

IN CHAPTER SEVEN:

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7

■ Developing Effective Employees

CREATING CAREER OPPORTUNITIES

To this point in our handbook we have focused generally upon our employees. We have hired them, trained them and developed their various jobs throughout the company. With time, often we begin to recognize that there are employees who want more from their work and those who are willing to put more into their work to make it into an enjoyable and rewarding career.

This circumstance can be very satisfying and rewarding to owners and managers. It is a compliment to us because it reinforces us as leaders. And it can be flattering to us to have employees seek our personal assistance in choosing their steps along a career path. We owe it to our employees to create career opportunities. The results and the rewards are better employees who are interested in doing more and doing better.

By developing employees we are rewarded as owners and managers with growth of the business and increased earnings. With development we give ourselves a competitive edge because of the expanded abilities of our own workforce. An added advantage is that we develop our employees the way we want them perfected in terms of our specific

product lines, business goals and policies and procedures.

Creating career opportunities is creating the opportunity to, and our employees' abilities to, perform a wider variety of assignments. It is going beyond just training in the basics. It is providing opportunity for development. This is a process requiring planning, time, commitment and investment. But the rewards frequently maximize the return on our investment. There are clear differences between training and development as shown in Table 7-1.

Today's work environment is changing, and attitudes toward work are changing. In the past, employees first and foremost were loyal to their employer. Loyalty to the industry then followed with loyalty lastly to the employees themselves. Today, owners and managers may note that the loyalty continuum has changed to the following order: 1) loyalty to one's self; 2) loyalty to the industry; 3) loyalty to the company. It is important to keep this in mind.

As we provide development opportunities, employees can enhance themselves to satisfy this "self loyalty." At the same time, owners and managers can be building the employee's loyalty to the company by providing career enhancement.

In the past, employees often relied upon their boss to provide a career for them. Today, employees more aggressively seek development and often take it upon themselves to get it through changes in occupational fields, varied educational experiences, specific training and personal projects. By providing the opportunity for development within our companies, we give our employees an immediate option.

There is no "best way" to develop employees. There are too many variables that enter into the situation from the perspective of the employee as well as the business. Key questions to consider are:

Are there available and capable training and development people on staff who can assist with internal and external materials and resources?

Do the owners and senior managers support the development?

Is the timing right for a development program in terms of the employee and the organization?

Is there a genuine need and will there be opportunity to practice and apply what is learned?

What are current and future needs of the business?

Table 7-1

TRAINING VERSUS DEVELOPMENT		
BASIC JOB TRAINING	← DIFFERENCES →	CAREER DEVELOPMENT
Short timeframes.	← Duration →	Long timeframes.
Employees learn distinct ways to do things and to act through demonstration.	← Concentration →	Broadening assignment capabilities. Gaining understanding of meanings and concepts. Developing judgment.
Achievement on tests, award of certificates, appraisal ratings and material improvement to cost of work performed.	← Measured by →	Better qualified employees, advancement inside company and deeper and broader ability.

What are the business objectives and the strategic direction of the company?

These questions can help owners and managers perform a basic needs assessment for the development of both non-management and management employees.

Non-management development programs serve the purposes of:

- Increasing employees' knowledge, skills and abilities to perform their jobs more effectively.
- Improving workers' advancement potential into or outside management.
- Assisting personal development in areas not directly related to work at the store.

These purposes contribute to a more productive and loyal workforce. Non-management development resources may include:

- Adult remedial and general education (GED certification, for example)
- Apprentice training
- Customer relations

- Language training
- Office skills
- Retraining and upgrading
- Safety/security training
- Sales training
- Self-development
- Services training
- Specific operations skills
- Total quality management (TQM) programs, such as leadership and team training
- Training for the disadvantaged

MANAGEMENT TRAINING

Many employees think they want to move into management or run their own businesses. But management status is not for everyone. So often we hear of a situation where an employee was "encouraged" to go into a supervisory role because s/he was so good at his/her job as non-management, only to fail because the person did not want to be a manager. Or possibly the

person did not possess the skills to manage other people or operations.

