

5 Steps to a Performance Evaluation System

Keep your staff productive and motivated by conducting regular performance evaluations.



Covered in FPM Quiz



Judy Capko

Performance evaluations, which provide employers with an opportunity to assess their employees' contributions to the organization, are essential to developing a powerful work team. Yet in some practices, physicians and practice managers put performance evaluations on the back burner, often because of the time involved and the difficulties of critiquing employees with whom they work closely. The benefits of performance evaluations outweigh these challenges, though. When done as part of a performance evaluation system that includes a standard evaluation form, standard performance measures, guidelines for delivering feedback, and disciplinary procedures, performance evaluations can enforce the acceptable boundaries of performance, promote staff recognition and effective communication and motivate individuals to do their best for themselves and the practice.

Performance evaluations are essential to developing a powerful work team.

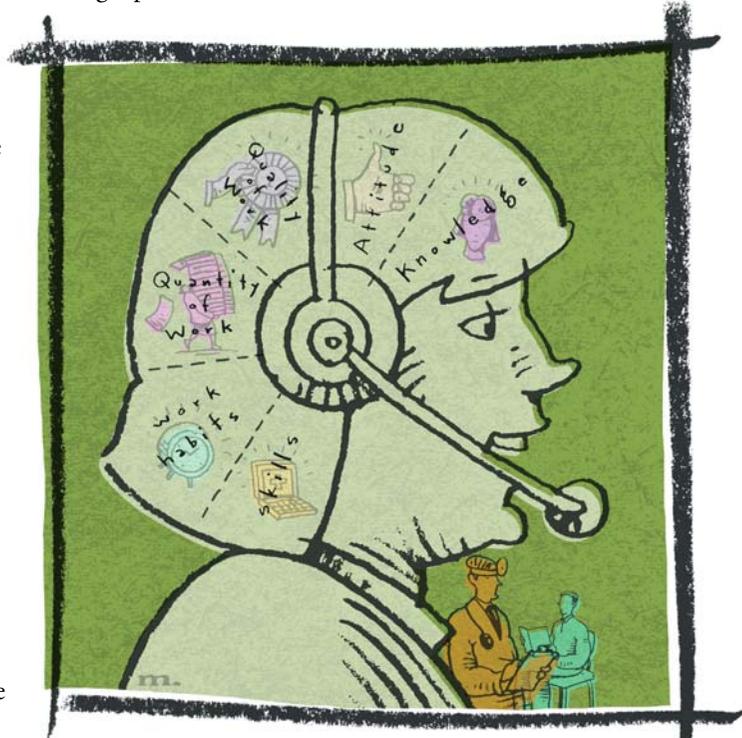
The primary goals of a performance evaluation system are to provide an equitable measurement of an employee's contribution to the workforce, produce accurate appraisal documentation to protect both the employee and employer, and obtain a high level of

quality and quantity in the work produced. To create a performance evaluation system in your practice, follow these five steps:

1. Develop an evaluation form.
2. Identify performance measures.
3. Set guidelines for feedback.
4. Create disciplinary and termination procedures.
5. Set an evaluation schedule.

It is also advisable to run the finished system by your attorney to identify any potential legal problems that should be fixed. ►

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Performance evaluations, which are best done as part of a performance evaluation system, allow employers to assess their employee's contributions to the organization.



A system should include a standard evaluation form, performance measures, feedback guidelines, disciplinary and termination procedures and an evaluation schedule.



Using a standard evaluation form ensures fairness, consistency and objectivity.



For most positions, an evaluation form should assess job knowledge and skills, quality of work, quantity of work, work habits and attitude.

1. Develop an evaluation form.

Performance evaluations should be conducted fairly, consistently and objectively to protect your employees' interests and to protect your practice from legal liability. One way to ensure consistency is to use a standard evaluation form for each evaluation. The form you use should focus only on the essential job performance areas. Limiting these areas of focus makes the assessment more meaningful and relevant and allows you and the employee to address the issues that matter most. You don't need to cover every detail of an employee's performance in an evaluation.

