



ANNUAL REVIEW UNDER REVIEW

Once the gold standard of tracking employee performance, the annual performance review has lost its luster. Some companies are finding ways to increase its relevance and effectiveness, while others are eliminating it entirely.

The Value of a Continuous Performance Management Process

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The once-a-year performance review provides a formal opportunity for manager and employee to celebrate accomplishments, discuss challenges, and set annual goals, but performance management is most effective when it's a continuous process rather than a one-time conversation at evaluation time. Many health-care organizations are discovering that providing employees on a continuous basis with mentoring and coaching opportunities that are aligned with their annual goals leads to greater employee accountability and better performance.

Phelps County Regional Medical Center in Rolla, MO, is one such organization. It has developed coaching and mentoring programs that increase the touchpoints between managers and employees. These initiatives improve retention among high-performing team members, increase employee satisfaction through more targeted professional development, and enhance employee accountability by combining goals with frequent feedback.

Phelps' C3 Conversations program is a structured communication process that creates a bridge between formal performance evaluations and the ad hoc feedback provided through "managing by wandering around." Twice a year, managers are asked to hold brief (15- to 20-minute) C3 conversations with every employee. C3 refers to discussions targeted at three levels of performance:

Commitment conversations occur with high performers.

Coach conversations occur with middle performers.

Counsel conversations occur with low performers.

The C3 program promotes transparency about performance expectations for both managers and employees. To support the initiative, the HR team created a clear set of criteria that define whether a staff member is considered a high, middle, or low performer. The criteria have proven to be beneficial in several ways:

- *Managers use a consistent approach to coaching.* With the criteria, supervisors know what to look for as they evaluate employee performance, and every manager works from the same set of standards.
- *Employees have insight into how they are evaluated.* All employees have access to a C3 FAQ document on the organization's intranet, and understand how their work is assessed. Using the same criteria across departments makes it less likely employees will claim they have been unfairly treated.
- *The criteria can be incorporated into management tools.* Supervisors can evaluate performance against the criteria and determine which type of conversation is most appropriate for each team member.

"C3 conversations complement our performance management process," says Frank Lazzaro, III, administrative director, Human Resources at Phelps County Regional Medical Center. "They don't replace formal evaluations, but they help correct poor performance, sustain good performance, and increase performance levels overall within the organization."

Performance management is an ongoing process that should be top of mind all year round. Mentoring and coaching programs are an effective way to provide continuous feedback to front-line employees, managers, and leaders. These techniques bridge the gap between formal evaluations and help team members focus on ways they can improve their performance. The results include better patient care, greater employee accountability and satisfaction, and lower turnover among the strongest performers.