



It's Time for an Employee-Centric Approach to Managing Performance

By Barbara Cheung and Mark Dillard

Performance management practices need to inspire employees to be their best — starting with a culture of continuous improvement and engaging, involved leaders.

Mention the phrase “performance management” while roaming the halls of your organization and you’ll likely be met with a groan or, perhaps at best, a quiet shrug.

It’s become synonymous with the dreaded performance review. Typically characterized by an end-of-the-year scramble to gather feedback, complete the required paperwork, schedule and conduct a “review discussion,” document results of that discussion, and finally, submit to HR for review and tacit “approval.” All of this being done reluctantly while also performing one’s day job.

Even done well, this assumes the person preparing and conducting the review is doing so with good intent (the development and growth of their reviewee) and has the skills and right tools to create a positive, constructive experience for the employee.

It’s time for a major overhaul.

We need to reimagine how we manage and grow talent. It starts with recognizing that we’re dealing with people, not “resources” or “assets.” Doing so means treating them as individuals with unique talents and ways of contributing to the success of the organization. It also means appreciating they have aspirations and goals for growth within, across, and above their current role.

It’s time to take an **employee-centric approach** to managing performance.

Today many employees have more choices and mobility in their careers. As a result, companies are focusing on all parts of the employee experience to make sure people are engaged, rewarded, and connected. Central to this overall employee experience are the opportunities organizations create for people to thrive and grow. The traditional approach to performance management, one that is more transactional than growth-oriented, typically falls short of delivering on this promise for employees. Shifting

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to an employee-centric focus for managing performance is core to creating that engaging employee experience.

Layer into this the shifting context of an increasingly hybrid work environment, and it becomes even more critical to ensure your employees both know where they stand and are acquiring the coaching and resources needed to grow their capabilities.

A DIRECT LINE OF SIGHT TO YOUR ORGANIZATION'S STRATEGIC PRIORITIES

It all starts with a strategic view of what skills, capabilities, and behaviors are critical to successfully execute the organization's strategic priorities. What do people need to do to drive success for the organization while also pursuing opportunities to grow in and beyond their current role? The key is to strike the right balance of capabilities that are important for the organization to execute on current initiatives and priorities, and future areas of growth based on a longer-term strategic view.

Once those high-level measures of employee success are identified, you can begin to structure a performance management approach that engages people to understand where they stand against those measures. It also

means developing the right catalysts to drive personal and professional growth — which is a combination of continuous feedback, a culture of empowered employees, and systems of flexible rewards and recognition.

And none of this would be possible without the right leaders in place. Today, employees want managers who are effective coaches that equip their people with the skills to take the lead in managing their own careers. Managers who cannot career coach, help employees upskill, or position them for internal upward mobility might as well be considered co-workers.

Key Components of an Employee-Centric Performance Management Approach

INCORPORATING CONTINUOUS FEEDBACK AND THE ROLE OF EMPATHY IN PERFORMANCE MANAGEMENT:

Many organizations in recent years have made the shift to a continuous feedback model in lieu of, or in supplement to, their annual performance reviews. This coaching-based method involves managers having regular discussions with employees about performance and their future career development. However, this

is not exactly a new concept. In fact, any cursory Google search of "performance management" best practices will bring forth at least several articles and thought leadership pieces promoting these types of regular conversations between managers and employees.

But simply checking in with employees and providing a few points of feedback is not enough. What makes the continuous feedback model employee-centered is having the appropriate style and approach to each conversation. Each manager-employee one-on-one touch point should collaboratively accomplish the following:

Highlight specific and timely feedback about things that the employee is doing well.

Review the required capabilities for the employee's role. Have they evolved? Do they align with organizational priorities and the employee's development goals?

Review and agree on performance expectations and areas of development.

Define clear next steps and assign actions for both parties.

The human connection fostered through continuous feedback and open communication is also a tool to build empathy into an organization's performance management approach. Empathy and performance should not be mutually exclusive. When leaders strike the right balance between the two and take a genuine interest in their employees' well-being, it can lead to a boost in employee engagement, productivity, and retention. In addition to the continuous feedback discussion points highlighted previously, consider weaving in the following to add the element of empathy to the conversation.

Don't center all conversations around productivity. Establish an openness to talk about challenges and successes both at work and in personal lives.

Ask employees what support they need from leaders — work-related or otherwise.

Show willingness to invest in an employee's success but empower them to take the lead.

EMPOWER EMPLOYEES TO OWN THEIR PERFORMANCE OBJECTIVES AND THEIR CAREERS:

Employees need to know what success looks like, and that starts with setting clear and attainable goals. However, this goes beyond simply telling employees to set SMART goals and checking in every so often. As managers are taking the time to continuously review performance expectations and required capabilities for employees in their roles, be sure to clearly connect those items to the bigger picture.

Employees need to see how their role is aligned to the mission and purpose of the organization in order to set goals and personal objectives that align as well. Employees who believe they can

align their goals to the organization's goals, and who are involved in the goal-setting process, are in turn going to be more engaged at work.

Then, help employees create their own goals that are both fair and challenging. These goals should ideally be a mix of subjective initiatives (behaviors, ways of working, qualitative traits) and objective data-based targets (KPIs, performance metrics). In other words, a balance of personal/professional developmental goals and role performance-based goals. The act of setting personally meaningful goals can be motivational in and of itself.

