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Deep-Six the Annual Employee Review; Better Options Exist

May 2007

By Mike Taigman

For more than 20 years, I have asked leaders at EMS and fire conferences, "How many of you do annual performance evaluations?" Usually, every hand in the room goes up, accompanied by the kind of facial expression you see when the dentist says you need a root canal.

Next I'll ask, "Why do you do them?" This question usually generates a fair amount of shoulder-shrugging, along with phrases like, "HR makes us," "Aren't they required by law?" and "How else are we going to give raises? Just pay people for not getting fired?"

Clearly, no one likes annual employee reviews. Some experts even claim they are a bad practice that alienate employees and provide little if any insight into employee performance. I once heard management educator Peter Block say, "Annual performance evaluations are that process whereby once a year, managers remind employees who owns them."

Research shows that how a manager rates an employee is influenced more by the manager's mood than by the employee's actual performance. Ninety percent of the ratings on these evaluations are subjective, yet these ratings are assigned a numerical score. These numbers, which have taken on the illusion of objectivity, are then used in calculations that determine an employee's salary increase. This process makes no sense.

In fact, there is no objective evidence that annual performance evaluations provide any benefit to organizations or to individuals. Managers hate doing them, employees hate getting them, so why do we continue?

There are two real reasons (in addition to some free-floating anxiety related to bucking the system if they don't do them): The first reason is that leaders want to be able to give people raises in some rational way. The second is that they want to give people feedback on their performance to encourage performance improvement. For some reason, these two goals have become locked together like salt and pepper, and no one sets a table without both. Again, this system makes no sense.

A Better Alternative

The first step to finding an alternative to annual performance reviews is not to fall into the trap of trying to create a better annual performance evaluation process. Several years ago, a hospital in Pueblo, Colorado, set out to design the ultimate annual performance evaluation process. After spending more than \$240,000 with several experts, the hospital administration concluded that it is not possible to fix a process that is, at its heart, fundamentally flawed. Trying to create a really good annual performance evaluation is like trying to be a really safe drunk driver.

For those of you who have the stomach for it, I would recommend simply stopping doing annual performance evaluations altogether. Several EMS and fire leaders have taken the risk and just quit. Their walls have not crushed in, their hair has not fallen out, nor have their organizations gone out of business. Instead, they feel relief.

Once you've stopped your current process, it will be important to address the need to give people raises and provide them with performance feedback. My advice? Separate these two things in your mind and in your organization forever.

One real option to address the compensation issue is to give people regular raises. It does not have to be any more complicated than that. Some of you will sputter in protest crying, "But some people work really hard, and some people are lazy, and you want me to give them both the same raise?" Yep, that's right. If you pay people well, give them regular raises, and then focus all your energy and attention to helping them do a really good job of caring for customers, experience shows that the pay issue will slowly fade away.

Jeff Forster, a manager with the Rocky Mountain Fire Authority, created another compensation option. He uses a point-system that is 100 percent objective and 100 percent in the employee's control. Employees earn points toward a raise by becoming an ACLS instructor, publishing an article in a local or national magazine, or successfully completing a college course. Anything that you value can be on your points list as long as it is objective and within employees' control.

Providing feedback for performance improvement should be done more often than once a year. The most powerful performance feedback is delivered immediately after the performance is complete. That's why an emergency medicine physician who says, "This patient's chest pain was from a dissecting aortic aneurysm, not an MI like you thought" has a bigger impact on his or her paramedics than the QA person who reviews the chart a week later. This example also shows why providing feedback annually is a total waste of time. Effective feedback is provided monthly, if not more often, and is completely separate from compensation.

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