

Let's Talk Ratings!

Performance Rating Scale Guidebook



Are your company's performance rating scales not 'MEETING EXPECTATIONS'?

This guidebook will help you give your performance appraisals the boost they need by choosing where and when to use the right rating scales. Read on to explore the good, the bad, and the necessary aspects of performance ratings and learn practical tips for helping HR to collect the input they need, without discouraging managers and employees.





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Before we dive in, this booklet assumes that your organization has already made the decision to include one form of ratings or another in your performance appraisal forms. If you are still on the fence as to whether or not rating scales are right for you or are still trying to make the case we invite you to read though the following:

Making a case for rating scales? Check out this helpful resource:

[Article: The Good, the Bad, and The Reality of Rating Scales](#)

Ratings Shmatings: What's the Big Deal?

We have seen thousands of legacy performance appraisals over the last 14 years and can state without a doubt that **if not used correctly and planned with though properly, a poor rating system can affect employee motivation, performance and overall distrust of the performance management process.** The wrong rating scale can really **make or break** the success of your performance management efforts.

Rating scales and their results lay the groundwork for so many other decisions like succession plans, compensation adjustments, development initiatives and company gap analysis. If the foundations of these decisions is not solid or cannot be trusted, they can easily **snowball into much larger issues.**

Additionally, rating scales are front and center in the performance management process – they are what employees and managers see and the tools used to fuel discussion and decisions. If not done properly, rating scales can result in a number of unwanted side-effects; including:

- confusing employees and managers
- letting bias drive ratings instead of facts
- causing employees to feel like they are not being rated fairly or accurately
- painting an inaccurate picture of performance in the organization
- preventing appraisal data from identifying high/low performers
- inhibiting a manager's ability to gauge progress & development needs



We work with clients to help ensure the right combination of rating scales are used to help achieve their performance management objectives. When defining rating scales, it is important to follow a set of strict commandments:



5 Commandments of Effective Rating Scales:

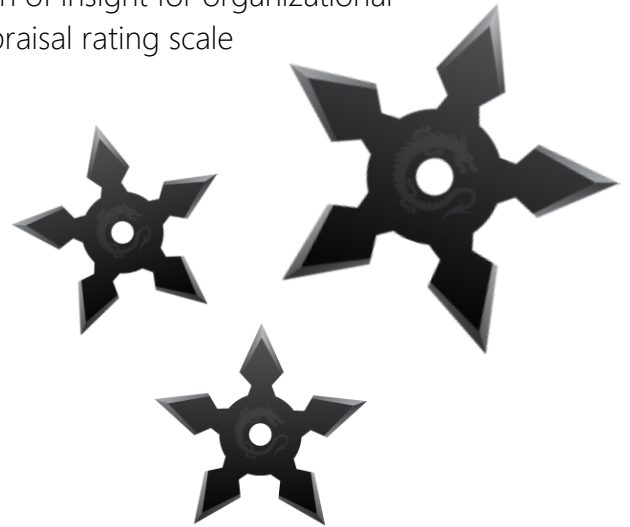
1. Rating scales cannot be an afterthought
2. Rating scales cannot be vague or confusing
3. Rating scales must align with what is being rated and who is doing the rating
4. Rating scales cannot cause fear or anxiety
5. Rating scales must be understood and used consistently across the entire organization

With this in mind, let's break down the things to consider when establishing the best possible rating scale(s) for your organization.

5 Steps to Becoming a Rating Scale Ninja

When used correctly, rating scales can enable better performance conversations, help employees achieve their job and career objectives, and can lend a wealth of insight for organizational planning. Here are some steps to take to transform your appraisal rating scale into **valuable weapons of mass performance**.

1. Define Your Appraisal Goals
2. Use Your Words
3. Align Ratings with Content
4. Align Ratings with People
5. Monitor & Adjust



1. Define Your Appraisal Goals

The first step to becoming a rating scale ninja is to define the objectives of your company's performance appraisal. Is it to enable a structure around which open-ended conversations can flow? Is it meant to let managers monitor the progress of their teams? Is it structured to produce metrics for compensation changes and succession planning? Are there regulations in place that require set evaluation criteria? All of the above?

Knowing your goals will help set the stage for which rating scales will support it.



