

PROFESSIONAL DEVELOPMENT • JUSTIN DRAEGER

Kill the annual review!

FORGET ANNUAL REVIEWS. Instead, focus on frequent feedback through more personal interaction. Employees want to know how they're doing more often than once a year. Employers want to know who's at risk of leaving. The annual review accomplishes neither very well.

Many managers and employees avoid annual reviews anyway. Even when they are performed dutifully, employers may be doing more damage than good because of their formality, infrequency and inconsistency. Annual reviews reflect an "evaluative" mindset, and many organizations are learning that a "developmental" mindset improves morale, productivity and retention.

"I think companies spend way too much time evaluating and not developing," says Jeffrey Pfeffer, professor of organizational behavior at Stanford University's Graduate School of Business.

Author of *What Were They Thinking? Unconventional Wisdom About Management*, Pfeffer explains, "It comes down to whether managers believe everyone's capable of improvement or whether everyone's capability is fixed." If a manager believes an employee can improve, the manager should focus on coaching, which requires constant communication and feedback. "My sense is that higher education must take a developmental perspective."

According to Pfeffer, smaller liberal arts school administrators tend to be better at employee development, while large schools are more evaluative. In both cases, schools should mimic what corporations set out to do: keep talented employees and increase productivity through employee development.

Build personal relationships

"The relationship employees have with their leader is the main factor in their decision to stay or leave an organization," says Craig Taylor, senior vice president of marketing and business development at TalentKeepers, an employee retention firm in Maitland,

Florida. "Employees that have positive relationships with their managers are more engaged, satisfied and ultimately more productive."

Any manager who has conducted annual reviews knows that the process does little to strengthen relationships. "Showing interest in employees' personal lives indicates that a manager not only cares about work performance, but cares about them as a person," Taylor says.

Getting into personal lives will sound alarm bells for many managers. But research shows that employees want a leader who knows them, understands them, treats them fairly and is someone they can trust.

"Often people hide behind roles and titles and never get to know each other as people, and that breeds suspicion," says Robert Hurley, professor of marketing and management at Fordham University Graduate School of Business. Hurley says that it's important for managers and employees to make connections outside of work. The atmosphere at a restaurant or at a golf course leaves pretense behind and is far more conducive to honesty and openness.

Personal relationships provide another benefit that can't be achieved through formalized review processes: a chance for an employee to understand the manager. Employee frustration is often attributed to inconsistent behavior from higher ups. It makes the workplace turbulent, unpredictable and stressful. Employees who have no relationship with their manager usually fail to understand the underpinnings of their decisions.

"Personal relationships offer managers an opportunity to articulate the values that guide their behaviors," Hurley explains. "This helps employees predict how managers will behave and builds trust."

Don't spy on employees

Showing interest in employees' lives is not the same as prying into them. Learning about their family members and their career

goals shows interest that intensifies the level of trust an employee has for a manager, according to Taylor.

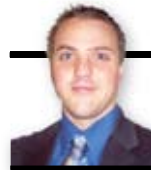
The amount of surveillance an organization engages in also affects trust, according to Pfeffer. Employers who want to increase a competitive advantage through people management should not over-control or monitor how their employees spend their time. "Instead they should communicate frequently and openly," says Hurley. "The responsibility to build trust falls mostly on management."

Annual reviews based on behind-the-scenes "information gathering" will do more to destroy trust than to build it. Employees who may need encouragement often feel blindsided and demoralized during a review in which a manager gives them unexpected feedback. Frequent, upfront and honest feedback helps employees know exactly where they stand. "Leaders should also check in with employees periodically to see if they have other non-performance related concerns as well," Taylor advises.

Make your intentions deliberate and known

Managers should leave Machiavellian tactics at the door. Meanwhile, smart managers make sure their employees know what they're doing for them. "Don't just do something good, make sure people know it was deliberate because you care about them," says Hurley.

Employees are productive and loyal to managers who are going to bat for them. There's no need for managers to do nice things for their employees on the sly. Complimenting employees' work in the open—in staff meetings, or with clients, students and potential donors—goes a lot further in building trust than complimenting work behind closed doors in an annual review. ■



Justin Draeger is assistant director of communications at NASFAA. Reach him at draegerj@nasfaa.org.