



REINVENTING PERFORMANCE MANAGEMENT





“A dishonest annual ritual”

Helen Murlis

“It [performance management] is surely the very bluntest of all the very blunt tools in the HR toolbox. Yet, each year, we drag ourselves through the soul-destroying ritualistic charade that is the annual performance appraisal. This is not thoughtful or considered performance management. Let’s just not do it.”

Professor Rob Briner University of Bath

“Managers and employees in the IES study not only found the PM process complex and bureaucratic. They felt this completely masked its fundamental purpose.

The commonest criticism by both managers and employees was that it was a box ticking or form filling exercise.

The loudest message from HR and senior managers is of the need to get the forms filled in on time – a message about administrative compliance.

So again in a real sense HR is asking for form-filling, so should not be surprised when managers say it feels like form-filling!”



WHY HAS IT GONE WRONG?

- Poor design
- Complexity
- Poor implementation
- Inadequate training
- Poor support from management
- Lack of a high performance culture

THE BLAME GAME

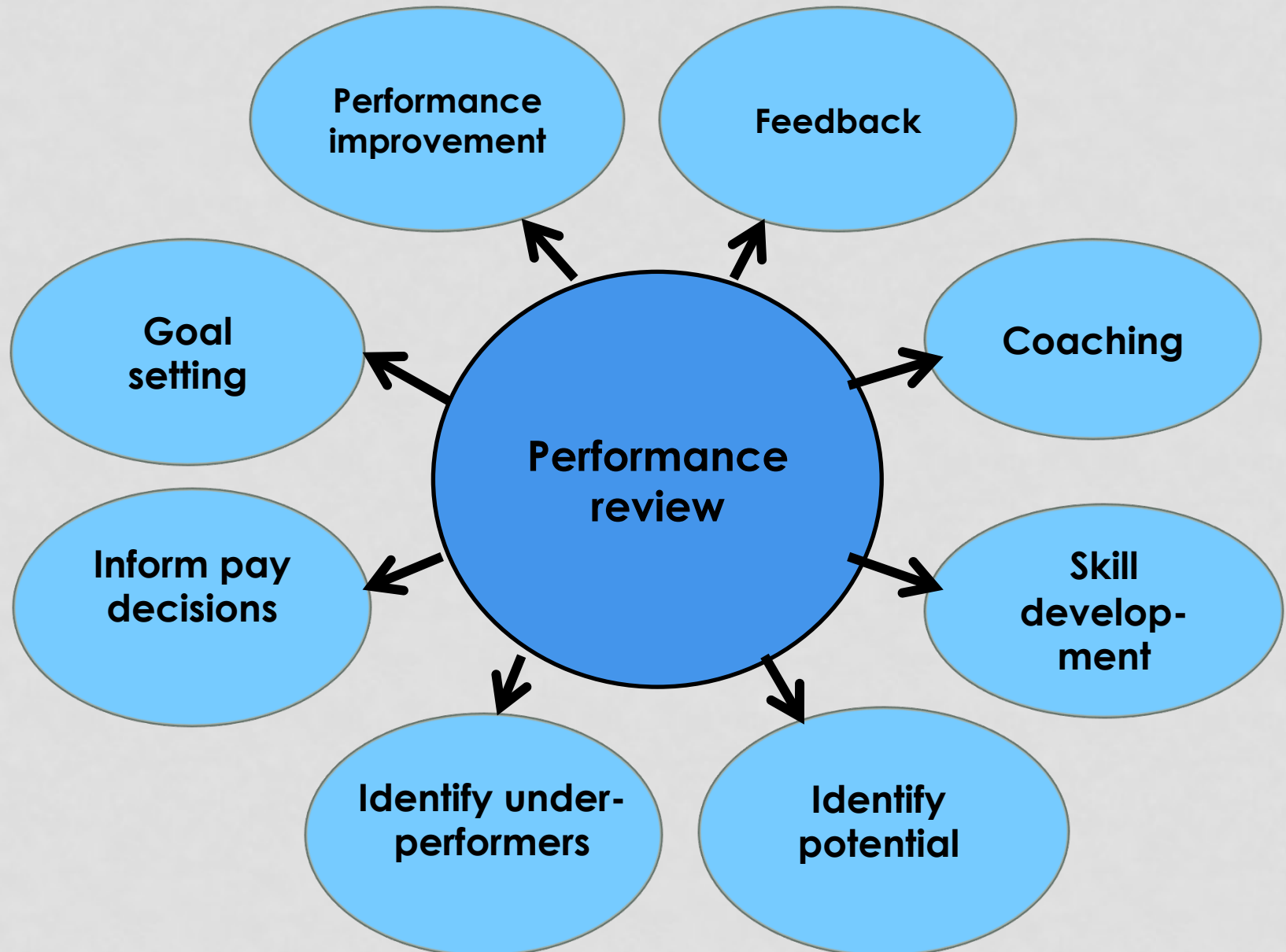
HR blames line managers

Line managers blame HR

“Performance management is seen as something you do to keep HR quiet. It’s seen as owned by HR not about how you manage people properly.”

Line manager interviewed by Dilys Robinson

PERFORMANCE REVIEWS: MULTI-TASKING



“All singing, all dancing performance appraisal...requires managers to review a wide range of content (reward, training needs, business alignment, etc) and to use multiple processes (eg personal development planning, performance ranking, potential assessment etc), but also to apply different modes of management - appreciation, evaluation and coaching – which can be very tough on them to deliver.”

Peter Reilly Institute for Employment Studies