For most staff positions, the job performance areas that should be included on a performance evaluation form are job knowledge and skills, quality of work, quantity of work, work habits and attitude. In each area, the appraiser should have a range of descriptors to choose from (e.g., far below requirements, below requirements, meets requirements, exceeds requirements, far exceeds requirements). Depending on how specific the descriptors are, it's often important that the appraiser also have space on the form to provide the reasoning behind his or her rating. (The one-page evaluation form on the next page covers these essential performance areas without overwhelming the employee or the appraiser.)

Performance evaluations for those in management positions should assess more than just the essential job performance areas mentioned above. They should also assess the employee's people skills, ability to motivate and provide direction, overall commu-

KEY POINTS

- A performance evaluation system can motivate staff to do their best for themselves and the practice by promoting staff recognition and improving communication.
- Evaluations should be conducted fairly, consistently and objectively to protect your employees and your practice.
- An effective performance evaluation system has standardized evaluation forms, performance measures, feedback guidelines and disciplinary procedures.

nication skills and ability to build teams and solve problems. You should have either a separate evaluation form for managers or a special managerial section added to your standard evaluation form. (See the online version of this article at www.aafp.org/fpm/20030300/435ste.html for an example of a performance evaluation form that covers all the areas essential to rating the performance of management staff.)

2. Identify performance measures.

Standard performance measures, which allow you to evaluate an employee's job performance objectively, can cut down on the amount of time and stress involved in filling out the evaluation form. Although developing these measures can be one of the more time-consuming parts of creating a performance evaluation system, it's also one of the most powerful.

If you have current job descriptions for each position in your practice, you've already

STANDARD PERFORMANCE MEASURES: RECEPTIONIST

| Description of task | Quantity (daily) | Quality |
|---|------------------|--|
| Answer incoming calls | 90-120 | Answer in fewer than three rings |
| Triage incoming calls | 50-75 | Transfer to appropriate department within 45 seconds |
| Document phone messages | 20-30 | Document detailed message with an error rate of less than 2% |
| Greet patients arriving for appointments | 20-30 | Greet within 45 seconds of arrival by smiling and using patient's name |
| Prepare arriving patient charts and route to nurse | 20-30 | Route existing patient charts within 3 minutes of arrival and new patient charts within 7 minutes of arrival 90% of the time |
| Enter new and updated patient registrations into computer | 6-12 | Enter registrations with an error rate of less than 2% |



PERFORMANCE EVALUATION REPORT

Employee's name _____ Position _____

Type of review _____ Review date _____

QUALITY OF WORK

How well does the employee's output meet the quality standards for this job? Consider accuracy, thoroughness and neatness. If a major part of this job is of a service nature, consider how acceptable the service is.

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements

Reasoning:

QUANTITY OF WORK

Consider the amount of work accomplished and the employee's ability to meet deadlines.

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements

Reasoning:

WORK HABITS

Consider the employee's planning skills, time management, safety, housekeeping, attendance, dependability and compliance with office practices.

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements

Reasoning:

ATTITUDE

Consider how well this employee works with others and his or her willingness to take instructions and cooperate.

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements

Reasoning:

JOB KNOWLEDGE AND SKILLS

To what extent does this employee possess and use required knowledge and skills? Consider the use of experience, judgment, skills and knowledge to perform assigned tasks.

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements

Reasoning:

How do you rate this employee's overall performance?

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements

How do you rate this employee's progress since the last appraisal?

- Far below requirements Below requirements Meets requirements Exceeds requirements Far exceeds requirements
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Employee's signature _____ Date _____

Appraiser's signature _____ Date _____

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For management positions, an evaluation form should also assess people skills, ability to motivate and provide direction, overall communication skills and ability to build teams and solve problems.



Standard performance measures are specific quantity and quality goals attached to the tasks listed in a job description.



Though time-consuming to develop initially, these measures can cut down on the amount of time and stress involved in filling out the evaluation form.



