

Appraisal

In France, you and D Grayson had successfully obtained an initial €250,000 order from Margerine SA at the full price. You had stressed to the French company the importance of after sales service and the training that Burke could provide the company, thereby overcoming many of the problems that they were facing during their period of rapid change. You had also managed to persuade Margerine to take part in the trial of the new 'smart' valves. It seemed likely that Margerine could place an order approaching €1 million for such systems, providing Burke met their specific production and operational requirements.

You are now reviewing the appraisal system in general and the specific appraisal of the Finance Director. Originally, appraisal in Burke Engineering was intermittent and had taken place every 18 months on average. You as J Franklin had decided that appraisals should take place every 6 months, and had started the process with a new round of appraisals after 6 months in the company. At the time of this initial appraisal, there were set joint action standards with A Siddiqui. However, these were not particularly effective, and had made you think that there was probably a better way of organising the appraisal system throughout the company. You are concerned that junior staff have complained that managers have been using the appraisal system as a means of discipline rather than of objective evaluation, the majority of which had production department.

This appeared to be part of a larger problem, that the appraisal system currently used was too biased towards finding faults, and not directed towards positive support from either individual supervisors or the company overall. This analysis of support requirements for subordinate staff was becoming more important as the company entered new and demanding market sectors. You realise that the training identified within the previous business plan are already insufficient to enable the company to fulfill all the requirements involved in its expansion into the 'smart' valve sector.

The appraisal forms as they currently existed, were not detailed enough to focus on areas for investment training. This was another issue that the review of the appraisal system would need to consider. For the next appraisal of A Siddiqui you have collected together the previous appraisal report (produced before you had been made managing director), the initial 6 month appraisal, together with the joint targets that the finance director and you had previously agreed with comments on how well they had been achieved. You also have added the new job description to the file.

A Siddiqui original (prior to J Franklin's appointment) appraisal report

Current position: Finance Director. Age: 55.

Number of years with company: 35.

Reporting structure: Managing Director.

Line responsibility: Data processing manager, finance manager, security manager, costing manager. 35 subordinate staff.

Staff responsibility: Sales & marketing, production, technical.

Skills level: 3.

Past history: Entered Burke Engineering after working in accounts office of local firm for 3 years. Qualified as CIMA after 15 years.

Years in current position: 15.

Special skills: Knowledge of Burke Engineering customers.

Training over last year: Nil.

Current salary €58000. Bonus €6000.

Average salary scale on grade: €55000 plus €5500 bonus.

Personal circumstances: Married with all children now at university or polytechnic.

Appraisal report: all appraisals include a rating out of ten followed by comments. Appearance: (9) Excellent. Administration: (6) Some problems on maintaining control of routine administration. Attendance record: timing (10) Excellent, 5 days sickness. Budgetary performance: (5) Some reporting departments badly over budget particularly data processing. Technical skills (6) Limited accounting knowledge in certain areas has caused problems with audits and overseas terms and conditions. Lack of understanding of new technology has also cramped firm developments. New project performance: (5) New projects slow to be completed. Customer contact: (3) Slow to respond to customer enquiries and particular demands. Supplier contact: (5) Problems with getting payment and subcontracts completed on time. Contact with superiors: (9) Generally well regarded, reacts well to comment. Contact with equals: (5) Considered difficult to get on with. Contact with subordinates/shop floor: (5) Regarded as unapproachable. Subordinate development: (4) Staff are expected to stick to narrow tasks and not to consider taking on wider responsibility or to suggest improvements. Promotion potential: (5) Is unlikely to progress beyond the current level unless many of the major skills problems are overcome.

General comments (line manager): A has continued to find the technical aspects of the job difficult to cope with and also has difficulty with the supervision of staff. A's attitude remains positive, and given the right type of support will be able to overcome these problem areas.

General comments (Finance Director): I am trying to deal with the demands of rapid change with too few subordinates that can be trusted to carry out work effectively. This inevitably has meant that many of the tasks that have been given to the finance department for completion have not been effectively handled. With a larger number of effective subordinates this would not be a problem.

A Siddiqui current appraisal report

Current position: Finance director. Age: 56. Number of years with company: 36.

Reporting structure: Managing Director.

Line responsibility: finance manager. 8 subordinate staff. Staff responsibility: Sales & marketing, production. Skills level: 3/4.

Past history: Entered Burke Engineering after working in accounts office of local firm for 3 years. Qualified as CIMA after 15 years.

Years in current position: 16. Special skills: Knowledge of Burke Engineering customers.

Training over last year: 15 days on information technology and accounting, 10 days on management skills and implementation.

Personal circumstances: Married with all children now at university or polytechnic.