A photograph of a sunset with a large, bright orange sun in the center. Silhouetted branches with dew drops are in the foreground, creating a layered effect. The text 'Performance management reinvented' is overlaid on the right side.

Performance management reinvented

RESPONDENTS TO THE 2014 E-REWARD SURVEY OF PERFORMANCE MANAGEMENT:

“We removed the need for individuals to be awarded a performance rating e.g. Exceptional, good, poor etc. The link to a non consolidated pay award was also removed”.

“Moved from a forced distribution system to more qualitative developmental discussions.”

“Focus on conversations, moving away from a forced distribution curve. Aim is to engage our people, build trust and leverage greater potential value from the conversation.”

REINVENTIONS

Company	Replace annual performance review	Abolish ratings
Accenture	*	*
Adobe	*	*
Deloitte	*	
Gap	*	*
IBM	*	
Microsoft	*	*

GAP

“We really wanted to drive performance and engage our employees and I don’t think that a once a year, mostly administrative process that’s tied to a fixed distribution curve can do that.”

Rob Ollander-Krane, Senior Director, Organisation Performance Effectiveness, Gap Inc

“Traditional performance management effectively handcuffs managers by telling them they can only talk to their employees once a year, while ratings force them to put employees into a fixed number of categories.

We wanted managers to be more accountable for regularly assessing performance.

We also wanted people to not be afraid to tell the truth and have ‘real’ conversations.

And finally, we just wanted to make it as simple as possible – performance management doesn’t have to be complicated.”

Rob Ollander-Krane, Senior Director, Organisation Performance Effectiveness, Gap Inc

THE OLD AND NEW SYSTEMS AT GAP

Old system

'Focal'

- Complex goals set at beginning of year
- Annual review
- Ratings



New system

'Grow, perform, succeed' (GPS)

- Simplify goal setting.
- Monthly 'touch-base' meetings.
- No ratings

TOUCH BASE MEETINGS AT GAP

12 informal, undocumented conversations about performance over the course of the year:

