

# Performance management

Arduous, time-consuming,  
and reflecting the past?



# Introduction

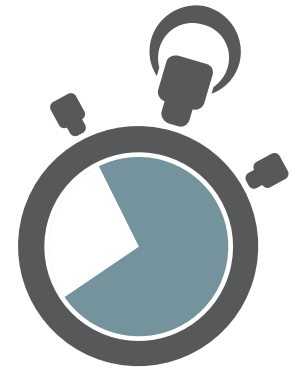
Is it time to give your **performance management process** a facelift and drive a cultural change within your organisation? Performance reviews are often seen as destructive across organisations as they reflect past performances rather than looking ahead to what employees can achieve.

For decades, organisations have used the same processes and parameters to monitor employee and team performance. However, with the rise of technology, globalisation and the difficulties of five generations in the workplace challenging the rules of engagement and driving new working practices and business success, traditional methods of performance management are no longer relevant.

Performance reviews have long been seen as cumbersome and labour-intensive for managers and directors – so much so, that 52% of managers and directors surveyed in 2016 claimed to have spent more than two hours on each employee's review. Depending on the size of the team and frequency of appraisals, this could equate to as much as the bulk of an entire working week every quarter.

This is further evidenced by Deloitte's 2014 report, in which it was discovered that:

**58%** of companies surveyed did not believe that **performance management reviews** were an effective use of time – for managers or employees.



**52%** of managers and directors surveyed in 2016 claimed to have spent more than two hours on each employee's review.

# What was the consensus of performance reviews a year ago?

In our last study, we considered how performance management was due a change in **Performance Management: Time to Refresh?** We interviewed 329 directors, managers and employees from a range of industries to collate research. In doing so, we gained a better understanding of how people feel about their organisation's current performance management practices and how performance management could be improved to support talent development, engagement and organisational growth.

Our findings did not surprise us; today's modern workforce wants a more modern approach to performance management.

**78%** of respondents believed their **performance management process** could be improved.



Interestingly, over half of respondents stated that their organisation did not use an **online performance management tool**.

This highlights the miscommunication between organisations and their employees – employees recognised the need for an online tool, but organisations were not fulfilling this expectation.

It is worth mentioning managers' stances on performance management. With spending so much administration time on appraisals,

**32%** agreed that 'more time is spent on process than meaningful conversations'.

This said, **77%** of employers, managers and directors saw the overall value in **performance reviews** if completed successfully.

Whilst the processes themselves may be lengthy and feel unnecessary,

**81%** of higher managements in organisations agreed that reviews help them to obtain valuable feedback on their teams' personal progress.

# So what has changed in the culture of performance reviews?

In recent years, a number of high-profile and successful companies have abandoned the traditional yearly performance appraisal procedure. This has been replaced with **online performance management processes** which support employee development year-round.

Interestingly, **89%** of employees believe their performance would improve significantly if their performance management process was changed.

By listening to employees' feedback on ground level, higher management put themselves in a stronger position by being aware of their employees' concerns, thereby being able to address these concerns. This reduces the risk of miscommunication between employees and higher management.

As performance management practices are becoming more dynamic and agile compared to that of previous years, conversations between managers and their team members are taking place on a more regular basis. This is a more continuous approach that has recently been embraced by organisations – directors, managers and employees have proven to have a more positive attitude towards performance management when progress can be monitored across the year.

This removes the pressure from managers and employees, allowing the formal annual review to be a quick reflection on past performance, with more emphasis of what can be achieved in the future. This removes the unpleasant element of surprise. Oftentimes, infrequent appraisals mean that key achievements can be lost – so by having more regular conversations and documenting accomplishments online, managers give their team more power in sharing their successes.

Leaders, managers and employees all see the value of **performance management** when executed correctly, with **86%** recognising its importance in 2016 (Deloitte) – an increase of **28%** in just two years.