Appraisal report: all appraisals include a rating out of ten followed by comments. Appearance: (9) Excellent. Administration: (7) Some problems on maintaining control of routine administration. Attendance record: timing (7) problems with sickness with 20 days absence. Budgetary performance: (6) Introduction of new controls still not completed and budgetary control still limited. Technical skills (6) Limited accounting knowledge in certain areas has caused problems with audits and overseas terms and conditions. Lack of understanding of new technology has also cramped firm developments. New project performance: (7) New projects still facing problems for completion. Customer contact: (5)

Some problems with providing accurate, quick information to customers. Supplier contact: (7) Collection of debts improved, few problems with subcontracts. Contact with superiors: (8) Generally well regarded, reacts well to comment, though some problems in recent months. Contact with equals: (5) Considered difficult to get on with. Contact with subordinates/shop floor: (7) Regarded as reasonably flexible. Subordinate development: (5) Staff are starting to be encouraged to take initiative. Promotion prospects: (5) Is unlikely to progress beyond the current level without a significant improvement in overall performance.

General comments (line manager): Has continued to find the technical aspects of the job difficult to cope with and also has difficulty with the supervision of staff. Attitude remains positive, and given the right type of support will be able to overcome these problem areas.

General comments (Finance Director): The pace of change has been too rapid to adjust to the demands of the job. The decrease in the number of members of the finance department has also meant that control has been practically impossible to achieve.

The agreed common performance targets

Appearance: No action.

Administration: Ensure that wages are paid on time, ensure that management accounts are completed before due time so that they can be reviewed and corrected if necessary before presentation, ensure that the auditing of the final accounts proceeds smoothly.

Quality of work: Improve documentation for management meetings to be more understandable and more thorough.

Attendance record: Be prepared to spend overtime at crucial periods, such as final accounts. Budgetary performance: Ensure that the re-organisation of the department is completed within budget. New product development: Complete stage I of the introduction of the new computerised stock, sales, and ordering system.

Customer contact: Be prepared to spend a greater time explaining the company's position.

Supplier contact: Keep in control of subcontract progress.

Contact with superiors: Be prepared to provide much more detail on the functioning of the department than has previously occurred.

Contact with equals: No action.

Contact with subordinates: Spend more time with subordinates in developing the necessary skills and knowledge to help in the implementation of the new systems.

Technical skills: To start on a company paid course to acquire greater accounting qualifications. Stage I to be completed.

Staff development: To help develop an integrated training programme for all staff in the finance department and to be more available for counselling and advice, particularly at times when new equipment or procedures are being introduced.

The level of task completion: J Franklin's perspective

Appearance: No required action.

Administration: Ensuring that wages are paid on time has been achieved. Ensuring that management accounts are completed before time so that necessary corrections can be made still has major problems. With the movement to the weekly management report we are still only getting one in three on time. Ensuring that the auditing of the final accounts proceeds smoothly, has been a major disaster involving us in a lot of extra time and money.

Quality of work: The required improvement, that documentation for management meetings

be more understandable and more thorough, has been achieved.

Attendance record: Though A is prepared to work overtime at crucial periods, such as final accounts there has not been a substantial increase in productivity.

Budgetary performance: The need to ensure that the re-organisation of the department is completed within budget is still not being achieved, a common problem throughout the company.

New product development: The completion of Stage I of the introduction of the new computerised stock, sales, and ordering system is limping into existence, and will be perhaps 2 months late. Customer contact: No action.

Supplier contact: Keeping on top of subcontract performance and ensuring that all late payments are rigorously pursued is still not being achieved.

Contact superiors: This has greatly improved, largely because there has been an increase in the use of computers throughout the department. There is still a need to develop a more cooperative attitude in many areas.

Contact with equals: Needs to provide more information and support when required.

Contact with subordinates: Needs to spend more time with subordinates in developing the necessary skills and knowledge to help in the implementation of the new systems. Reports are still being received of non availability to junior staff.

Technical skills: To start on a company paid course to acquire greater accounting qualifications. Stage I to be completed. This has been applied for, but no date is yet available.

Staff development: The new appraisals and training programme has been completed.

Outcome of the work tasks: A Siddiqui's perspective

Appearance: No action.

Administration: The problem of ensuring that wages are paid on time has now been controlled after detailed instructions were issued to staff. The need to ensure that management accounts are completed before time so that any modification or additional information can be incorporated, is still a problem because of the shortcomings of the information manager, and the failure to introduce stage I of the new computerised information system. The task, to make sure that the auditing of the final accounts proceeds smoothly has been complicated because of major irregularities in overseas contracts. It was impossible to achieve the required performance because of other departments shortcomings, as I stated at the time.

Quality of work: The suggestion that documentation for management meetings should be more understandable and more thorough has now been achieved, and I am pleased that new procedures that I have instituted are starting to be appreciated at management meetings.

Attendance record: I have met the demand to be prepared to work overtime at crucial periods, such as final accounts, with an increased work load.

