Continuous Performance Management Blueprint

AN EXPERT'S GUIDE TO BUILDING CULTURE & ENGAGEMENT
THROUGH CONSISTENT FEEDBACK, CHECK-INS & GOAL SETTING

workhuman*

"

The journey of a thousand miles begins with one step.

LAO TZU
Ancient Chinese philosopher and writer

Trying to build a more effective performance management strategy?

Use this blueprint to evolve to a continuous performance management process. Leverage new, actionable research to create a better employee experience and drive performance.
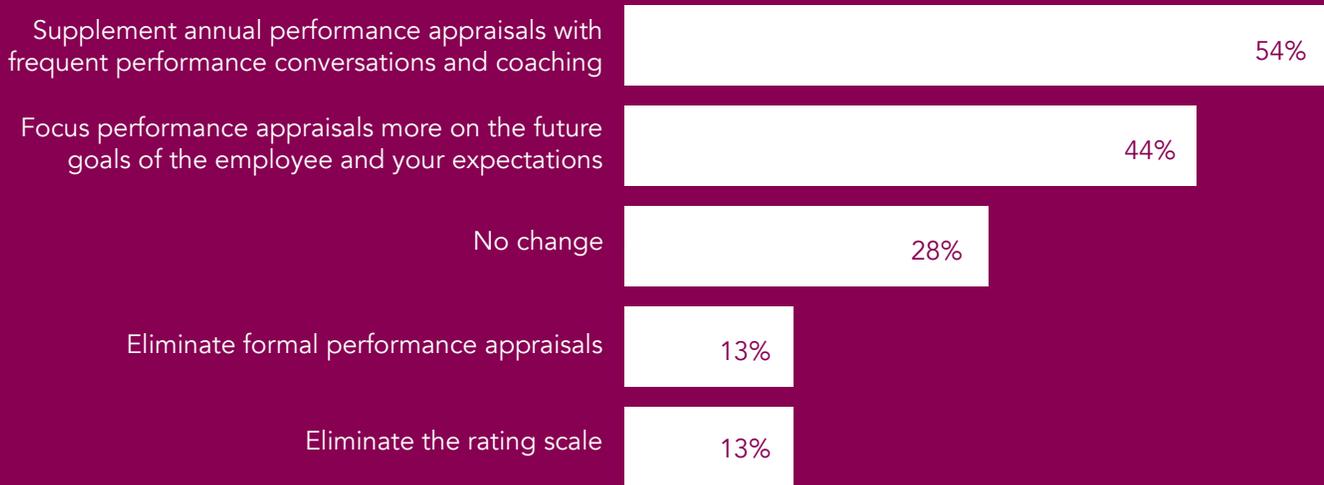
START WITH A FOUNDATION OF TRUST THROUGH POSITIVITY

Research shows that the positivity and gratitude generated from a recognition program helps build a culture of trust and connection. According to a SHRM / Workhuman study[1], 80% of the HR leaders surveyed reported that their organization currently has an employee recognition program. The majority say their employee recognition program helps strengthen employee experience (89%), employee relationships (86%), organizational culture (85%), employee engagement (84%), and organizational values (83%).

Positivity is the baseline in which growth happens. Think of positivity as a protective foundation wherein constructive feedback can become a learning opportunity. When this happens, trust increases, employees feel safe in both giving

and receiving feedback from colleagues or managers, and even reach out to ask for it. Check-ins become a positive experience rather than an event filled with anxiety and stress. The first step in reinventing performance management is to build a culture of trust.

According to Barbara Frederickson[2], a noted positive psychology researcher, individuals need three positive emotions for every negative emotion to stay in balance. Constructive feedback cannot be a stand-alone process. Organizations need to consider feedback across the spectrum from positive to constructive for individuals to grow and develop.

How organizations are looking at changing performance management

Supplement annual performance appraisals with frequent performance conversations and coaching	54%
Focus performance appraisals more on the future goals of the employee and your expectations	44%
No change	28%
Eliminate formal performance appraisals	13%
Eliminate the rating scale	13%

Source: Brandon Hall, 5 Essential Performance Management Strategies

HAVE AN OPEN MIND

Most of us have had the unpleasant experience of living through a traditional review cycle. Nearly everyone agrees it is ineffective, burdensome, and sometimes worsens performance.

