

Managing for Maximum Performance

UCSD Extension Business & Technology

Chapter 19 – Performance Management – Summer 07

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**Appraising and Rewarding
Performance**
Best Practices at AMN Healthcare Services, Inc.
NYSE: AHS
By Aaron Ideker

AMN HEALTHCARE

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Outline:

- AMN Healthcare Services, Inc. company background
- What is performance appraisal?
- “One-on-one” meetings, feedback, and candor
- Formal review process:
 - Grouping of similar positions into primary roles
 - Success factors for each primary role
 - Goals for review period
 - Employee self-assessment
 - Performance review
 - Performance review discussion
- Linking rewards to the performance review
- Other rewards
- Conclusion
- Q&A

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AMN Healthcare Services, Inc. Background

- Founded in 1986
- IPO in November 2001
- Hit \$1 billion in annual revenues in 2006
- Largest US healthcare staffing company
 - “Travel” nurse staffing
 - “Allied” professional staffing
 - “Locum-tenen” staffing
 - Permanent placement
 - International recruiting division

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What is performance appraisal?

Definition:

“Performance appraisal involves determining and communicating to an employee how he or she is performing the job and establishing a plan for improvement.” p. 436

Methods:

- Multirater assessment or 360 degree feedback
- Critical-incident appraisal method

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One-on-one meetings, feedback, and candor

One-on-one meetings:

- Weekly, bi-weekly, or monthly discussions with each direct report
- Open discussion
- Feedback:
 - “...involves the extent to which managers let employees know how they are performing.” p. 174
 - Coaching
- Candor:
 - Why is candor important?
 - Employee knows where he or she stands

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Formal review process – Primary Role grouping

Best Practice:

- Group similar positions into “primary roles”

Why:

- Allows for consistent evaluation of similar company functions
- Allows for comparability of company employees across multiple divisions

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Formal review process – Primary Role grouping (cont.)

AMNs’:

Primary Roles

Sales Contributor

Managers & Supervisors

Service Contributor

Leadership Team

Recruitment Sales-Individual Contributors

Recruitment Sales-Managers, Directors, & Leadership Team

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Formal review process – Success Factors per primary role

What are Success Factors?

- Competencies or skills that are aligned with the Company’s core values that will contribute to the success of the company and employee

For example:

Managers & Supervisors

Ethical Behavior

Hiring, Coaching and Developing Others

Business Judgment

Change Leadership

Customer Driven

Initiative

Planning & Organizing

Communication Skills

Partnering

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Formal review process – Review period goals

- Set goals at the beginning of each review period
- Set “SMART” goals:
 - Specific & Measurable
 - Motivating
 - Achievable with “stretch” effort
 - Relevant
 - Trackable or Time bound
- Why set goals that will be evaluated during review?
 - Goals can set the stage for developing the Success Factors
 - Helps employee and department align their goals with the Company’s strategies and objectives
 - Motivates employees
 - Serves as a tangible mechanism for employee self-assessment

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Formal review process – Employee Self-Assessment

- Allow employee to assess their own performance over the review period prior to performing review
- Why?
 - Employees feel engaged in process if their opinions are heard
 - Allows Manager to specifically address any potential pitfalls in employee’s own view of their performance
 - Allows Manager to consider accomplishments or behaviors that might not have been observed by Manager (Confirm with peers or managers)
- AMN’s self-assessment format:
 - Key Accomplishments
 - Strengths
 - Opportunities for development
 - Goals for future review period
 - Other comments

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Formal review process – Performance Review

Best Practices:

- Written and documented
- Annual
- Iterative (reviewed by at least one level above)
- Evaluate both goal attainment and success factors
- Qualitative Scale (E, P, I, & U)
- Development plan
- Goals for next review period

AMN's format:

1. Goals and Results
2. Success Factors
3. Overall Performance Summary
4. Development Plan
5. Comments and Signatures
6. Goal Planning Worksheet

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Formal review process – Performance Review Discussion

- Schedule formal meeting
- Discuss each section
- Be candid
- Allow employee to express their concerns if needed
- Give reassurance if needed
- Discuss Development Plan
- Discuss Goals for new review period

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Linking rewards to the performance review

- Merit increase linked to review ranking
 - E rating – highest increase (% range)
 - P rating – medium increase (% range) (allow flexibility if new position)
 - I or U rating – no merit increase
- Why?
 - Stresses importance of excellent performance
 - Motivates employees to higher levels of performance

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Other Rewards

- Public praise
- Special projects
- Free additional PTO
- Lunch and leave
- Gift cards
- Paid vacations

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Conclusion

- Give continual candid feedback
- Give annual performance reviews
- Link rewards to the performance review

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Q & A



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