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# 10 STEPS TO YOUR BEST PERFORMANCE MANAGEMENT YEAR YET

*Whether you're a manager or team member, performance reviews generally aren't something to look forward to. Managers often see them as little more than a box-ticking exercise, and employees worry about just getting through the experience unscathed.*

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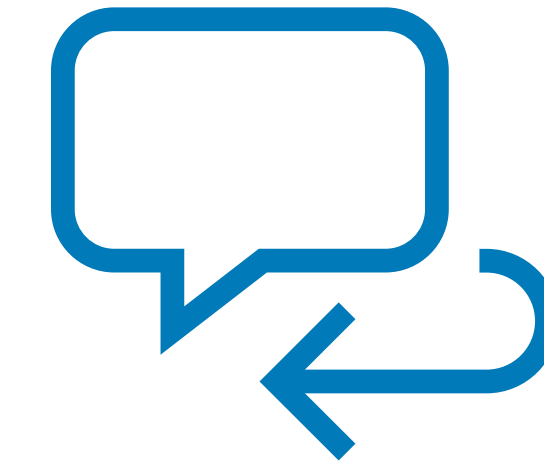
According to a [survey of Fortune 1,000 companies](#)<sup>1</sup> conducted by the Corporate Executive Board (CEB), 66% of employees were strongly dissatisfied with their last performance review experience. This is hardly surprising, given many organizations still rely on a single annual review with no further performance conversations throughout the year.

This is bad for both managers and employees. Managers are left stewing on performance issues for months on end, and employees can slip into bad habits without even realizing they might be doing something wrong. Then, when the annual performance review eventually rolls around, employees feel blindsided by any performance concerns, and managers get frustrated that it's taken so long to address any issues. In short, a lot of time is wasted and opportunities to improve are missed.



**66% OF EMPLOYEES** were strongly dissatisfied with their last performance review experience, according to a survey of Fortune 1000 companies conducted by the Corporate Executive Board (CEB).<sup>1</sup>

<sup>1</sup> People don't want to be compared with others in performance reviews. They want to be compared with themselves, Harvard Business Review.



## **ENTER CONTINUOUS FEEDBACK**

A more effective [approach to performance management](#)<sup>2</sup> takes the form of continuous feedback, which surfaces issues and positive behaviors earlier and ensures that everyone is on the same page. When performance is managed effectively, it has a positive impact on motivation, engagement and job satisfaction.

So what practical steps can an organization looking to embody modern performance management processes take? Read on to discover the 10 steps to your best performance management year yet, and reap the rewards of a more focused, motivated workforce...

<sup>2</sup> Agile Performance Management: How smart managers implement it, Totaralearning.com



# 1

## **BEFORE LOOKING AHEAD, LOOK BACK**

*At the start of your organization's fiscal year, thoughts will inevitably turn to the long-term and short-term goals and objectives for the coming 12 months, and how those goals are translated into team members' objectives. Depending on the organization, these goals may be high-level, overarching targets, or they may be shorter-term goals for each quarter.*

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But before rushing straight into a fresh set of goals, it's important to take the time to review last year's goals and whether or not they were reached.

From a performance perspective, this is about understanding whether or not the previous year went to plan, and if not, why not. Taking the time to reflect gives you valuable data and context before you start planning for the year ahead.

Were your previous goals too ambitious? Did circumstances change in the middle of the year? Was there some other business context that made meeting the previous goals particularly challenging (or no longer required/necessary?).

Equally, this is an opportunity to celebrate any achievements. If an employee met or exceeded their goals, this should be recognized.



# 2

## **ESTABLISHING A CLEAR VISION**

### **EMPLOYEE PRIORITIES: PAST AND PRESENT**

#### **PAST PRIORITIES**

*My Job*  
*My Weaknesses*  
*My Manager*  
*My Satisfaction*  
*My Paycheck*

#### **PRESENT EXPECTATIONS**

*My Life*  
*My Strengths*  
*My Coach*  
*My Learning & Development*  
*My Purpose*

Ensuring everyone is on board with the company's overarching vision and purpose is often overlooked.

Working towards those all-important day-to-day goals - such as increasing sales, boosting productivity or achieving faster customer response times - is meaningless without the context of the organization's wider vision. When company and individual purpose align, motivation builds and everyone understands the part they play in the organization's success.

The organization's vision may also translate to a series of more granular team-specific visions, which can unite teams on a smaller scale.



When managers and employees work together to set goals, it is useful to understand how an individual's goals fit in with the wider objectives of the organization. For instance, if an SEO manager understands that their personal goal - to help the public find certain news stories - underpins their organization's vision to become the country's most-trusted source of political news, this context will help them better understand their role in the company and have something to work towards alongside their peers. Here is a simple example:





## HOW TO INSPIRE PEOPLE WITH YOUR VISION

If you are going to inspire and motivate people across your organization, which may cover many roles, geographical locations and personalities, you need to choose wisely. Too vague and the vision likely won't mean anything to anyone, whereas a vision that's too specific may not resonate with your entire audience.

Entrepreneur [William Craig suggests](#)<sup>3</sup> choosing a vision that is both compelling and practical by asking questions such as:

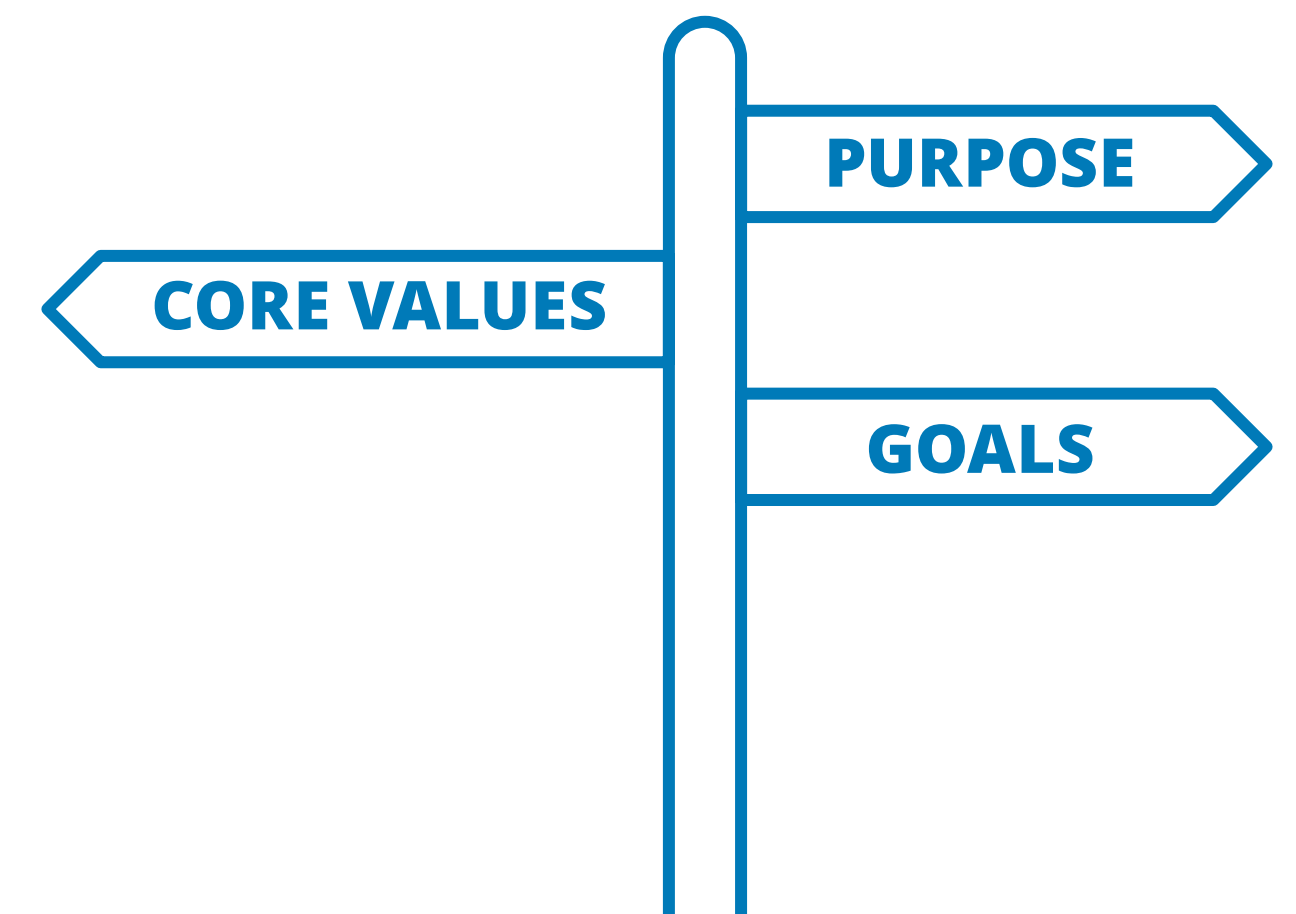
- *What is the organization's primary purpose?*
- *What are its core values?*
- *What do we want to accomplish over the longer term?*

