

# Managing Employee Performance in Tough Times

By Roz Turner



Like most construction companies, this is likely one of the toughest economic climates ever faced. Contractors probably have fewer projects these days and the projects they do have were more competitive to get and there's less profit in them. With layoffs and a slimmed down crew, contractors really need to have their employees focused on the high payoff activities that make the company more competitive and most effective. In short, a contractor can't afford to have any "dead weight" or employees who are not performing to their highest level possible. That's why this is the right time to be sure to have an effective "Performance Management Process."

## MORE THAN JUST AN ANNUAL REVIEW

Having a formal yearly appraisal process is a single and important step in a performance management process, yet it alone is not performance management. If an annual performance review is done well, it provides a "snapshot" that serves as a basis for planning and targeted action for future performance. It helps employees understand their current performance, identify what they must do to improve it and, ideally, it motivates them to take action to improve their performance. Unfortunately, there are several pitfalls associated with most performance review processes. The list below outlines some of the most common pitfalls in the annual review process.

- Contractors don't have a "standard" process for doing annual reviews—so depending on the manager, some employees get annual reviews and some don't. This inconsistency in the process leads to some employees being frustrated about getting or not getting a review.
- The appraisal process focuses on "filling out forms" instead of managing daily performance. Without training managers on how to communicate openly and provide feedback regularly, annual appraisals can evoke fear and suspicion.
- The performance appraisals serve as a tool for making compensation decisions rather than a method for developing people's abilities. By combining the "performance review" conversation with the "compensation" conversation, the focus is more on the money part of it and "development"

takes a back seat.

- The performance appraisals do not take into account both "what results are achieved" AND "how those results are accomplished." Many performance appraisal processes fail to be a balance between quantifiable results and behavioral expectations. They fail because they focus solely on what was achieved and ignore how people got the job done. This can lead to people getting promoted when they get results, even though they have difficulties working collaboratively with their peers or even their customers.
- The performance appraisals don't clarify specific accountabilities, specific expectations, or actions for improvement. Even after performance reviews, some employees have only a vague idea of what is expected of them. Only clear-cut roles, accountabilities, expectations, and actions for improvement increase the probability of performance improvement.
- The annual performance review process is not part of a larger performance management approach that will ensure ongoing communication, coaching, and immediate feedback on performance throughout the year ahead.

## AN EVERY DAY APPROACH

Performance management is not just a once a year activity; it is a process that becomes part of the management of the company every day and is at the cornerstone of having a culture of "accountability."

An effective performance management approach can help a company:

- Align people's efforts with business goals and strategies.
- Empower and motivate individuals by involving them in "self-appraising," setting their own goals and objectives, and tracking their own performance.
- Establish clear-cut roles and responsibilities so employees understand what is expected of them and can take action on these expectations.

## ABOUT the AUTHOR

Roz Turner is the founder of Roz Turner & Associates, a management consulting and leadership development firm, based in Bellevue, Washington. The construction industry is a focus of her consulting practice and she has helped many construction companies develop performance management processes. She can be reached at [roz@rozturner.com](mailto:roz@rozturner.com) or 425.746.8757.

Being effective at performance management involves three major elements: setting direction, coaching, and reviewing progress. Let's talk about how to apply these elements to a company.

**Setting direction helps to align people's efforts with business goals and strategies.**

By setting direction, contractors can identify an individual or a team's desired results as they relate to the overall business objectives. If owners and managers communicate "the big picture" well, employees will understand the impact of their performance on the company as a whole and why their performance is such an important link to the overall company's success. They will understand the company's overall direction and their part in it. An important part of setting direction is gaining people's commitment to taking actions that will create the desired results.

**Coaching helps to ensure success.**

Managers ensure people's success by coaching or mentoring their employees along the way. The best way to assure that coaching takes place is to have the manager and employee determine and agree upon timeframes for coaching for performance throughout the year. Unfortunately, most managers may have had little training or skill development in coaching and they may say they have "little time to coach" or may even fear this role. Adding "coaching" to a manager's skill set can be difficult,



but it is one of the most important contributors to the success of a performance management process.

**Reviewing helps to assess performance progress.**

Reviewing, the final phase in performance management, provides an opportunity to assess the employee's past performance and provides the basis for next year's expectations. This is the phase where the annual performance appraisal lives. If performance reviews are imbedded in a performance management process, then many of the "pitfalls" listed earlier can be avoided. The performance review becomes empowering for the employee, a shared discussion between managers and employees, and a chance for them to work together to identify accomplishments, strengths, and areas for improvement.

**PAY NOW OR PAY LATER**

Sometimes contractors are fearful that starting a performance management process is just too time-consuming. Remember that performance management is a way for the company to be proactive versus reactive and will help drive performance in tough times. The saying, "pay now or pay later," means taking the time now to start a performance management process so that there's less cost and time spent on performance issues later. ■

*Next month: Tips on giving performance feedback.*

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