

Chapter 1. Employee Performance Evaluation

We judge ourselves by what we feel capable of doing, while others judge us by what we have already done.

-- Longfellow

Unless you work at a very small company, the odds are you will give and receive yearly Performance Evaluations (PE). I have mixed feelings about this ritual. At it's best, the annual PE gives you the opportunity to gather input on each employee's job performance, assess the previous year's accomplishments, and make recommendations for development. It focuses your attention, and the employee's, on things that you may not pay attention to during the rest of the year. At its worst, it gives you the opportunity to show your ignorance of your employees and gives your company the opportunity to force fit them into seemingly arbitrary ratings.

The best performance evaluations I've received have been those that gave me insight into my strengths and weaknesses, and which planted one or two seeds that I could use. For example, for years I was criticized, rightly, for cutting deadlines too close. By nature I work best under pressure, and I tend to be most productive when I've got a deadline looming. Over the years, my "just in time," approach to deadlines added unnecessary tension and risk to the projects I worked on.

However, simply pointing that out to me year after year, which is what a whole string of managers did, wasn't useful. The manager who helped me finally make progress went further. He helped me understand the impact I was having on other members of the team, and he helped me come up with some useful strategies for improvement. Incidentally, one of those strategies is embodied in the way this book is being written. By writing it in public, with a commitment to deliver new content on a regular schedule, I create a whole series of short term goals, each one of which can be reached "just in time" without having an adverse impact on the ultimate result.

That's the PE at its best, but there's another, darker side. While most companies tout the value of the PE for professional development, they mostly use the PE to sort employees into winners and losers; those who will get raises and promotions, those who will remain in the same place, and those who will be shown the door. In fact, if you look at the way most companies manage performance evaluation, you'll see that sorting is what they're really after, and professional development comes in a distant second.

This reality changes the character of the PE for both manager and employee, robbing it of much of its potential value. For many employees, the PE ritual is simply a game where

you puff up your accomplishments to maximize your chance at the goodies. And, for many managers, it's just another empty exercise in pushing paper that you try to get through with the least possible effort.

Given this reality, and the time pressure most managers live with, you can bet that all but the most conscientious will cut corners; I've done it and I don't know anyone who hasn't. But, after cutting the corners for way too long, I realized that this was one area that actually deserved my attention, and I changed my attitude. What I realized was that despite the distortions that companies place on the process, the PE ritual still provides unique value for both the manager and the employee.

I also realized that, like planning, the PE process is more important than the PE document. The process of getting feedback, analyzing what the feedback means, formulating recommendations, and talking one-on-one with each member of your team provides benefits you can't get any other way. To make the process work, you need to approach the effort seriously, invest some time, and combat the de-motivators.

The Ritual

According to Merriam-Webster, a ritual is “an act or series of acts regularly repeated in a set precise manner.” While the details vary, the core of the PE process fits that definition. In fact, the ritual is so consistent that you can buy software that will lead you through the entire process. I've seen packages that will suggest wording for common situations, give you categories and canned responses, and warn you when you use a word that might offend someone.

Here are the main elements of the PE ritual:

- The manager gathers input from the employee's peers, other managers, and if applicable, anyone who reports to the employee. Sometimes the manager will also ask the employee for a self-assessment or a summary of accomplishments.
- The manager writes the PE, almost always using a standard form. Sometimes the forms are loose, other times they are very tight (for example, Employee has: 1) Excellent interpersonal skills, 2) Very good interpersonal skills, 3) Good interpersonal skills, ...).
- The manager, his or her peer managers, and their manager meet to sort the winners and losers and assign a rating or ranking to each employee. This often happens at several levels in the company, merging at each point up the ladder.
- The manager and employee meet to discuss the written PE and the rating or ranking.
- The employee adds comments to the written PE, and possibly negotiates changes with the manager, then signs it.
- The manager files the PE with Human Resources, never to be seen again.

Let's take a look at the process in detail.

