

The Balance Sheet

Formal appraisals are useful

By JOHN KANE

How well are your employees performing? You probably know who is supposed to do what on a regular basis, and who was involved in the crises and successes of last week. But what about the longer term?

Is the order clerk who wants a raise the same one who calls in sick at least twice a month? Is the bookkeeper who was passed over for a special training program the same one who revamped the invoice processing system on his own time and initiative?

Does your "overworked" secretary insist on using a typewriter while an expensive word processing system sits idle?

In a small business, most communication about job perform-

ance takes place informally, on a day-to-day basis. Managers commend employees on accomplishments, and tell them when they're doing something wrong.

However, this relationship does not preclude a formal appraisal where managers make an in-depth review of an employee's performance and progress over the year, discuss results and reasons with the employee then document conclusions in a report for his file.

Why such a formal process for a firm with only one or two staff members who work side-by-side with the boss every day?

First, it forces the manager to set aside the time for a serious review of the employee's work.

This is an important consideration which may otherwise be neglected in the daily hassles of running a business.

Written report

Second, preparing a written report often demands more thoroughness of thought, planning and selection of words than simple discussion.

Such a document can be used as a reference for areas of employee concern, and for employers in making decisions about pay increases, promotion and upgrading, training and development or termination.

How do you go about the appraisal process? First, compare the employee's performance against the standards you have

set for the job. The aspects you measure will, of course, depend upon the position, but some common ones would be:

Quality, quantity

You should examine his degree of accuracy, neatness and thoroughness in completing tasks, and whether he exhibited understanding and familiarity with procedures.

As for the quantity of work, was his output in line with reasonable expectations and with that of other employees? What was his ability to establish priorities and meet deadlines?

As for reliability, you should look at the extent to which the employee was able to take responsibility and complete tasks without

supervision, whether he was adaptable to unforeseen changes, and whether he took initiative in problem-solving related to his own job.

Behavior

Amount of absenteeism, punctuality and willingness to pitch in when extra help was needed, are also aspects of reliability that should be reviewed.

Behavior: This is especially important in the small firm where one employee constitutes a large percentage of the total staff.

You should look at how the employee got along with co-workers, supervisors, customers and suppliers, whether he presented a good appearance and whether he was able to accept and act upon suggestions and criticism.

Some areas are naturally more subjective than others, and these will be the ones most difficult to assess and most subject to disagreement.

Interview

When you've prepared your preliminary report, you should arrange an interview with the employee in a setting which will be private and uninterrupted.

You should also give him a few days notice so that he has time to collect his own thoughts on the subject.

At the interview, go over your assessment of his performance, explaining your reasons for making these assessments and asking for comments and self-evaluation.

You should then work with him to plan objectives for personal development and correcting weaknesses, supplying some suggestions on what you think he should achieve and how he should go about it.

From your discussion, you should then prepare a final report to which you both agree, both sign, and both keep copies.

Appraisals

Performance appraisals, if conducted properly, are non-threatening, valuable management tools. They help to strengthen a supervisor's knowledge of employee capabilities, and to define for staff how employers view their work.

If the supervisor has a good working relationship with an employee, the formal appraisal will only serve to confirm what both already know.

If the written information comes as a surprise, there is a communication gap that needs to be resolved on a much deeper level. **EDITOR'S NOTE:** John Kane, C.A. is a resident of Markham and a Partner in the Toronto office of Thorne Riddell, Chartered Accountants.

