



VETERINARY BUSINESS ADVISORS, INC.
Counsel for the Veterinary Profession

Performance Management
A Program, Not Just A Form[®]

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The overall objective of any Performance Management Program (“PMP”) is to ensure a Practice and all of its subsystems (processes, departments, teams, employees, etc.) are working together in an optimum fashion to support achievement of the overall strategic and operating performance goals. In simpler terms, a Performance Management Program strives to ensure the right people with the right competencies are in the right jobs at the right time. An effective PMP will also look to achieve the following objectives:

- Shape the culture and reinforce the core values of the Practice
- Facilitate communications between supervisors and subordinates
- Motivate and reward superior performance
- Effectively manage unsatisfactory performance
- Identify opportunities for personal growth and development
- Link pay to performance
- Stimulate individual and collective productivity

Why PMP’s Fail

While Performance Management Programs have been utilized for many years, they are not universally considered an effective management tool. In some cases, performance management is more about checking a box than about aligning employee performance and development. Instead of viewing the performance review as a valuable communication and recognition tool, many Practices think of it as a necessary evil; a paperwork exercise that managers love to hate. Exacerbating this feeling of disdain is the fact that supervisors often spend a majority of their time focusing on the small minority of employees that do not meet expectations and not enough time giving appropriate praise, recognition and appreciation for those who do. Even your best workers can be better, but if you don’t give them the guidance they deserve, then they will never reach their full potential. Some of the more common shortcomings of a PMP include:

- Individual goals are not tied to the strategic direction of the Practice
- Senior management is not fully committed or invested in the process.
- Performance objectives are only looked at every six or 12 months and not on a continuing basis.
- Performance appraisals are not included as part of a larger employee development initiative.
- Little or nothing is done with the actual appraisal results.

- Management fails to develop and administer a coaching and improvement plan for any employee who is not meeting expectations.
- There is a lack of clarity in the link between pay and performance.

Developing a Performance Management Program

When creating, institutionalizing and communicating a PMP effectively, it is a valuable resource for a supervisor to help employees identify and develop needed skills, knowledge and abilities. However, if used inappropriately, a PMP can demoralize employees, frustrate managers and expose a Practice to potential legal risks. Therefore, several questions must be addressed when developing a PMP. Who will be involved in the performance review process - will the review be horizontal, vertical or a 360°? How much time can each contributing party commit to the PMP? Will the review focus on objective results and/or subjective perceptions? How often should the reviews be performed? Who will oversee the PMP to ensure it is being used properly? Who will provide training to the reviewers? What will be done with the results of the reviews? And, most importantly, how will the success of the PMP be measured?

Conducting the Performance Evaluation Review

Prior to meeting with an employee to conduct the performance evaluation review, it is advisable to have the employee complete a self-evaluation form. Give the employee approximately 1 week to complete the performance evaluation form and return it to his/her supervisor 1 week in advance of the performance evaluation review date. Only after the supervisor has completed the performance evaluation form for the employee, should the supervisor review the employee's self-evaluation form and rating. Following this process will help ensure the supervisor performs an independent performance evaluation that is not biased by the employee's perceptions of how he/she performed. Other important points to consider when preparing for and conducting a performance evaluation review include:

- Be sure to deliver the performance evaluation review at the designated time-giving the review after the date can leave an employee feeling slighted, anxious and devalued. It also sends the unintended message that the performance evaluation review cannot be that important to you or the Practice.
- Be mindful of overrating an employee- rating an employee higher than is warranted may be an easier message to deliver, but it can create other problems. For one thing, it may give failing employees a false sense of security and make it difficult to administer needed discipline.
- When discussing a performance issue with an employee, be sure your verbal and written comments support your rating and always use specific examples that clearly demonstrate the level of performance.
- Be sure you are rating the entire performance evaluation review period - supervisors often fall into the trap of rating only the most recent activities and actions. If an employee is being evaluated annually, the performance evaluation review should consider everything, good or bad, that has occurred during the past twelve months vis-à-vis the employee's performance.
- Ask for feedback-there may be mitigating factors and circumstances that affected the employee's performance during the review period. It is critically important to provide an employee the opportunity to discuss and present an explanation of any factors and

influences that may have contributed to his/her performance. Encouraging this two-way dialogue ensures “everything” is considered when developing the performance rating.

Developing Performance Goals

Another key piece of a PMP involves developing performance goals and expectations. Goals are written statements that clearly describe certain actions or tasks with a measurable end result. Goals should be well-defined, detailed declarations of specific actions to be taken during the upcoming review period for which measurable outcomes are expected. Each goal should be specific enough to let the employee know what is expected to be accomplished, why it is to be done, and the target date for accomplishing it. The following acronym is often used to assist supervisors in developing goals for their employees:

- S** **Specific**—answers what, why and when actions or activities should be accomplished.
- M** **Measurable**—clarifies how to determine if the goal has been achieved.
- A** **Agreed Upon**— both the employee/supervisor should agree on what is expected to successfully complete the goal.
- A** **Aligned**—supports the Practice’s mission and overall objectives.
- R** **Realistic**—ensures goals are doable but with a stretch challenge.
- T** **Time Specific**—establishes deadline for completion.

To Sum It All Up

In order to determine the effectiveness of a Performance Management Program, it must first and foremost support achievement of the Practice’s mission and goals. It should help employees understand what is expected of them and against what measurement criteria their performance will be assessed. If the program is utilized properly, a welcomed byproduct of the PMP is improved communications between supervisors and subordinates. As the PMP evolves, a Practice should begin to notice a stronger link between pay and performance. Rather than giving arbitrary increases to all employees, the PMP will provide justification for differences in salary increases and rewards. Finally, documented differences in performance should help identify employees able to assume additional responsibilities as well as those individuals requiring additional development and/or discipline.