

# BUSINESS ACTION GUIDE

Leading at the Intersection of People & Profits

## RECOGNIZE AND REWARD

### Peer Reviews: Optimax

Many businesses use 360-degree personnel reviews as a way to improve performance. Feedback received from peers, in addition to a supervisor, allows employees to understand how their effectiveness is viewed by others.



RICK PLYMPTON, CEO



TOM KELLY, CFO

It also reinforces needed skills and behaviors. To learn more about peer reviews we spoke with Rick Plympton, CEO and Tom Kelly, CFO of Optimax, a privately-held manufacturer of prototype optics based in Ontario, NY. The company employs 200 people and is known for its one-week turnaround for customers in the defense, semi-conductor, medical, and aerospace industries.

Optimax is a precision optics manufacturer. Our teams of highly skilled, cross-trained employees use advanced technology to transform raw material into finished products in a lean manufacturing environment. We invest a lot in recruiting and training our people, so it's important that we retain them and give them opportunities for growth and advancement. All employees, both salaried and hourly, participate in annual peer reviews. As part of this process, we help each person develop a personal learning plan to enable them to grow and to keep pace with advancing optical technology.

We bring our engineering focus to our annual review process. Every employee gets a 360-degree evaluation by the people working shoulder to shoulder with them – direct reports and supervisors. Additionally, employees are rated on five attributes based on attitudes and five attributes based on skills. Feedback is given on their strengths, their performance as a team member, and potential areas of improvement. The process works because it's conducted within a culture of trust, respect and employee empowerment. We've been doing these reviews for more than 10 years, and these are some key lessons we learned in the process:

#### 1. Individual coaching

We work hard to make the review process a learning experience rather than a soul crushing one. There are plenty of potential pitfalls with peer reviews, but we avoid them by giving the reviewers clear guidelines and by contrasting the employee's self-review with peer reviews so they can compare self-perception with team perception. That also helps the reviewers to stay objective in the process – they act as coaches to relay information. Our culture is based on trust, which we reinforce every day by our emphasis on team performance and individual development plans. It's helpful to hear where peers feel you excel and create value and where you need to improve. You get a benchmark, and the feedback is all the more

#### OPTIMAX'S FORMULA FOR PEER REVIEWS:

1. Individual coaching
2. Career growth opportunities
3. Metrics guide performance

powerful because it is from your peers and not just your supervisor.

#### 2. Career growth opportunities

One way we create trust is to link reviews to career opportunities. We want each employee to take ownership of their development plan. The supervisor presents the peer review and discusses the feedback, and the employee contrasts that with their own self review. The self review includes what they feel they are successful at, what they are not as successful at, and where they feel they need training or support. Each employee sets three goals for the next year – two corporate and one personal – and they create an individual development plan. The plan includes a section on training and three stretch goals agreed upon by the

employee and the supervisor.

The employee also tells the supervisor where they want to be professionally next year, in three years, and in five years. The supervisor gives them feedback, and collectively they develop an educational plan to help the employee meet their goals. Many times per year we provide opportunities for employees to receive training or credentials, at our expense, as a way to show that we want them to succeed. Most people are able to grow, but we are tolerant of some individuals that stay at a skill level due to personal issues, such as caring for aging parents or dealing with an illness or family issue. For the most part, people get back on the development track when they are able.

In addition to technical skills training, we also do leadership training. Everyone gets orientation training and a personality assessment when they first come onboard, which includes mentoring on how to work within a team. This gives all of us a shared vocabulary and a basis to deal with different personality types. We recently brought in a consultant to give new managers management and leadership training to help them work with their teams.

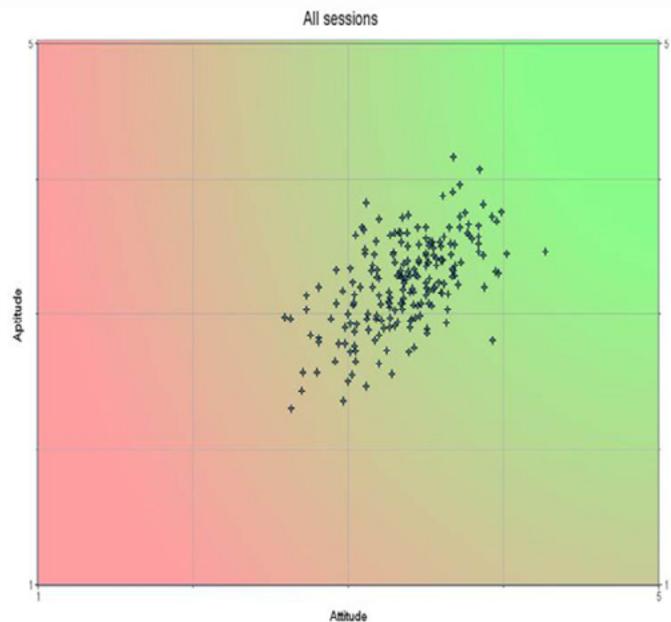
**3. Metrics guide performance**

There is a subjective portion of the review – the self review and feedback provided by peers – and an objective metric that is established based on attitude and aptitude scores. For each employee, the X and Y axis represent a score between one and five and captures both aptitude and attitude categories. Our expectation is that everyone will be working to achieve a minimum score of three for each category. This process reinforces both the skills and the attitudes that Optimax values.

We show everyone a scatterplot of where they are versus the whole company (see sidebar). This process ensures that the workforce understands where they are with respect to the rest of the team.

At Optimax, our people are our greatest asset. Here’s how to interpret the scatterplot data by quadrant:

- Upper Right: Good attitude and good skills – these are our high performers; we challenge them.
- Lower Right: Good attitude and weak skills – these folks are effective team members but need to improve skills; technical training is provided to develop the skills they need.
- Upper Left: Low score for attitude but good skills – we can put them into an isolated role, but often prefer to send them to third party counseling to resolve issues or improve communication skills and to develop more supportive team behavior. We’ve invested a lot in everyone working here – it would be shortsighted not to help them when they need it.
- Lower Left: Poor attitude = poor team dynamics and weak skills – these individuals need to do some self-reflection to decide if they are committed to making improvement or if we have a mismatch and they should seek other employment opportunities.



## FINAL WORDS OF WISDOM

We can all be star performers, but we have to be in the right position. For example, Michael Jordan loved baseball, but he was a mediocre player. On the basketball court, he redefined excellence. His speed and agility did not give him an advantage in baseball, but in basketball he developed into a superstar. The same is true for each one of us; you have to realize what your gifts are and position yourself in a role where you can leverage your strengths. Many people blossom under this system. Typical annual turnover is less than ten percent – people usually leave because of family circumstances or because they want to do something else, not because they are unhappy.

## HOW DO WE LEARN MORE?

[The Hitachi Foundation: Optimax Systems, Inc.](#)

[CBS Money Watch: Why Performance Reviews Are So Reviled](#)

[Sigma Assessment Systems: Best Practices in 360 Degree Feedback](#)

[Catalytic Coaching: Catalytic Coaching Online](#)

[Zingtrain: A New Approach to Performance Reviews](#)

*Other companies that have documented their peer review processes include QuikTrip and Zingerman's.*

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