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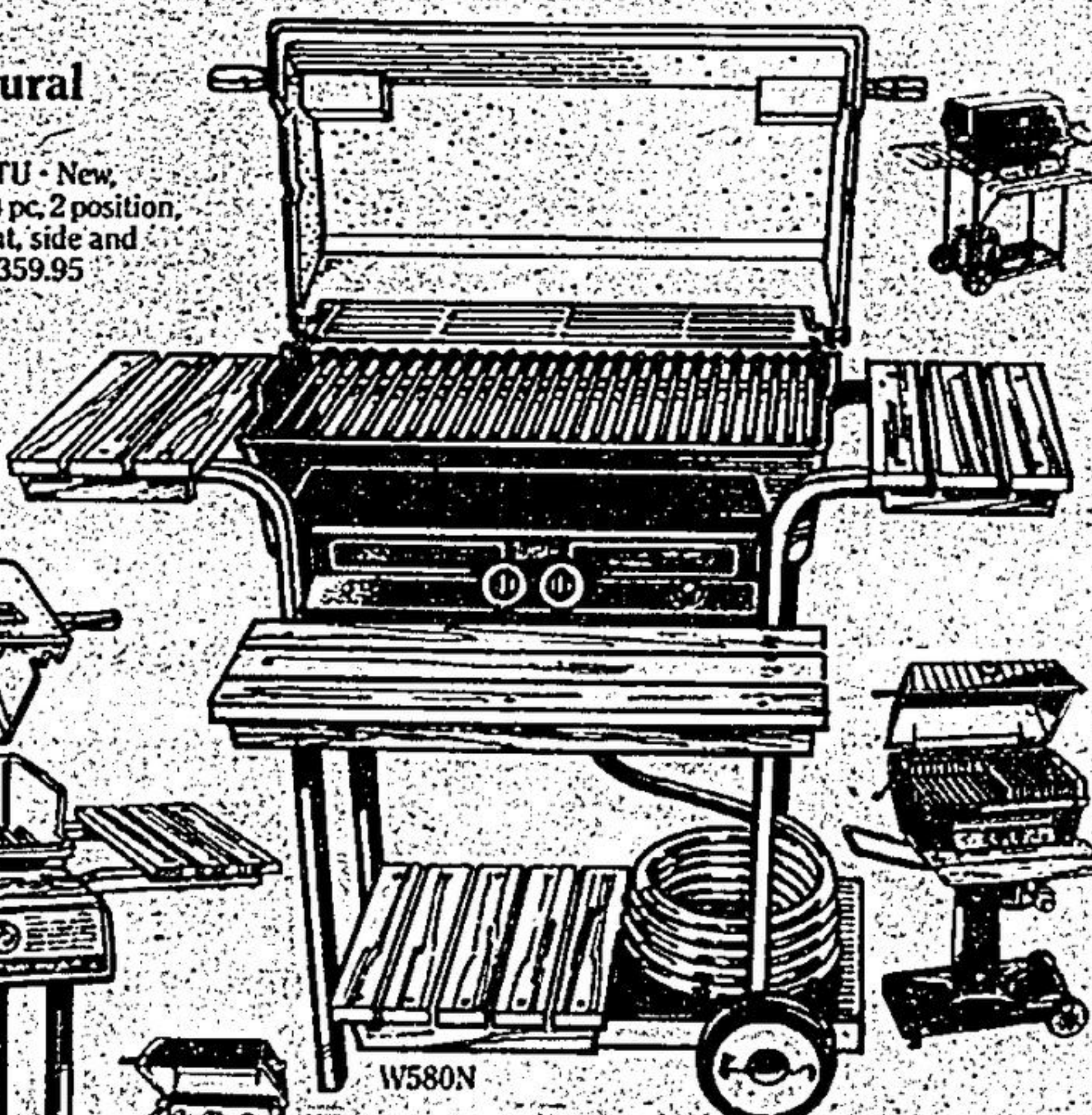
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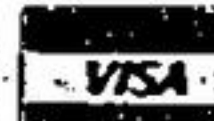

