

OCTOBER 2016

Will You Be Ready?

Managing Without Performance Reviews

BY PEGGY BAUMGARTNER, DIRECTOR OF TRAINING

Have you heard? Annual performance reviews have been rated ‘needs improvement’.

From CEOs to employees, and from HBR to Fast Company to Deloitte University Press, there is an overwhelming consensus that current approaches to performance management—anchored around the dreaded annual review—are broadly ineffective. According to a Deloitte University Press report, less than 50% of CEOs believed that their performance management approach helped drive employee engagement or business results. Further, less than 10% of HR leaders believe that annual performance reviews result in accurate information, and less than 4% of employees feel that it is the best way to motivate and engage them.

In response to this disappointing data, companies are moving quickly. Most large companies are actively experimenting with performance management systems, and some have eliminated annual reviews entirely. The challenge is that while the data is clear on what *doesn't* work, there is no clear consensus on what *does*.

The inevitable period of experimentation and transition to come will challenge managers—as many of them will be asked to ‘fly the plane while its being built’. Arming them with the skills to thrive during this period of transition will be vital.

THE BEST INTENTIONS

While a large variety of studies conclude that both managers and staff in many organizations believe performance reviews are time consuming, subjective, cumbersome, expensive, demotivating and unlikely to impact performance—it is important to remember that it's not the intent of managers to deliver ineffective reviews.

Most leaders want a system in which their top performers are recognized and then given opportunities to further advance their skills, and low performers are given clarity on where performance needs to be addressed and guidance on how.

So what drives the gap between intention and results?

Research cites three common errors:

- 1 A poor note-taking process that results in a focus on the most recent developments instead of looking at the entire year
- 2 Vague feedback that makes it impossible for that feedback to aid performance
- 3 A fixation on the past instead of discussing what the employee could do moving forward

As a result, employees focus on justifying their performance, instead of being open to feedback that might help them develop. And, if they are in an organization that has managers rank people on a bell curve it can feel unfair, undermine teamwork and have a negative impact on the morale of solid performers.

THE CHANGES UNDERWAY

So, if intent isn't the issue—how do we create an environment where managers can translate intent into impact?

This is a question that many organizations are now actively trying to answer. Research conducted by Bersin (Deloitte's Human Capital Practice) in 2015 identified that roughly 70% of companies were reconsidering their performance management strategy. But what changes work? Should we just delete annual reviews? Modify them? Or come up with a new system altogether?

Just skipping the review process altogether hasn't worked well. Some organizations have found that when nothing was documented, tracked or measured fewer conversations occurred—which resulted in less clarity and lower employee engagement.

Companies that appear to be having the greatest success are moving to a period of active experimentation. They are trying new things, leveraging technology more effectively, and—crucially—arming managers within their organization with the skills to fill in the gaps by giving and soliciting continuous feedback over the course of the year through multiple coaching conversations.

Adobe is a great example of this type of approach. They were the first major company to depart from the traditional reviews in 2011, when they started breaking projects into milestones and scheduling frequent check-ins and debriefing sessions. Many have since followed—including Microsoft, Dell, Juniper Networks and Deloitte to name a few of the larger players.

The results have been promising: after Microsoft eliminated their rating system and moved to more frequent feedback discussions and coaching, they found that employee collaboration skyrocketed. People no longer felt that they needed to compete with their peers for limited rewards. They also found that having more frequent discussions appeared to be developing people faster across the board. In particular, millennials seem to love these changes as they crave learning and growth.

TRANSLATING INTENT TO ACTION: A FOCUS ON COACHING SKILLS

This focus on coaching and a move to more continuous feedback is exciting for us. Based on our own experience, and the results above, we believe that a shift to focus on regular coaching conversations will drive a boost in both commitment and results for those who do it well. But there is always a gap between knowing what to do and doing it well.

As Archilochus said in 650BC—“under pressure, we do not rise to the level of our expectations, we fall to the level of our training.” In the absence of a clear road-map for how to hold these conversations and time to practice, leaders often ‘short-cut’ to telling instead of stepping back and thinking about what questions will be most effective to build commitment to change.

So, how can leaders work with their people to ensure they have a system for frequent conversations and coach them to both ask for feedback and be open to hearing it?

It starts with CLARITY. In other words—does the person you are coaching have a clear picture of what is expected and how they will contribute? »

Asking questions such as:

- 1 What do you want to accomplish with this project/task/assignment?
- 2 What would success on that look like? What results would have to be achieved?
- 3 What do you think it will take to get there? What strengths will you tap into?
- 4 What challenges could derail you?
- 5 What do you need to learn/develop?

Then questions to ensure people have a gameplan for developing their COMPETENCE. Important to note that feedback is key to someone increasing their competence. You may not be the best person to give feedback, peers may see more of their work. This means most of your coaching will be on ensuring your people have good feedback loops built into their gameplan.

Asking questions such as:

- 1 How will you build your skills in this area?
- 2 Who can give you the feedback you need?
- 3 How will you ask for feedback?
- 4 What will you need to manage in yourself to stay open to hearing this feedback?
- 5 What feedback would you like from me?

Finally, as developers of others we know that people often want to revert back to old ways or stick with what they are already good at. For them to move through that uncomfortable place at the beginning of the learning curve we need to be asking questions to build RECOGNITION.

Questions such as:

- 1 How will you benefit from this change/new skill?
What would the benefits be if you could do this?
- 2 How will you see your progress?
- 3 What support would you like from me?

THE CRITICAL ROLE YOU PLAY DURING THE TRANSITION

Every organization will create their own performance management process. It will most likely continue to include some forms and processes that are essential for evaluating, compensating, and promoting people, and these will vary from company to company.

What will be a constant across organizations, and the foundation of any successful future system, will be regular coaching conversations that help people gain clarity on expectations, build skills or confidence where required and have people pause long enough to reflect on their progress as that is what is truly motivating.

So as your organization is reconsidering their performance management system—what can you as a leader do to up your game?

- 1 Start by ensuring your people have clarity on performance expectations, their unique strengths, and what they need to improve in order to get better both within their current role and beyond
- 2 Ensure there is a focus on learning, that people are good at the skill of feedback—both giving and receiving
- 3 And finally, you need to recognize the value of being in that uncomfortable place at the bottom of a learning curve and support your people as they move through it

If leaders can move from a reactive role of critic to a proactive role of coach, everyone wins. If we can frame feedback (for ourselves and our people) as information to help us get better, we will become more receptive to hearing it and create a culture of feedback that drives our performance and growth. In short, forms don't drive performance—but conversations can.

Peggy Baumgartner is the Director of Training at Performance Coaching. She can be reached at peggy@performancecoaching.ca.

Copyright © 2016 Performance Coaching Inc. All rights reserved.

JOIN US ON DECEMBER 9TH IN TORONTO

—
Peggy and PCI founder Peter Jensen will be hosting a discussion on this white-paper over breakfast on December 9th in Toronto.

We'd love for you to join us.

—
DETAILS AT:

www.performancecoaching.ca/en/beready