Gathering Input

Gathering input is generally the easiest part of the process; you just ask a bunch of people for feedback about the employee. Here are a few guidelines for getting the most out of this part of the process:

- **Spread a wide net:** Get input from everyone who has worked with the employee. I also ask for input from everyone else in the same writing team, even those who aren't working directly with the employee.
- **Include the employee:** One of my managers asked me to write my entire PE; he glanced at it, said it looked fine, and signed it. I wouldn't recommend going quite this far, but you should ask employees for their input up front. Usually I have them give me an assessment of their accomplishments over the last year. This gives them a chance to shine, and it makes sure you don't miss anything important. Nothing makes you look more like the pointy headed boss than forgetting an important accomplishment.
- **Be flexible:** Even in companies that live and die on email, each person has a preference for communicating sensitive information. I generally send an email request, but state that I'll take input by email, phone, or in person.
- **Keep feedback confidential:** Be clear about confidentiality. I always state that comments will be confidential unless the person giving comments explicitly says it's ok to reveal them. And I keep them confidential. If I use a particular comment in a written PE, and I often do, I make sure that the comment is unattributed and doesn't reveal itself in the wording.
- **Ask open-ended questions:** Use open-ended questions like, "Tell me about Martha's interactions with your team," rather than close-ended questions like, "Did Martha work well with your team?" A close-ended question pushes the response towards a yes or no answer while an open-ended question invites a deeper discussion. In your initial request, ask a couple of specific questions and a general, catch-all question. You want to give people some context, but leave things open for any input they might have.
- **Ask positive questions:** I usually probe for "weaknesses" using questions that ask for positive suggestions. For example, a question like, "What could Rachel do to improve her interactions with your group?" will get you a more useful answer than, "What are Rachel's weaknesses?" Most people won't directly answer the second question unless there's a big problem, but most will be happy to answer the first with some useful ideas.
- **Follow up:** If you don't get a response or you have a question, call and ask. While I won't hound someone, I do like to get a response from everyone I ask; often it's the reluctant ones who give you the most revealing input.
- **Thank everyone:** I always send a thank you email to everyone who replies, even if the reply was, "I didn't work with Mary this year and have no input." This is a yearly ritual, and you'll be back asking for input next year. In the same vein, I always respond when asked for input by other managers.

Once I've collected input, I open up a file in an editor and gather everything together in one place. I then read it over looking for common themes and surprises. I also look for a few choice quotes to use in the written evaluation. There's nothing quite like a glowing quote from a peer to brighten up a PE. Just make sure that the quote doesn't reveal the author unless you have permission.

Writing the Evaluation

Once you have the input and have gathered your thoughts, I recommend identifying one or two themes. Like any other presentation, you will at best be able to make just a few points stick. If there's some obvious area that needs to be worked on, that's a theme. If not, look for areas of strength that could be developed even further.

While it's usual for a PE to focus on the “Areas for Improvement,” I think there is real value in looking at your strengths first. According to Marcus Buckingham and Donald Clifton's *Now, Discover Your Strengths* [Buckingham01], “Each person's greatest room for growth is in the areas of his or her greatest strength.” In their view, companies spend too much time trying to “fix” weaknesses and not enough time trying to capitalize on strengths. While some weaknesses must be addressed—chronic bad work habits are a good example—most people will get more benefit if they improve in the area of their strengths and simply find ways to work around their weaknesses.

Once you've found your themes, you need to find a way to work them into whatever format your company has foisted on you. If you're unlucky, you'll need to fill in a bunch of tightly constructed forms with radio button ratings: “Employee's interactions with co-workers are: Always excellent, Always good, Usually good, Sometimes good, In need of improvement.” This type of format makes it very difficult to develop useful themes, but even the worst of them should give you some space for free-form comments. That's where the bulk of your effort should be focused.

Here is how I approach writing the evaluation:

- Most formats use reasonably standard categories with titles like Interpersonal Interactions, Job Skills, Leadership Skills, and so forth. I look over the categories and consider how each one aligns with the themes. For now, I ignore ratings.
- For each category, I identify some suggested action that supports the theme. Examples include: taking courses, taking on new assignments, changing responsibilities, or working around weaknesses. Sometimes they're directives rather than suggestions, but I prefer suggestions wherever possible.
- For each category, I select at least one quote from the feedback that reinforces the theme.
- Using the themes, quotes, and suggestions, I write a short section for each category. A typical paragraph for a writer whose strength is consensus building might look like the following:

Leadership Skills. Imogene is an effective leader who knows how to build a strong consensus. One colleague said, “I thought we would never come to agreement on the structure of the new User's Guide, but Imogene was able to get a group of 8 engineers from 3 different groups to sign off on a plan in just two short meetings.” I suggest that Imogene further develop this strength by taking the course, “Advanced Cat Herding: Bringing Contentious Teams to Consensus.”

