



Reinventing the Performance Appraisal

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I have argued for years that Performance Appraisals are at best a subjective and intimidating process and at worst a demoralizing drain on profits and productivity. This is often considered heresy by some OD and HR professionals. So, to underline the validity of my claim, when I deliver a **keynote speech**, I sometimes prove my point by inviting audience members to vote for or against Performance Appraisals – it is always 100% for the nays and 0% for the yeas.

In a recent **New York Times article**, Samuel Culbert elegantly skewered the entire concept of Performance Reviews.

As Professor Culbert puts it:

“In my years studying such reviews, I’ve learned that they are subjective evaluations that measure how “comfortable” a boss is with an employee, not how much an employee contributes to overall results. They are an intimidating tool that makes employees too scared to speak their minds, lest their criticism come back to haunt them in their annual evaluations.”

And Google has been **doing a deep dive** into their effectiveness too. Their key discovery: the top three reasons people leave Google (and likely, or any other company) are: (1) They don’t feel a connection to the mission of the company, or sense that their work matters. (2) They don’t really like or respect their co-workers. (3) They have a terrible boss — and this was the biggest variable.

But if Performance Management Systems are generally so ineffective, what should we do in their place?

Here are some general tips for reinventing this entire process:

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1. **Announce a Clear New Direction:** declare your intention to introduce an entirely new approach to “people management” which will become a system-wide commitment to “inspiration”. Starbucks did this when Howard Schulz returned as the CEO to reinvent the future of the company. That means “**A Changed Starbucks. A Changed C.E.O.**”.
2. **Abolish the Entire Existing System** - don't tweak. This is a lesson brilliantly learned by Microsoft when they ditched their old buggy Windows Mobile 6.0 software and started from scratch to invent **Windows Phone 7.0** – which then morphed into Windows Phone 8 - now the best operating system in wireless telephony – better than Android and better than the iPhone and light years ahead of Blackberry. That's what we should aspire to here – a new system that is significantly better than the one it replaces.
3. **Create a Conversation Among Peers.** The reasons people abhor the Performance Review process is because they are often autocratic, top-down, subjective, critical, judgmental, demeaning, intimidating and painful. So let's build something that aspires to be the opposite: caring, other-centered, focused on personal growth and development, in tune with personal aspirations as well as corporate objectives (which, at **The Secretan Center** we call “attunement”)[1]. In other words, make it a mutual dialogue of shared interests, which seeks to heal and mend and grow relationships, meet spiritual as well as financial and performance needs, unlock and create new possibilities and inspire both parties.
4. **Remove Fear:** Make it clear that the purpose of the **Conversation** is not to punish, appraise, evaluate, set compensation or assess promotional prospects. There will be no recriminations or repercussions from the conversation. Its sole purpose is to seek understanding and to clarify aspirations, hopes and dreams and to create a plan to collaborate together in a way that realizes them. Make it safe to tell the truth – in both directions – something that rarely happens in traditional performance reviews.
5. **Remove Metrics:** Believing that there is any science in all of this is absurd. It is an art – and it can be taught. Focus on metrics that are agreed by each party and use only those to assess progress in the discussions. This means that all **Attunement Conversations** are personal and individual, custom-designed to fit the needs of each person.
6. **Timing:** Eliminate “annual reviews” and replace them with regular conversations. Inspiring conversations about dreams, possibilities, goals and growth should be



frequent, **and** structured, and part of the ongoing relationship between managers and their employees, leaders and team members. This removes the fear and dread of anticipation that comes from “annual” inquisitions.

7. **Train and Coach:** Leaders will need to be educated in a system-wide review of the new process. Central to this training and coaching will be a raised level of respect for each other, and a commitment to be inspiring in the process.

To learn more about dismantling the reviled Performance Appraisal processes in your organization and how to reinvent a new model, please see the “Torch” section of my book *The Spark, the Flame, and the Torch*.

i Attunement: being or bringing into harmony; a feeling of being “at one” with another being