This will likely be driven by senior management, and the leadership (or HR) team needs to translate an abstract vision into something more tangible for team members.

One way to do this is to cultivate "vision ambassadors." Any marketing team will understand the benefits of brand ambassadors, but organizations can also reap the benefits of vision ambassadors, who are responsible for keeping the organization's vision front of mind and emphasizing its significance.

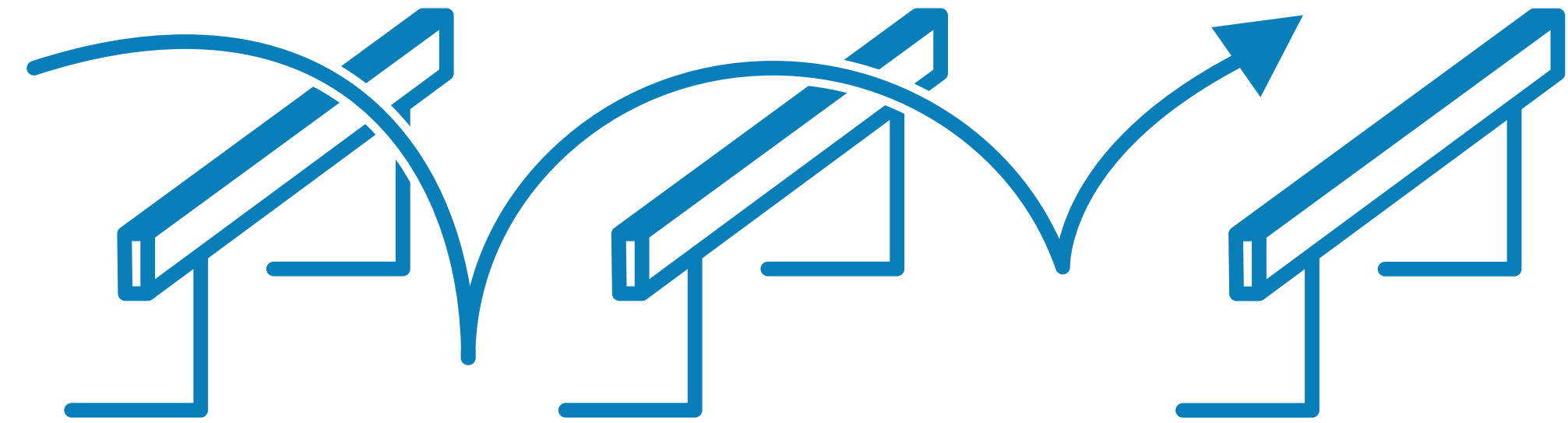
<sup>3</sup> How to create a shared vision in your organization, Forbes

Vision ambassadors can range from senior management (the founder or CEO of the organization should play an important role here) to team managers and even trusted team members who authentically embody and embrace the organization's vision. It's no secret that many of us trust our peers over corporate statements, so enlisting the help of ambassadors at all levels helps you cultivate buy-in and enthusiasm for the vision.



# 3

## SETTING BETTER GOALS



The traditional approach to goal setting is for the manager to establish several goals at the start of the year with little or no input from the employee. These goals are then either never mentioned again or only revisited at the end of the year, by which point both parties have usually forgotten what the goals were, and they are dismissed in exchange for a new set of goals. Obviously this approach is little more than a box-ticking exercise, and is never going to motivate employees (or managers) to improve performance. If anything, this is an actively demotivating experience.

Effective goal setting is about clear, achievable objectives, with meaningful success metrics for both the individual and the organization. What is the end game of the goal?

There are two main types of goals:

- **Quantitative goals** can be clearly tracked using a metric or statistic
- **Qualitative goals** are based on judgment without any hard data to draw on

Quantitative goals may be used for things like increasing sales, boosting output or improving Net Promoter Scores (NPS.) Qualitative goals may cover things like improving communication skills, handling difficult conversations better or changing behaviors.

Both types have value, and some may be better suited to certain roles. For instance, a receptionist's performance may not be assessed against any specific metrics,

but instead factors like professionalism, visitor feedback and friendliness; whereas a salesperson is likely to be assessed on their sales figures, lead conversions and level of activity. This makes it essential to set different goals for each individual rather than measuring everyone's performance against a standardized set of goals.

There are several models for establishing goals, but two popular approaches are Objectives and Key Results (OKRs), and SMART goals.





## OKRs

The OKR concept dates back to the 1980s, but was popularized as a management technique by Google in 1999. Since then, it has become widely adopted as a way to set strategy and goals over a specified amount of time for individuals and teams.

OKRs can be used as a way to track progress and measure performance at the end of a work period (such as monthly or quarterly.) They provide clarity around progress towards individual and team goals, and the benefits are twofold: first, they give employees something tangible to work towards within a shorter time frame than the traditional annual goal setting, and second they allow managers to assess performance and progress more objectively.



### OBJECTIVES

Anything can be an objective. The key to setting a good objective is to clearly state what you hope to achieve so that later, you can see if you have achieved your objective or at least made some progress towards it. This is often relatively broad, giving a high-level goal that you wish to achieve.



### KEY RESULTS

Key Results are quantitative expressions of success or progress towards an objective. By making objectives measurable, you can communicate what is important to the business and agree on the criteria that contributes to that objective.

A main benefit of OKRs is that they offer transparency for managers and employees alike. Once the objectives have been set and employees know the precise metrics against which they'll be measured, they have a clear idea of what success looks like, while managers can assess performance more objectively against specific criteria.

## SMART goals

SMART goals are structured using a set of criteria to improve the chances of accomplishing that goal - namely:

**SPECIFIC** - describe your goal using a high-level mission statement that covers the 5 Ws of who, what, when, where and which.

**MEASURABLE** - what metrics will you use to determine success?

**ACHIEVABLE** - set goals that are attainable and realistic

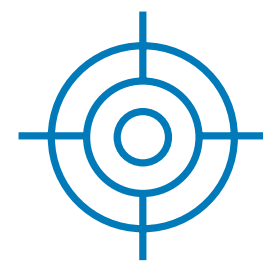
**RELEVANT** - ensure the goal aligns with broader business objectives

**TIMEBOUND** - make sure these are motivating, not stressful - if the target date proves too stressful, it may be a sign that the goal is not achievable or relevant

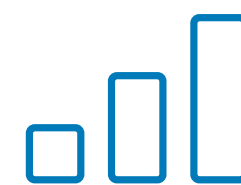
There are several benefits to the SMART approach to goals. They provide employees and their managers with focus and direction, and can be a useful motivator. They can also be mapped to specific learning activities, such as courses, seminars or coaching, to ensure the success of the goal.