It is important to carefully assess the skills and desires of the chosen employee for management development and then to ensure s/he is given the right assignments.

Among these skills and desires are:

- Ability to set direction and to direct
- Character and temperament to deal with the difficulties in managing
- Dealing with people effectively
- Making decisions
- Training and developing employees
- Flexibility and dealing with uncertainty
- Desire for high activity
- Knowing oneself, confidence and sensitivity to how others see the person
- Skills and technical business knowledge
- Taking responsibility

- Team building
 - Values of effective management
- The methods and tools for development are wide-ranging.

“ASSISTANT-TO” ASSIGNMENTS

The person serves in a staff role reporting to a manager who can show the person the workings of the job. The person may fill in for the manager for a short time.

Advantage: exposure to superior managers.

Disadvantage: superior managers and opportunities may be limited.

BEHAVIOR MODELING

The person is given the opportunity to observe how another person handles a situation and what behaviors to use.

Advantage: superior skills of effective manager are passed on; relevant experience is given.

Disadvantage: difficult to find good models; critical issues and situations may come up infrequently.

BUSINESS GAMES

The person analyzes a situation and determines the best course of action; similar to “simulation” identified later in this chapter. However, here an actual game situation with fictitious names and situations is bought or made up from outside the organization.

Advantage: activity can be real and may fit into the business environment.

Disadvantage: available games may not be relevant or it may be perceived as “just a game.”

CASE STUDIES

The employee may be in a classroom and go over the application and analysis of a fictitious or real-life situation to gain experience.

Advantage: very applicable experience where actual management is seen.

Disadvantage: there may not be enough information for making the correct decisions.

COACHING

Feedback and training daily from immediate supervisor.

Advantage: job-specific and a common, well-received practice.

Disadvantage: good coaches are difficult to find.

COLLEGE DEGREE PROGRAM ENROLLMENT

Employees take college courses to enhance progress.

Advantage: common practice, gives “status”, accepted method.

Disadvantage: performance is not always improved, costs and availability of relevant programs.

COMPUTER SIMULATIONS

Similar to business games and simulations, but use computer programs.

Advantage: can be real-life situation, transferable to the business and easily accessible at the employee’s own pace.

Disadvantage: can be costly, not on point and possibly perceived as only a game.

DEVELOPMENT IN CLASSROOMS

Formal instruction in a class (similar to college courses).

Advantage: common practice, gives “status”, accepted method.

Disadvantage: performance is not always improved, costs and availability of relevant programs.

DEVELOPMENT ON THE JOB

The person is moved into the job to learn as s/he goes. “(OJT)”– on the job training).

Advantage: experience is relevant. Employee learns the approach and methods which the company wants.

Disadvantage: lack of skills can be overwhelming.

FILM, INTERNET, WEBINARS AND VIDEO AND ONLINE PRESENTATIONS

The employee studies situations, methods and behaviors from prepared situations.

Advantage: self-paced, specific information presented and consistent presentation across all participants.

Disadvantage: programs not on point, cost, impersonal.

INVOLVEMENT WITH TRADE OR PROFESSIONAL ASSOCIATIONS

Programs, presentations and materials supplied through industry-specific trade associations.

Advantage: current, relevant to the industry, often cost effective.

Disadvantage: not enough programs on topics needed.

JOB ROTATION

The person is moved among various jobs not only to fill an imminent need, but also to give an understanding of what is involved in the various jobs.

Advantage: broad exposure to the overall organization, cross-trained cadre of employees.

Disadvantage: takes time to put into operation, seasonal situations affect assignments and not all assignments may be relevant to the employee.

LEAVES OF ABSENCE TO GAIN SPECIFIC TRAINING OR EXPERIENCE

Paid time, e.g.: at a product vendor to learn the product in detail and sometimes to get re-energized.

