

From Dread to Moving Ahead

Take the Pain Out of Performance Management

White Paper



review**sn**ap

Performance Management — Who Needs It, Anyway?

Cue the shaking of heads, the rolling of eyes and the murmurs of “not again” heard up and down the office corridors. The scene is familiar to anyone who’s participated in the annual performance review ritual. How could an event that’s so ingrained in organizational culture have become something of such overwhelming dread shared by so many involved in the process? Simple. By treating performance management as an annual event and emphasizing form over function and process over performance acceleration. Too often, the emphasis and energy involved are directed at compliance rather than at creating lasting value for the organization and its people.

Envision the Performance Possibilities

Performance management deserves a different perspective — one that’s created from a vision of potential and possibilities. How will the organization advance its position in the market by nurturing its talent? What is the potential of each employee, and how far might they grow and develop within the enterprise?

Today, a well-designed performance management process serves as the core of the organization’s broader talent management strategy. It’s no longer enough to think of performance management as a single event-driven exercise, such as the annual performance appraisal. When performance management is visibly championed by top executives and supported on a continuous basis by leaders throughout the organization, the process can deliver superior business results and higher employee engagement. For example, organizations in which employees revise or review their goals quarterly or more frequently are 45 percent more likely to have above-average financial performance.¹

An effective employee performance management strategy sets the stage for a high-performance culture by establishing the way people will be managed.² Employee performance management should be thought of as a set of management practices that:

- Establish measurable goals and objectives for employees
- Assess achievement and attainment of such objectives
- Apply this information to improve performance through coaching, compensation, development and other means³

¹ Bersin, Josh. *High-Impact Performance Management: Comprehensive Industry Study — Market Analysis, Trends, Best Practices and Vendor Profiles*. Bersin & Associates. 2006. To purchase the report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=6238&mode=search&p=Talent-Management>

² Levensaler, Leighanne. *Maturity Model for Performance Management*. Bersin & Associates. October 2008. To purchase the report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=9662&mode=search&p=Talent-Management>

³ *Ibid.*

Reverse engineering the performance management process can give you a different perspective. Envision the experiences and tangible results you intend to create for your employees and your organization, then create the underlying framework for feedback, coaching and goal setting that will help you achieve those results. When performance management activities are woven into the ongoing rhythm of business operations, your organization creates a culture of performance, eliminating the dread associated with performance management of the past and helping your organization and employees get ahead for the future.

A Reality Check for Readiness

To be clear, it's important to understand what performance management is and what it is not. Performance management is the foundational element of any organization's talent management efforts. It represents all of the processes that managers use to effectively lead, manage, develop, reward and assess employees. In reality, performance management is *management*.⁴ Contrary to many outspoken naysayers, it is not an annual HR-driven event administered for the purpose of compliance and conformity, or as a means to weed out weak performers.

High-impact performance management is a series of ongoing activities — goal setting and revising, managing and coaching, development planning, and rewarding and recognizing — with performance appraisal events interspersed throughout. Performance management is not something that high-impact organizations “do,” but is instead a way that work gets done.⁵

So how do you know if your organization is ready to adopt a formal process for managing performance? Your answer may depend on several factors, including:

- Executive support and involvement
- Size and governance of the organization
- Growth strategy or maturity of the entity

⁴ Garr, Stacia. *Development-driven Performance Management: The Path to Ongoing Employee Development*. Bersin & Associates. September 2010. To purchase the report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=12736&mode=search&p=Talent-Management>

⁵ *Ibid.*

Consider your organizational needs today and decide whether your organization would benefit from a more formalized approach to managing performance:

Your Organization Needs	Your Organization Has
Clarity on how roles support and align to one or more key business drivers.	Individuals who establish short- and long-term goals and activities without regard for or alignment with the overarching business goals.
To eliminate redundant, unnecessary or obsolete work that no longer directly supports the business.	Work processes or practices that have stayed consistent or have fallen victim to a "that's the way we've always done it" pattern of performance.
A culture of continuous sharing and a transfer of knowledge from internal experts to novice workers.	Employees who are accustomed and allowed to bank their knowledge rather than flow it throughout the organization.
A fair and systematic process for comparatively evaluating individual performance.	Evaluation of performance that is limited to "soft" qualitative measures rather than defined behaviors and concrete, quantitative results.
Managers who are accountable for and effective at supporting the maximum potential of every direct report.	Managers who are most comfortable "managing to the middle" and who prefer to avoid difficult coaching conversations.

