staffers know exactly what is expected of them and how they're doing in meeting those expectations. Performance appraisal and annual budgeting are probably the two most commonly used management procedures.

Virtually every performance appraisal system has some common features:

- A goal-setting component.
- The inclusion of competencies, both company-wide and for specific types of jobs.
- A rating scale to indicate a final assessment of performance.
- The use of a 5-level scale.
- A development planning component.
- A requirement that both the appraisal and the rating be reviewed by at least one higher-level individual and/or HR before the appraisal becomes official.
- A tight linkage between the performance appraisal rating and compensation.

The following high-payoff techniques are used less often:

- Calibration sessions to help assure a common yardstick in evaluating people's performance (although the use of calibration sessions grows every year).
- Assessing how well managers do their job of appraising performance.
- Routinely terminating low performers.

- Using 360-degree feedback results as a data source for evaluating performance.
- Universal training (particularly for appraisees).
- The use of externally provided Web-based systems.