For instance, for the examples above, a product training seminar may be recommended for the salesperson looking to boost their sales, while the employee looking to improve their customer rating may be directed towards a customer service e-learning module.

# SMART



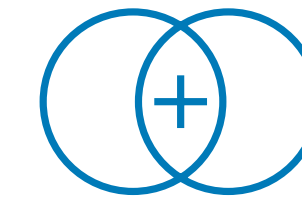
**SPECIFIC**



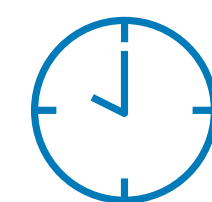
**MEASURABLE**



**ACHIEVABLE**



**RELEVANT**



**TIMEBOUND**



# 4

## **BUILD MOMENTUM**

*Goals are really just the start - the next step is to set up a comprehensive development plan to give managers and employees a clear vision of how to progress.*

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### **COMPETENCY FRAMEWORKS**

Competencies are measurable skills, knowledge or behaviors that employees require to perform their roles, and are closely linked to development plans. Products like Totara Perform allow managers to build compliance and competency structures across all divisions and positions within an organization, with competencies being linked to courses, positions and learning plans. Managers can then assign a “rating” (such as Beginner, Intermediate or Expert) to each competency in an employee’s learning plan based on evidence of their competence (such as completing training, observing these behaviors in their day-to-day roles or certifications or badges from previous roles.)

### **CREATING A DEVELOPMENT PLAN**

Creating a development plan should always be a collaborative process - the manager shouldn’t just impose a plan on an employee, but they should listen to how the employee wants to progress and provide advice and guidance.

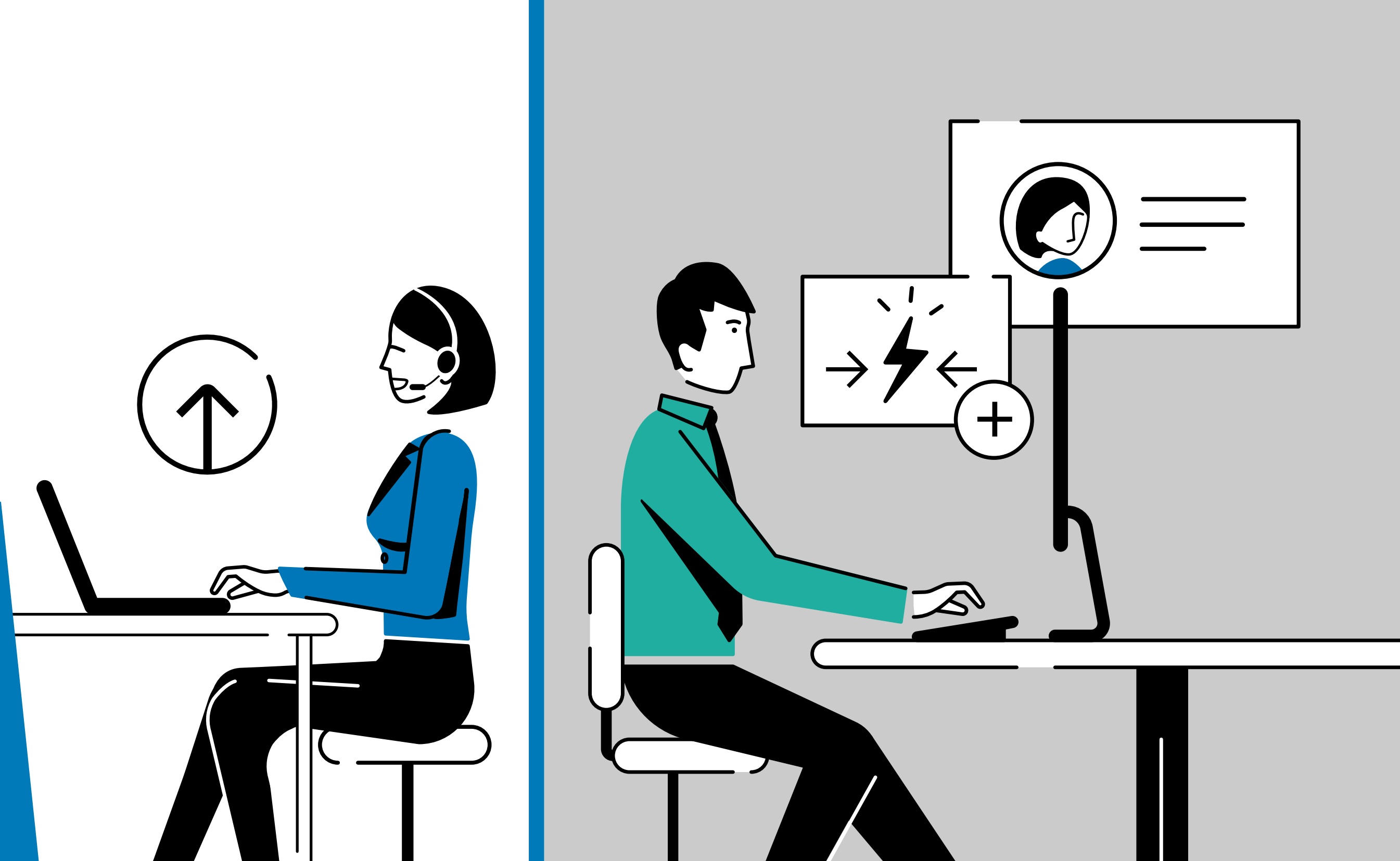
With your goals in mind, it’s now time to work backwards and figure out which training is necessary to get to this end point. This is where an integrated learning and performance platform (such as the Totara Talent Experience Platform) really comes into its own, allowing you to link relevant courses to the learning plan and use this to assess progress towards agreed performance goals.



# LET'S LOOK AT AN EXAMPLE:

*Yolande, a customer assistant, has set the goal "To become a customer service manager by the end of the year."*

*Her manager, Eddie, looks at Yolande's completed training, and suggests she adds the e-learning module "Conflict resolution" to her learning plan. **Eddie explains how this course will help her improve her skills in this area and move towards her goal.** He links this course to her learning plan, and also attaches some useful checklists and performance support resources to help her demonstrate her new skills in the workplace. Yolande completes her training, and Eddie is happy with her progress and performance, so he promotes her to the role of customer service manager.*



*Building a development plan without goals is much more difficult, because the employee isn't working towards anything in particular, meaning they can lose focus and direction.*

*The manager's role isn't to dictate how they should reach this goal, but instead to use their knowledge of a typical progression path in the organization to suggest learning material that will suit each employee and help them learn the new skills and behaviors needed to reach those goals.*

## **WHAT LEARNING ACTIVITIES TO INCLUDE**

Typically, a development plan will include e-learning modules and/or face-to-face seminars as a bare minimum. But think about each individual employee - how do they learn best? What will inspire them or get them thinking differently? These are just a few of the activities you might consider adding to a development plan:

- *E-learning modules*
- *Face-to-face seminars*
- *Webinars*
- *Videos*
- *Events or conferences*
- *Mentoring/coaching programs*
- *Books, journals and magazines*
- *Articles*
- *Podcasts*
- *Email newsletters*
- *Forums*
- *Social media*
- *Workshops*
- *Special projects*

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# 5

## **CHECKING-IN**

Check-ins are an essential part of the modern performance management calendar. Managers should be scheduling informal check-ins with their employees to ensure that they remain aligned, focused on their goals and that any barriers to success are removed in a timely fashion.

