Performance Reviews:

One size fits none?

Your performance management processes are not fit for purpose: employees don't want them, managers don't value them and they're not making any meaningful difference to your organisation.

At least, that's what the media has been telling us lately. But is it true? And if it IS true, then what should you do about it?

*By Derek Carter, **thrive** Consulting.*
www.thrive.ie

What's happening?

Like it or not, there is undoubtedly a performance management revolution underway. And it's not just happening in a few maverick high-tech start-ups filled with Gen Y employees. Instead, we're learning that *big* changes are being made by large, long-established, international companies.

Harvard Business Review and The Washington Post have detailed how Microsoft, Deloitte and Accenture, have comprehensively re-invented their processes. Medtronic, Gap and Adobe have taken similar steps. Accenture CEO, Pierre Nanterne, declared "We're going to get rid of probably 90 percent of what we did in the past… The process is too heavy, too costly for the outcome… And the outcome is not great."

> *"Like it or not, there is undoubtedly a performance management revolution underway."*

Get rid of 90 per cent!? That's a pretty drastic change.

Isn't it better to carefully evolve; testing and iterating as we go? Aren't we in danger of throwing the baby out with the bathwater if we change *everything* we've been doing, losing the good parts along with the bad?

In search of answers and insights, and to challenge my own biases as a performance management consultant, I reached out to five other senior professionals. With decades of collective professional experience, they have designed, implemented and managed performance and talent management processes for thousands of employees in companies that include Vodafone, Heineken, Stryker, Kefron and more.

Now, this article won't be pulling back the curtain on the specific practices of those companies, so I need to say that all opinions presented here are strictly personal, and are based on the contributors' accumulated experiences (including mine!) from numerous workplaces over the course of their careers.

So, on the premise that 6 brains are better than one, hopefully our combined take on things will give you both food for thought and practical advice regarding your own approach to performance management.

Meet the panel

Here's who you'll be hearing from *(full profiles can be found at the link shared at the end of this article)*:

| Sinéad Marron	Louis Efron	Dara Neary
Organisational Enablement and Communication Lead, Vodafone	*Thought Leader, HR Executive & Author*	*Organisational Development Manager*
Barbara Carroll	**Stephen Connolly**	**Derek Carter**
Head of HR, The Kefron Group	*HR Director*	*Learning & Organisational Development Consultant, **thrive** Consulting.*

Although these conversations covered a lot of ground, I've shaped this article around 3 central questions, as numbered below.

1. What's the real state of performance management right now?

"Managers understand it and mostly buy-in, but after that, levels of ownership and effort depends on the individual managers". This is Sinéad's experience, which very much reflects my own, i.e. that there are usually mixed levels of buy-in.

Likewise, for Barbara, "Having received plenty of training over the years, both managers and employees are usually quite comfortable and capable with the process, but consistency is the challenge. Some managers need to be forced to use it, and others are miles ahead in terms of ownership."

Why such an uphill struggle? Well, Louis holds the strong belief that the traditional annual review process "…does not work and few like it. [Reviews] are usually poorly written, not given the appropriate time commitment to write or deliver and are forgotten soon after communicated." No wonder so many managers can't or won't make the time for it.

58%

"Performance Reviews not an effective use of time"
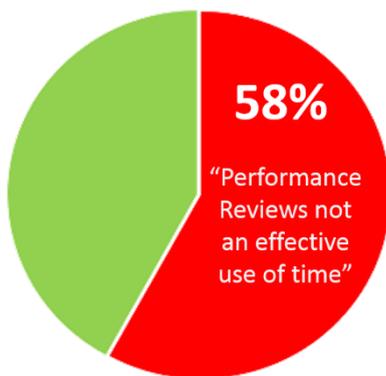
In 2014, Deloitte surveyed almost 600 executives across the globe and, in a trend that reflects Louis' comments, found that more than half say it's not an effective use of time.

Here in Ireland, the IITD's own Talent Management survey stated, in August this year, that when presented with a list, the issue of most concern to respondents was "Doing Good Performance Management". It goes on to say that, worryingly, when asked about losing good people they would prefer to hold onto, "…one in four respondents recorded that this happened frequently, with a further 40% noting that this takes place sometimes."

"We've become obsessed with *the system* and this is not necessary. It's just that managers haven't traditionally been equipped to have these types of conversations", explains Stephen. Dara echoes this: "What I have found in most companies, historically, is that there was either no process in place for performance management, or a rigid over-reliance on whatever process *was* in place. I've often seen a great reluctance to have courageous conversations and to assign ratings to people's performance, ability or behaviours".