Everyone conducting evaluations should know what kind of feedback to give, how to give it and how to get it from the employee in return.

taken the first step toward creating standard performance measures, which are essentially specific quantity and quality goals attached to the tasks listed in a job description. A job description alone can serve as a measurement tool during an evaluation if, for example, you're assessing whether an employee's skills match the requirements of the position. But standard performance measures take the job description one step further. For example, one task listed in a receptionist's job description might be entering new and updated patient registrations into the computer. The standard performance measure for that task might be to enter 6 to 12 registrations per day (quantity) with an error rate of less than 2 percent (quality). (See the box on page 44 for some other standard performance measures that were created for a receptionist in a two-physician primary care practice.)

Standard performance measures can even objectively measure some of the more subjective job performance areas, such as work habits. For example, you can establish an objective measure for attendance by defining the acceptable number of times an employee can be tardy or absent during a specific time frame.

However, standard performance measures don't always work for other subjective areas, such as attitude. In these cases, it's still important to be as objective as possible in your evaluation. Don't attempt to describe attitude, for instance; instead, describe the employee's behavior, which is what conveys the attitude, and the consequences of that

behavior for the practice. For example: "This employee has failed to support her co-workers. When another member of her department is absent, she refuses to take on the additional tasks required to process patients in a timely manner. This behavior causes patient backlog, places a burden on staff and compromises effective teamwork."

To begin developing standard performance measures in your practice, review the job descriptions for each position and select the key components of the job that can be

Feedback is what performance evaluations are all about.

specifically measured. Then, work with the employees in each position to gather quantitative data, examine historical patterns of volume and determine qualitative measurements that reflect the practice's mission and goals. Depending on how large your practice is and how many positions need standard performance measures, you may want to select a committee to develop them. Then, with help from the employees in each position, the supervisors should maintain them. It's important to keep job descriptions and standard performance measures as current as possible. Otherwise, when an employee doesn't measure up to the standards you've set, you can't be sure whether he or she has a performance problem or whether your expectations of the position have become unrealistic based on increased volume or a change in circumstances.

REWARDING PERFORMANCE WITH PAY

If your practice's pay increases are based on merit, it may be appropriate and efficient to review an employee's salary at the time of the performance evaluation. Such a direct link between performance and pay could make you and your employees take the performance evaluations even more seriously than you might have otherwise. However, if your pay increases are based only partially on merit and partially on annual changes in the Consumer Price Index, it may not be quite as easy to review and change individual salaries at various times during the year.

Whether you plan to include a review of the employee's salary during each performance evaluation should be communicated to all employees verbally and in writing when they are hired. It is important that employees understand this so that their expectations are realistic and they are not disappointed.

3. Set guidelines for feedback.

Feedback is what performance evaluations are all about. So before you implement your performance evaluation system, make sure that everyone who will be conducting evaluations knows what kind of feedback to give, how to give it and how to get it from the employee in return.

Give balanced feedback. Don't make the common error of glossing over an employee's deficiencies and focusing only on his or her strengths. It is by understanding their weaknesses that employees can take ownership of their performance and role in the practice. And when given the

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support they need to make improvements in these areas, employees learn to take pride in their work and are willing to take on new challenges with confidence. [For more information about giving feedback, see “Serving Up the Feedback Sandwich,” *FPM*, November/December 2002, page 43.]

Outline expectations for improvement.

When you address areas where improvement is needed, outline your expectations for improvement and how you intend to help the employee meet them. For example, if an employee is speaking harshly with other employees and does not seem tolerant with patients, give the employee some examples of his or her behavior and offer some suggestions to resolve the problem, such as role-playing sessions or a communication skills/customer-service workshop or seminar. Define the boundaries by letting the employee know what is acceptable and what will not be tolerated, and then establish a plan for monitoring performance and re-evaluating the employee.

Encourage feedback from the employee.