*Informal performance check-ins increased by 19% from 2016-2017. <sup>4</sup>*

<sup>4</sup> Employees dub performance reviews ineffective and unhelpful, WorldatWork

<sup>5</sup> Agile Performance Management: How smart managers implement it, Totaralearning.com

<sup>6</sup> Adobe performance management

### **WHAT DO CHECK-INS LOOK LIKE?**

In a recent survey conducted by Totara, we found that 86% of organizations currently carry out [performance check-ins](#)<sup>5</sup>. Interestingly, around a third of these check-ins take place weekly, with almost one-fifth taking place monthly. This shows that organizations are already recognizing the benefits of regular check-ins throughout the year. In fact, back in 2012, following a period of frustration with annual performance reviews, [Adobe opted to scrap yearly appraisals altogether](#)<sup>6</sup>, instead implementing quarterly check-ins.

70% of check-ins take place between employees and their managers, and almost 60% of respondents also report having check-ins with their team members. 64% of check-ins take place face-to-face, while 22% take place online, suggesting that many managers and employees still value in-person contact.

Encouragingly, 50% of check-ins are planned by both managers and employees, showing that these regular check-ins are beneficial for both parties. Over three-quarters of check-ins are informal or highly informal, demonstrating that they can be a quick, efficient way to touch base, resolve issues and share priorities for the coming week or month.





However, one-third of organizations don't record the outcome of these informal check-ins. While there may not be any formal results or outcomes to document, it may still be worthwhile making a note of what was discussed, any challenges and the general tone of the conversation, which may help with future discussions or formal performance reviews.

*Which subjects did you discuss in your check-ins?*

**FUTURE PERFORMANCE** TASKS **DEVELOPMENT**

**PLANNING** PERSONAL **PROJECTS** QUESTIONS

JOB **GOALS** STATUS UPDATE WORK **WELL-BEING**

ISSUES **CHALLENGES** SATISFACTION

**TARGETS** COMPETENCIES **PROGRESS** WORKLOAD





## PRACTICAL TIPS FOR SCHEDULING CHECK-INS

- Schedule meetings at regular intervals for the next 6-12 months
- Find a private space, such as a quiet office or meeting room
- Aim for 30-minute meetings, roughly split into 15 minutes for the employee and 15 minutes for the manager
- Never miss a meeting - reschedule if you must, but do not cancel
- Always cover the employee's agenda first, then the manager can follow up with their discussion points
- Take time to build rapport, talk about job satisfaction, development needs and then progress towards agreed goals
- If you're struggling for discussion points, focus on:
  - Positive feedback
  - Constructive feedback
  - Feedback for the manager
  - Organizational issues and news
  - Project updates, e.g. schedules, priorities and workloads
  - Development opportunities
  - Project or task delegation
- Take notes during the meeting and follow up on action items at the next meeting



## WHAT TO SAY IN A CHECK-IN MEETING

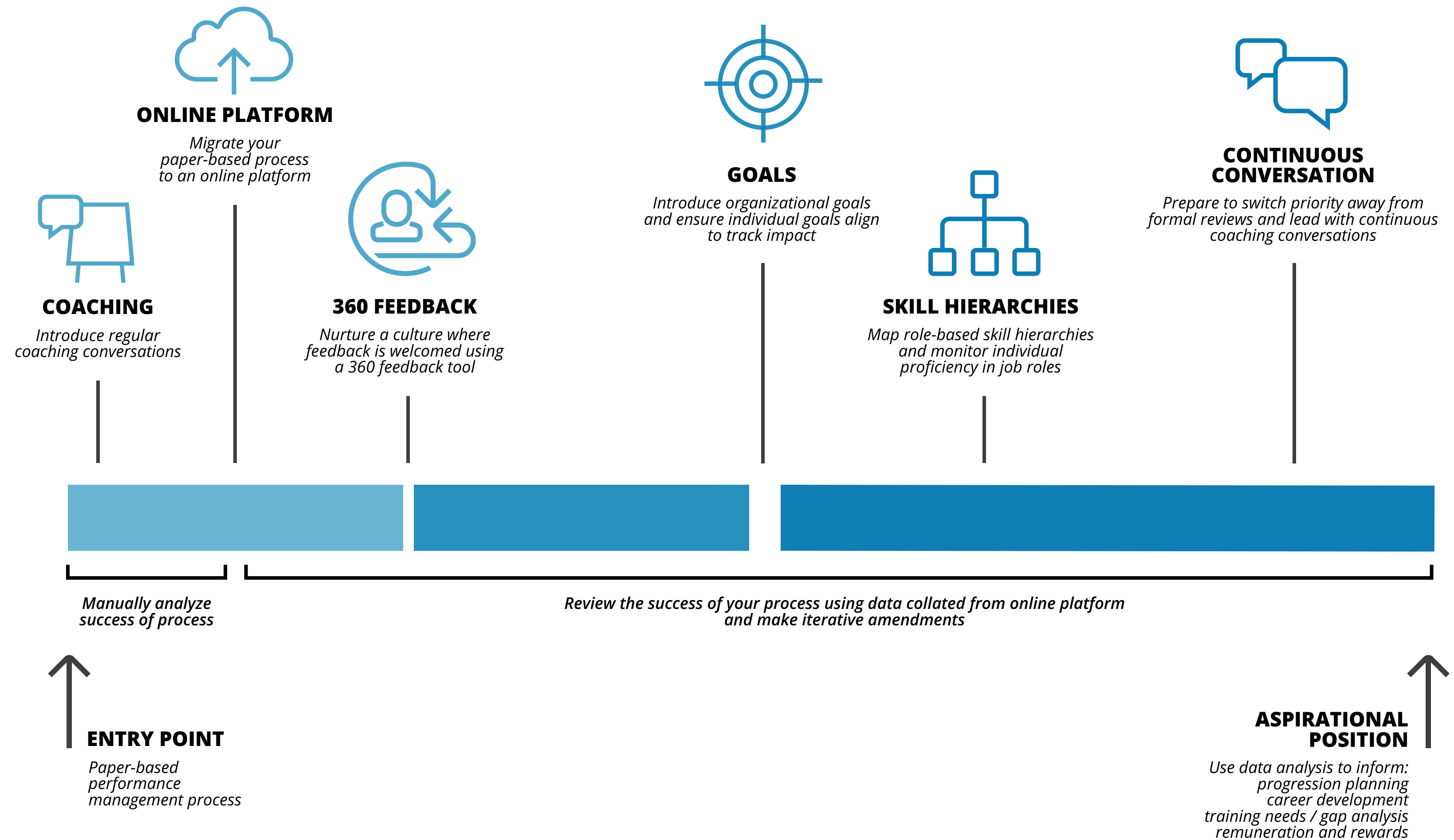
There is no single structure for a check-in meeting, and the format will likely vary depending on the individuals involved. However, to help guide the flow of the conversation and ensure it remains open, focused and productive for both parties, here are some talking points you should cover:

- *How has your week/month been?*
- *Can you update me on... [project]?*
- *Do you have any questions about... [project/issue]?*
- *What tasks are ahead of/behind schedule?*
- *What areas of your work are you more/less confident about?*
- *Do you have any suggestions or improvements on...?*
- *What is getting in your way?*
- *How can I be more helpful?*
- *How will you approach [issue/goal]?*
- *What can we do differently?*
- *What have you learned from [experience]?*

The tone of the conversation should be about information finding and reflecting, not accusatory or confrontational. Also note that quieter team members may feel more comfortable sharing their thoughts, opinions and ideas in this informal, private conversation, so ensure you open the dialogue about any topics where you think they could add value.



# TAKING STOCK WITH A HALF-YEAR CHECK-IN



*One important event missing from many performance management calendars is the half-year check-in.*

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This meeting will sit somewhere between your regular check-ins and your annual performance review. It doesn't need to be a formal meeting, but it should provide a chance to catch up on how the employee is getting on with their goals and objectives, including identifying barriers and challenges and potentially tweaking goals if necessary.

Taking stock at the halfway point in the year helps managers and employees understand how they are progressing, and gives some indication about whether or not they're on track to achieve their goals. This is also a good time to revisit any performance issues that may have arisen in the first half of the year, or to share positive feedback and give praise for good performance.

