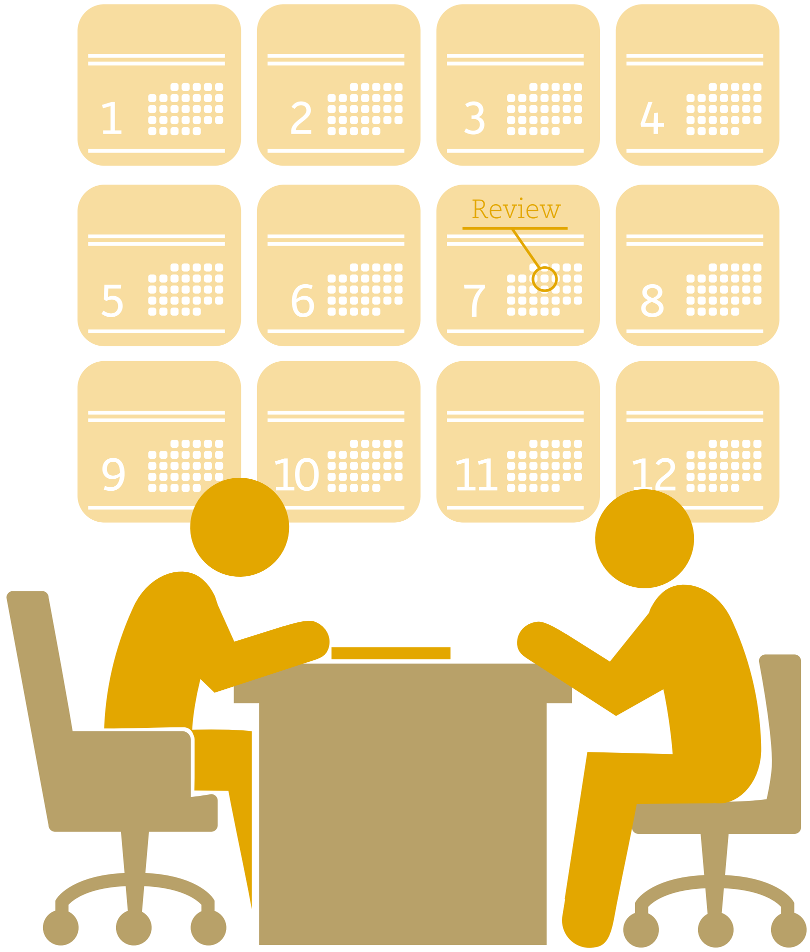
BUSINESS PERFORMANCE GUIDE

TOP TEN PERFORMANCE REVIEW MISTAKES YOU CAN AVOID

Insperity™

Inspiring Business Performance™



Most employees and managers conduct performance reviews only once a year and succumb to the same mistakes every time.

Fortunately, becoming aware of the most common mistakes within performance evaluations will help you create reviews that are not only more meaningful to your employees, but more valuable to your organization.

“Employees don’t take appraisal processes seriously, and managers often avoid honest and open communication about performance,” says Keri Ford, professional services supervisor at Insperity Performance and Organizational Management. “When employees don’t take the time to contribute to the review process, they simply can’t get as much value out of it.”

Here are the top mistakes found on performance reviews and how to fix them:

1 Rushed or late evaluations

Employee reviews will provide value only if you invest time in the process.

“Managers who don’t set aside enough time may find themselves not providing enough valuable feedback,” says Ford.

Give yourself time to plan for evaluations by creating goals, rating competencies, writing detailed feedback and documenting important successes or failures.

2

One-sided reviews

Review processes should be a dialogue between the manager and employee.

“Managers who fail to provide face-to-face feedback or solicit an employee self-appraisal lose a very important part of the process: the buy-in received when employees are engaged,” says Ford.

Rather than a one-sided lecture, review processes are most valuable when both manager and employee are able to share thoughts, goals, feedback and ratings.

3 Not including goals

"Managers often make mistakes when it comes to goal setting by forgetting to set goals for the next review cycle or by setting unrealistic goals," says Ford.

Set SMART goals (Specific, Measurable, Attainable, Relevant and Timely) and vary goal types to include performance, project, development, communications and leadership to more fully develop your workforce.

4

Inconsistent reviews among your staff

Reviews offer several areas where inconsistency can undermine the credibility of your process.

Inconsistent rating practices might unfairly discount one employee's skills compared to another's. Mismatched competency ratings and feedback can confuse the employee about his or her actual rating. For example, uneven application of policies might penalize a man's family-related absenteeism while overlooking a female counterpart's similar actions, opening the door to discrimination claims. Collectively re-examine all completed reviews for your team to ensure as much consistency between employees as possible.

5 Showing personal bias

> Research shows that managers favor subordinates with personalities similar to their own.

A more engaging and expressive manager might see a quieter subordinate as withdrawn or not a team player. Employees shouldn't be penalized because of different styles or processes for completing their work, only the results of their work.

6 Fudging the ratings

If you rate an employee higher than you normally would to avoid confrontation, you could be opening yourself to a wrongful termination claim. Same goes with boosting ratings to motivate employees or trying not to hurt their feelings.

To have the most accurate assessment, avoid getting into the mindset that ratings for an employee are exclusively positive or negative. Even your star employees have competencies they can improve upon, and lower performers can still have positive traits.

7

Basing a review on old performance criteria

Your employees are subject to changes in work ethic, productivity and skills.

