

To Review or Not to Review

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Should we rid ourselves of annual performance reviews? Are we even asking ourselves the right question? The trend to eliminate annual performance reviews is part of a growing effort to innovate performance management practices.

Does not meet expectations

The annual performance review process: Every level of the organization experiences it, but often the process leaves people feeling demotivated, with unclear direction. Employees spend a lot of time writing self-assessments, gathering documentation, and receiving feedback. Leadership spends a lot of time reviewing documentation, analyzing data, and conducting reviews. In the end, both groups often struggle to understand their return on investment.

To address the disconnect between task-oriented processes, workforce engagement, and employee development, companies are beginning to re-evaluate performance management to better meet the needs of the business and employees. The days of “evaluate and rate” are being replaced with “engage and grow.”

The market is setting the tone for big changes, with a shift to creating a customized performance environment that fits the corporate culture and delivers the organization’s desired outcomes. This article will highlight common performance management pain points, current trends to change practices, and ideas for how to initiate an organization’s performance management transformation.

What employees value during performance management evaluations

Humans have an innate desire to understand their performance and their areas for improvement.

Throughout the performance review cycle, employees value:

- Clear expectations and transparency
- Specific examples of behaviors, both positive and constructive
- Unbiased assessment of strengths and development areas
- Actionable feedback from someone they respect and trust



Needs improvement to meet expectations

The traditional performance review processes may not be as effective or purposeful as they once were in delivering value—if, in fact, they ever did. Furthermore, in a recent Jabian Human Capital survey, 22 percent of employees interviewed indicated that they do not receive an annual performance review. If employees do not understand their performance levels, how can organizations expect to improve individual performance?

Ineffective performance management processes cause notable pain points across an organization, including:

LACK OF TRANSPARENCY

The performance management system is not easily understood, leaving room for interpretation that breeds mistrust. Processes are tightly governed, with little insight into how employees are evaluated.

OUTDATED FEEDBACK

Review discussions are often static and narrowly focused on recalling past events, causing feedback to be irrelevant.

EMPHASIS ON WEAKNESSES

Developmental feedback is largely focused on weaknesses. Positive contributions, if acknowledged, receive limited focus and are often excluded as part of the guidance given for further development.

MENTORS WHO ARE NOT INVESTED OR SKILLED

Infrequent mentee engagement fails to capitalize on mentoring opportunities and to deliver the support employees seek. In addition, a lack of coaching skills leads to an ineffective mentor relationship.

MISALIGNED GOALS

Organizational, functional, and individual goals are often disconnected and tend to lack connection to an individual's role, competencies, skills, or passions. In the same Jabian survey, 41 percent of leaders, managers, and employees believe they never or rarely have the opportunity to develop the right skills and knowledge for their functional domain.

SUBJECTIVE BIAS

The design of performance management systems can create opportunities for reviewer bias. This bias leads to unreliable performance decisions and creates further confusion and distrust for the employee.

If left alone, ineffective performance management processes will continue to create similar, unnecessary points of friction. The good news: These issues can be addressed, and organizations are already making changes.

Meets expectations, showing improvement

Over the last year, a number of companies made headlines by transforming their annual review and performance management processes. Companies moved away from antiquated, non-value-add performance processes to initiatives focused on delivering more value to both employees and the organization. These changes, as well as other trends in performance management practices, include:

When evaluating how to change an organization's performance management processes, it is critical to not simply copy the actions of other organizations.

SIMPLIFYING OR ELIMINATING THE FORMAL ANNUAL REVIEW PROCESS

Organizations said the results of their reviews did not justify the large costs associated with them. Organizations are scaling down annual review processes, and will use periodic reviews to inform compensation adjustments, promotions, and other human capital decisions.

INSTITUTING CONTINUOUS REVIEWS WITH A FOCUS ON COACHING

Firms that implement continuous review processes rely on frequent and purposeful interactions between an employee and a coach. In this model, the coach is the key to creating a productive performance environment. This role should not be underestimated. Organizations adopting this model must make a commitment to developing and supporting effective coaching practices.

ENDING FORCED BELL CURVES

Companies are putting an end to forced bell curve practices, effectively ending the rating systems as they exist today. Instead, the rating system will take on a more beneficial format. For example, an organization may evaluate an employee across a competency matrix to highlight strengths and development areas. Managers use the matrix to guide feedback, assess progress, adapt goals, and inform human capital decisions.

INCREASING FOCUS ON EMPLOYEE DEVELOPMENT

Firms are increasing focus on the growth of the employee. Rather than spending a lot of time and money on areas where employees may not be suited to develop skills or may not want to grow, organizations are attempting to maximize investments by supporting individual aspirations.

IMPROVING GOAL ALIGNMENT

To achieve a common purpose, goals must align across the organization. With an increased focus on goal alignment, employees have a clearer understanding of their value in the organization. It is critical, however, to strike a balance between top-down goals and goals that align with individual career goals.

Importance of effective coaches

The coach is responsible for delivering career development guidance, along with timely feedback to mentees. Organizations should deliver programs that allow coaches to develop and practice their skills. Inadequate or inconsistent coaching can break the performance process, jeopardizing the results.

When evaluating how to change an organization's performance management processes, it is critical to not simply copy the actions of other organizations. To make an effective change, a company needs to assess the organization's culture and values, performance management pain points, and the needs of its employees and leadership to design the right performance management system.



How will you be rated? Do you need to improve your performance management processes?

Things to think about:

- Do employee contributions align to goals, values, and initiatives of the organization?
- Is there transparency in the evaluation and feedback processes?
- Does your organization provide frequent and valuable coaching?
- When you have development discussions, do they include future-facing guidance?
- Are you retaining your top performers?
- Do employees feel motivated from performance management processes?

If you answered “no” to any of these questions, your performance processes should be assessed.

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Exceeding expectations

Changing established performance management and annual review processes can create significant discomfort for both employees and leadership. Recognition of the discomfort and challenges involved in the transformation can lead to accepting the status quo. However, in order to reinvent an organization’s performance management processes, it is important to get started and begin to alleviate pain points.

TO MOVE PAST THE STATUS QUO, CONSIDER THE FOLLOWING STEPS TO CREATE VALUE IN YOUR PERFORMANCE MANAGEMENT SYSTEM:

- Understand what your organization and employees value. Whether you gather that information through surveys, focus groups, or interviews, the employee voice is critical.
- Analyze employee feedback and other data points from HR to review your unique pain points as a leadership team.
- Develop a strategy to address pain points.
- Implement small changes or pilot groups to test and validate your approach.
- Look for quick wins to keep momentum going and support long-term adoption.
- Communicate, communicate, communicate so employees and managers understand why change is occurring and why the new performance processes are an improvement over previous practices.

Today, the push is to create an environment where employees can build a “career by design” that is less focused on task-oriented processes. This transformation drives engagement, innovation, and productivity. The key is recognizing the need for change and initiating a movement to improve performance management at your organization.