2. Use Your Words

One of the biggest and most impactful changes you can make to your company's performance ratings is to rethink the value of showing numbers. Traditionally, employees were rated on a visible scale of 1-5 and their final score is available for HR reporting and presented to the employee. Even though it may seem that there is nothing more cut and dry than numbers, using them to 'label' employees tends to evoke a very emotional, and often negative, response from anyone being rated.

Numbers Do Not Compute: Let's take a traditional 5 point rating scale where: 5 is 'Outstanding, 4 is 'Exceeds Expectations', 3 is 'Meets Expectations', 2 is 'Needs Improvement', and 1 is 'Unacceptable'. If a solid employee is doing their job, they might receive a 3, which means they are doing well BUT an employee just sees 3/5 and instantly gets on the defensive. A numeric rating scale is flawed in this regard. Employees' brains are wired to see the glass half empty. This can cause the mood of the conversation to spiral into a discussion about the rating instead of what matters.

People Panic When They See Numbers: In a Mandel Communications article, [Presenting Numbers to People Who Hate Numbers](#), author Bob Sherwin notes that 60% of Americans reported having difficulty dealing with numbers in simple, everyday situations. You can imagine this effect is compounded when the numbers are perceived to relate to the future of one's job.

So how does a company produce the metrics it needs to make important business decisions without discouraging its workforce? The answer is simple: Hide the numbers and use text-based ratings.

We suggest displaying text ratings/descriptions instead of having numbers or text and numbers. This way, employees are not associated with a number but instead a relative 'category' of performer. This allows everyone involved to focus on the behaviors and observations instead of getting too hung up on a number. This might not be possible for certain unionized workforces or government-regulated bodies, but can typically be applied to at least one appraisal section. If you are in the process of finding a new performance management system, be sure to check if they can accommodate text-based ratings with a defined scale on the back-end for reporting.

The screenshot displays the 'emPerform' system interface. At the top, a navigation bar includes links like 'Home', 'My Appraisal Work', 'Compensation Models', 'Surveys', 'tag Wall', 'Succession Viewer', 'Dashboards', 'Attachments', and 'My Direct Reports'. A user profile for 'John' is visible in the top right. Below the navigation bar, a progress timeline shows four stages: 'Goal Review DUE - 2/1/2018', 'Monitor Progress DUE - 9/1/2018', 'Employee Self Assessment DUE - 9/10/2018', and 'Manager Appraisal DUE - 10/1/2018'. The current stage is 'Goal Review'. A sidebar on the left lists 'Evaluation Area' options: 'Introduction', 'Goals', 'Competencies', 'Sample', 'Development Plan', 'Career Planning', '2018 Goals', 'Check-In Notes & Comments', and 'Summary'. The main content area is titled 'Company Performance Review - 2017 For Ashley Landry (My Role - Manager)'. It includes a 'Goals' section with a 'Save' button and a 'Print' button. Below this, a table lists goals and their status. A red box highlights the text 'Total Score Most Goals Achieved'.

Goal	Manager Rating	Employee Rating	Assigned By
Host monthly lunch & learn events	Active Goal	Goal Achieved	Manager
Improve Performance Management Processes	Goal Achieved	Goal Achieved	Manager
Monitor monthly budget status reports	Goal Achieved	Goal Achieved	Employee

1 - 3 / 3



3. Align Ratings with Content

For convenience, we see organizations using the same rating scale for all content and areas in an employee's evaluation - from goals to competencies. This is more often than not a 5 point rating scale (5- Outstanding, 4- Exceeds Expectations, 3- Meets Expectations, 2- Needs Improvement, 1- Unacceptable). The problem is that **you can't 'rate' certain evaluation criteria using this scale** and it isn't fair to expect managers and employees to do so.

We suggest re-defining rating scales to make them specific to the criteria being evaluated.

Let's ditch the term 'rating' altogether and instead start using a text 'status' or 'proficiency' scale to replace a 5-point 'rating' scale so employees can be evaluated on actions instead of subjective views of quality. This allows tracking to take place while removing some of the negative stigma associated with ratings.