Advantage: provides development as well as an opportunity away to learn in a different environment.

Disadvantage: costly, difficult to organize relevant experiences and sometimes allows contact with the business to be lost.

LECTURES AND DISCUSSIONS

These may be presented by vendors or by other businesses. Topics may include broad areas such as effective retailing or targeted subjects like endcap merchandising.

Advantage: specific information is learned and new ideas are shared.

Disadvantage: programs may be limited in scope and in availability, plus often it is time away from work at peak times.

MENTORING

Senior managers develop a close helping relationship with new managers to help in the earlier stages of their careers.

Advantage: development is personal and tailored to the specific individual.

Disadvantage: difficult to find good mentors.

ROLE-PLAYING

The person assumes the role of a manager in a particular situation and demonstrates the actions needed on the job.

Advantage: very good for changing attitudes and presenting difficult interpersonal situations.

Disadvantage: participants may be uncomfortable in the situation and there may be difficulty finding the appropriate role model.

SELF-DEVELOPMENT/ SELF-STUDY PROGRAMS

Planning and conducting one's own development through a variety of means.

Advantage: specific to the wants of the employee. The Internet is expanding in this realm.

Disadvantage: development may not be relevant to needs of the business.

SIMULATIONS

The person analyzes a situation and determines the best course of action. Similar to business games, but often real-life situations in the business are recreated for analysis.

Advantage: activity can be real and may fit into the business environment.

Disadvantage: available simulations may not be relevant or it may be perceived as "just a game."

WORK GROUP OR TASK FORCE ASSIGNMENTS

Working on important projects helps the person become acquainted with the organization's policies and processes, key issues about the project and the different personalities of co-workers.

Advantage: situations critical to the business can be worked on; projects are relevant.

Disadvantage: time may be lost because of the "group decision" process often practiced.

Each of these developmental approaches serves a different purpose and enables the manager to select from a variety of resources. In Chapter 6 we listed specific resource providers who are helpful for both management and non-management.

PERFORMANCE MANAGEMENT

Good management is getting people to do what we want them to do in a manner that they want to do it for us. But we need to look at the work being done because it does not usually happen on its own.

We need to:

- Describe the work we want completed.
- Ensure the worker understands the job and level of performance desired.
- Encourage employees to accomplish the job.
- Gauge how well work was done.
- Assess the work.
- Refine where necessary.

APPRAISAL APPROACHES

Table 7-2

No matter what evaluation system is used, the employer is responsible for the final evaluation. This means, for example, if customers rate a male employee more highly than a female because of gender bias, the employer must take that into account or be liable for a charge of discrimination.

360° RATINGS

Growing in popularity is the 360° or multi-source rating. With this method, the source for the performance appraisal is feedback from an employee's peers, co-workers, etc. Ratings are collected from these sources by the supervisor or manager who, in combination with his/her own ratings, compiles a complete picture of an individual's performance. However, when this method is used for disciplinary measures or pay decisions, the multi-source method has the potential for bias. Differing standards among raters, the additional time investment needed and the complexity of involving so many people make this a less effective approach. A 360° evaluation form sample is included in the Appendix.

EMPLOYEES RATING MANAGERS

A less-used method of appraisal in which employees rate their supervisors is popular in a number of organizations today. This approach is common in the academic world where college and university students rate their professors, but with a continuing trend toward higher accountability, more corporate entities may use this system. There are advantages and disadvantages to this method. Its inherent problems — such as fear of reprisals by supervisors, the feeling among employees that appraisals are not part of the employee's job, upsetting the "normal" manager-employee relationship — seem to limit its usefulness. Top executive and manager evaluation tools are included in the Appendix.

OUTSIDE RATERS

In certain instances, an outside expert may be called in to review managers or executive management. Although an expert may provide professional assistance in the appraisal process, there are obvious disadvantages. These include not fully understanding the organization and the time and the expense involved in such a process. In the case of a retail or service organization, customers are the obvious outsider raters. Their reactions may be the best indication of customer satisfaction. They can contribute a unique perspective on employee performance.