- Summarize and reiterate your themes. There's almost always a place for a summation at the end of the PE. I use this space to re-iterate the theme and the most important suggestions. If I can find good ones, I'll drop in another quote or two.
- If I need to assign ratings, I'll do that now. However, if I'm doing evaluations for a group of people at the same time, I'll come back after I've finished all the write-ups and review the ratings for consistency.
- Give a copy to the employee to review. Some information, like ratings, may need to be reviewed with management before being shared with employees, but otherwise, I share the PE with the employee before the formal discussion. Since you're dealing with professional writers, they're sure to have some improvements, which I always take unless they change the meaning in a way I can't support.

If you have an employee who has some serious weaknesses that need to be addressed, handle them the same way. Use quotes, your theme, and strong suggestions or directives. You owe it to the employee to be honest, and you need to document your actions clearly in case you need to take corrective action. About the only time anyone other than you and the employee will read a PE is when they're trying to determine if you followed the correct procedure for terminating employment, so write with that possibility in mind.

Another area you will probably need to deal with is objectives. I think it's important for everyone to document a set of professional objectives. Professional objectives are things like: “Become an expert in using Photoshop” or “Publish an article about subject X in a professional journal.” I like to have these kinds of objectives in a PE because they formalize what might otherwise be a vague desire.

Some companies take this further and incorporate job objectives like: “Complete the Flim-Flam User's Manual by October 17” in the PE. While this is clearly not a substitute for formally documenting objectives and schedules, stating them in the PE clarifies responsibility and gives you a starting place for next year's discussion.

The main drawback to including job objectives is that very few job objectives, and even fewer schedules, remain constant over the course of a year, so when you review this year's objectives next year, they may bear no relationship to what actually happened. As long as everyone understands that objectives change, that's no big deal. Therefore, I think the advantages of documenting job objectives in the PE outweigh this drawback. It doesn't hurt, however, to use relative wording like: “Complete the Flim-Flam User's Manual on

schedule to ship with the Flim-Flam product.” That way, if the Flim-Flam product slips, the objective is still valid.

Once you've completed the written PE, let it “age” for a day or two, then re-read it. This is especially important if you're sending a strong negative message, but I try to do this for every PE. I guarantee you'll improve at least some wording and every once in a while you'll stop yourself from something very embarrassing. I once put an entire section from one person's PE into another's by mistake and only caught the error in that last re-read.

The Employee Discussion

The shortest PE discussion I personally know about was given to a colleague while he was standing at a urinal in the men's room. His boss came in, unzipped at the next urinal over, and said, “You haven't had your PE yet, have you? You're doing a fine job.” With that, he zipped up and left. I never did hear how he handled discussions with his female employees, and I'm not sure I want to know.

The PE discussion is the heart of the process. Of course it's important that you gather input and write a PE, and as a manager you'll learn a lot just from doing those two things, but until you've communicated with your employees and gotten their response, you're not done.

The discussion is also the most perilous part of the process. Even though I've been doing PEs for years, I still can't accurately predict how an individual will react to his or her review. For example, I've broken the “never surprise” rule a few times, and that predictably leads to an angry response. But, sometimes the employee takes the surprise calmly and positively. On the other hand, I remember one employee who became unhinged by what I thought was an innocuous suggestion to re-read Strunk and White. Everyone should read William Strunk and E.B. White's *The Elements of Style* [StrunkWhite] at least once a year, but that didn't stop this particular employee from taking umbrage.

The keys to a successful PE discussion are preparation and attitude. Being prepared means that you've gathered useful input, distilled that input into one or two clear themes, thought about—and if necessary practiced—how you will deliver your message, and considered the likely impact of your feedback on the employee. Attitude means that after all that preparation, you're still open to input from the employee and you're ready to listen to what he or she has to say. In combination, these two factors make it possible for you to say what you need to say precisely and concisely, then devote the rest of the meeting to the discussion.

Preparing for the Discussion

Here are some guidelines for your preparation:

- Give the employee a copy of the written PE a few days ahead of time so he or she has plenty of time to read it. If I'm going to discuss a rating or ranking, I will leave that off the advance copy, but otherwise I provide a full copy.

- Pick out a private place for the discussion where you won't be interrupted. If you have a private office, that's a good place, but make sure you won't be interrupted.
- Schedule more time than you think you'll need. I never schedule less than an hour, and I prefer not to schedule in front of a hard commitment.
- Re-read the PE to refresh your memory about your main themes.
- If you're delivering a strong negative message, especially if you have any reason to believe you may have to terminate someone's employment unless he or she improves, get some suggestions from your Human Resources representative on how to handle the situation. There are also some ideas in the section called "Handling Difficult Situations".