Once goals are set, give employees the tools they need to track their own performance, and thereby manage their own careers. In the simplest sense, this can be consistent transparent feedback along with access to pertinent performance data being tracked against goals. Organizations might establish an internal process for this or utilize performance management software on the market to facilitate.

To offer a more forward-looking perspective, generative AI is also poised to disrupt how organizations conduct performance reviews and support professional growth. Regardless of the methodology or technology utilized, it is important to keep in mind that human judgment and empathy need to be present in any holistic review approach. And for the approach to be employee-centric, that entails transparency for the employee about the tools available to them, and leaders who can effectively deliver real-time feedback.

Emerging, but employee-centric, trends being explored in which AI is changing the performance management landscape:

Serve as a productivity aid. Aggregate performance data across multiple mediums (e.g., written commentary vs. numbers-based metrics) and synthesize performance feedback to assist in targeting areas of strength and growth.

Aid employees in visualizing or mapping professional development and upskilling opportunities based on modeling off existing skills, strengths, and weaknesses.

Steer development by flagging high performers ready for reward or suggesting learning opportunities for those falling behind.

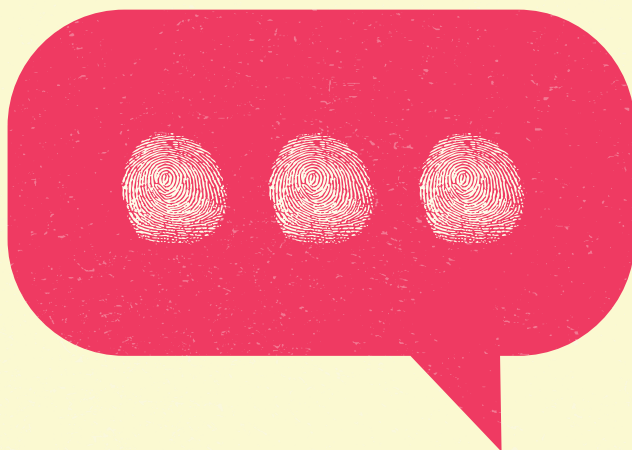
Use past performance data to predict outcomes in future roles or responsibilities.

RETHINK REWARDS AND RECOGNITION PRACTICES:

After aligning goals and implementing a continuous feedback model, organizations need to next look into aligning their rewards systems with this new agile performance management mindset. Most companies still follow the conventional practice of reviewing salaries just once a year, even after they've retooled their performance management strategies to be more continuous. This creates a timing misalignment between performance and reward. Rewards and recognition practices need to evolve as well — and it's key to listen to what employees want.

Organizations can create a system of flexible and personalized rewards when they understand what motivates their employees and suits an increasingly diverse workforce. For example, traditional rewards programs might focus on compensation, health insurance, and sick/vacation leave, but exclude elements such as flexible reward options, recognition, development opportunities, or more personalized incentives.

Also, it has been shown that employees who will respond favorably to regular small rewards (incremental bonuses, points systems, thanks, and praise) are much more engaged than those who only receive compensation and bonuses annually.



WHAT MAKES THE CONTINUOUS FEEDBACK MODEL EMPLOYEE-CENTERED IS HAVING THE APPROPRIATE STYLE AND APPROACH TO EACH CONVERSATION

A prime example is peer-to-peer recognition programs, like Zappos and their “Zappos Dollars” where employees can give each other redeemable dollars for prize items or charitable initiatives. Cisco’s Connected Recognition program also allows employees to nominate each other for small monetary rewards throughout the year and is funded at 1 percent of payroll. Timeliness is key when aligning regular performance feedback with rewards and recognition practices.

FROM MANAGERS TO LEADERS

It is not enough to retool a performance management model and expect results. But rather, managers and leaders in the organization must be equipped to deliver on an employee-centric performance management approach. People managers become effective coaches and leaders when they move beyond having frequent conversations just focused on work and can connect with employees authentically and build an individualized understanding of each person.

Just as employee role expectations need to be regularly reviewed and defined, so must the expectations of the manager role. Too often, managers are asked to prioritize administrative, operational, or strategic planning duties over employee growth and development. This is a shortsighted strategic misstep, impacting the productivity, retention, and well-being of your employees as well as the long-term competitive viability of the organization.

Organizations have a clear role in supporting this. They must first commit to holding managers accountable for carrying out these critical parts of their jobs. Second, they must invest in resources and learning programs for people leaders so that they can effectively coach for performance improvement and connect employees to the right professional development and learning opportunities in alignment with their goals.

In short, if your managers aren’t prioritizing their employees’ performance, growth, and development, then they aren’t fulfilling their role as a leader. Or to be blunt, they aren’t doing their job.

CLOSING

Today’s employees want meaningful work and want to work for companies and leaders who see them as people first and provide them with opportunities to learn and grow. To make this happen, performance management practices need to inspire employees to be their best — starting with a culture of continuous improvement and engaging, involved leaders. Traditional performance management methods typically fall well short of this aspiration. A once-a-year review and reward system is not sufficient to engage employees, or agile enough to support ongoing development.

An employee-centric approach is an alternative that has the potential to meet employees’ demands and give them the tools necessary to improve and grow. This approach requires companies to build on existing practices but improve the way in which performance activities are conducted. This includes continuous coaching and feedback, timely recognition, timely rewarding of progress, and leaders who are effective coaches and champions of employees personally and professionally. Companies that take the time to learn about, invest in, and develop employees and leaders will attract better talent, retain talent, and be well-positioned to achieve organizational goals. ☉

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