## WHAT TO COVER IN YOUR HALF-YEAR CHECK-IN

Managers and employees should both take the time to jot down a few thoughts ahead of the half-year check-in to ensure that everything is covered.

- What is going well in your role? What are your key achievements so far this year?
- What isn't going so well? Why do you think that is?
- What progress are you making towards the goals we set at the start of the year?
- Are there any goals that need to change?  
Do you want to add or remove any goals?
- How are you getting on with your learning?  
Has anything been particularly useful so far?  
Is there any training that would benefit you for the remainder of the year?
- What do you want to have achieved by the end of the year?
- Are you working towards any personal goals, e.g. a promotion, a pay rise, obtaining a qualification etc.?

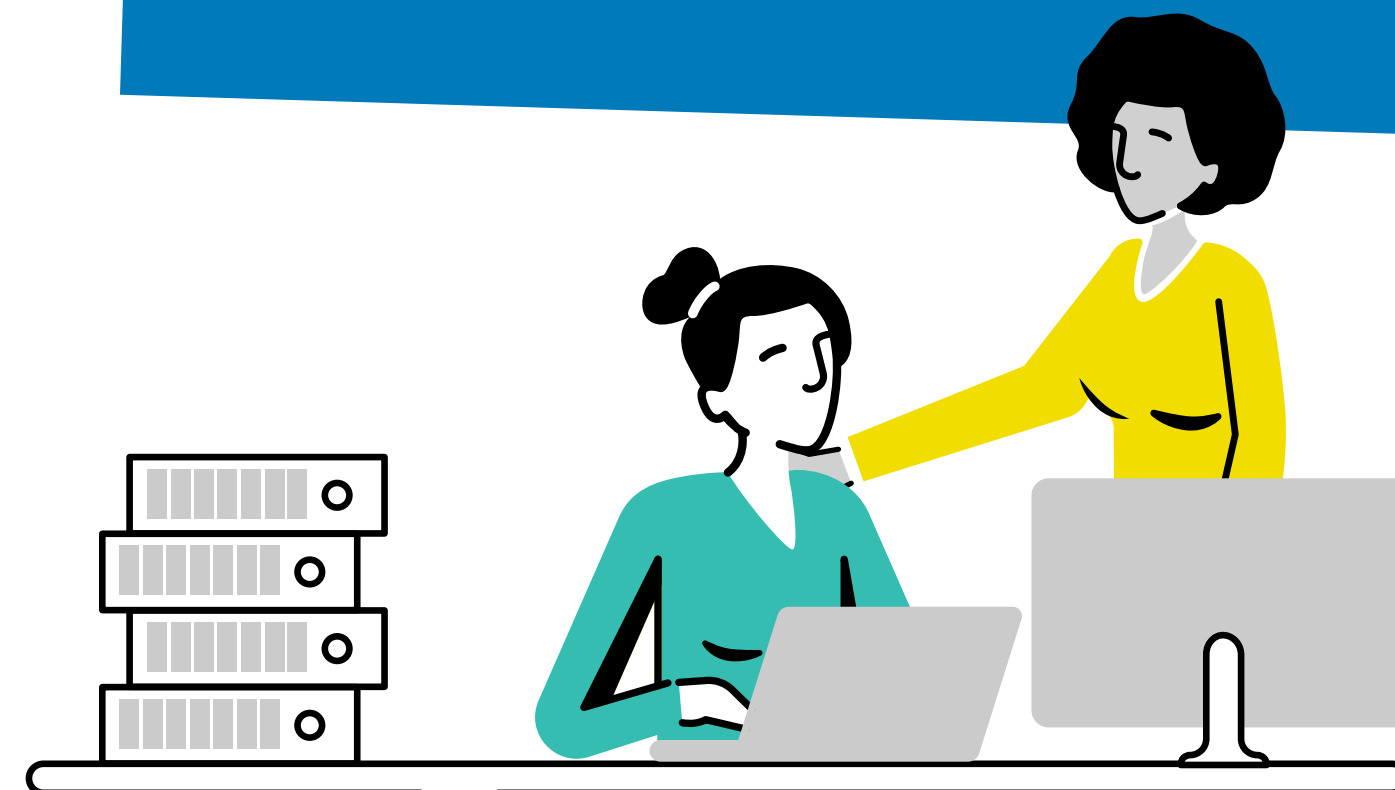


## COACHING AND MENTORING

Now that the employee has had several months to work through their assigned learning in their learning plan, it could be a good time to consider adding some additional performance support in the form of coaching and mentoring. Moving towards a continuous performance management model should naturally shift you towards a coaching/mentoring culture, and there are many instances where it makes sense to formalize this process.

In some cases, this could mean the employee working more closely with their line manager. But it's also worth considering if that coaching or mentorship could come from someone else in the organization, or even from an external party. For instance:

*Megan is a junior engineer in a very male-dominated organization. She has developed her skills quickly, and has already completed all the training on her learning plan. She is keen to reach senior engineer level within two years, but is finding it difficult to get her ideas heard in meetings, and is concerned that it may be because she is a younger female. Her manager, Charles, sets up a mentoring relationship between Megan and senior engineer Emily, who experienced the same issues as Megan several years ago, to help Megan overcome these challenges.*



In fact, programs like these are becoming increasingly popular. **Women in Learning**<sup>7</sup> addresses the gender inequality affecting women in the learning industry, and helps females get the support and inspiration they need to thrive in their careers. Organizations like this exist in myriad geographies and industries to support employees from disadvantaged backgrounds, marginalized groups and anyone looking for guidance in how to progress in their careers. If an external group doesn't exist, could this be something your organization would consider setting up to improve access to opportunities and personal development?

<sup>7</sup> Womenlearning.co.uk



# 7

## **GIVING BETTER FEEDBACK**

One reason many managers avoid check-ins is because they feel uncomfortable sharing feedback with their employees. While it can be awkward to share constructive criticism or negative feedback, it's an important part of a manager's role.

Without this feedback, employees end up left in the dark and unable to rectify their behavior in a timely fashion.

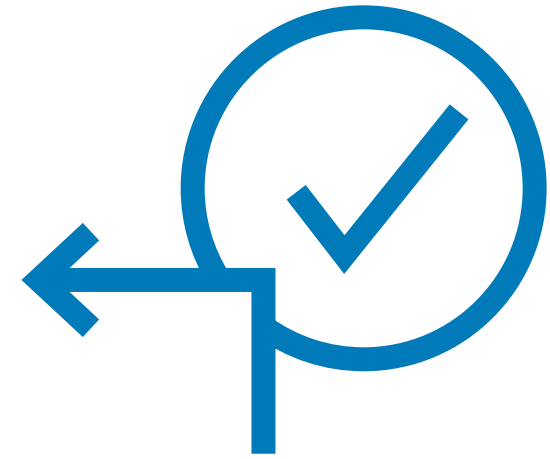
If the undesirable behavior continues, it can easily snowball into a much bigger performance issue further down the line, so it's best to address issues in the moment and ideally nip them in the bud.

Likewise, it's just as important to recognize good performance in a timely fashion. Delivering praise or recognition of work well done can boost motivation and make employees feel valued, which is ultimately good for morale and helps to nurture your feedback culture.

***94% of employees would prefer that their managers share feedback in real time rather than waiting until the end of the year.***<sup>8</sup>

<sup>8</sup> New study uncovers major gap in employee and employer expectations for performance management and growth, Reflektive.





## HOW TO GIVE GREAT FEEDBACK

Giving and receiving feedback are important skills in themselves, and ones that every good manager (and employee) needs in their toolkit. While the method of delivering feedback, whether it's positive or negative, will depend on the situation, there are some important steps to take to ensure it's approached in a professional way where the recipient gets a chance to respond.