For years, 95% of managers and 90% of HR professionals[3] have said rankings and appraisals are inaccurate. Nearly a third of all organizations[4] agree it can be much more effective. According to Deloitte[5], 79% of executives rate redesigning performance management a high priority, up from 71% three years ago, with 38% calling the problem "very important."

The debate isn't really about whether traditional, isolated, annual reviews are ineffective – they are. It's about how you replace or supplement them, and with what.

The Brandon Hall 2018 Performance Management Study[6] shows that more than 70% of organizations are looking to change some element of performance management over the next 12-18 months.

> " I have yet to find a person, however exalted his station, who did not do better work and put forth greater effort under a spirit of approval than under a spirit of criticism.

CHARLES SCHWAB
American investor, financial executive, and philanthropist

GET CLEAR ON DEFINING PERFORMANCE MANAGEMENT

Letting go of your age-old performance management structure can be scary – but don't panic! Approaching this transition in a systematic way will make the change easier for everyone – managers, executives, individual contributors, and HR alike.
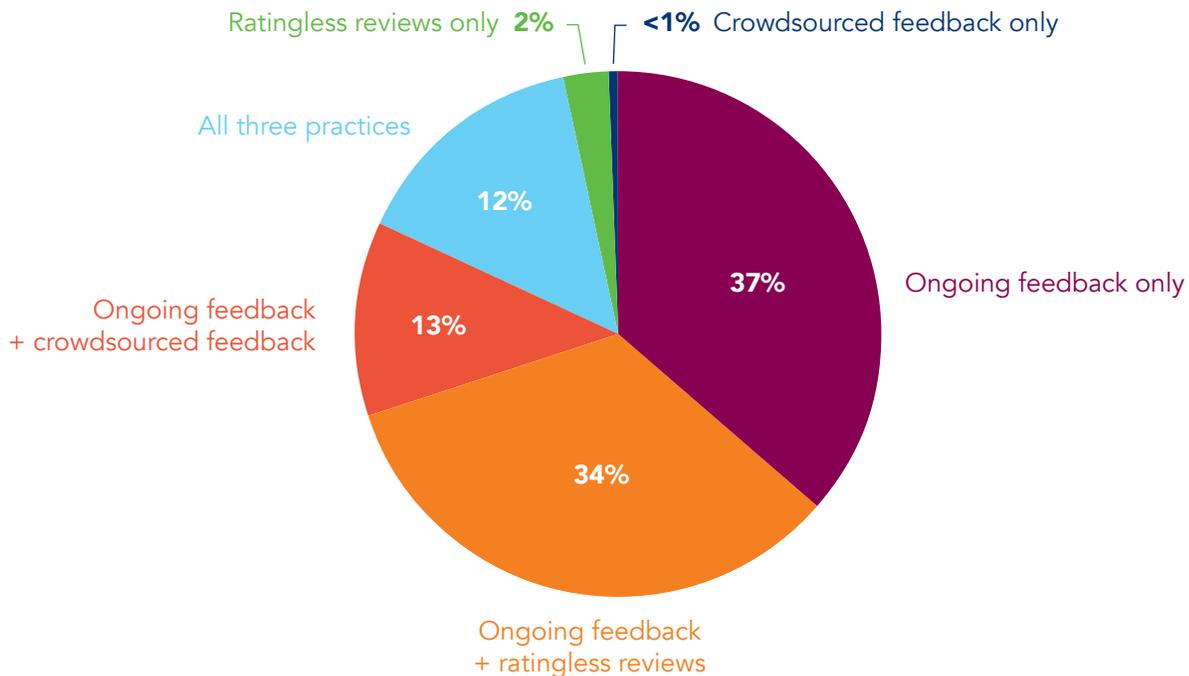
First, define the goal of performance management in your organization. For some companies, it is about growth and development. For others, it is about creating a culture where people are comfortable giving feedback up and down the organization.

Next, realize you can't put a hard stop on traditional performance reviews and expect managers to improvise effectively.

A habit of continuous, ongoing feedback is critical for a modern performance management system to be effective.

The following chart outlines the various components of continuous performance management and the percentage of companies embracing each component.

"

What got you here won't get you there."

MARSHALL GOLDSMITH
American leadership coach and the author of several management-related books.