Unless I have a specific negative message that must be delivered, I try to allow the employee to set the direction of the discussion. After all, my main points are in the written PE. While I will re-iterate the most important points to make sure they're understood, I invariably find that the greatest value in the discussion is from what the employee has to say, not what I have to say.

Discussing Objectives

A good discussion will begin with a look at results from the last year, focusing on what can be learned from them. It will then move to a discussion of objectives for the next year. As mentioned earlier, we need to consider two kinds of objectives, work and professional. Work objectives are job assignments; professional objectives are personal objectives aimed at professional development.

I generally try not to dwell on job assignments in the PE discussion. It's very easy to lapse into a discussion about project X or project Y when you should be talking about job performance. While job objectives are important and need to be discussed, there are opportunities to discuss them outside the PE process. Therefore, in the PE discussion, I use job objectives primarily as a vehicle for achieving professional objectives.

For example, if a professional objective is to increase an employee's proficiency with Adobe Photoshop, I will look for a way to tie it to a work objective, either by finding an assignment that requires greater proficiency with Photoshop or by modifying a current assignment. Without that tie-in, it's very hard to keep the discipline necessary to make progress.

Nearly every time an employee says something like, "I'd like to learn more about XML," you can bet nothing much will happen until he or she gets a job assignment that requires that skill. I don't stop employees from having that kind of objective, but when they do, I try to find a practical application to exercise that skill.

Discussing Rankings and Ratings

If your company gives everyone a ranking or rating, you probably should lead with it. There's no doubt that nearly everyone is waiting for that piece of information, so I don't recommend withholding it. The downside, of course, is that if it isn't what he or she is

expecting, the entire discussion may be dominated by that one topic. If you suspect that may be the case, be prepared with a good explanation of why the rating/ranking is the way it is, and then use that explanation to direct the discussion towards the themes you want to discuss.

I try to preempt individual discussion about the ranking and rating process by briefing the team in a group meeting. Since nearly every description of a ranking and rating system I've ever seen reads like an example of bad writing, describing one to a group of technical writers with a straight face can be an adventure. Trying to do that one-on-one during a PE discussion wastes way too much time and gives ranking and rating a weight that it doesn't deserve.

Another plus to having a general discussion in advance is that it's easier to set expectations at a group meeting than one-on-one. If everyone knows that only 10% of employees will be ranked in the highest category, you can set an expectation that even very competent people will be ranked in lower categories. Also, while I consider it bad form to blame the ranking system in an employee discussion, I'm less scrupulous about acknowledging the system's shortcomings—and I've never met one that didn't have shortcomings—in a group meeting.

Handling Difficult Situations

If you need to deliver a difficult message, for example a less than desirable rating, here are some guidelines:

- **Prepare:** Know what you need to say and how you are going to say it. Think about the questions you're likely to get and be prepared with answers. You can't anticipate everything, but you can be ready for the most likely responses. If you're not sure how to deliver a strong message, talk with your manager and with HR. They should be able to give you some guidelines. Finally, if you're nervous about delivering a strong message, being prepared helps.
- **Be clear and to the point:** This is not the time to be vague. Most people are astute enough to see bad news coming, so there's no point in dragging it out with a long explanation. Here's a bad example,

Jimmy, I know you tried really hard this year and there were some problems with the specifications from the engineering team over which you had little control. But, we felt that while those problems were a contributing factor in the lateness of the Flim-Flam User's Guide, there were still factors over which you had control, but since you didn't raise those issues in a timely fashion, it wasn't possible to fully factor in the delays, which meant that the project slipped. As a result of that, and after careful consideration, your ranking fell this year.

I'm embarrassed to say that at times I've done as badly or worse, usually in inverse proportion to the amount of preparation. Here is a better example:

Jimmy, your ranking fell this year because you did not meet your schedule for the Flim-Flam User's Guide.

You'll have plenty of time to get into the inevitable discussion about contributing factors, etc., but a clear statement gets the issues out on the table.