If your reality check indicates that you're in need of these organizational benefits, now might be the optimal time to introduce a performance management strategy or refine your existing process. With an effective performance management strategy and a well-designed, managed and administered process, everyone wins. Employee performance management gives organizations the tools to improve business performance by aligning goals, holding people accountable, developing people, identifying individuals for promotion and using compensation as a tool to create a high-performance culture. ⁶

⁶ Levensaler, Leighanne. *Maturity Model for Performance Management*. Bersin & Associates. October 2008. To purchase the report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=9662&mode=search&p=Talent-Management>

High-impact organizations are effective at developing a clear performance management strategy that weaves together all of the elements of performance management into a self-reinforcing web of activities. The result is continuous, relevant and focused performance management. ⁷

⁷ Garr, Stacia. *High-impact Performance Management: Executive Summary (Part 1) Designing a Strategy for Effectiveness*. Bersin & Associates. August 2011. To purchase the report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=14459&mode=search&p=Talent-Management>

Rethink Performance Appraisals

The dreaded performance review. For anyone who's been in the workplace long enough to experience this process, odds are that the mere mention of the event causes a reaction that lies somewhere between sweaty palms and intense apathy. Unfortunately, poorly handled performance appraisals have overshadowed the value of development-driven performance management and given the entire process a bad rap. Why? Too often the appraisal system is seen as ineffective or unfair, or is misunderstood by employees who exit these meetings feeling discouraged, demotivated or even insulted.

Instead, consider the real results and impact you're hoping to achieve with the performance appraisal discussion:

- The appraisal process is well positioned and accepted within the organization as a formalized milestone of ongoing coaching and feedback rather than an annual compliance event.
- Appraisal discussions result in the reinforcement of high-quality development planning along with specific and clear guidance and agreement on skills, competencies or behaviors identified for improvement.
- There are no surprises — the conversation recaps notable performance results, actions and behaviors that have all been previously discussed in prior coaching meetings.
- The manager and employee are both prepared for and actively participate in the appraisal of performance and contribute to the development planning discussion.

Gathering Performance Input

Measuring individual performance from the single data point of the immediate manager is no longer effective in today's global workplace. With increased worker mobility, cross-functional short-term project assignments and matrixed organizational structures, employee development depends highly on feedback from multiple sources. Best practices for capturing a complete picture of performance include:

- **Self assessment** — Employees provide a personal assessment of their performance against past work and development goals.
- **Manager assessment** — A continuation of ongoing coaching and feedback using specific examples of past performance to encourage growth, development and engagement.
- **Multi-rater assessments** — Feedback is solicited from a variety of people who regularly interact with the employee, including peers, subordinates, project leaders, and occasionally external partners or clients. Typically this feedback is summarized for the employee, preserving the confidentiality of respondents.

Effective performance management requires managers to provide employees with a mirror of performance that's timely, honest, accurate and complete. In many organizations, performance feedback is also obtained and validated through a process of calibration to ensure consistency and fairness of performance assessments across the organization.

Fifty-four percent of HR professionals responding to a recent SHRM study⁸ indicated that their organizations conduct formal calibration or group review sessions as part of the performance appraisal process, and 35 percent said ratings were changed regularly as a result of the calibration process.

⁸ Inside SHRM. Most Large Companies Calibrate Performance, Poll Finds. February 2012.

The performance appraisal discussion can also be an ideal opportunity for the employee to provide feedback of their own. With manager feedback structured as part of the overall process, employees can safely offer their preferences for coaching, receiving feedback, and manager involvement and availability.