Approaches to cutting-edge performance management

- Ratingless reviews only **2%**
- **<1%** Crowdsourced feedback only
- All three practices **12%**
- Ongoing feedback + crowdsourced feedback **13%**
- Ongoing feedback only **37%**
- Ongoing feedback + ratingless reviews **34%**

Source: World@Work Cutting Edge Performance Management

EMBRACE THE CONCEPT OF "CONTINUOUS"

Studies show that one of the deepest flaws of traditional performance management is that reviews don't happen often enough. According to PwC[7], 60% of employees (and 72% of millennials) would prefer feedback daily or weekly.

The solution[8] is a continuous flow of recognition, check-ins, goal setting, and feedback. Small, immediate, inspired moments can come from anyone, and don't take a lot of time to write. Your technology solution should support this continuous flow through nudges and other habit-formation capabilities.

Continual focus on learning and growth increases engagement and retention. Gallup found employees who've had conversations with their manager about goals and successes in the last six months are 2.8 times more likely to be engaged[9]. Employees who get daily feedback[10] from a manager are 3x more likely to be engaged. And companies with regular feedback also have 14.9% lower turnover risk[11].

Additionally, based on a study by Adobe, 80% of workers want feedback in the moment.

LEVERAGE TEAM LEARNING AND GROWTH

Today companies are vibrant, diverse, social organisms, becoming more and more connected across groups and functions, even as the gig and remote economies separate us geographically.

Technology and relationships are linking us together in new ways, and smart performance management systems lean into that organizational connectedness. Sticking with traditional performance management – one manager to one employee – is like actively fighting the realigned, multilateral way we work now.

Today, people work in teams. According to Deloitte[12], the digital nature of work has shaken the foundation of organizational structure, shifting from the traditional functional hierarchy to one Deloitte calls a "network of teams."

The new model of work is forcing us to change job roles and job descriptions; emphasize skills and learning as keys to performance; and redesign how we set goals and reward people.

Office workers want feedback in-the-moment

80% want feedback in the moment

20% want feedback that's aggregated over a period of months

Source: Adobe – Performance Reviews Get a Failing Grade

ESTABLISH A BASELINE AND DEFINE SUCCESS

As you look to build a culture of performance and growth, make sure you understand the driving forces behind changing your performance management process and set realistic goals for where you want to go. Brandon Hall[13] found that for many organizations the driving force for changing performance management ranges from increasing fairness to addressing employee turnover.

Define success metrics for both the short term and long run. Some metrics to consider, gleaned from employee surveys, include:

- Trust
- Fairness
- Retention
- Alignment
- Social connection
- Relationships between managers and employees
- Comfort with giving and receiving feedback
- Belonging

Many innovative organizations see feedback and even mistakes as something to celebrate. To these organizations, the number of failures may be a success measurement. According to a 2019 MIT Sloan report[14], "As more companies innovate to drive growth … Such failures may even be integral to how enlightened organizations culturally choose to define performance. Companies will have to consider how best to blend performance outcome metrics with experimentation and risk-taking."

> "
> Alone we can do so little; together we can do so much."
>
> HELEN KELLER
> American author, political activist, and lecturer. The first deaf-blind person to earn a Bachelor of Arts degree.

Drivers of changes to performance management

70%
More frequent **feedback** was needed

48%
More **alignment** was needed

37%
PM doesn't have a good **ROI**

37%
Employees found the process **unfair**

37%
Wanted to **recognize** and reward employees more often

31%
Needed to help **managers** create action plans

13%
Relying too much on **hiring** to meet needs

13%
Our voluntary **turnover** rates are too high

Source; Brandon Hall Study, 5 Essential Performance Management Strategies

> Successfully operationalizing Continuous Performance Management requires solid processes supported by robust technology that can facilitate these processes throughout complex organizations.
>
> Source: SHRM Blog

ESTABLISH GUIDING PRINCIPLES

What are your organization's guiding principles when it comes to performance management?

Assessing HR processes and technology is not enough. Your organization should have underlying guidelines to fuel the process and provide guideposts during the performance evolution. Growth mindset and feedforward are two examples of performance schools of thought.

For example, a culture which embraces growth mindset sees all employees as possessing potential[15]. Employees are encouraged to develop and learn while embracing mistakes as opportunities. A feedforward[16] mindset focuses on the future versus the past. It's about focusing on goals, not standards.

