

Management Consultants to the Precast Industry

RESULTS IMPROVEMENT BULLETIN

PRECAST BUSINESS RESULTS IMPROVEMENT BULLETIN

Precast Business Results Improvement Bulletins are published by MJS Management Services. Additional bulletins that summarize current management challenges and solutions for the precast industry can be found at www.mjsmanagement.net.

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USING EFFECTIVE PERFORMANCE APPRAISAL SYSTEMS TO DRIVE RESULTS

A recent survey of small and medium businesses found that 78 percent of organizations that used a performance appraisal system were dissatisfied with it and that close to 40 percent of the businesses polled did not have a performance appraisal system. We find similar results in the precast, prestressed sector with perhaps an even higher percentage of companies that don't regularly use performance appraisals – meaning this basic but effective management tool is underutilized.

This Results Improvement Bulletin provides tips for using an effective performance appraisal system to achieve better business results.

Some questions to ask:

- Do you have a performance appraisal system?
- Is it easy to administer and producing the desired results?
- Is the performance appraisal process enhancing productivity, communication and employee development?

MJS Management Services can help to improve or create a simple to administer, results-oriented performance appraisal system that works well for precast/prestressed producers.

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MANAGEMENT CHALLENGES IN PERFORMANCE APPRAISAL

In projects we conduct for precast/prestressed producers, typical comments from line, supervisor and management personnel are:

- Communication could be improved, I'm not sure of the Company's direction and priorities, changes and management decisions are often unexplained.
- My role and expectations are not always clear.
- I receive minimal feedback on my performance.
- Employee development and career planning is not discussed very often.

Precast/prestressed producers that conduct exit interviews typically receive similar comments from departing employees.

When comments such as the above are common, it's easy to conclude that employee performance, retention rates and morale can be improved. A well-executed performance appraisal system can help achieve these goals.

Ideally, managers and supervisors will regularly use performance appraisals and feedback to help employees understand their roles, current expectations and areas for improvement. Even though these are basic principles of management and leadership, many managers struggle with providing performance feedback for a variety of reasons:

- Difficult to set expectations and then describe these to each employee.
- Challenging to provide performance feedback without creating disagreement and conflict.
- Not easy to coach employees on how they can improve performance and better meet expectations.
- Not sure of what training and development opportunities are available for employees.

Because many managers are uncomfortable providing performance feedback they procrastinate.

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TIPS FOR EFFECTIVE PERFORMANCE APPRAISALS

Major roadblocks to effective use of performance appraisals are:

- Managers and supervisors are reluctant or lack the skills to provide performance feed back.
- The appraisal system is awkward or bureaucratic and appears to not produce results.
- A performance appraisal system does not exist.

Some tips to overcome these obstacles are:

- Keep the performance appraisal system very easy to use so that at least some feedback is provided on expectations, performance and development needs. Complicated rating systems and forms are not required for success.
- Recognize that many managers struggle with performance feedback and coaching so provide basic training.
- Ensure all employees have an understanding of what's expected of them and how they'll be evaluated.
- Use the performance appraisal system to translate your organizations key objectives and priorities into expectations for behaviour.
- Monitor the timeliness of appraisal activities and establish management accountability for meeting appraisal standards.

Performance appraisals state expectations about what you'd like employees to achieve and perhaps the methods they should use. The employee and supervisor may discuss or negotiate appropriate expectations. The expectations and development needs are usually written down so the parties don't forget what was discussed. Periodically, progress is reviewed, feedback is provided and improvements are identified.

The sign of an effective performance appraisal system is that the manager and employee arrive at the end of the year with few questions, no surprises and a good working relationship.

Separating the pay review process from the performance appraisal process usually provides better results.

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THE BENEFITS OF EFFECTIVE PERFORMANCE APPRAISALS AND FEEDBACK

Some of the key benefits of good performance feedback are:

- Demonstrates organizational interest in employee development leading to greater employee satisfaction and less turnover, particularly with ambitious high-performers.
- Provides a structure for communicating expectations leading to better performance.
- Provides satisfaction and encouragement to an employee who has performed well.
- Helps to highlight marginal performers whose low performance level might not otherwise have become a management issue.

MJS Management Services can help you to achieve these benefits by:

- Reviewing and improving your current appraisal system.
- Implementing a simple, effective, results-oriented appraisal system.
- Helping managers to understand better how to define performance expectations and communicate these to employees.
- Helping managers to build skills at providing effective feedback.
- Providing suggestions on employee development programs that lead to improved performance and stronger teams.