- **The news is not a negotiation:** What you do about the news may be negotiable, but the facts aren't.
- **Don't deflect responsibility:** You may have spent hours losing an argument with the rest of management team over this person's rating, and you may disagree strongly with the result, but you need to take responsibility for it anyway. If you believe there was something improper about the result or the process, talk with your manager or HR, otherwise, you need to own the result and present it as yours.
- **Be specific about what needs to happen:** This is especially important for the extreme cases. If someone's job performance is sub-standard, that person needs to know it and needs to know what specific actions are necessary to get his or her job performance back to an acceptable level.
- **Be specific about consequences:** If specific actions are required to save someone's job, then that person needs to know both the actions required and the consequences for inaction.
- **Be positive:** This can be tough, especially when the employee is on the brink of being terminated. It's very easy to fall into the mind-set that you're just going through the motions because the company makes you go through a bunch of steps before you can terminate someone. But, besides covering the corporate derriere, these steps give the employee an opportunity to redeem him or herself. People do change, and it's only fair to be as positive as possible about their ability to change.

You may find yourself in a difficult situation that you didn't expect. I can remember several discussions where I thought I was delivering a positive message and found myself faced with an employee who thought I was delivering a negative message. For example, just because you worked hard to get Eddie into the second highest rating category doesn't mean that he will be happy about not being in the highest category.

In those cases, I try to simply listen to what he or she has to say, then react honestly. That can be tough, especially if the real reason Eddie didn't get rated in the highest category is that you weren't a good enough negotiator in the ranking meeting or your manager heard some negative feedback and gave it more weight than you did. In those cases, let the "Don't deflect responsibility" guideline lead you.

Don't expect an immediate resolution. If your explanation is accepted and you can see that the employee is ok with the result, fine. Otherwise, schedule a follow-up meeting so you can discuss things after he or she has cooled down and had time to think things over.

Wrapping up the discussion

Wrap up the discussion by reviewing the actions each of you will be taking. Think of this like any other meeting that generates action items. Summarize them and make sure you both agree on who is taking what action. If there is disagreement over some point, most written PE forms provide a place for the employee to make comments. I encourage employees to write comments whether we agree or not, but it's especially important if the two of you disagree.

Finally, take advantage of the discussion to get to know your employees better. The PE discussion gives you a rare opportunity to talk about things that aren't directly tied to project deliverables. Now is when you can get some idea of what an employee's longer term ambitions are and where he or she would like to be in a few years. When you know what an employee aspires to, you're in a better position to help with his or her professional development, and you're in a better position to plan the evolution of your team. While there's nothing stopping you from discussing these kinds of topics anytime, in practice that rarely happens, so take the opportunity.

Employee Ranking and Rating

So far, I've drawn a positive picture of the PE process, with only a few clouds. If approached seriously, the process described in the previous sections will give your employees a useful picture of their job performance and guidance for their professional development.

But, there is a dark side to the PE process. Between the time you complete the written PE, and the time you hold the PE discussion, the odds are that you'll need to meet with your department management team ¹ to assign ratings and rankings. This is where the PE process usually dives headfirst into the weeds.

Companies give lip service to an idyllic view of the PE. But, because the real value of the PE process for the company is to sort employees into winners and losers, that is what managers are actually held accountable for, not the quality of the written PE or the quality of the discussion with the employee.

Sorting employees distorts the process. If you are an employee, you are unlikely to admit to any weakness that might push you down the list. If you are a manager, you need to communicate weaknesses to your employees, but you are also looking out for them as

¹I'll use "department management team" to refer to you, your peer managers and your common manager at the next highest level.

they get sorted in with employees from other groups. If you're forthright about your teams' weaknesses and other managers aren't, your team as a whole will suffer.

What are Ranking and Rating?

Before getting into a discussion of how best to manage this distortion, let's look at the two common ways that companies sort employees, ranking and rating.

- **Ranking** lists employees in order of job performance from highest to lowest. For example, Freddy is ranked third in his team.
- **Rating** gives each employee one of a group of labels, again from highest to lowest. For example, "Exceeds Objectives," "Meets All Objectives," "Meets Most Objectives," and the dreaded "Needs Improvement."

It's not unusual to combine these methods. After all, companies really want a ranking. It's very convenient for lay-offs and allocating goodies. But for an employee a true ranking, "you're number 44 out of 78, right between Betty and Veronica," is at best worthless and at worst strongly de-motivating. Therefore, it's common for companies to create a ranking, then allocate ratings based on some formula (for example, 10% in the highest rating, 30% in the next highest, etc.).