# How can I get my managers to embrace change?

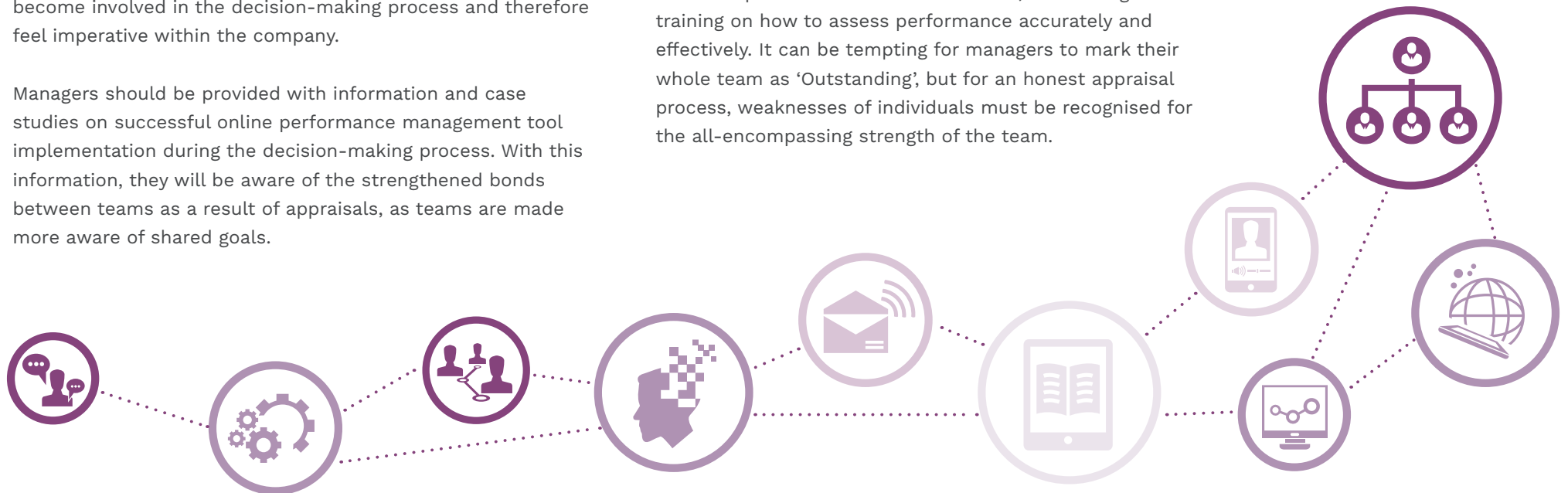
Line managers are the key to success when it comes to such an incremental change in the culture of performance reviews. If they can accept a new approach with a positive attitude, their teams will also be motivated to accept the change.

It is important to firstly involve managers (and employees) during the initial consultation when considering implementing an online performance management tool. By allowing them to voice their thoughts and provide an opinion in regard to the business's objectives and subsequent appraisal methods, you allow them to become involved in the decision-making process and therefore feel imperative within the company.

Managers should be provided with information and case studies on successful online performance management tool implementation during the decision-making process. With this information, they will be aware of the strengthened bonds between teams as a result of appraisals, as teams are made more aware of shared goals.

In order for managers to fully integrate into the change in culture of **online performance reviews**, sufficient training must be provided.

This is required for the online tool itself, and management training on how to assess performance accurately and effectively. It can be tempting for managers to mark their whole team as 'Outstanding', but for an honest appraisal process, weaknesses of individuals must be recognised for the all-encompassing strength of the team.



# What will this do for my managers?

A successful **performance review** provides managers with the ability to align their team's priorities and discuss various matters of interest to the business with their team members. By providing their team with an insight to the business's workings, managers can make their team feel involved and significant to the business's cause.

Furthermore, performance reviews provide managers with a reflection on the overarching direction that the team is heading.

It is easy for projects to get lost within each other, so a documented audit trail of achievements can be very useful in recognising how much their team has accomplished.

Some managers prefer a paper-based approach as it can feel less intrusive than technology sitting in front of them during the review. However, a successful online system should be well designed from a user experience perspective such that managers and employees can intuitively use the system, and it helps to provide a clear and consistent structure to all appraisals carried out across the teams. This aids managers during the process, as it removes the possibility of subjective performance reviews taking place. This is because employees will be rated on the same points and given objectives accordingly depending on their performance.