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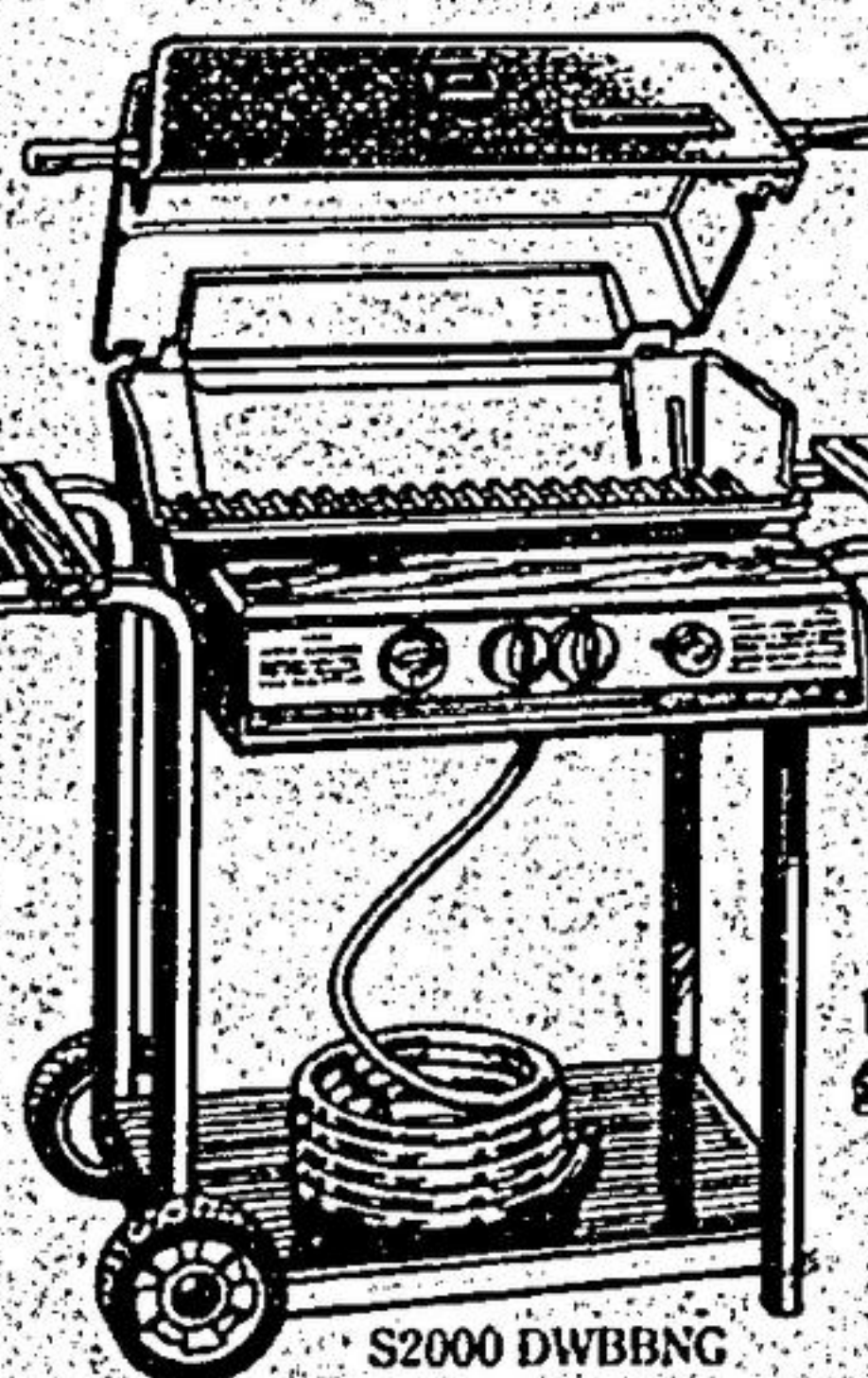
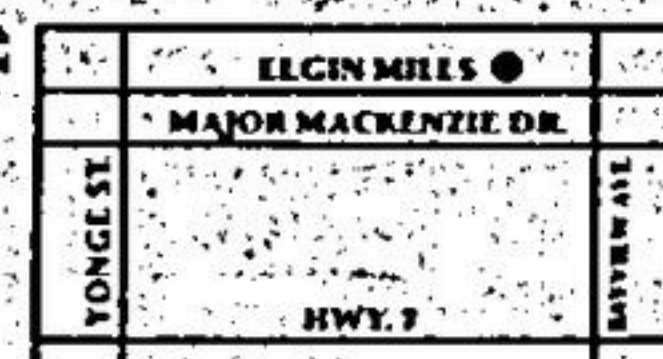
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