Problems with Ranking and Rating

Some employees like the idea of a competitive workplace with relative rankings and ratings. They like to see how they're doing compared to others and they work hard to improve their position. In my experience, however, this group is in the minority, and a good portion of that minority only gets a short-term boost in performance.

In practice, the ranking and rating process is good for the top-rated people, since they get the goodies, and the bottom-rated people, since they get a strong message that they need to change. But, the top-rated people are nearly always already strongly motivated and don't need a ranking or rating to stay that way. And the bottom-rated people should be getting that strong message anyway, or you're not doing your job as a manager.

For everyone else, and that's the bulk of your team, a ranking or rating is at best a no-op and at worst a de-motivator. If they can get around whatever bucket they've been placed in, then they can deal with whatever specific suggestions you have for their professional development. If they can't, then all the work you've put into their PEs is wasted.

Besides the de-motivational aspects of ranking and rating, there are other problems that you need to be aware of. Here are a few of the most important:

- Ranking and rating are easy to confuse. For example, some companies define a group of rating categories with descriptive terms (for example, "Exceeds Objectives," "Meets All

Objectives,” etc.). Then they force a percentage distribution across those categories (for example, 10% “Exceeds Objectives,” 30% “Meets All Objectives,” etc.) This confusion of the two concepts leads to situations where you have to explain why an employee was “rated” “Meets Most Objectives” when he or she clearly met *all* objectives.

- Rating categories are often fuzzy. If your categories are: “Exceeds Objectives,” “Meets All Objectives,” “Meets Most Objectives,” and “Needs Improvement,” where do you put an employee who exceeds expectations in two areas, meets expectations for all but one other area, and needs improvement in a couple of areas?
- Ranking is difficult, if not impossible, across disciplines. For example, how do you rank order a technical writer and a firmware programmer working on two different products on two different teams?
- Forcing a distribution across a set of ratings only works when the group is a large enough to eliminate the distortions that arise in smaller groups. Depending on who you listen to, you may need 100 or more people to get a reasonably fair distribution. It's unlikely that any manager who has a department of 100+ people will know all of them well enough to arbitrate a fair distribution. Therefore, the distribution gets pushed down to smaller groups, where it's almost surely unfair.
- There's no completely fair way to merge ratings from sub-teams into a larger group. The safest, though still not perfect, way to do this is to force each sub-team to have the same distribution of ratings, then fight out the borderline cases. But, then you're back to the small group problem.
- The same thing happens if you try to merge rankings, though as we'll see in the example below, I think it can be somewhat fairer.

Overall, ranking and rating work against employee development. But, in many companies you have no choice but to work with them. In the next section, I'll take a look at formulating rankings and ratings, using one common method as an example.

Formulating Rankings and Ratings

While the methods used to formulate rankings and ratings vary widely, there are common elements to most of them. I'll focus on those common elements and use a typical system as an example. Your company will surely use a different method, but the common elements should give you some ideas on how to work in nearly any context.

Common Elements

Though there are innumerable variations, most ranking and rating systems I've seen have a set of common elements:

- A rating system that puts everyone into one of several categories. Usually the categories are non-descriptive, but ordered. For example, 1, 2, 3, 4. Rankings are rarely communicated to employees, so while the system may use rankings, the result will be ratings.
- A recommended or forced distribution across the rating categories.

- A process for assigning ratings to employees. Usually the process has managers assign a tentative ranking or rating to each of their employees. Then the department management team meets to officially assign ratings, as well as ensure that the distribution is followed.
- Reviews by HR and higher level management to ensure that the rules have been followed.
- A formula for relating ratings to rewards—salary, bonuses, stock options, etc.. While you probably have no input into this formula, you should understand it so that you understand the consequences of placing an employee into one rating category or another.
- A process for communicating the results to employees.

Ranking and Rating Meetings

The core of the ranking and rating process is typically a “battle royale” fought out in a management team meeting. Most managers dread this meeting because this is where the fate of your team is determined. If you succeed, your team will get more goodies and presumably be happier; if you fail, you'll have an unhappy crew.

I've heard gruesome stories of shouting matches, betrayal and back-stabbing, and I'm sure that's happened to some, but my experience with this process has been better than you might expect. Usually, individual managers understand that they need to work with their peer managers every day, that not everyone on their team can be rated in the top category, and that not everyone on the other teams is an idiot. Just as important, I've found that the manager in charge usually steps up to the responsibility of averting fistfights and hair-pulling.