### *Ask for permission to provide feedback.*

Particularly if you're giving feedback in an informal check-in or in an ad hoc conversation, you should first ask the recipient if they mind you sharing some feedback with them.

### *State what was observed*

Be objective - don't take sides or accuse them of anything. Instead, objectively state what you've observed or been told. If you are delivering feedback on behalf of someone else, be careful not to present it as a fact.

### *Explain the impact*

Again, state the facts. Don't bring emotion into it - simply tell the recipient of the feedback what impact their behavior had on the organization or their peers, whether that's creating more work for someone else, slowing down a process or upsetting a colleague.

### *Pause and listen*

It's crucial that you give the recipient of the feedback the chance to give their side of the story. It may be that you're missing some important context, or that there's a reasonable explanation for the behavior.

### *Suggest a positive next step*

Feedback should be followed up with what action should be taken next. This may be a change in behavior, extra training, mentoring or something else. The recipient should come out of the conversation knowing what went wrong, what they can do to correct the situation and what you expect from them going forward.





## FEEDBACK CONVERSATION EXAMPLE

*“Alex, do you mind if I share some feedback with you? Another manager told me that they’ve noticed a few typos slipping into your documents even after they’ve been proofread. This has meant that other proofreaders have had to review the documents at the last minute to make sure we didn’t miss any deadlines. Can you tell me anything about that?”*

*“Yes - I’ve been a bit distracted recently as I have too much on my plate. I don’t have time to review my documents as thoroughly as I’d like, and there’s no sign of my workload going down in the near future.”*

*“OK - let’s discuss how we can manage your workload and give you the time you need to focus on this task.”*



# 8

## **LOOK AHEAD**

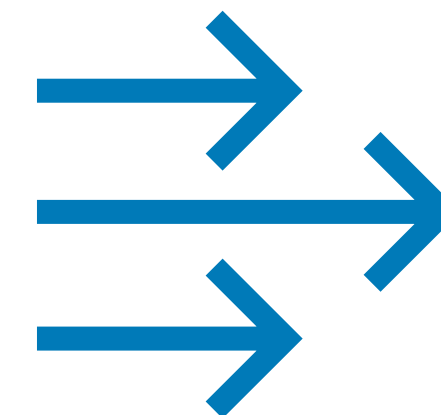
Of course, one of the main reasons employees seek to improve their skills in the workplace is to advance in their careers.

It's important to bear in mind that this won't look the same for every employee. While this may be a direct step up into a management role, many employees won't want to, or be suited to, this type of position. Some employees want to master their current skills and become experts in their area, while others may want to stay in their current role but take on more responsibility. Others still may be interested in developing their skills in one specific area to sidestep into a different part of the business.

No manager wants to lose a great employee, but it's important to think objectively and look at the types of roles your organization is offering. It's worth doing this ahead of the end-of-year appraisal, so that managers are prepared for conversations with employees who have achieved their performance goals, progressed through their learning plan and are now looking to discuss their next steps.

The good news is that if you've been recording and monitoring progress through a performance management system, it should be relatively straightforward to see who will have

achieved their performance goals by the time you have your appraisal discussion, and what action that will require from you as a manager. In Totara Perform, you can also track progress towards a career goal with competencies to better understand which skills are already possessed and which are needed, though this may also be tracked more loosely in the notes from check-in conversations.





*For managers, keeping a close eye on employee performance and progress, particularly as you approach the end of the year, is useful for several reasons:*



**1**

**Fill employee talent gaps with relevant skills or the potential to gain them quickly.**

If you have a gap in your team, and identify that one of your employees excels in the skills needed in this role, you can suggest moving the employee into this role - whether this is a formal role change or extra responsibilities in their current role.

**2**

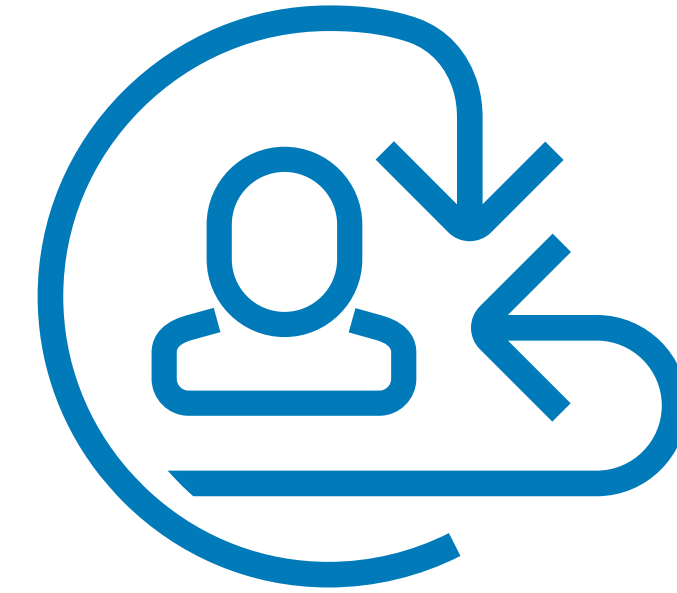
**Put people in roles or teams where their skills are most needed.** This may be because they have a very unique skill set, because their skills complement those of the wider team or take advantage of an employee's outstanding strength in a particular area

**3**

**Prepare for what's next - whatever that may be.** Keeping on top of the skills and competencies within your team will help you respond faster to any future challenges. If an employee with specialist skills leaves, a new skill is urgently required or you need to mentor a new employee, you will be at a distinct advantage if you already have a good handle on your team's unique skills and abilities.



## **ASKING AROUND WITH 360 FEEDBACK**



As a manager, you may think that you are best placed to assess your employees' performance. However, unless you work very closely with each of your employees all day every day, it is likely that there's plenty to learn from the other people in your organization who also work with your team members.

360 feedback is a way to gather input and feedback from everyone who works or engages with your employees. This feedback will come from you, their colleagues, other teams or even from third-party suppliers, vendors or customers.

### **SCENARIO #1:**

*Marco is a member of your sales team. He always has excellent sales figures, and as far as you're concerned, he is the star member of your team. However, in anonymous 360 feedback, several of his clients reveal that they aren't happy with his customer service, and are finding it increasingly difficult to get hold of him. His teammates report that he is difficult to work with and that they are picking up the slack when he neglects his customers.*

### **SCENARIO #2:**

*Jenna is an assistant on your team. She is quiet and hasn't especially stood out to you as her manager. In her 360 feedback, her colleagues have praised her for her quick thinking, positive attitude and problem-solving skills, and another manager has suggested that her talents may have been overlooked.*



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As you can see, 360 feedback is a useful way to surface information about your employees that can inform your understanding of their performance. As a manager, you won't be privy to every aspect of an employee's work or character, so soliciting feedback from across (and outside) your organization is a crucial way to get the full picture.

One important thing to remember is that most people appreciate anonymity when delivering 360 feedback. This is to ensure that they feel comfortable giving an honest opinion, giving you a more accurate insight into the employee's performance and relationships with others. 360 feedback is a great way to build trust across your entire team, with everyone knowing that their voice is being heard and that you have a comprehensive picture, and facilitates a wider culture of feedback that encourages more timely action in response to performance issues.

**TIP:** *AskAManager* blogger *Alison Green* recommends writing performance evaluations as if you were speaking to the person - for instance, "I was impressed with the way you handled the last-minute changes to the annual report design," to ensure feedback sounds more personal.<sup>9</sup>

<sup>9</sup> <https://www.askamanager.org/2020/02/i-dont-want-coworkers-to-call-my-cell-phone-managing-a-boyfriend-and-more.html>

# 10

## WRAPPING IT UP

Even though [70% of organizations](#)<sup>10</sup> are reconsidering their performance management processes, [more than 90% of businesses](#)<sup>11</sup> still use annual appraisals. The annual appraisal has [come under fire](#)<sup>12</sup> in recent years, with managers and employees alike seeing them as stressful, pointless and a waste of time.