Sample Rating Scale for Goals:



Goals should be thought of as ongoing, and the rating scale you choose should allow for ongoing updates and progress for these goals. We recommend an 'achieved' scale as listed below. The hidden values will contribute to an overall sense of the progress for the employee in their goals.

Rating Scale	Hidden score/value:	Description:
Goal Achieved	3	All milestones and success measures have been achieved
Active Goal	1	The goal is still in progress, some milestones may have been achieved
Goal Not Met	0	Timeframe for Goal has been met; however, some or all milestones and success measures have not been met
Goal Deferred	Not counted	For timing or business reasons, this goal has been deferred



Rating Scale	Hidden score/value:	Description:
Goal Met	3	All milestones and success measures have been achieved
Goal Partially Met	2	The goal is still in progress, some milestones may have been achieved
Goal Not Met	0	Timeframe for Goal has been met; however, some or all milestones and success measures have not been met
Goal Deferred	Not counted	For timing or business reasons, this goal has been deferred

However it is worded, goal rating scales should allow for the ongoing updating and indication of progress as well as the final results.

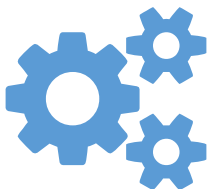
Rating Scales for Development Items or Training:

Rating Scale	Hidden score/value:
100% Complete	4
75% to 99% Complete	3
50% to 74% Complete	2
Less than 50% Completed	1
Not Started	0



**These ratings scales are effective when employees and managers have defined what it means to make progress and what that looks like.*

Sample Ratings for Competencies and Values



If goals and development plans are the 'what' of an employee's role, then competencies and skills are the 'how'. These are the set of acquired abilities that an employee must prove to possess to accomplish their jobs. These should be specific to every employee and should be based on their position in the organization. We recommend ensuring that the rating scale ties to the objective of this section.



Proficiency Scales:

Rating Scale	Hidden score/value:	Description:
Advanced	3	Employee has a broad and deep understanding of this area and possesses with substantial experience and experience. Role model and thought leader for this skill.
Proficient	2	Employee possesses sufficient understanding and practical experience to operate at a full professional level in this area.
Developing	1	This is a new skill. Employee has general understanding of key principles but is limited in practical experience and output.
Does not demonstrate	0	Does not demonstrate this skill at the level that is expected.

Source: [*Harvard Law School ePerformance Rating Scale*](#)

Rating Scale	Hidden score/value:	Description:
Mastery	5	Employee has a broad and deep understanding of this area and possesses with substantial experience and experience. Role model and thought leader for this skill.
Advanced	4	Basic understanding of and ability to apply the competency in routine situations
Seasoned	3	Solid understanding of and consistent ability to apply the competency in most situations
Intermediate	2	Advanced understanding of and ability to apply the competency in a full range of situations
Foundational	1	Thorough understanding of and ability to apply the competency creatively in the most complex and challenging situations

Source: [*Canadian National Research Council Industry Sector Knowledge; management technical competencies*](#)

For areas of an evaluation that have to do with soft skills and require a little more subjectivity, we suggest using a behavior-based scale where employees are evaluated on the frequency of said behaviors being observed.



Observation Frequency Scale:

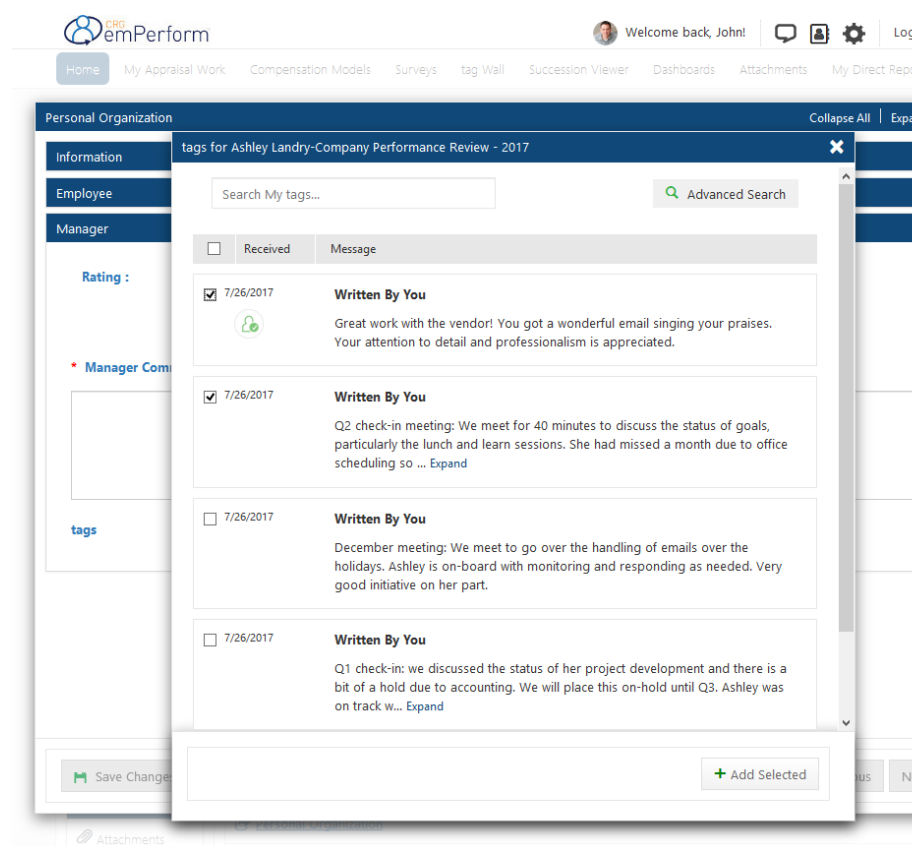
First coined by author and consultant, [Dick Grote](#), in the 2000 article, [Secrets of Performance Appraisal: Lessons from the Best](#), the observation-frequency scale is based on the day-to-day observations of the skill/competency/value in question. Should be supported by examples.

Rating Scale	Hidden score/value:	Description:
Consistently Observed	3	This competency/skill/value is observed on a constant basis; everyone in contact with this person would observe excellence in this area
Observed	2	This competency/skill/value is observed, please continue to focus on it so that it is observed constantly without exception
Sometimes Observed	1	The competency/skill/value is observed on an infrequent basis, there is a development opportunity here
Seldom Observed	0	This competency/skill/value is seldom observed and needs Immediate Improvement

Caution: Don't Let Bias Backfire!

When using observation frequency scales, ensure that managers and employees (and/or 360° evaluators) have a way to document accounts and behaviors and incorporate them into the appraisal to support their ratings. This will help reduce bias and fuel a better conversation based on facts rather than feelings.

To read more on the types of biases that might be affecting your company's performance appraisal process:
[How to Avoid the 5 Most Common Appraisal Biases](#)





Behaviorally Anchored Rating Scale (BARS)

The value in focusing on behaviors is that it shifts the focus from judging an employee as 'excellent' or 'poor' to using facts and behaviors as the basis for the discussion. BARS scales are typically tailored for every question and break-down the exact behaviors expected at each level for each evaluation criteria assigned.

Example Time! Let's take a look at this in action: Imagine you are a manager trying to rate your employee on their ability to 'Effectively respond to customer inquiries'. Which scale would you rather use and which would result in more ambiguity and bias responses?

Option #1: Rating Scale	Option #2 Rating Scale	Behaviors
<input type="checkbox"/> 5 – Exceptional	<input type="checkbox"/> 5 – Exceptional	Accurately responds to customer inquiries within 30 minutes of the request.
<input type="checkbox"/> 4 – Excellent	<input type="checkbox"/> 4 – Excellent	Accurately responds to customer inquiries within 1 hour of the request.
<input type="checkbox"/> 3 – Fully Competent	<input type="checkbox"/> 3 – Fully Competent	Accurately responds to customer inquiries within the promised 2 hour timeframe.
<input type="checkbox"/> 2 - Marginal	<input type="checkbox"/> 2 - Marginal	Accurately responds to customer inquiries but not within the promised 2 hour timeframe.
<input type="checkbox"/> 1 - Unsatisfactory	<input type="checkbox"/> 1 - Unsatisfactory	Does not respond accurately to customer inquiries, or takes longer than 3 hours to respond.

This was an easy task to define and we know that other skills can be harder to outline (like communication). If you are unable to tailor the rating for every item, a good compromise for competencies, skills and values can be a modification of the question and observation scale:

Does the employee respond to client inquiries accurately and on-time?