Budgetary performance: The need to ensure that the re-organisation of the department is completed within budget, has run into problems, largely because changes in the specifications from other departments. Shortcomings of the information manager in controlling the contractors, have all contributed to the budget problems in all departments.

New product development: I was asked to complete stage I of the introduction of the new computerised stock, sales, and ordering system, but because of the problems mentioned above the new system will be late.

Customer contact: I have attempted to contact all the customers to deal with complaints within the week.

Contact with suppliers: I have taken a more active part in monitoring the performance of subcontractors.

Contact with superiors: I have met the need to provide much more detail on the functioning of the department than has previously occurred. I have found the involvement of the outside shareholders on a regular basis particularly difficult.

Contact with equals: The demands that have been placed upon the department have meant that I have been unable to respond as rapidly as I would like, to requests for information and support from other departments.

Contact with subordinates: The requirement to spend more time with subordinates in developing the necessary skills and knowledge to help in the implementation of the new systems has been restricted by the higher work load and the lack of secretarial support. This has meant that I have not had sufficient time to devote to this task. The appointment of a deputy would significantly improve matters here.

Technical skills: I was asked to start on a company paid course to acquire greater accounting qualifications, with Stage I to be completed in the near future. The most convenient time for the course will be when all major systems have been implemented and problems overcome. As a result, I have felt that I cannot leave the company at this moment. The appointment of a deputy would obviously help in this respect as well. Staff development: I was asked to help in the development of an integrated training programme for all staff which has been carried out in a detailed and comprehensive fashion.

Job description

Job title: Finance Director.

Job grade: Director.

Job function: The main objectives for the Finance Director will be the introduction and management of new technology and the control of company finance. The Finance Director is also responsible for the flow of information concerning company progress to the relevant management.

Reporting structure: Line responsibility (senior) reporting to the Managing Director. Line responsibility (junior) the Finance Director will have all finance department staff reporting.

Functional responsibility (continuous) maintaining contact with the marketing and sales department, for forthcoming contracts and raw material stock position, maintaining contact with the production department for cash requirements and budgetary control, especially in relation to new projects, where financial personnel will be seconded to control expenditure. Functional responsibility (intermittent) to auditors, major shareholders, government bodies.

Responsibility: Actions. The Finance Director must supervise and control the installation of new equipment, supervise the control of information gathering and financial monitoring.

Geographical areas. The Finance Director will be responsible for controlling all contract payments and pricing throughout the world. Budgetary. The Finance Director will be responsible, in agreement with the Managing Director, for setting annual budgets for the finance department. The Finance Director will be responsible for controlling this budget, once established, and reporting performance on a monthly basis to the Managing Director.

Recruitment. The Finance Director has entire responsibility for the recruitment of staff for the finance department. Appraisal.

The Finance Director has the entire responsibility of ensuring that appraisals are carried out in the Finance Department. Such appraisals will, at management level, be carried out in conjunction with other senior managers. Training. The Finance Director will be responsible for establishing training programmes for all members of staff within the finance department. Compensation. The Finance Director will have the responsibility of motivating all reporting staff. The director will also have the responsibility of establishing bonus pay systems within the budgetary confines and monitoring their progress.

Degree of authority: Level of discretionary expenditure. The Finance Director may authorise expenditure of up to €10,000 within budget. Any larger expenditure will require the authorisation of the Managing Director. Disciplinary control over subordinates.

The Finance Director will have complete disciplinary freedom within the department, subject to i) any overriding previously established agreements; ii) the standard appeals procedure available to all company employees; iii) the current legal framework in the UK.

Components of work: Manual. No manual work is expected of the Finance Director, though from time to time rare emergencies may demand some involvement. Record keeping/ clerical. The Finance Director is expected to maintain either personally or via subordinates sufficient records to control the department, and to provide the central information section with this data. Personnel. Personnel control and monitoring will comprise the main part of the Finance Director's task. Planning. The Finance Director will be expected to effectively plan the department's activities and to take part in the development of the long range plan for the whole company. Supplier contact. The Finance Director will be responsible for the supervision of payments to all subcontractors and other suppliers, and will be required to manage those contracts which are part of the finance department's responsibility. Client contact. The Finance Director will not be required to be involved in significant client contact, but will be required to become involved when there are significant overdue payments. Contact with equals/ superiors. The Finance Director must attend full board meetings and maintain contact with other board members and the Managing Director. Personal conduct: National laws. The Finance Director will need to be aware of the national regulations that affect company policy. Assistance on these issues is available from the company solicitor. Company regulations. The Finance Director should be aware of company regulations laid out in booklet C5, and has the duty to ensure that all these regulations are met by everyone in the department.

Action

Are new priorities required for the Finance Director? Is this apparent from the appraisal? How should you approach the appraisal process? Is J Franklin open to the charge of unfairness and lack of objectivity? Can you as J Franklin get around them?