

# Timely performance reviews essential to employee retention

by Jeffrey S. Beck

It's hardly groundbreaking to suggest that retaining good employees is critical to a successful business. Good, satisfied employees deliver quality services, project a positive image in the community, and, of course, are more productive. Further, for some businesses, maintaining a satisfied workforce is crucial in warding off union organizing.

Conversely, employee turnover is extremely costly for companies. The amount of time spent by HR, supervisors, and management identifying, interviewing, and on-boarding new employees can be staggering. Additionally, coworkers may be asked to spend a considerable amount of time training and assisting new employees. Turnover can result in low morale among the workforce. If employees are consistently leaving to pursue better opportunities, remaining employees may devalue their employment with the company, which may result in lower productivity.

## Performance reviews can boost retention

One often overlooked means of enhancing employee satisfaction (and thus retention) is timely and accurate performance reviews, as many employers don't take the time to consider the long-term benefits of providing them in a timely and accurate manner.

Accurate and timely evaluations are a key factor in retaining a satisfied and productive workforce. Feedback, whether positive or negative, can help employees understand the company's expectations and perceptions and provide a pathway to improvement.

Providing timely feedback lets good employees know you appreciate their accomplishments. While identifying what an employee can or needs to do better is a critical function of performance reviews, other equally critical yet often overlooked functions include showing the company's appreciation for employees who are successful, showing passion and accountability for their work, and letting them know they are important to the success of the company. Providing positive feedback can increase an employee's job satisfaction and decrease the likelihood that he will seek what he perceives to be more satisfying opportunities.

Additionally, providing accurate performance reviews is critical because it helps distinguish strong employees from marginal or poor-performing ones. Exceptional employees should be rewarded with exceptional performance ratings and the benefits that go along with those ratings, while poor performers should be rated and rewarded accordingly. Employees talk. It can be extremely demoralizing for a high-performing employee to learn that a marginal or poor performer has received the same rating, pay raise, and other benefits. You should reward high-performing employees for their performance—but not equally reward marginal or poor performers.

## Bottom line

Performance reviews are an opportunity for employees to learn how they are progressing toward performance goals. Evaluations should identify, track, and record progress employees make toward achieving the goals set by both themselves and the company. Employees who don't meet expectations should be held accountable. With 34 percent of employees motivated to seek new opportunities, replacements may soon be on the way.



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