RATINGS BY TEAMS/PEERS

Participative management approaches such as total quality management often rely upon this type of appraisal system, since teamwork is emphasized rather than individual performance. Again, there are pros and cons to appraisal ratings by teams or peers, including negative effects on the teamwork efforts. As with the employees rating managers approach, team or peer appraisals, if used, are best utilized for developmental purposes. An intra-departmental evaluation tool is included in the Appendix.

SELF-RATINGS

Self-ratings can be considered developmental tools, forcing employees to consider their strengths and weaknesses. However, since standards among employees and supervisors differ, as an appraisal method, its usefulness is limited to unique situations where an employee is the only one qualified to rate his/her own performance. The method, however, can provide a valuable source of performance information and open a dialog that can pinpoint possible communications breakdowns.

SUPERVISORS RATING SUBORDINATES

This is the traditional method for appraisal, based on the assumption that immediate supervisors are best qualified to evaluate an employee's performance. Performance logs kept by the supervisors serve as memory joggers and specific examples when doing ratings. Supervisory appraisals are in turn reviewed by management to ensure proper appraisal procedures have been followed. Individual employee evaluation forms for management and non-management personnel are included in English and in Spanish at the end of this chapter. (D)

- Compensate the employee for the work done.

Good direction is when we make clear to our employees:

- Exactly what we want done.
- Who is to do it.
- Where it is to be done.
- When it is to be completed.
- How it is to be accomplished.
- How it will be measured or evaluated.
- Why the work is to be done and how the task fits into the “big picture.”

Successful managers set follow-up dates and due dates to check progress, to ensure that work is advancing and to ensure that there will be no unexpected delays or problems.

With this in place, we have established a workable performance management system to oversee the work as it is completed.

PERFORMANCE REVIEWS

Evaluating employee performance is useful for employee development as well as the administrative purposes of planning work, gathering materials, assigning people and establishing procedures, setting pay and other aspects of a job. Performance appraisal is determining how our employees performed their work compared to the standards we set and then informing the employees how well they did.

Appraisal in today’s business has evolved from the traditional single critique from an employee’s immediate supervisor. There can be many dimensions and sources for evaluation.

CONSIDERATIONS FOR SELECTING EFFECTIVE APPRAISAL METHODS AND CONTENT

Table 7-3

- Costs of developing/acquiring appraisal instruments
- Expertise available inside the organization to perform appraisals
- Management versus non-management status
- Purposes of the evaluation and its value as a productivity improvement and performance management tool
- Relationships between employees and managers
- Relationships between employees and co-workers
- Relationships with other internal personnel or external customers
- Relationships with subordinates
- The appraisal’s appropriateness for use in mentoring, coaching, etc.
- The appraisal’s ease of use
- Types of jobs performed that are to be appraised

Leading managers today say the multi-source assessment (MSA, sometimes called 360 evaluation) is the most effective means to gather information for an employee’s appraisal. With the MSA an employee’s superiors, peers, subordinates, other inside staff and even outside individuals such as customers give input to the evaluation.

But not all performance appraisal methods and techniques work equally well in every organization. Considerations for selecting between appraisal systems is outlined in Table 7-3. Appraisal approaches are summarized in Table 7-2 and Table 7-4 compares evaluation methods.

FREQUENCY OF APPRAISALS

New employees should be evaluated routinely, weekly, for example, as they move through their initial evaluation period. This frequency is valuable because it can serve as a learning experience.

It is an opportunity to change unwanted actions and behaviors early on.

It demonstrates the organization’s genuine interest in and concern for the individual employee that can cement a long term, positive relationship.

These frequent, initial evaluations normally are brief and verbal. If management determines unwanted trends are emerging, it may be prudent to document these frequent reviews.