# Will an online performance management tool help my managers in the long term?

With an **online performance management tool**, you can have confidence that your managers and their team will hit objectives. With continual feedback, employees can remain focused on their aims by providing them with an end goal.

This prevents managers letting goals slide when other priorities come in – their team's objectives will remain the focus of everything they do.

With **65%** of our respondents agreeing that performance reviews make them feel more motivated and engaged in their personal roles, you can be assured that successfully delivered reviews are valuable to the business's growth.

Furthermore, managers will appreciate the time saving concept of an online tool. With the majority of managers spending more than two hours on each of their team's performance reviews, an online performance management tool will save up to a week of administrative tasks' worth of time per quarter.

Online performance tools are built with employers and employees in mind. Managers are given the ability to perform simple, fast and effective tracking and reporting on their team's progress on their objectives. Employees are shown a clear layout with their objectives, development, reviews and feedback in one manageable window, allowing them to remain focused on their personal development.



# How can a performance management system help?

Traditionally, **performance management systems** have had a bad reputation for creating a barrier for what should be an open conversation. Due to the formality of annual appraisals, conversation can feel forced and employees often feel anxious on the approach to their performance review. However, a constructive performance review should feel like a natural conversation.

Furthermore, an effective appraisal system allows an organisation to make better informed decisions, with a reliable audit trail to reflect their choices. Considerations such as when to promote, or if a salary rise is due, is made easier through essential reporting tools. Better data leads to better decisions in people, providing a major movement in removing bias and discretion in promotion and advancement based decisions. This also leads to a more consistent performance throughout the year from your staff, as they are aware that all their achievements are being kept record of.

Previously, companies saw a boost in efforts in the lead up to appraisals – by continuously monitoring and recording your employees' efforts, you provide the opportunity for them to achieve more, knowing that their efforts will be recognised.

The movement to smarter **performance management systems** results in a more positive shift from talking **about** people, to talking **with** people.

This has led to more open and honest conversations occurring between managers and their teams. Furthermore, relationships between managers and L&D staff improve with a more technical performance management tool, as the collaboration allows staff to remain focused on the end goal of positively influencing the learning culture within the organisation.





# Top tips for transforming your performance management process

## TOP TIPS



1

### Avoid a one-size-fits-all approach

Whilst online performance management tools offer consistency in terms of reviewing employees on their performance, a successful online system will then encourage tailoring for each employee in setting individual objectives. This then allows employees to understand their part within an organisation and how they can best deliver towards the organisation's goals. Furthermore, online performance management tools allow for the cascading of objectives from top levels through to assistants; they should have the flexibility for managers to adapt them to their teams as a whole, and individuals.

2

### Make it personal

Managers who make time to listen to their team members' individual desires and aspirations have much more open, engaging and supportive career conversations. By understanding their teams' motivations, they can ensure that development is tailored for the teams' needs to increase engagement rates.

3

### Make it continuous

By enforcing regular check-ins between managers and their teams, you allow for timely feedback to employees, therefore shifting the focus from dwelling on past actions to improving success for the future. This enables any barriers that are holding up performance to be solved much more efficiently and collaboratively than before.

4

### Leverage the power of online systems

Make the most of today's innovative systems that connect people wherever they are – this can reduce the administrative burden of performance reviews, allowing your managers to focus their time on people rather than processes. This gives them the freedom to be adding value to the things that matter the most.

5

### Conversation is key

Modern performance management requires a shift in mindset and attitude to ongoing, frequent, forward-looking dialogue between leaders, managers and their teams. It is critical that this is supported by a culture focused on driving employee engagement and the types of behaviour that will boost performance.





### References

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Towards Maturity: Unlocking Potential: Releasing the potential of the business and its people through learning. 2016-17 Learning Benchmark Report. November 2016.

Towards Maturity, Unlocking Potential: Influencing Culture, 2017.

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## Find out more

**Are you frustrated by paper based annual reviews?**

**Do you feel tied down by laborious, manual approaches?**

If you feel it's time for a change, get in touch. Our experts will be happy to explore how performance management software can support you to achieve your goals, digitise existing processes, save time, make better use of existing resource and consistently drive higher performance.

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