I'll split the discussion of ranking and rating meetings into two parts: general considerations, those things that I think are common to most companies, and a specific example, which presents one way to run the meeting. I'll present both parts from the perspective of the person running the meeting, presumably the highest ranking manager in the room. First the general considerations:

- Make sure you thoroughly understand your company's process and any instructions from the company and your manager.
- Be sure you understand the deliverables.
- Talk with your manager and your HR representative to make sure you *really* understand the process and deliverables.
- Meet with your team to discuss these requirements and determine a process for your meeting. While you should come in with a good idea of how you want to run the meeting, be open to suggestions. When the management team buys into the process, they'll be more likely to cooperate when things get sticky.
- Make it clear that you will be the final arbiter of disputes. This both asserts your authority and helps mitigate conflict between managers. As a general rule, I don't like a manager acting as a “judge” in disagreements between subordinates, but in this context you have no choice unless you want to spend the rest of your life watching managers argue.
- Stress teamwork. No individual's rating is important enough to risk weakening your team. Ideally, you want to come out of the meeting with a stronger team than you started with.

- Have the meeting off-site or in a private conference room. If you can't get the entire management team in one room, hold the meeting by phone. If you try to bring in one or two managers by phone while the rest of the team is on-site, the managers who have to phone in will be at a disadvantage.
- Plan for more time than you think you'll need and don't plan any meeting for more than a couple of hours. Otherwise you'll tire near the end, get lazy or sloppy, and make bad decisions.
- Plan a follow-up meeting before you finalize the ratings to give everyone a chance to sleep on the results and raise any last minute concerns.

Now let's look at the process for a typical ranking and rating meeting. The meeting objective will be to produce a rating for each employee with a forced distribution across a set of non-descriptive rating categories.

Before the meeting, have each manager:

- Rank order his or her employees from 1 to N; no ties allowed.
- Prepare to briefly discuss each employee's accomplishments, strengths, and weaknesses.

During the meeting:

- Review the process and ground-rules.
- Review each employee's performance, asking his or her manager to briefly summarize the written PE and give an overall assessment. This review can be longer or shorter depending on how well the rest of the management team knows each person.
- Merge the rank ordered lists using the following steps:
 1. Take the top person from each manager's ranking list and select from among them the top person in the department.
 2. Move that person from his or her manager's list to the merged list, then move the next highest ranked person on that manager's list to the top position.
 3. Repeat from step 1 until you're done.

Note that this is not a mechanical "traffic" merge where you pick the top person from each list in turn, then the second person from each list, etc. Discuss the remaining people on every iteration.
- Review the completed rank order for sanity.
- Assign ratings based on any distribution requirements.
- Review the employees who are on the borderline; you may want to stretch the distribution requirements to bump up or down particular people.
- Have a beer; this is hard work.

This method works well when you must report rankings to the company, but it also works when you only need to report ratings. If the company requires either a ranking or a rating with a forced distribution, this is the fairest method I know.

If the company's requirements are looser, for example a rating without a forced distribution, then you don't need to go this deep. And if you don't need to report rankings, you can shave some corners in the merge when the exact ranking of two people has no impact on a rating result. Just use common sense; an argument over ranking two people who, regardless of the result, will end up in the same rating category is a waste if you don't need to report the ranking.

While it can be stressful, ranking does force each manager to think carefully about the relative value of each employee to the company. Otherwise, it's too easy to get sloppy, and then it gets harder to merge the teams against a rating distribution. If each manager has a clear view of his or her team, things go more smoothly.

Some Final Thoughts

When I described my views on rating and ranking to a former colleague, he took me to task for not recognizing that rating and ranking are useful as a stimulus to improve performance. In his view, knowing where you're ranked can cause you to improve your performance, both to get ahead of others and to better position yourself for the goodies.

He has a point, and I don't deny that there are people who motivate themselves to improve their ranking or rating. But, I think the majority of people find their long term motivation in other places.

As a manager, I think the best time to focus on rating and ranking is when it reinforces a point that isn't getting through by other means. For example, if you have an employee who is not meeting a reasonable standard of performance, pointing out that his or her job performance is at the bottom of the department can be a powerful stimulus for change. Conversely, if you have an employee who excels, but is over-critical of his or her performance, revealing a high ranking may give him or her a boost.

Like any other tool, ranking and rating can be used or abused. But, recognize that in a lot of ways they are the chain saw of management tools. They're great for some tasks, but if you don't know what you're doing and don't use them with great care, someone's going to get hurt, probably you.