"

It's not that I'm so smart, it's just that I stay with problems longer."

ALBERT EINSTEIN
German-born theoretical physicist

LEVERAGE A FLEXIBLE SOFTWARE SOLUTION

Consider leveraging an employee-centric software solution to help evolve your continuous performance management process. This will enable the acceleration of performance and growth throughout your organization.

According to research by MIT Sloan[17], "Digitally transforming enterprises are revamping their performance management systems not only to accelerate their own transformations but rethink how to get the best from their people."

The solution should include these key features:

- **Check-ins** to build trust between employees with their managers, mentors, coaches, and peers
- **Peer feedback** for multichannel learning and growth
- **Social recognition** to celebrate individual success and achievements, and build positivity
- **Continuous goal setting** to create alignment
- **Guided coaching** to facilitate habit building

Based on your success metrics, determine which of these features you want to approach first. As you seek to motivate and empower your employees, which of these will help kick-start this process?

CREATE ALIGNMENT THROUGH GOAL SETTING

When transitioning to a culture of continuous learning and growth, create greater alignment by empowering employees to set their own goals that contribute to company-wide goals and initiatives. This type of employee-driven alignment is especially important in increasing trust between managers and their direct reports.

Research shows that alignment between the employee and the organization improves overall productivity and engagement. According to Gallup[18], organizations see productivity gains of 5-10% when employees are clear on what is expected of them.

Employees who strongly agree they can link their goals to the organization's goals are 3.5x more likely to be engaged.

Source: Gallup State of the American Workplace

REDESIGN THE CHECK-IN

The check-in between a manager and an employee is one of the most important interactions because it has a direct impact on an employee's engagement and productivity. What's more, research from the Workhuman® Analytics & Research Institute[19] shows employees who check in with their manager on a daily basis are more than two times as likely to respect their manager and nearly three times as likely to trust their manager.

Many check-ins consist of an employee giving project updates to their manager, where the manager asks probing questions and the employee responds. Sometimes this kind of check-in reinforces the hierarchy and power between the employee and the manager, which can trigger a sense of anxiety[20].

How can check-ins become more collaborative? Some improvements include:

- Both the employee and the manager asking open-ended questions
- Move status updates to another format, such as email, so the check-in focuses on discussion and learning
- Avoid mixing different types of check-ins within the same meeting; a career check-in should be different than a goal-setting check-in

As you redesign your performance management process, assess your current check-in process and consider how technology can support more collaborative and engaging check-ins.

Deloitte has found that its new model of frequent, informal check-ins has led to more meaningful discussions, deeper insights, and greater employee satisfaction.

Source; HBR, The Performance Management Revolution

EMBRACE PEER-TO-PEER FEEDBACK AND COACHING

Not all leaders happen to be managers or executives. Not all coaches and mentors are managers, either. In fact, according to recent studies[21], 62% of employees wish they received more feedback from their colleagues. Leadership and motivation can come from any level of the organization – and smart performance management is able to tap into it by creating a broad culture of peer coaching and feedback.

Create your coaching culture by providing technology that lets every employee support, mentor, and reward one another. A recent study by Korn Ferry concluded that promoting this kind of culture of peer feedback fosters greater employee self-awareness and satisfaction. In a 2018 study, Brandon Hall[22] found that in organizations where managers are effective at coaching, employee engagement nearly doubled.

"

As we look ahead … leaders will be those who empower others."

BILL GATES
American business magnate, investor, author, philanthropist, humanitarian, and programmer

Coaching impacts engagement, retention, and hiring

	Have formal coaching/ mentoring training	Have effective coaching/mentoring	Managers discuss growth opportunities
Percent that saw increased employee engagement	Yes 47% / No 31%	Yes 65% / No 36%	Yes 69% / No 32%
Percent that saw increased employee retention	Yes 28% / No 17%	Yes 36% / No 23%	Yes 41% / No 18%
Percent that saw increased quality hires	Yes 42% / No 31%	Yes 52% / No 36%	Yes 59% / No 32%

Source: Brandon Hall Group Performance Management Study

GIVE CONTEXT THROUGH STORYTELLING

Some of the elements that make your business most successful are also things numbers can't fully measure, like creativity, support, and teamwork. Fueled by positivity and connectedness, these elements are the real backbone of a thriving, human-centered workplace.

