Performance Management: Link to Compensation
For Supervisors, Managers, and Leaders

2013
This Training Covers:

- Philosophy and expectations for performance review process
- Suggested steps for effectively completing the review process
- Current forms and ratings used in performance reviews
- Consistency and accountability requirements effective 10/1/13
Benefits of Compensation Training for Supervisors, Managers & Leaders

- Total compensation (salary & benefits) is approximately 70% of UT’s budget
- Supervisors, managers, and leaders are the ones who invest UT’s salary dollars
- Assurance of a positive return on investment (ROI) as seen in recruitment, retention, and productivity of employees is needed by the organization.
Policy HR 0129: Performance Review

The objective of the annual review is to provide all regular University staff and their supervisors an opportunity to:

• Discuss job performance
• Set goals for professional development
• Establish objectives for contributing to the department’s mission
• Discuss expectations and accomplishments

See: http://policy.tennessee.edu/hr_policy/hr0129/
Performance Management Cycle

1. Setting Goals & Expectations
   - Define job criteria by which performance will be measured based on job description
   - Establish goals and objectives
   - Communicate expectations to employees
   - Rework objectives or performance standards, if necessary

2. Performance Coaching

3. Annual Performance Review
Importance of Effective Goals

- Clarify strategic *direction*
- Set clear *targets*
- Establish *expected* results
- Improve *teamwork* through a common sense of *purpose*
- Provide a *clear* and *consistent* approach to assessing performance
**Performance Management Cycle**

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2. **Performance Coaching**
   - Define coaching
   - Give effective feedback
   - Recognize employees’ area of development
   - Coach for better performance
   - Document discussions & progress

3. **Annual Performance Review**
The role of the coach is to…

- clearly communicate performance expectations and standards
- give regular performance feedback
- develop the skills of employees

The best coaches…

- improve performance
- uplift energy
- improve morale
- enhance focus
Step 2: Performance Coaching

Highlights:

• As a supervisor, be clear on expectations
• Provide feedback and recognition to improve performance through coaching
• Handle poor performance in a timely manner
• Learn when and how to document performance
Who needs coaching?

Troubled employee?  Disengaged employee?  Non-team player?

All employees need some form of performance coaching!
When Coaching is Not Enough

• Coaching may not result in desired behavior change
• The next step could be additional coaching, reassignment, EAP referral or corrective action
• The situation may warrant using the Performance Improvement Plan (PIP) process and documentation
• Partner with Human Resources to establish the appropriate next step
UT Performance Improvement Plan (PIP)

- Used for improving behavior and performance
- Provides document addressing job standard requirements, specific improvement needed, and recommended steps toward improvement
- Applies a systematic process to engage employee around behavior and performance expectations when expectations are not being met
- Intended to achieve improvement

See: http://hr.tennessee.edu/performance-recognition/performance-reviews/forms/
Setting Goals & Expectations

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Performance Coaching

- Define coaching
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Annual Performance Review

- Follow UT performance review process
- Identify mistakes to avoid
- Use behavior-based statements
Step 3: Annual Performance Review

Highlights:

- HR 0129 provides the framework and mechanism
- Focus is on improvement and learning, not criticism
- Two-way dialogue provides opportunity for input from employee
- Poor performance should be addressed when it occurs, not mentioned for the first time during the review
- Constructive feedback focused on the behavior not the person
Preparing for the Performance Review Discussion
How does it happen?
The supervisor sets the scene...

- Supervisor **schedules** meeting and **completes** **Summary Forms**

- Employee **completes the self-assessment Summary Form** and returns to supervisor prior to meeting

- Senior department officials **review all evaluations** prior to individual meetings
How does it happen?
The supervisor sets the scene …

• **Supervisor** reviews *Summary Forms* with employee

• Together, they *complete goals and objectives*

• **Supervisor sends original** Summary Form *signed by the employee and two levels of supervision* to Human Resources by **March 31st**

• **Supervisor provides** signed copy of the Summary Form to employee and keeps copy in departmental files
Additional tools for 2014 and beyond

• Peer Review Form
• Supervisor Review Form
• Performance Improvement Plan (PIP)

These are not linked numerically to the Summary Form, but may be useful to supervisor and department for the review process.
Changes to Enhance Standardization & Accountability

• Standardized staff review period
• Standardized definition of “unsatisfactory” performance and eligibility for across-the-board (ATB) increase
• Standardized numerical ratings for staff
• Cumulative score for multiple reviewers
Changes to Enhance Standardization & Accountability