Normally the initial evaluation period extends to 90 days from date of hire. It is useful to, at minimum, have an interim evaluation some 60 days into the evaluation period so the new employee has an opportunity to adjust behavior and improve actions as required before the end of the evaluation period. Often a standard evaluation form is used in its base form or modified form for this 90-day evaluation.

Routine evaluations normally are given, at minimum, semi-annually or annually. Managers can select the appropriate date to evaluate. This may be:

- Hire date anniversary

Table 7-4

COMPARISON OF EVALUATION RECORDING METHODS

FORMAT	METHOD	CONSIDERATIONS
Category ratings	Factor checklists Scales with graphic ratings	<p>Simple recording of rating on standard form with levels of performance for job criteria and behavioral factors.</p> <p>Factor checklists enable the rater to check-off a statement describing the rating representing the employee's performance.</p> <p>Disadvantage: varying meanings of statements to different persons and difficulty with weighting.</p> <p>Scales with graphic rating scales employ a continuum on which the rater merely marks the employee's position on a scale.</p> <p>Advantage: easy and yields a strong visual indication of performance.</p>
Comparisons	Forced distributions Rankings	<p>Employees are compared one against the other in the same or similar work situation.</p> <p>Forced distributions use the concept of a "bell curve" where a certain percentage of employees would be rated at the lower end, a greater percentage in the middle area, and again a lesser percentage at the upper end of the scale.</p> <p>Disadvantage: not all raters are familiar with this curve concept, the reluctance to place employees at the low end, usefulness in small groups, rater perception that they must distinguish between employees rated.</p> <p>Rankings have the rater list all evaluated employees in top-to-bottom performance order. There cannot be two employees rated at the same level.</p> <p>Disadvantage: it may be difficult for the rater to choose between two employees because the differences are so small.</p>
Narratives	On-site reviews Summary critical incidents Written composition	<p>Raters write out descriptive statements and explanations concerning performance.</p> <p>On-site reviews have a person outside the immediate reporting relationship become part of the rating process. The outsider interviews the employee's supervisor and develops a written rating based on the supervisor's comments. Problems here include the outsider not knowing the situation well and the amount of control the outsider has.</p> <p>Summary critical incidents is where the supervisor keeps notes on incidents that occur over time and how the employee performed. These incidents are then reviewed and rated. Difficulties include different interpretations of critical situations, the amount of time required to record incident notes, employees' concern that the supervisor is "keeping notes" on them.</p> <p>Written composition is where the evaluator begins with a blank sheet and writes a short summary of the employee's performance usually in several suggested factor areas. This method offers maximum flexibility for the rater.</p>

FORMAT	METHOD	CONSIDERATIONS
Objectives and behaviors	"MBOs" or management by objectives Behavioral ratings	<p>MBOs are performance goals set ahead that are to be attained during the performance period. The employee is evaluated by the supervisor on levels attained. Used mainly for management personnel, this method can be effective in attaining planned business goals.</p> <p>Behavioral ratings are intended to evaluate how the employee behaves in situations. Alternatives are: 1) to have the rater match the employee's typical behavior with a certain descriptive statement (BARS method), 2) record the number of times the employee exhibits a captioned behavior (BOS method) or 3) rate the employee behavior acceptability on a scale (BES method).</p> <p>Disadvantages: setting factors is difficult and multiple forms may be required.</p>

- Current job start date anniversary
- Completion of major project or activity milestone
- Others based upon work and situation

The advantages of doing evaluations on selected anniversary dates are that usually the practice spreads the activity out across the calendar year. The manager is not overwhelmed with a whole series of evaluations. More time can be devoted to developing the evaluation, discussing the evaluation with the employee and establishing development/modification plans.

Alternatively, a set period, for example the month of April (after taxes), may be established to do evaluations on all employees. This concentrated effort signals the importance of the process to employees, gives evaluators focused time to get the activity completed and directs evaluators' attention to the matter so they can "brush up" on evaluation practices and work with one another to resolve evaluation problems.