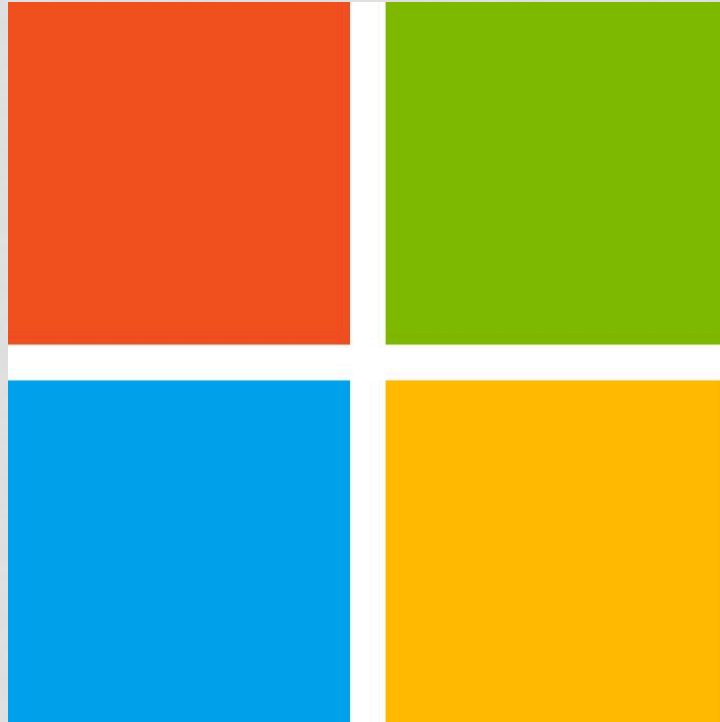
- Discuss any aspect of performance.
- Employees revisit their goals to make sure they are still relevant.
- Discuss questions such as
 - Are they learning from their successes and failure?
 - Are they demonstrating the values of the company?
- Talk about their key working relationships and their career aspirations

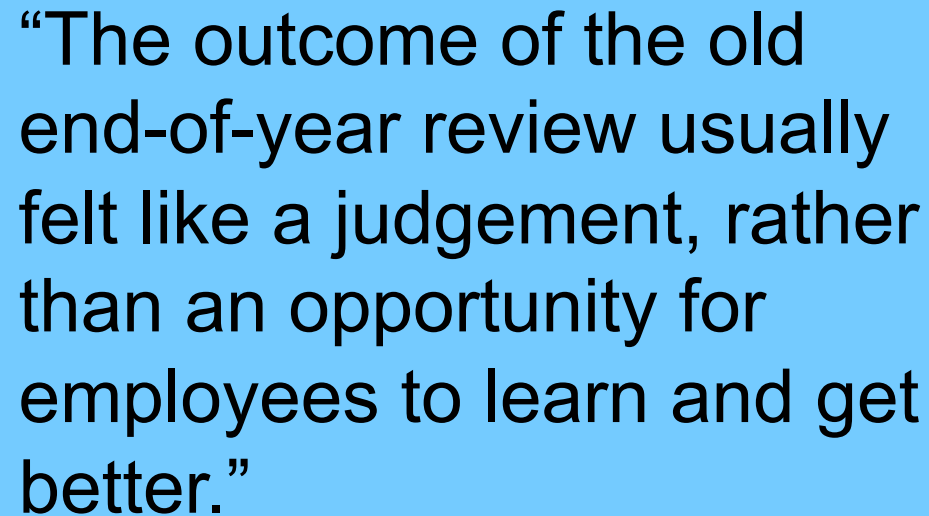
OUTCOME AT GAP

Online survey	
Question	Response
Have you had at least one touch base per month for the last quarter – yes or no?	90% said yes
Are these conversations helping to increase your level of performance?	Average score = 4.1*
Is your manager helping you to learn from your successes and failures and to apply that learning to the future ?	Average score = 4.2*
Does the way in which your manager gives you feedback make you want to get more feedback?	Average score = 4.2*