<sup>10</sup> Why more and more companies are ditching performance ratings, Harvard Business Review.

<sup>11</sup> More employers ditch performance appraisals, SHRM.

<sup>12</sup> Why appraisals are pointless for most people, BBC.

<sup>13</sup> More employers ditch performance appraisals, SHRM.

Commonly reported issues with the traditional appraisal process include:

FOR MANAGERS	FOR EMPLOYEES
Too time consuming	Disrespectful/accusatory tone
They don't motivate employees	Untimely
Box-ticking exercise	Don't reward high performers...
Employees get defensive	... or deal with low performers

In fact, a staggering [95% of managers](#)<sup>13</sup> are dissatisfied with their current annual appraisal process, meaning that the vast majority of appraisals aren't fit for purpose. Large technology firms such as Microsoft and IBM have famously

made moves to ditch the traditional yearly performance review, but for most organizations, it's a firm fixture on the performance review calendar. So, if the appraisal is here to stay, how are we going to improve it?



## **4 WAYS TO MAKE IT HAPPEN**

Now that you've discovered our 10 steps, you may be wondering how exactly you can make this a reality in your own organization. If you're coming from a process comprising a single annual appraisal (and you're far from alone if this is the case), it can feel overwhelming to be faced with so many ways to improve your performance management. So what are the four key things to bear in mind when you're looking to create a modern performance management process?

**1**

When it comes to updating your performance management processes, slow and steady really does win the race. While we've listed 10 steps here, you don't need to implement them all at once, and you may wish to pick and choose the steps that best fit your business processes. After all, changing slowly to meet your needs is better than not changing at all.

**2**

If elements of your performance management processes are already working well, don't change them just for the sake of it. You can always supplement your current processes with additional performance management activities rather than scrapping what you have and starting from scratch.

**3**

Getting buy-in from everyone in your organization is crucial. This may involve a large-scale culture change to encourage the giving and receiving of frequent, honest, constructive feedback, from senior management all the way to entry-level employees, so be patient. Increasing performance conversations may feel time consuming initially, but putting in the effort upfront helps you save time and problems further down the line.

**4**

The golden rule should always be choosing technology which is flexible, scalable and adaptable enough to fit your needs not just right now, but in the future too. Opt for platforms that fit your processes, instead of shoehorning your requirements into a system that isn't fit for purpose.



## TYING IT ALL TOGETHER

By carrying out regular check-ins throughout the year, nothing in the formal appraisal meeting should come as a surprise. Any performance issues should have been handled throughout the year, and the frequent check-ins should have kept performance goals and training opportunities front of mind.

A good place to start is to review the year's check-ins together to reflect on the progress made. Look back to the goals made at the beginning of the year, and track the employee's progress towards these goals through the check-ins and half-year review. In an ideal scenario, the employee would have achieved all their goals, leading to a conversation about what happens next, whether that's a potential pay rise, a promotion or extra development opportunities.

Wouldn't it be fantastic if it was always that straightforward! However, of course it's not uncommon for employees not to reach their goals, and it's worth a discussion to see why this happened. It's useful for managers and employees to look at the discussion topics from check-ins throughout the year. Perhaps the manager didn't ask the right questions, or maybe the employee wasn't able to complete a training activity for some reason. Having a record of all these conversations means that it's much easier to pinpoint a reason for the missed goals, and the employee and manager can work together to discuss whether the goal was unrealistic, whether there were unavoidable barriers or whether the goal should be carried over to the following year.

## SHOULD I GIVE AN END-OF-YEAR RATING?

Despite the fact that end-of-year ratings are becoming less popular, they are still used in around 80% of organizations. While they can provide a useful way to compare the performance of members of a team, they can also lead to resentment, and many employees don't like their entire year's work being reduced to a single rating.

*A Neuroleadership Institute study found that after a company removes performance ratings, managers talk to their teams 3-4x more about performance throughout the year.*<sup>14</sup>

<sup>14</sup> Why more and more companies are ditching performance ratings, Harvard Business Review.



Deloitte actually uses ratings **rather than formal annual appraisals** <sup>15</sup>. Team leaders are asked for their agreement, on a scale from 1-5, with the following two statements:

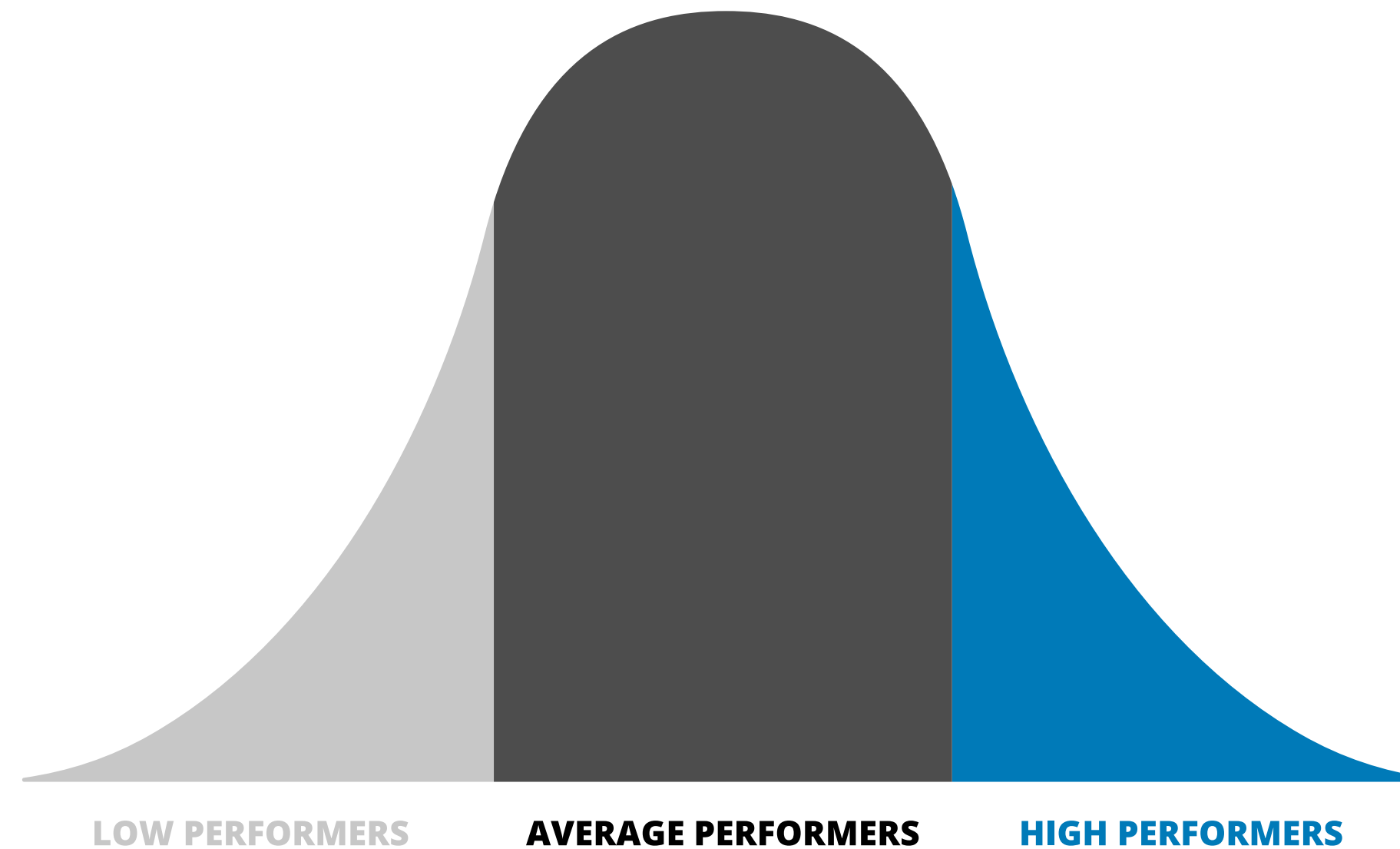
- I would award the employee the highest possible increase
- I would always want the employee on my team

Following these simple questions, Deloitte then asked each leader two simple yes/no questions:

- *Is this employee at risk for low performance?*
- *Is this employee ready for a promotion?*

<sup>15</sup> Reinventing Performance Management, Harvard Business Review

<sup>16</sup> Microsoft axes its controversial employee-ranking system, The Verge



By asking a handful of very simple questions, managers are forced to think very critically about their ratings. Similarly, at Netflix, managers must answer the question “Would you fight hard to keep this person?”. While this very simplified approach may seem extreme, these are still very valid questions for managers to ask themselves as part of the appraisal process.

