

## Top 10 Tips on:

# How to construct an Effective Appraisals System

### Why bother with appraisals?

1. Simon Jones, the chief executive of Investors in People has advised that employers are not using appraisals to their advantage. The primary reason to do anything is to further the aims of the organisation, for everyone from the apprentice to the CEO. He added that appraisals are a powerful tool: for managers to make sure they are getting the most out of staff; and for employees to demonstrate what they are doing well and to identify areas for development.

### Should they be linked to pay?

2. It is advisable to hold having appraisals on the anniversary of the employee joining the company, rather than at the same time as the salary review. It takes the pressure away from the appraisal being directly linked to a salary increase.

### Be aware of the legalities

3. Norton Rose, the law firm, pointed out that if a bonus is based on individual performance, employees will look for some consistency between what they are paid and how they were appraised," meaning that if employees get a good appraisal but a reduced bonus, and their contract links performance to their bonus, it could become a legal issue.

### Be honest

4. We're in the situation at the moment where a lot of organisations are struggling just to survive, let alone give bonuses. In the main, employees have to accept that the survival of the organisation comes first. As long as people understand what's going on in the company they will generally accept that.

### Bite the bullet

5. The main reason for an appraisals process not working is an understandable unwillingness on the part of managers to talk through difficult issues with people they work with daily. It's about training your managers in what you're trying to get out of the appraisals process. Employers should try to see the process as "fine-tuning the motor in your car. Every once in a while you have to say, 'Something's not ticking right; let's constructively change it.'"

### Encourage self appraisal and follow up with training

6. The appraisal meeting affords the chance to identify training needs and agree when training is going to happen. Encouraging employees to engage with their own career progression in this way is a good motivation tool, as long as training promises are followed through.

### Simplify the system

7. Too much bureaucracy and form-filling makes a manager feel resentful about the process and detracts from the reasons for doing it, which are to motivate staff, review performance, tease out any problems and set objectives for the future.

### Make them a priority

8. This is a tough ask if the future of the business is at stake. But appraisals are an excellent opportunity to motivate staff. If these discussions don't take place, employees lose interest in their own progression and grow cynical and lose motivation.

### The public sector is different

9. The director of HR at Swindon Borough Council, believes that there is a culture in the public sector that doesn't encourage senior leaders to have difficult conversations about performance with their juniors. He puts this down in part to the difficulty of measuring performance in terms of the delivery of services, rather than in financial terms, as in the private sector. For him, the appraisal is the chance to offer incentives to staff. "Incentivisation is often financial in the private sector; in the public sector it's more around development," he said, but the appraisals process still needs to set employees very clear targets.

### Create an appraisals culture

10. Appraisal is not necessarily having an annual review; it needs to be taking place on a weekly basis. The formal appraisals process should be the cherry on the cake. What is more important is that employer and employee feel that they can be honest with each other at all times.