Rating Scale	Hidden score/value:	Description:
Always	3	This competency/skill/value is observed on a constant basis
Almost Always	2	This competency/skill/value is observed, please continue to focus on it so that it is observed constantly without exception
Sometimes	1	The competency/skill/value is observed on an infrequent basis, there is a clear development opportunity here
Never	0	Needs Immediate Improvement



Likert Scale for Gauging Attitudes and Perceptions

If your performance review includes sections or questions on things like engagement, career development/aptitude, and/or overall job satisfaction, the [Likert scale](#) is a trusted and true rating scale to use as it measures attitudes and perceptions.

According to [SimplyPsychology.com](#) and an article written by [Saul McLeod](#):

In its final form, the Likert Scale is a five (or seven) point scale which is used to allow the individual to express how much they agree or disagree with a particular statement.

This means that the evaluation criteria would have to be setup in the form of a question that ask respondents to choose which statement best describes x. Although the Likert scale can be setup to gauge importance, frequency, and likelihood, for the purposes of performance management, the most noted type has to do with agreement.

Q: Please indicate your level of agreement with the following statements regarding _____.

Agreement:

Rating Scale	Hidden score/value:
Strongly Agree	5
Agree	4
Undecided	3
Disagree	2
Strongly Disagree	1

Why not just Yes/No or Agree/Do Not Agree?

Although giving fewer rating options might seem to get right to the point and avoid 'beating around the bush', there are some advantages for allowing for a spectrum of ratings. If you gave everyone just 2 or 3 possible ratings, then the results will be limited in their ability to identify outliers or cases of importance and differentiate employees. A 4-5 point rating scale is typically ideal; however, along with the added options, comes the risk of raters not being able to discern one from another, resulting in inflated scores, or raters hovering towards the middle option. It is important that managers and employees are trained on the uses of rating scales and are given assistance when rating so they are being accurate and fair.





4. Align Rating Scales with Raters

Let Employees Rate Their Own Performance

A great way to boost the conversations between employees and managers is to shift the focus from manager ratings to employee self-ratings. By giving employees the power to rate their own performance, it not only allows for an easier discussion with managers, but it reveals any hidden confidence or development needs that might be overlooked if the manager is in full control.

If you would like to take that concept even further, we recommend tailoring the wording of the employee rating to be more of a first person account of their perceptions. This keeps things positive while revealing strengths and development opportunities that the manager can address.

Sample Goal Rating Scale for Employee

Rating Scale	Hidden score/value:
I have completed this goal	3
This goal is on track for completion	2
I would like some assistance with this goal	1
I have not started on this goal and would like to discuss	0
It was agreed that this goal has been deferred or cancelled	Not included

Sample Competency Rating Scale for Employee

Rating Scale	Hidden score/value:
This is a strength of mine	4
I am confident in my abilities	3
I am improving in my abilities	2
I need to develop more in this area and would like to discuss	1



The More the Merrier: 360° Ratings

More organizations are choosing to supercharge the accuracy and value of appraisals by incorporating more voices in the rating and feedback process: i.e. 360° reviews and/or peer feedback. Traditional 360° surveys allow for the creation of survey-type questions and answers; however, modern performance management systems that offer [integrated 360° reviews](#) essentially 'open up' employee appraisals for peer feedback. This means that 360° raters will be faced with the same set of rating options as employees and managers so companies need to ensure the rating scale used is valuable for 360° input.

Common Rating Scales We See in Integrated 360° Reviews:

Rating Scale	Rating Scale
Core Skills	Observation Frequency Scale or Proficiency Scale
Company Values/Fit	Observation Frequency Scale
Teamwork/Energey/Reliability	Likert Agreement Scale
Employee Potential/Advancement	YES/NO

Get Creative! Tailor the Rating Scale to Your Culture!

Many organizations think they need to follow traditional wording for performance rating scales and that is just not the case. We encourage clients to get creative when designing rating scales and when possible, use internal lingo or cultural references to make rating scales relevant to the company (and a little more fun).