Don't base an employee's performance review on his or her performance from the day they started to the current review period. Review competencies, skills and results only from within the specified review period.

8 Using inappropriate labels or names

Avoid words such as “lazy,” “sloppy” or “not good enough.”

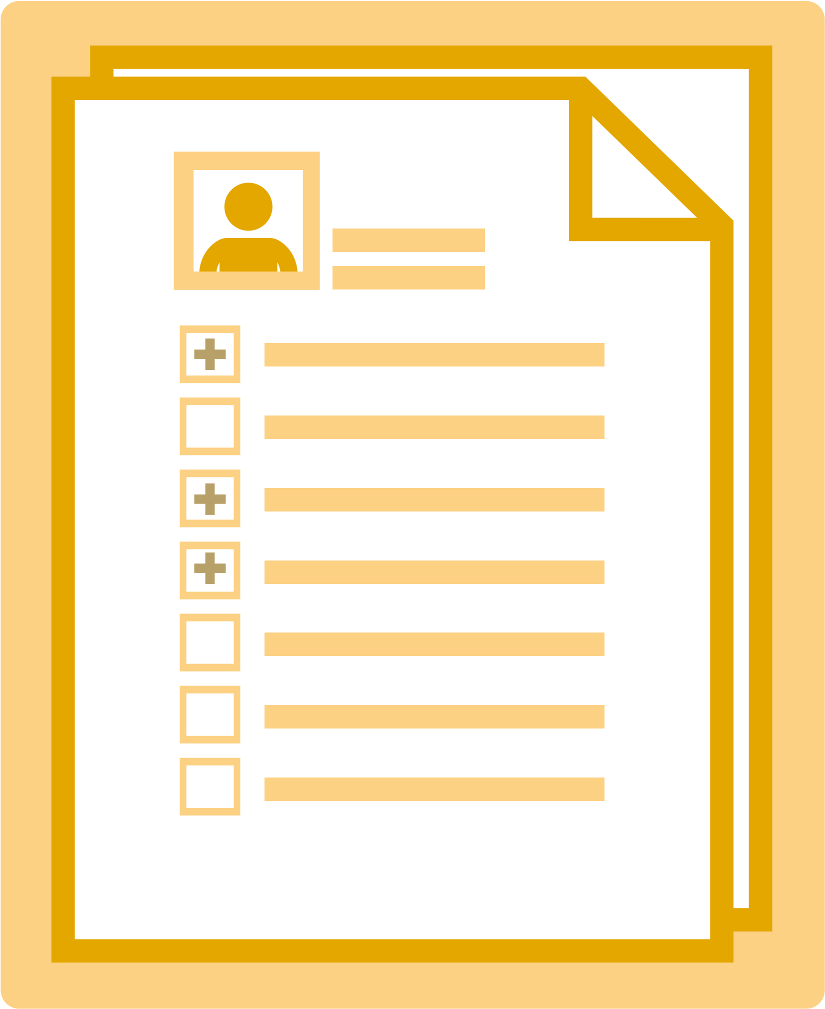
These labels fail to provide substance to performance reports, and employees may view such remarks as demeaning. Rather than using names, managers should document work results and effects of that behavior, such as “fails to arrive to work at an appropriate time,” “does not dress according to the dress code” or “misses important deadlines.”

9 Inferring intention

Avoid attempting to derive an employee's intent.

Telling an employee that they "did not try" or "do not care" masks the true fault. Does it matter if the employee does not care about the work but produces high-quality work? Focus on work results, such as missing deadlines or work containing excessive errors or mistakes, rather than attempting to assume the employee's intent.

10 Ignoring a protected status



Employees protected by laws such as the Americans with Disabilities Act (ADA), Rehabilitation Act or Family Medical Leave Act should not have their protected medical absences or conditions documented. The ADA and Rehabilitation Act prohibit discriminating against people with disabilities, while the FMLA protects an employee's right to take leave for family and medical reasons.

By being aware of the most common employee review problems, managers can provide more precise, objective and actionable information to employees and improve the value of performance reviews within your organization. Higher-quality reviews will help improve your workforce and ultimately result in higher employee morale, increased productivity and a better bottom line.

About Insperity

Insperity, a trusted advisor to America's best businesses for more than 26 years, provides an array of human resources and business solutions designed to help improve business performance. Insperity™ Business Performance Advisors offer the most comprehensive suite of products and services available in the marketplace. Insperity delivers administrative relief, better benefits, reduced liabilities and a systematic way to improve productivity through its premier Workforce Optimization™ solution. Additional company offerings include Human Capital Management, Payroll Services, Time and Attendance, Performance Management, Organizational Planning, Recruiting Services, Employment Screening, Financial Services, Expense Management, Retirement Services and Insurance Services. Insperity business performance solutions support more than 100,000 businesses with over 2 million employees. With 2011 revenues of $2 billion, Insperity operates in 56 offices throughout the United States.

To find out more or learn how Insperity can help your company, call us at 800-465-3800.

Visit us at insperity.com.

The information contained in this document is for general, informational purposes only and is not intended to be legal advice. This information is not a substitute for the guidance of a professional and should not be relied upon in reference to any specific situation without first seeking the advice of a qualified HR professional and/or legal counsel regarding applicable federal, state or local laws. Insperity and its employees make no warranties, express or implied, and make no judgments regarding the accuracy of this content and/or its applicability to a specific situation. A reference or link to another website is not an endorsement of that site or service.