After you've discussed the results of the evaluation with the employee, encourage him or her to give you some nondefensive feedback. Ask the employee whether he or she agrees with your assessment, and/or invite suggestions for improvement. For example: “You seem to become impatient and short with patients when the physician is running late. Since there are times when running late cannot be avoided, how do you suggest we handle this to avoid such a reaction?” This should lead to an open exchange of information that will allow you and the employee to better understand each other's perspective.

4. Create disciplinary and termination procedures.

In some cases, even after a thorough performance evaluation and a discussion of expected improvements, an employee will continue to perform poorly. You need to be prepared to handle such a situation by having well-defined, written disciplinary and termination procedures in place. These procedures should outline the actions that will be taken when performance deteriorates – a verbal warning, a written warning if there is no improvement or a recurrence, and termination if the situation is not ultimately resolved.

Verbal warning. This should be given in

private, with the behavior or reason for the discipline clearly stated. For example: “I observed you talking disrespectfully to another employee at the front desk. You said she was brain-dead and tossed a chart at her. We will not tolerate disrespect in the workplace. Furthermore, this outburst could be overheard from the reception room. If this occurs again, a report will be written up and placed in your file. Do you understand the importance of this?” After the verbal warning is given, allow the employee to respond, but keep the exchange brief.

Written warning. How you handle the written warning plays a critical role in the success of your disciplinary and termination procedures. This is the time to make it clear to the employee just how serious his or her performance problem is. Unfortunately, many practices fail to do this and/or to

Ignoring employees' overdue evaluations will make them feel devalued and may hurt morale and performance.

follow through with termination if necessary. Once the written warning is mishandled in this way, it no longer has any merit. A standard, written, warning form should include the following:

- A description of the behavior or problem that includes objective findings,
- The measurable actions and changes expected of the employee,
- The support the employer will provide for improvement,
- A description of what will occur (e.g., unpaid time off or termination) and when (e.g., after one more occurrence or two) if the warning is not heeded,
- The signature of the employee and appraiser and the date of the warning.

(See the online version of this article for a form that can be used to document a written warning.)

Termination. Explain the reason for the termination but do so briefly and objectively to avoid getting into an elaborate discussion that puts you in a defensive position. Validate the employee as a person, perhaps by giving a positive slant to the employee's potential in the job market. For example,



The feedback given to the employee should be balanced and should include the employer's expectations for improvement.



Disciplinary and termination procedures should outline the actions that will be taken when performance deteriorates – a verbal warning, a written warning and termination.



The verbal warning should clearly but briefly state the problem, and it should be given in private.



The written warning form should include even more information, including a description of what will occur and when if the warning is not heeded.



If termination is necessary, validate the employee as a person and explain what will become of any accrued vacation or sick leave, pension benefits, etc.



A performance evaluation system ensures fairness, accountability and employee growth and development in your practice.

although an employee might have been a poor file clerk for you because he or she didn't pay attention to detail, the employee may have a friendly personality that would make him or her a good telephone operator. Also, let the employee know what will become of any accrued vacation or sick leave, pension benefits, etc. Know your state's laws on these issues. Finally, ask if the employee has any further questions and then assist the employee in retrieving all of his or her belongings and leaving with as much dignity as possible. If you handle termination well, you are less likely to have an employee who wants to "get even" by bad-mouthing you in the community or seeking legal revenge.

5. Set an evaluation schedule.

Once you've built your performance evaluation system – the evaluation form, the performance measures, the feedback guidelines and the disciplinary procedures – you just need to decide when to conduct the perfor-

mance evaluations. Some practices do all employee evaluations at the same time of year, while others conduct them within 30 days of each employee's anniversary of employment (the latter may work better since it spreads the work of the evaluations out for employer and employee). However you decide to schedule the evaluations, ensure that each appraiser consistently meets the deadline. Ignoring employees' overdue evaluations will make them feel devalued and may hurt morale and performance.

The last analysis

A performance evaluation system should be a key component of your practice structure. When implemented effectively, it ensures fairness and accountability, promotes growth and development and encourages a sense of pride in your employees' contributions to the practice. **FPM**

Send comments to fpmedit@aafp.org.