Ranking employees on a bell curve has typically been one way to arrive at a final performance rating, but this overly rigid approach has led to organizations like [Microsoft ditching this method](#) <sup>16</sup> in favor of more modern performance management techniques.

While there are some instances where a formal rating may be worthwhile, it's certainly not necessary as part of a modern performance management process, and it is often more useful to assess performance more holistically and collaboratively.



## TALKING PAY, PROMOTIONS AND BEYOND

For many employees, discussing pay, promotions and extra responsibilities will be the main focus of their appraisal.

Fortunately, with the steps set out in this guide, the employee and manager alike should have a sizable bank of evidence of the performance improvement necessary to warrant a pay increase or promotion.

If you've opted to award a final yearly rating, you may decide to allocate more of your pay rise pot to the top 10% or 20% of performers - but if not, how do you decide? This will, of course, depend on the appraisal conversation, and whether or not the progress made throughout the year is considered worthy of a pay rise, or if further improvements still need to be seen before a salary increase can be awarded.

In terms of promotions, the evidence of performance improvement and training completion should be evident from the employee's completion of their learning plan and competency framework. If they have proven themselves competent in all relevant skills, have completed their assigned learning and have demonstrated excellent performance throughout the year, they should be eligible for the promotion they have been working towards. If this position isn't immediately available, it is still worth explicitly telling the employee that they have reached the required level for promotion, and their options going forward should be discussed, whether this is taking on more responsibilities, waiting for the next position to open or considering other vacancies.























## A YEAR OF PERFORMANCE MANAGEMENT

At first glance, this may feel like an overwhelming amount of contact for managers and employees alike. But really, this could represent just 15-30 minutes a month of performance-related conversations, with one-hour conversations occurring three times a year. This is obviously an increase from the traditional one-hour end-of-year appraisal, but the benefits are vast.

Performance issues can be nipped in the bud, and employees can work on correcting any problems in the moment. This increases productivity, accuracy and quality of their work, leading to better outcomes for the individual, the wider team and the organization. Equally, great work is recognized at the time, which improves motivation and engagement, and a more active approach to performance management from both managers and employees ensures that everyone is on the same page and understands what they need to do to thrive in their roles.

## A Template For Your Best Performance Management Year Yet

JAN	FEB	MAR
		
APR	MAY	JUN
		
JUL	AUG	SEPT
		
OCT	NOV	DEC
	 	

-  **Goal setting**
-  **Monthly check-in**
-  **Mid-year review**
-  **End-of-year appraisal**
-  **Collect 360 feedback**

Of course, your performance management calendar may not run January-December. It may follow the financial year, or a schedule specific to your market or industry. Whenever you start your performance management process, the

key to ensuring success is consistency. Maintain frequent performance check-ins, whether that's only 15 minutes a month or a weekly catch-up, to keep communication channels open and build a more trusting employee-manager relationship.



# **READY TO TAKE THE FIRST STEP?**

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Totara Perform enables your people to develop in a way that suits you - and them. From traditional annual appraisals to new continuous performance management processes, Totara Perform supports it all.

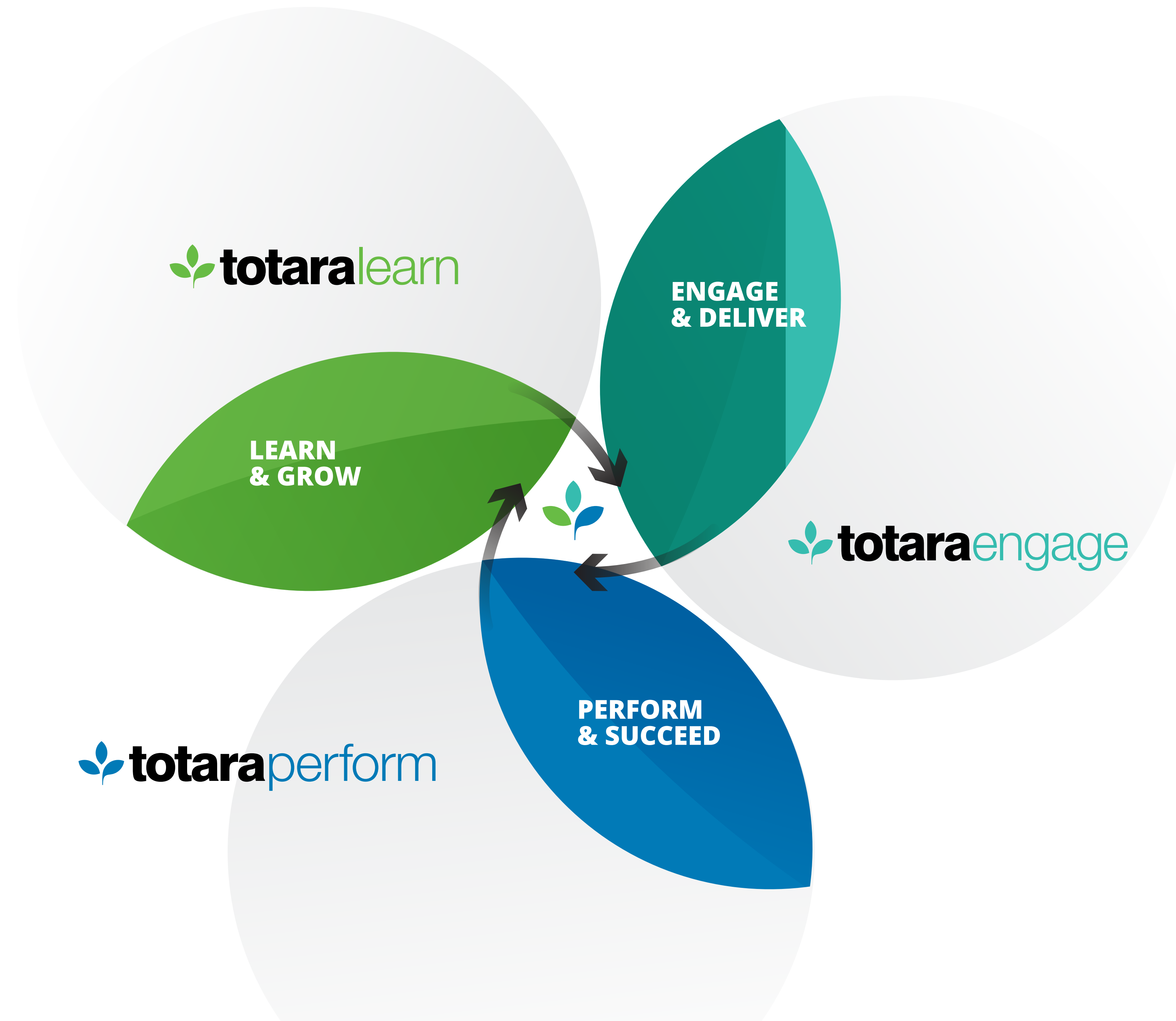


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