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May/June 2015

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# Transforming the Performance Review: From Dreaded Task to Strategic Tool

The annual performance review: Managers dread it, and employees stress over it — an entire year comes down to this one moment. But there's good news. With a few changes, you can turn this annual chore into a strategic tool that benefits everyone.

BY NATALIE ROONEY

**T**ara Powers, M.S., earned her master's degree in organizational management and is the chief engagement builder at Power Resource Center. She says annual performance reviews don't have to be a tortuous experience for anyone. She's consulted with and provided training for companies since 2001, helping leaders and teams engage in building a place where people are motivated and can do their best work for themselves and the company. Powers says there are ways to make performance reviews pain free for everyone. The key is using reviews differently.

Powers, whose undergraduate degree is in accounting, has worked with accounting firms and banks, among other industries. She says she knows from experience that most accountants tend to shy away from giving negative feedback. "They're a conscientious, data-driven group, and the people side of things can be challenging," she says. "The biggest lesson is to address little issues and expectations as they arise and not wait to give negative feedback until the end of the year. The long-term benefits of these habits will far outweigh the time commitment. You just have to keep practicing."

"The performance review happens once a year, and in some cases, it's one of the few, if only, times a leader and an employee sit down to have a heart-to-heart about what the employee is doing," Powers explains. "That is nowhere near often enough, and it's why the process is so feared."

It's time to stop thinking of the review process as an annual event, Powers suggests. Instead, treat it as an ongoing cycle of continuous feedback. She says managers and employees should be sitting down monthly, or at least quarterly, to check in and talk about how the employee is progressing, what's getting in the way, what's changed, and what support and resources are needed. "If we don't have these conversations to help employees adjust and think about these goals differently, the end-of-the-year review is just telling them what they're doing wrong after we didn't tell them all year," she explains. "The system isn't set up correctly."

## Changing Terminology and Behavior

Changing your mindset is critical — from thinking of one time of year as performance review time to embracing a performance management process, which happens throughout the year. "That

way, when you do sit down with the official form, it's just a formality," Powers says. "You and the employee have been talking all year, and now you're just putting it all on paper."

Powers says at the official annual review, there should be no surprises, nothing employees aren't fully aware of or working toward. "They know where they excel and where they need to work," she says.



TARA POWERS

This change in format is especially important with Millennials, who studies have shown prefer continuous feedback. "These employees want to feel connected to their work," Powers says. "They want to know that their values align with the company's values. How would they ever feel that way if you're only meeting with them once a year?" she asks. "With a performance management process, you're establishing connections all year long. It helps keep them engaged and motivated, helps managers understand where employees are in their growth and skills development, and both managers and employees are involved in creating developmental plans."

## Making the Time

So how do managers find time in an already busy schedule to accommodate performance management? "It is a commitment," Powers acknowledges. "A leadership commitment. And just as leaders have tasks to do every day, such as growing the business and paying attention to the financials, growing and developing your people is one of those tasks, too. This is a responsibility you take on as a leader."

Changing to a performance management system isn't about adding all kinds of extra work, Powers says. Rather, it's asking leaders to look at how they're currently prioritizing their time and asking where team development is on the list. If it's not on the priority list, it needs to be.

Powers encourages busy leaders to find a day and time and set it aside for team development. "Maybe it's Monday morning between eight and ten," she says. "At that time, you should be connecting with and talking to people. It's a regularly scheduled meeting that becomes part of how you do business."

Powers points to Stephen Covey's four quadrants of time management as an example of how managers need to realign their time. Quadrant one activities are where the most time is typically spent

— putting out fires. Everything is important and urgent. But that, Powers says, isn't where amazing leadership happens. Instead, managers need to move some of their time to quadrant two — important, but not urgent. "When you make time every week to connect with employees, that's when you create an environment where people want to come to work," she says. "They become committed and loyal to you because you invest in them."

The process doesn't have to be overwhelming either. When you reframe your mindset, great things happen. "You'll achieve more of your goals if you include this as part of the job," Powers encourages. "Being in quadrant one all the time doesn't keep people motivated and committed. It burns people out."

## The Performance Management Process

The diagram at right illustrates a structured methodology for managing employee performance.

Powers says when you look at the diagram, it seems like there's a start and an end, but the process actually is continuous. "When something changes, you might have to jump in and give feedback," she notes. "You can start anywhere in the process." The focus is on creating conversations which foster commitment and build trust, which is what motivates people and keeps them engaged.

Feeling overwhelmed at the thought of overhauling your entire performance appraisal system? Powers suggests breaking down changes into small, manageable events. For example, one of her client companies asked its managers to categorize their ongoing conversations with employees in one of three ways: performance, check-in, or coaching. Managers decide if the conversation, called a Shout Out, will be 30 minutes, 20 minutes, or 10 minutes.

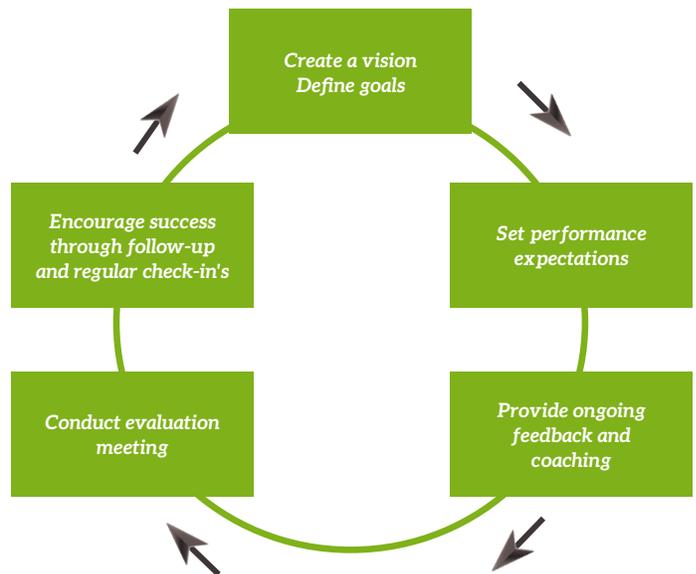
Managers assess a situation to determine what is needed. If things have changed and an employee's performance is off track, the manager schedules a 30 minute Shout Out to revisit expectations, discuss the employee's goals, and understand how they connect to the company's vision.

Weekly check-ins might consist of a 5–10 minute Shout Out where the manager might ask the employee, "What progress or accomplishments have you experienced this week? What do you need from me to be successful? What obstacles are getting in the way?"

A 20-minute Shout Out might be used when the company has a new client and the manager is going to sit in on a call with the employee and the new client. The manager listens in and provides the employee with feedback and coaching. "This is a way to make it easier for leaders to wrap their arms around the time commitment involved in assessing and determining what employees need and have the appropriate conversation," Powers says. It comes down to having the right conversations at the right time to create the right environment.

"I always tell managers that if you get to the performance evaluation at the end of the year and an employee is shocked, you need to assess your own leadership performance," Power says. "That's a red flag that you didn't have enough of those conversations over the course of the year."

At the start of each week, Powers suggests asking yourself, "What does my 30/20/10 look like this week? Who do I need to talk to? Who needs a check-in? Who needs more support? These are the questions leaders should be asking themselves to plan conversations accordingly," she says. ▲



Source Tara Powers

## COCPA LeadFit 2015

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### 2015 Schedule

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July 10: Full Day	Oct. 22: Debrief
Aug. 14: Half Day	Nov. 13: Full Day

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