It's not all bad of course, and numerous benefits are being enjoyed, such as, according to Sinéad, "better line of sight to company strategy and, importantly, the customer journey". Barbara adds that "People can see clearly where the company is going, as well as where their role fits into the overall picture". "Ongoing dialogue, with feedback", says Dara, "is the MOST important thing. A good process ensures that there are no surprises at the end of the year".

Whether you believe it's totally broken, or that it's just falling short of its potential, it's clearly time for us to take a good look at our performance review processes.

2. What are the main challenges?

It became clear that the barriers to getting maximum value from the process boiled down to 2 main issues: the process itself, and the managers charged with using it.

It's all too much.

"For managers, the biggest challenge is meeting the demands of the day-job and the need to constantly prioritise", shares Sinéad. Most people mentioned the timing of the process. Often scheduled for end of year, this puts increased pressure at a time that can be stressful already.

"In some ways, we consultants and OD practitioners are to blame: we have over-complicated the process."

Added to these challenges, Dara feels that "In some ways, we consultants and OD practitioners are to blame: we have over-complicated the process. But it's a balancing act, because without some structure and calibration, there is an inclination to default to the middle, when it comes to rating performance."

I know in the past I've made the mistake of trying to shoehorn IN as much as possible, in a bid to extract maximum value OUT of a performance management process. In trying to deliver value to the business, maybe we've forgotten that the best way to do this is to deliver value to its employees through a simple process designed for *them* and what *they* need.

Our job, then, must be to lighten the load and focus on the users.

Managers – especially new ones – are ill-equipped.

Louis highlights that "Well-trained and skilled managers will yield happier and more productive employees, less turnover, and deliver better results for your company." That's the key: it's making sure that managers are well-trained and skilled *in the right things*.

The reality is that managers are almost always promoted for their technical or functional ability and track-record, not for their people skills. Companies are then unleashing them to have fairly sophisticated conversations that have the opportunity to really accelerate, or, unfortunately, horribly undermine top performance.

Stephen explains: "If we don't develop their ability to have these conversations, they either adopt the same approach that was taken with them by their manager (which is not always ideal), or they simply give it their best shot in those first performance meetings. Then, these behaviours – whether they were effective or not, become habit."

And if there's one thing we know in the training world, it's that habits are very difficult to unlearn.

All contributors listed numerous training modules that should be completed, from coaching, to goal setting, giving feedback, and learning about the process itself, but I noticed something else too. Everyone invested time, money and effort into support and accountability mechanisms that developed the managers' skillset. HRBP or talent management professionals stayed close to them on the job. They were shown what good looks like and supported in the early stages of learning these important skills.

Sinéad suggests that this is the solution to the uphill battle described earlier, "Invest in the creation of good people managers and they will reach for the process themselves".

A once-off training course on 'how to fill in the form' is just not going to cut it.

3. So, what needs to change?

To overcome these two barriers, Deloitte, Accenture, et al are removing or replacing almost every bit of structure from the process. If you like, and to finally introduce the fashion analogy alluded to in the title of this article, they have dumped their entire wardrobe, and undergone a radical makeover (for full details of what they're doing, visit the link at the bottom of this article).

Is that what the rest of us want and need? Surely, even if we want these new clothes, we have to wear something in the meantime?!

For most of us, the danger will not be that we change too much too soon, but that we change too little too late, convincing ourselves (to keep the fashion analogy going) that a new shirt, or scarf will be enough to re-invigorate things. Or that, worse again, offers Stephen "fear of the downside will stop people changing anything at all."

The answer lies, it seems, in a sensible middle ground of conscious, calculated, but nonetheless courageous change.

First I asked the panel what elements should NOT be touched when revising the process. They were unanimous on only a small few things, which can, I feel, be combined into this working definition for the future:

"At its core, a good performance review process ensures timely, ongoing dialogue which includes usable, constructive feedback on behaviours as well as clear performance goals, and helps the employee to reach and sustain top performance."

Interestingly, it seemed that everything else was up for grabs. The "how?" for achieving the above was far less uniform across the panel. Aspects of exact timing, documentation, data gathering, rating and/or ranking, self-assessment, and reward – these all elicited a variety of thoughts and preferences. Not that people were ambivalent towards their methods (in some cases they held passionate beliefs), but the point is that they were in some cases wildly different to the others.