Emotional connection is critical to feelings of in-group belonging and engagement – and it can make the difference between a successful or disastrous performance management process.

One way to strengthen emotional connection is by incorporating more stories into your culture – whether reflecting on shared memories during a work anniversary or explaining the impact of an employee's actions in a 1:1 debrief.

According to scholars[23], "Stories are remembered up to 22 times more than facts alone." They are also exponentially more powerful at driving behavior and understanding than numbers. Performance reviews that rely heavily on numeric ratings alone do not have the same resonance. According to Adobe's survey of employees, the ideal performance review process is qualitative, not numeric. When given the choice, 60% of office workers[24] want qualitative feedback over numeric ratings.

Employees prefer qualitative versus quantitative reviews

60%
Prefer qualitative feedback

40%
Prefer numeric ratings
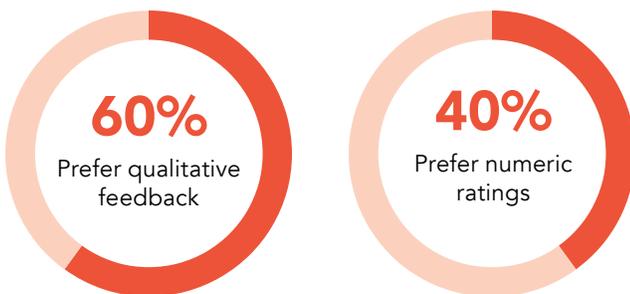
Source: Adobe – Performance Reviews Get a Failing Grade

GAIN INSIGHT FROM DATA

Every year, performance reviews and feedback programs provide terabytes of data for companies. Most of them inform some level of compensation, succession planning, or performance improvement, but the data is not leveraged as extensively as it could be. Like recognition data, performance management data can offer organizations significant insights into culture.

By tracking and slicing aggregate data and looking at outliers, you can understand how goals are being set and achieved, how managers are interacting with teams, how much self-directed energy is being expended, and even where some hidden high-potentials may be lurking undiscovered. Continuous performance management systems provide not just an annual snapshot, but a continuous flow of data for you to measure both culture and the effectiveness of your performance management efforts.

When performance data is combined into an array of data from other applications such as recognition, life events, and service milestones, you can get powerful insights that allow you to truly measure and manage your culture – visualizing diversity and inclusion and measuring your progress.

Cloud-based continuous performance management systems provide not just an annual snapshot, but a continuous flow of data for you to measure both culture and the effectiveness of your performance management efforts.

CONCLUSION: TAKE ACTION, EVEN IF IT IS SMALL

With this set of considerations in mind, all that is left is to take action.

Remember, you can overlay all the elements of this blueprint on top of existing performance management processes and they will only make it better. Implement a feedback and goal-setting system, such as Conversations®. Seamlessly connect it with Social Recognition® to establish a baseline of motivational positivity and trust.

When you do, over time you can measure and directly see the impact these applications have on your culture – iterating and editing your legacy processes until they only contain elements that have been proven to drive results.

Reach out to our team to talk about continuous performance management and take a demo of Workhuman® Cloud – including our powerful Conversations platform.

Workhuman® Cloud

social recognition®
Improve company performance with gratitude.

conversations®
Integrate modern performance management.

service milestones®
Crowdsource career and anniversary awards.

life events™
Celebrate life's meaningful moments.

community celebrations®
Showcase interests, in and out of the office.

Endnotes

1   https://resources.globoforce.com/globoforce-blog/5-findings-from-the-2018-shrm-globoforce-employee-recognition-survey
2   https://positivepsychologyprogram.com/positive-emotions-positive-psychology-know/
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Workhuman® is the world's fastest-growing integrated Social Recognition® and continuous performance management platform. Our human applications are shaping the future of work by helping organizations connect culture to shared purpose. With a consistent stream of gratitude fueling unparalleled, provocative workplace data and human insights, Workhuman® Cloud is a critical software engine for global companies seeking to motivate and empower their people to do the best work of their lives. Workhuman (formerly known as Globoforce) was founded in 1999 and is co-headquartered in Framingham, Mass., and Dublin, Ireland.

To learn more about building culture and engagement with continuous performance management, give us a call.

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Or read more on our blog: workhuman.com/whblog