Coaching and Feedback

The role of managers includes not only accountability for overseeing the work of others, but, just as important, it involves focusing on enabling others to achieve their very best. Development-driven performance management relies on managers to understand each employee's strengths and weaknesses while coaching and developing them to perform at their highest possible potential.

In a culture of development-driven performance management, the most effective organizations are adopting processes that are more agile, including a dynamic and transparent model of feedback and continuous coaching along with high-quality development planning. Leaders are held accountable to share specific and timely feedback on a regular basis, rather than wait until an annual performance appraisal meeting.

Organizations with high-quality development plans generate twice the revenue per employee as organizations with poor or ineffective development plans.⁹

Establishing Goals

Effective goal setting starts when executives establish goals for the company that are then cascaded down and shared across the organization. Employees and managers establish S.M.A.R.T. (specific, measurable, actionable, realistic and time-bound) goals that directly align with higher-level business goals.

Most organizations (54 percent) think of goal setting as a once- or twice-per-year activity. However, most businesses move faster than that, resulting in misalignment within just a few short months after goals are initially set.¹⁰ Companies that revise and update goals quarterly generate more than 30 percent greater impact from their performance management processes than those that implement the old-fashioned annual review.¹¹

⁹ Garr, Stacia. *Development-driven Performance Management: The Path to Ongoing Employee Development*. Bersin & Associates. September 2010. To purchase this report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=12736&mode=search&p=Talent-Management>

¹⁰ Ibid.

¹¹ Bersin, Josh. *Strategic Human Resources and Talent Management: Predictions for 2012 — Driving Organizational Performance Amidst an Imbalanced Global Workforce*. Bersin & Associates. November 2011. To purchase this report, visit <http://www.bersin.com/Practice/Detail.aspx?docid=15034&mode=search&p=Talent-Management>

Beyond simply creating individual S.M.A.R.T. goals and the tactical activities needed to achieve acceptable results, you have to take goal setting to the next level. Employees and managers together should discuss and determine a clear baseline of performance results that will be considered acceptable for each goal. When employees understand the baseline of performance, there'll be no surprises during a performance appraisal discussion when results come in short of the previously agreed-upon and documented baseline.

Similarly, goal setting should also specifically define what exemplary performance might look like for each goal — how can the employee hit the ball out of the park? What opportunities exist to accomplish results beyond the stated goal in less time, or involving fewer resources? Having this kind of “assessment preview” during the goal-setting process creates clarity, reduces subjectivity in assessment, and helps employees focus their efforts on activities that return the highest value for them and their organization.

Conclusion

Once a performance management strategy has been designed and a supporting framework has been introduced and acclimated to the business, it's equally important to create sustainability. Any process may become misaligned or obsolete after significant changes occur. The continuation of practices that no longer support the business is a primary reason why people complain about performance management in general — and rightfully so. The process cannot be allowed to take on a life of its own. Oversight and stewardship from a performance management committee comprised of business leaders along with HR will ensure that the process keeps pace with supporting the changing needs of the business.

It's time to change the perspective of performance management. Designing an effective process, one that fits within the organization's broader strategy of talent management, remains a best practice for getting the highest possible return on the company's greatest asset — its people. With automation through a cloud-based, integrated performance management software solution, you can use the performance management process as a means to improve your business and create a foundation for realizing transformative business results.

About Reviewsnap

In times like these, growth is *earned* by companies that align their people behind shared goals. If you are working to get everyone on the same page, Reviewsnap is with you. More than performance management software, we offer true partnership through genuine customer service and support. And unlike those other guys who care more about shareholders than customers, we can't sleep at night unless you can. We are all together now. We are your performance management partner. We are Reviewsnap. Visit us on the Web at www.reviewsnap.com.



reviewsnap

6165 NW 86th St.
Johnston, IA 50131

P 800-516-5849
F 888-292-8812

reviewsnap.com