And, having reflected on this, I think that's the point. There IS no single way to do this. No off-the-hanger solution.

Whatever your process ends up looking like, if it is to be fit for purpose and have longevity, it needs to be well crafted and tailored for its users.

Takeaway 1: The future is tailored

Change is definitely needed, but the solution also needs to take your reality into account, so you'll need to use the measuring tape before you use the scissors and sewing kit! *(Ok, I know I'm labouring this fashion thing, so I'll stop now!)*

If your process (or parts of it) is not working, then examine it closely with my working definition, above, in mind. "The tools and forms should serve to *facilitate* the conversation – not overshadow it" Dara reminds us.

The first step is to take stock of your existing and desired culture, your managers' and employees' levels of readiness and ability, what process you currently have in place and how well it's working for everyone. Then you can consciously decide whether to repair, revamp or replace altogether – rather than being tempted to follow a trend that might not work for you, just because it's headline news.

"I believe that performance management will still be important", predicts Sinéad, "but it will be a more ongoing process which allows more tailored recognition and development. I'd love to see it happen, for example, at the end of every major project, rather than at one fixed time per year that is dictated by the organisation".

To which, I'd add Louis' comment that "There must be a deliberate and on-going attempt to make your employees better. The process needs to be consistent, ongoing, future focused and real time… and it has to apply to everyone in the organisation".

Technology helps in this regard, as Barbara suggests "There needs to be more leverage of the technology available. If organisations can utilise this to involve people in the process, it will not only be more efficient and effective, but they would enjoy greater levels of passion and healthy competition around performance."

For sure, this will require time and effort, but the biggest difficulty lies in changing how we view, and treat, our managers.

Takeaway 2: The biggest challenge is trust.

Although there's nothing really radical in the *approach* being recommended by our pioneering friends at Accenture and Deloitte (after all, they are simply recommending regular, quality conversations), what *is* radical is the level of trust they are showing in their managers.

"What's needed is a move from a culture of control to one of trust. And, in truth", comments Stephen, "this needs both the c-suite and HR, with the c-suite creating the 'pull' or demand for it and HR providing the implementation skills. If it's HR trying to push or force it in, the change just won't happen. It's our job to educate the leaders, get buy-in and work alongside them."

Dara gives voice to one of my concerns when she comments that "Deciding on the level of trust and autonomy to afford the manager in this situation is like walking a tightrope. We don't want to perpetuate a parent-child relationship, but not all organisations have reached an 'adult-adult' level with their managers".

"Ideally, we would see more informal, regular conversations" shares Barbara, "but we need to be mindful of the need for some level of governance. The challenge will be how to "allow" or encourage more independence and flexibility, yet still maintain standards and consistency across the process." I think Barbara is spot on in choosing the word "governance". It's not that we want rules in place, but we do need reassurance that it will adhere to good, fair and legal practice.

This was a common thread in my conversations. Louis, in his Forbes article (see link below) forces an honest look in the mirror by commenting "HR departments don't always trust this exchange to happen without forcing everyone through a formal process". It's hard to argue with that, although, you are probably thinking 'there are good reasons for that!' That said, it's part of our role as HR, OD and L&D professionals to drive this change; to shift this mind-set to the one we need, not just work with the one we have.

You can follow the link below for some concrete next steps, but for now my closing piece of advice to you, having spoken to these 5 experts is this: It's definitely time to bring your process up to date, but please, whatever you do … **measure twice and cut once**.

© Derek Carter, **thrive** Consulting
www.thrive.ie

Sources & Resources

For a full list of source articles, further reading and full contributor profiles, visit www.thrive.ie/more.

There, you can also download **thrive**'s free pdf:
"10 Practical Steps to Evolving Your Performance Management Process".

Author Profile

With 15 years' experience at an international level, I've designed and implemented training, performance management and employee engagement solutions for thousands of employees, at all levels. I've been Learning & Organisational Development Consultant at **thrive** Consulting Ltd since 2013. You can find full details of my experience on my LinkedIn profile.

Thanks for reading!

Company Profile

thrive Consulting help individuals, teams and organisations to build better relationships and improve their performance so they can achieve their goals. They bring value to clients in all sectors through People Development, Organisational Solutions and MBTI® Expertise.

Click the photo to meet the rest of the team and see where we might fit into your world!