- Required signatures on performance review form
- Required approval for across-the-board (ATB) distribution outside the guidelines (by HR & Chancellor’s designee)
- Required Performance Improvement Plan (PIP)
- Exploring affordability and functionality of an automated process
Performance Review Summary Form Ratings

- Consistently Exceeds Expectations
- Fully Achieves and Occasionally Exceeds Expectations
- Fully Achieves Expectations
- Sometimes Achieves Expectations
- Rarely Achieves Expectations/Unsatisfactory
UT Performance Review Forms

Performance Review documents can be found at:

http://hr.tennessee.edu/performance-recognition/performance-reviews/forms/
Guidelines for Effective Performance Discussions

Avoid common rating errors in forming your opinion of performance …

- **Halo effect:** Rating an employee as being “all good.”
- **Horn effect:** Rating an employee as being “all bad.”
- **Recency effect:** Focusing only on recent events rather than the entire review period.
- **Personal bias:** Reviewing an employee favorably because you share similarities.
Conducting an Effective Performance Review Meeting

Review

1. Self-Assessment Summary Form
2. PDQ
3. Notes

Discuss

1. Goals and key points from last review
2. Satisfactory and Unsatisfactory performance areas
Conducting the Discussion

**Do**
- Obtain the employees’ opinions and suggestions
- Listen carefully and ask probing questions
- Remain open-minded and admit mistakes
- Express gratitude

**Don’t**
- Interrupt
- Become defensive
- Take it personally
- Fix blame on others
What UT Expects of All Employees

Accomplishments
Accomplishments refer to the extent to which the employee meets expectations in performing the job function of their position as defined in the PDQ, annual work plan, etc.

Service and Relationships
The extent to which the employee’s behaviors are directed toward fostering positive working relationships in a diverse workplace, respect for one’s fellow workers, and cooperation with students, customers, and visitors.

Accountability and Dependability
The extent to which the employee contributes to the effectiveness of the department and the overall mission of the University. (NOTE: Time off approved under FMLA may not be considered.)
Adaptability and Flexibility
The extent to which the employee exhibits an openness to new ideas, programs, systems, and/or structures.

Decision Making and Problem Solving
The extent to which the employee makes sound and logical job-related decisions that are in the best interest of the University. (As applicable, this element includes developing and managing human and fiscal resources within the framework of University policy.)
What if my employee disagrees with my evaluation?

- Discuss and try to reach agreement
- In case of disagreement, employee may refuse to sign
- Employees may write a rebuttal if they wish
Continuum of Performance

• Each employee we supervise generally performs in one of three categories
  • Low/mediocre
  • Solid/steady
  • High/extraordinary
• Each supervisor has an opportunity to influence which category each employee performs in
• Clear goals, candid/honest feedback, and performance coaching provide the basis for influence
Review Questions

1) Total compensation (salary and benefits) is approximately ___% of UT’s budget.
   A) 25%
   B) 70%
   C) 55%
   D) 40%
2) Which of the following is the first step in the Performance Management Cycle?

   A) Setting goals and expectations
   B) Performance coaching
   C) Annual Performance Review
Review Questions

3) The UT Performance Improvement Plan (PIP) is used to improve behavior and performance and applies a systematic process to engage employees around behavior and performance expectations.
   
   A) True
   
   B) False
4) Performance Reviews are due to Human Resources annually by:

A) January 1  
B) January 15  
C) December 31  
D) March 31
Review Questions

5) Rating employees as “all bad” on their annual performance review is known as the:

A) Halo effect
B) Horn effect
C) Recency effect
Review Answers

Q 1) B
Total compensation (salary and benefits) is approximately 70% of UT’s budget.

Q 2) A
Setting goals and expectations is the first step in the Performance Management Cycle.

Q 3) A
The UT Performance Improvement Plan (PIP) is used to improve behavior and performance and applies a systematic process to engage employees around behavior and performance expectations.

Q 4) C
Performance Reviews are due to Human Resources annually by March 31.

Q 5) B
Rating employees as “all bad” on their annual performance review is known as the Horn Effect.
Thank you

Thanks for completing the online training module, *UT Compensation Training/Performance Management: Link to Compensation*.

This training counts for 1.5 hours of training credit under HR0128.

To request credit for this training, fill out the [Additional Training Credit form](#) and mail to:

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