Added Bonus of Tailoring Ratings to Culture

Changing the wording of ratings helps tremendously when transitioning from legacy numeric rating scales. One of the biggest fears that our new clients have when eliminating **numeric ratings** is that employees will still be able to tie the new text-ratings to the numbers in their minds, and this is a bad thing. By changing the wording on the scale, this helps ensure that employee and managers and focusing on the meaning and not the reporting.



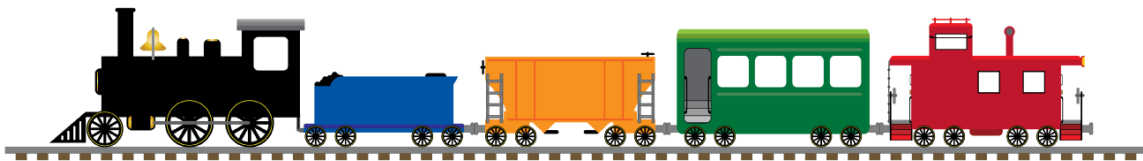


Some Great Examples of Clients Getting Creative with Rating Scales

TOOT! TOO! THIS COMPANY LINKS COMPANY JARGON AND SPECIALTIES TO PERFORMANCE

We have a client whose headquarter is referred to as the 'junction' so they incorporate train jargon into many of their business practices. They decided to link goal tracking to train lingo with great results.

Destination Reached
Almost There! Full Steam Ahead
Chugging Along & Right On Track
De-Railed. Let's Talk
Haven't Left the Station



O(1) Rockstar
O(n) Solid
O(n²) Development Required
Buggy/Does Not Compile Let's Talk

ERRORS NOT FOUND! THIS COMPANY USES TECHNICAL TERMS TO RATE PROFICIENCY

This HR team appeals to its team of software developers with a custom rating scale for gauging proficiency in technical competencies.
(We don't understand, but it hits home with employees).



We encourage companies to get creative with their rating scales (as long as the [5 Commandments](#) are followed).

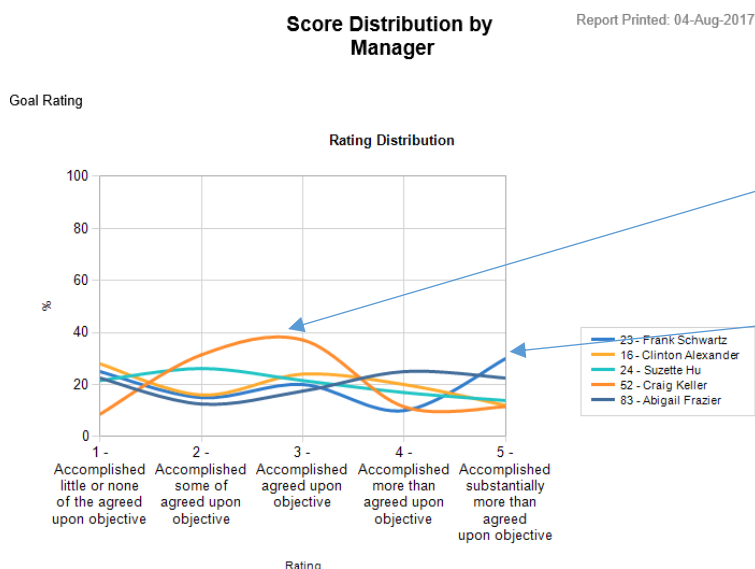


5. Monitor & Adjust

Let's fast forward to your workforce actually using your chosen rating scales. Congrats! But the work isn't over. A Good rating scale Ninja keeps a sharp eye on things to make sure the [5 Commandments](#) are ringing true and adjusting where needed.

Some ways you can monitor the success of your rating scales:

1. **Ask Employee & Managers:** We recommend that companies distribute feedback surveys annually (at least for the first few years of any new performance management cycle) to get their input on what they like/don't like, find/don't find valuable, and what might be confusing.
2. **Keep an Ear to the Ground:** Keep the lines of communication open and encourage managers and employees to come forward with any questions or concerns about the appraisal content, including the rating scales.
3. **Use Metrics to Tell the Story:** Use the reporting available to you to diagnose if there are any concerns that come to light. Some common reports we recommend reviewing:
 - a. **Ratings by Manager:** Are there any managers rating on the higher or lower end as a trend? This might be an issue with understanding the rating and should be addressed with the manager(s) in question.
 - b. **Employee/Manager Ratings Gap:** If there is a large gap between what a manager is rating vs. how the employee is rating themselves, this might be a bigger issue of perceived performance, but it could also be an indicator that the rating scales are too vague.



