionally been labelled 'soft skills', or those concerned with the way we interact with others or form working relationships. One person's view of what constitutes good customer service or the ability to influence may be very different to another's. In addition, having the skills and using them are two different things. It is the combination of skills learnt, and attitude (probably the result of experience) that leads us to adopt particular behaviours or to take specific actions.

This is where the portfolio of behaviours helps. Each behaviour is defined by a series of behavioural indicators. These indicators typify behaviour patterns seen when the skills and attitude combine to produce the desired outcome in terms of actions and thought processes.

The examples below show how each behaviour is typically broken down into its constituent behavioural indicators:

Behaviour	Behavioural Indicators
Customer Service	<ul style="list-style-type: none"> • Accurately identifies customer needs. • Builds effective relationships with customers. • Resolves service issues in a courteous, enthusiastic manner. • Involves others as necessary to ensure customer needs are met. • Keeps customers up to date with what is going on. • Identifies and implements long term solutions to service problems.
Influence	<ul style="list-style-type: none"> • Highlights mutually beneficial solutions by linking them to identified needs. • Identifies potential barriers/blocks and works to remove these. • Increases ability to influence by building bridges/relationships. • Generates excitement/enthusiasm for a proposal or idea. • Explains the benefits of a proposed course of action/solution.

Behavioural indicators provide both managers and individuals a clear and consistent understanding of what each behaviour means and what characterises it.

So, to summarise, behaviours are used to identify the actions and thought processes that will need to be adopted in order to interact successfully, and work successfully, with other people. They will include things such as team skills, adaptability and customer service. They will also include the behaviours needed to fulfil a function or task successfully, for example Project Management or Time Management.

The important thing to remember is that they all involve a combination of skills and attitude.

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