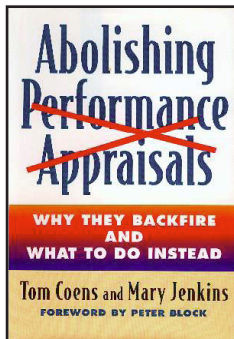


# Book Reviews for Managers

## Abolishing Performance Appraisals

### Why They Backfire And What To Do Instead

by Tom Coens & Mary Jenkins



Berrett-Koehler, 2000,  
ISBN #1-57675-076-0

*“The Performance Appraisal is a controlling, boss-driven, demeaning, and dependence building device”*

#### REVIEWED BY IAN COOK

Nobody likes to do performance appraisals (PA's). Nobody! Not even the Human Resources department. For them, it is a constant struggle to get line managers to complete them correctly and on time.

And there has scarcely been a client of mine that wasn't in the process of revising their PA process. It always “needs updating,” or “we're moving to a competency-based approach,” or “our objective this year is to update the form.”

So, why do so many organizations do (or at least go through the motions of doing) them? Well, they will tell you, a PA fosters better individual performance...it enhances communications and understanding between the manager and her staff...it motivates people...it enables the manager to coach and develop his employee...without it how would we determine compensation?...besides, we need documentation in case we have to discipline or fire an employee.

*Abolishing Performance Appraisals* boldly presents the skeptical position of a growing number of managers, human resource professionals, consultants and researchers: PA's don't do what they are purported to do AND they cause a lot of other damage in the meantime. Coens and Jenkins may be right. Perhaps PA is a toxic process for people—especially employees—to go through. Maybe the emperor is, in fact, wearing no clothes! Take a look at their case:

First of all, they list a number of false assumptions underlying the PA process, such as:

- A mandatory, organization-wide, onsize-fits-all annual face-to-face feedback process is effective for just

about everyone in all functions and groups

- All our managers have the requisite interpersonal skills and sensitivity to give feedback accurately and counsel around emotional reactions to the feedback
- The boss has the prime responsibility for ensuring the employee performs and develops himself
- Ratings are objective enough to be perceived as fair and to motivate effort
- PA's are objective enough to stand up in court
- People will withhold performance if they are not appraised and rewarded annually (i.e., they need their PA “fix” or they won't continue to produce)

The authors' chief contention is that the PA is a controlling, boss-driven, demeaning, and dependence-building device that, if anything, stifles intrinsic motivation in your employees. Furthermore, since systems and processes, not individual skills or effort, determine the bulk (W. Edwards Deming said 94%) of performance results, PA has too narrow a focus.

The authors make a strong case for getting rid of formal PAs altogether. They recommend replacing them with a work culture where the employee takes responsibility for soliciting feedback on her own performance and development. Removed from the emotional baggage of “the big appraisal meeting,” the manager/coach's input will be more readily welcomed and acted upon. *It should be noted, however, that the manager still has a responsibility to implement a formal process, if it becomes necessary, to address unsatisfactory performance.*

What about compensation? Without performance ratings, how do you assign merit increases? They recommend you

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simply stop awarding merit increases, except for truly exceptional performance results, a situation that applies only to a handful of your employees. A merit component of 1-3% motivates only a few and upsets almost everyone else. Why? Because 98% of your people regard themselves as performing in the top half of the employee group and 80% place themselves in the top quarter. Instead of merit amounts, pay everybody a competitive market rate and timely cost-of-living increases plus team-based bonuses, gain-sharing, company-wide profit sharing, and the like.

As for PA documentation as a firewall against legal challenges to dismissal, Coens & Jenkins find formal appraisal information is frequently too inaccurate and inconsistent to support the employer's case. Instead they counsel you, when required, to implement a formal corrective action process, including progressive discipline steps backed up by the requisite "paper trail" documenting meetings, critical performance incidents, and assistance you give the employee to remedy the situation. After all, the vast majority of your employees are good workers. Why force all of them to go through a performance appraisal in order to cover yourself against the very few?

**So, how do you go about abolishing your PAs? Start with an honest look at your current appraisal process, how it is**

regarded, the results you are getting (e.g., motivated staff, increased communication with management, more accountable employees, performance turnarounds), and the assumptions about people, work, trust, motivation that underlie it. Then develop alternative processes to handle the major outputs of PA (coaching for development, performance feedback, compensation, motivation, promotions and downsizing, legal documentation). The book provides a thorough step-by-step process to gradually wean your organization off appraisals. However, it cautions that this constitutes a major change in the very culture of your enterprise and can take some time, even several years.

This volume serves us the way books such as *In Search of Excellence* and *Stewardship* have done. It challenges our status quo thinking. Does our traditional performance appraisal approach in fact perpetuate employee dependency on the "boss" and discourage self-motivation, initiative, creativity, accountability and enthusiasm- all hallmarks of today's successful, high performance organizations?

**This book is a must read for Human Resource professionals and for managers who care about accessing the full potential contribution of their employees.**

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**Ian Cook**, trainer, consultant, keynote speaker and Principal of Fulcrum Associates Inc., helps managers and supervisors get more from their people and teams through modern leadership approaches. Contact Ian to discuss the ideas in this article or to find out about related training programs, facilitation and coaching services, and keynote presentations for your organization.

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