Typically, businesses get more internal consistency on the relative ranking of employees if appraisals are done at the same time rather than spreading them out over the year. Again, the evaluation time period selection is at the discretion of managers and generally is dictated by the business operation and related matters specific to individual stores and worksites.

Notwithstanding these scheduled evaluations, effective managers make a point to routinely evaluate work, progress on a job, development opportunities and career interests. This practice continuously reinforces the business's interest in and concern for the employee. In today's market this strong positive message can form a powerful bond that in itself attracts, retains and motivates valuable employees.

PAY AND APPRAISAL

Routinely, the question of whether to discuss and award pay adjustment at the time of performance evaluation comes up. Pay may be discussed and adjustments made at the time of employee evaluation at management's

discretion. However, this is not a recommended practice because it tends to focus the employee's attention on the monetary adjustment rather than the content of the evaluation.

The recommended course of action is to conduct evaluations separately from pay adjustment activity.

Reasons include:

Enabling managers to make pay adjustments at intervals other than the evaluation cycle (e.g., awarding increases at 6-9-12-or 18-month intervals).

Enabling the business to utilize alternative awards (other than money) as recognition.

Enabling the employee to concentrate on the evaluation content.

Enabling the manager to effectively plan and administer pay programs.

Reducing opportunity for continuous discussions of pay adjustments as they are allocated through the year with evaluations.

Table 7-5

EFFECTIVE EVALUATIONS AND EVALUATION COMMUNICATIONS

EVALUATIONS SHOULD BE:	COMMUNICATIONS SHOULD BE:
Accurate and truthful	Conducted in privacy and in a comfortable place (preferably in a neutral place other than the evaluator's or employee's office)
Comprehensive	Directed at counseling and development
Fair, consistent and without bias, discrimination or any disparate impact	Face-to-face discussions
Job-related	Inclusive of good and poor performance
Kept confidential	Positive
Objective	Professional (readable, understandable, clean, etc.)
Prepared ahead of time by the evaluator in a planned, thoughtful manner	Presented in a manner that the employee can comment on the evaluation and that the comments are acknowledged
Prepared in a format that is appropriate to the organization and job	Timely (within days)
Recorded on paper with space for the evaluator and employee to sign and date	Unemotional
Thorough	Un-rushed and at a convenient time

Separating disappointment with low pay increases, which may be affected by business conditions, from evaluations, which may be very high.

There are legal and regulatory considerations relevant to employee evaluations. Owners and managers should utilize legal counsel as required. Because legal action can crop up around appraisal issues, the following steps should be taken to reduce problem potential:

Ensure evaluations are based upon job analyses for the position being evaluated.

Ensure evaluations are based upon specific and objective evaluation criteria.

Ensure evaluators have reviewed, have been trained on and understand written instructions on how to evaluate employees.

Ensure employees are familiar with and understand job standards.

Ensure employees are given an opportunity to effectively review results of the evaluation.

Ensure a higher level (or top level as required) of management reviews the evaluation before it is discussed with the employee.

Here are some final considerations for evaluations and discussing them with employees.

Keep in mind that many employees are sensitive to and interested in effective evaluations.

Plan for and schedule evaluation review meetings in advance.

On a continuing basis, prepare the employee for his/her evaluation by giving constant, effective communication as to how s/he is doing so there are no surprises at evaluation time.

Be prepared to justify ratings and substantiate them with specifics.

Set the right tone for the evaluation discussion by making the meeting comfortable, objective, conversational, constructive, developmental and fair but firm.

Applying the considerations included in this chapter and throughout this handbook, owners and managers can effectively present development opportunities, guidance and tools to non-management and management employees seeking personal growth and career enhancement.

Various evaluation tools are included in the Appendix. They can be duplicated for use. Consider printing the individual employee evaluation sheets on to 8/5"x 11" paper and then photocopying the four sheets on to 11"x 17" paper and folding them in half to make a personalized four-page evaluation booklet. ■