On a scale of 1 to 5, with 5 being the highest

MICROSOFT





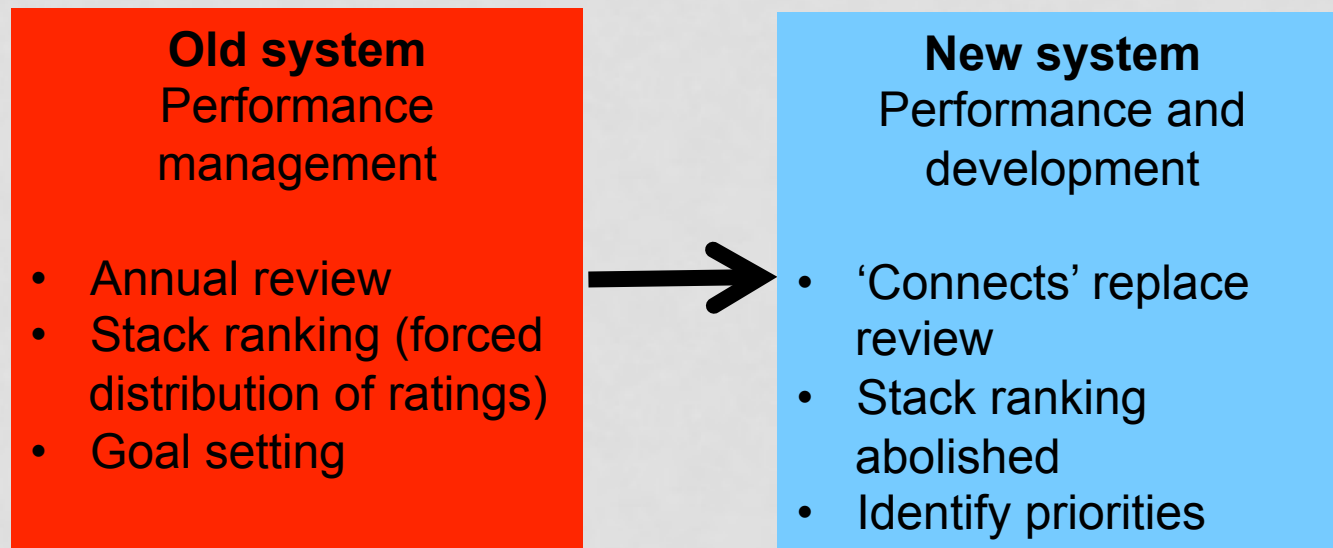
“The outcome of the old end-of-year review usually felt like a judgement, rather than an opportunity for employees to learn and get better.”

Lisa Dodge, Director – Global Performance Programmes, Microsoft

“It was like a Swiss army knife of performance management – we were using it for everything from allocating reward to categorising talent. The ratings people received became an overarching label of everything anyone in the company felt they needed to know about someone.”

Lisa Dodge of Microsoft

THE OLD AND NEW SYSTEMS AT MICROSOFT



CONNECT CONVERSATIONS AT MICROSOFT

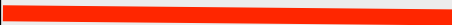
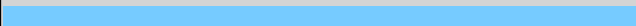
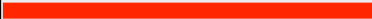
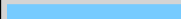

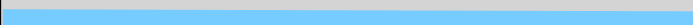


Two performance questions:

1. What impact did you have?
2. What opportunities were there for greater impact?

Two questions designed to help employees look forward:

- 1 What are your upcoming deliverables?
- 2 What will you do to learn and grow in the upcoming period?

OUTCOME AT MICROSOFT

Employee satisfaction	Before 50%	
	After 64%	
Employee dissatisfaction	Before 40%	
	After 20%	
Manager satisfaction	Before 49%	
	After 68%	
Manager dissatisfaction	Before 45%	
	After 18%	

WHERE DO WE GO FROM HERE?



AREAS FOR REINVENTION: A SIX POINT PLAN

1. Replace the annual performance review
2. Abolish rating
3. Decouple performance pay
4. Focus on development
5. Get rid of complex systems
6. Rely more on developing the skills managers need to manage performance

“So, the key for me is just one-to-one time, and they know what they’re aiming for, and we talk about it regularly. So it never really gets to the situation where there’s like a really great big formal sit-down to say let’s review everything you’ve done.”

Line manager interviewed by Dilys Robinson

“I think it’s regular dialogue...at least once a fortnight for an extended period of time, just one to one and just about them and the work they’re doing and what’s going on...just so that I understand what they’re doing and so I can give a bit of a steer or give them a bit of coaching if they need some coaching; help them if they want some help and support.”

Line manager interviewed by Dilys Robinson

“Every week I have a one-to-one session with people who work for me. And it’s half an hour; it’s the opportunity to talk things over with people. I say to people it’s your time with me. But, to be honest, it’s not just that; it’s me getting to talk to them.”

Line manager interviewed by Dilys Robinson



Is this the way ahead?

A SUGGESTION ON THE WAY AHEAD

Perhaps the best way to deal with the annual performance review issue, indeed the whole problem of making performance management work, is to get managers to act like those rather than compel them to conform to the bureaucratic requirements of a typical performance management system.

These managers are managing performance not operating a system.

The way ahead is therefore to abandon complex annual review dominated performance management systems, and select, develop and encourage managers to do just that.

Thank you

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References

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