How to do a performance review

What is a performance review?

A performance review is the time when you and your employee sit down to discuss how they think they are performing, how you think they are performing and then agree on what actions you both need to take to help them continue to improve and develop their skills and knowledge.

You will have worked with each employee to develop a performance plan in which you list all of their tasks, how they should be done and how you will rate their performance. This will form the basis of the performance review. (See: Performance management).

Here is an overview of a formal performance review process:

**Performance review document based on performance plan**

The **employee rates** their own performance independently of the employer.

The **employer rates** the employee’s performance.

**Meet (within 7 days)**

Performance is discussed and the aim is to get a common view and **agree on a performance rating**.

Any points of **disagreement** are noted and the agreed ratings are signed.

A copy of the performance review is given to the employee for their **own records**. Keep a record of discussion for **future reference**.

**Plan the way forward** together, including training and coaching required in the future.

**Make time for general discussion** and a chance for the employee to give you feedback.

Negotiate a **new performance plan** for the next review period.

This factsheet will help you to:

- Prepare properly for performance reviews
- Have a process to follow during your performance reviews
- Ensure that your performance reviews deliver meaningful results

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When should the performance review happen?

A formal performance review is usually undertaken annually. This is supported by regular informal meetings and coaching and mentoring throughout the year. A mid-year review can also be very helpful – a year can be a long time between reviews. The mid-year review provides a more formal opportunity to touch base, update tasks/goals and discuss the employee’s performance.

If the employee is new and inexperienced it is a good idea to do their first review after six months, or at the end of a seasonal period. If you are dealing with someone who is not performing well, you may also wish to shorten the review period.

The review meeting:

- Make sure you have both prepared for the meeting by each rating the employee’s performance.
- Make sure it is done in a comfortable, private place where you won’t be disturbed.
- Turn your mobile off! And ask your employee to do the same.
- Allow up to an hour for the review meeting, and select a time when neither of you are under pressure.
- The meeting should be informal but business-like.
- Work for understanding rather than complete agreement – you can agree to disagree.
- At the end of the meeting summarise the outcomes.

Rating performance:

- It is important to have a balanced view of both the positive and negative when deciding on performance ratings.
- Be sure to support your ratings with some specific examples.
- Be careful of what is on your mind when you are rating performance. There is a tendency, for example, to let one recent incident overshadow the bigger picture, or to let an overall positive performance mask areas where improvement is still needed.

Discussing problems and issues:

- If you have any ongoing concerns about either performance or behaviour, it is important to record this in the performance review form. If there is a dispute later on, there needs to clear evidence that the issue was repeatedly raised with the employee.
- However, problems and issues should never be raised for the first time in a performance review. Great employers operate on the basis of “no surprises”. Regular feedback through the year ensures that staff already have a clear idea themselves of how they are performing – the performance review simply consolidates this.
- During the performance review meeting, summarise the problem to date and focus on what both parties can do to improve the employee’s performance going forward.
Plan the way forward:

Planning the way forward should not focus solely on how to improve performance. This opportunity should also be used to discuss the goals of the staff member to identify how the job can help to meet their needs for the future. This is a very important way you can help retain good staff.

As a rule of thumb, the time you spend in the performance review meeting should be 20% focused on what has happened during the past year and 80% on the year ahead.

Negotiating the new performance plan:

This can be done at the end of the review meeting or at a separate meeting (within 7 days). Often it is best left for another day, especially if the review has been long or difficult.