Example:

This report shows that one manager isn't rating any employee above a 3. Is there some bias at play?

Another manager is rating many employees a 5. Are they being too nice?



Something to Consider: 'Ghost Ratings'

If you are thinking of removing rating scales from the different sections of the appraisal BUT still need a way to quantifiably report on the overall performance and/or potential of employees, consider using 'ghost ratings' where a manager is asked to provide an overall rating for an employee that the employee does not see. This allows organizations to report on the status of performance and potential while keeping the review open and conversation-based for the employee. If you are currently looking into performance management systems, be sure to ask if the forms can accommodate hidden sections and ratings for the manager.

What the employee sees:

Progress Comments/Coaching Tips:

This section is to be used throughout the review cycle to provide any overall progress comments or coaching tips for the employee.

START:

Developing your technical skills so that you can perform increasingly more complex tasks and to adapt quickly to changing technology.

STOP:

When asking questions, make sure that you don't already have the answer to it. You need to learn how to take more initiative so that you can start making time sensitive decisions without relying on others.

KEEP GOING:

You are a great team player and very dependable. Continue to work with your team members.

What a manager sees:

Options

- Attachments
- Print Report
- View Historical Appraisals
- Nominate 360° Reviewers
- View 360° Review Feedback

Overall Performance Save

Overall Performance Score

This section is only visible to managers. Employees will not see this section of the appraisal.

Please provide an overall performance score for this employee based on their behavior and performance throughout the current review period.

Title	Manager Rating
Overall Rating	Exceeds Expectations

1 - 1 / 1 Previous 1 Next

Overall Comments (Visible to HR):

Overall, it has been a great year for Samantha. She is a great team player. We have discussed that she will develop her technical skills next year.

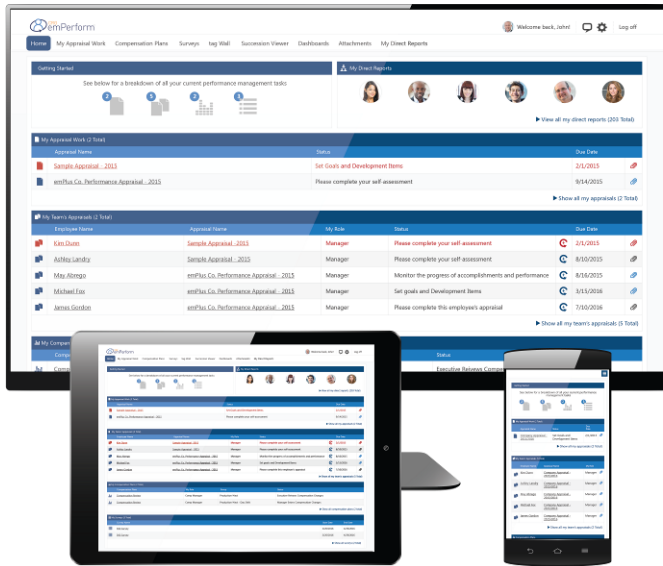
Conclusion

When used correctly, rating scales can motivate employees, help managers track and manage performance, and give the company window into the performance health of its talent. When designing your company's performance appraisal forms, rating scales should be well-thought out and follow the 5 commandments of effective rating scales.

Happy Rating!



Complete & Affordable Performance Management with 100% Flexibility to Design and Use Your Ideal Rating Scales



- Custom rating scales & values
- Numeric or text-based ratings
- Rating assistant tools
- Year-round journaling & feedback
- Visible/hidden ratings
- Out of the box rating reports
- 360° peer ratings & input
- + more!

LET'S TALK RATINGS!
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ONLINE APPRAISALS • ONGOING FEEDBACK • 360° REVIEWS • SURVEYS •
SUCCESSION PLANNING • COMPENSATION MANAGEMENT • REPORTING
EXPERT GUIDANCE & TRAINING • INTEGRATION WITH PAYROLL/HRIS

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