

# 9 BEST PRACTICES TO MASTER THE NEW PERFORMANCE REVIEW



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In Summary

# THE OLD MODEL IS DEAD

Grab your slate chalkboard and jot this down: “The old performance management model is dead.”

But of course you don’t own a slate chalkboard, because its time has come and gone.

And just as it no longer makes sense to use an antiquated method to take notes, it no longer makes sense to follow the old pattern of performance management, wasting hundreds of hours and thousands of dollars on a painful process that grants little usable information—and certainly no improvement in performance—as its reward.

Traditional performance management dates back to the Industrial Revolution, when employers saw workers as replaceable parts in a machine, not as valuable assets integral to the growth of their organizations. But while the employer/employee relationship has evolved, performance management remained stuck in the past until very recently.

The health of an organization is dependent on accurate, timely information. Just like people have upgraded from annual checkups to constant monitoring with apps and wearables, organizations should be seeking to do the same. An annual review simply can’t provide enough information to make smart business decisions.

Frequent reviews are more than functional for employers; they also meet the demands of modern employees, who expect a **constant** flow of feedback and won’t settle for anything less. As proof, **85 percent of millennial employees** say they would feel more engaged in their current position if they could have more frequent performance conversations with their manager.

“*[The annual performance review is] a process that looks in the rear-view mirror, that’s focused on what you’ve done a year ago. That just isn’t current with how we’re working and how many of the employees that we’re looking to attract or grow have been raised.*”

— **DONNA MORRIS**  
CHIEF HUMAN RESOURCES OFFICER AT ADOBE

The old model lives in the past, does little to reflect the present, and stunts an organization’s ability to plan for the future. We need to think of performance management as a living plant that needs constant care from a caring gardener, not a box that needs checking once a year. Even GE, the original champion of performance reviews and forced rankings, has jumped ship on these old ways of handling performance management.

“*The world isn’t really on an annual cycle anymore for anything.*”

— **SUSAN PETERS**  
SENIOR VICE PRESIDENT, HUMAN RESOURCES AT GE

# TAKE THE LEAP

Why do so many continue implementing infrequent—and demonstrably ineffective—performance reviews when it’s clear that today’s workforce is screaming for a change? We might as well ask why Grandpa Jim still uses his PalmPilot on a daily basis. Even though the consensus from the business world is that most everybody hates the old model, it remains in many organizations because they fear the unknown.

“*Performance management as practiced by most organizations has become a rule-based, bureaucratic process, existing as an end in itself rather than actually shaping performance. Employees hate it. Managers hate it. Even HR departments hate it.*”

— **LASZLO BOCK**  
SENIOR VICE PRESIDENT OF PEOPLE OPERATIONS AT GOOGLE

It takes courage to take any sort of leap, and this is certainly true of performance management processes. But the workforce is changing, and those slow to act will be left behind.

**Research shows** today’s workers don’t look to their managers for expertise nearly the way they used to. Young employees are acutely aware that in the Information Age, answers can be readily found elsewhere. Instead, employees want managers to be mentors and coaches who push them and inspire professional growth. If managers want to develop their

employees and help them improve their performance, they’re going to have to approach performance management differently.

HR professionals who are making the leap are seeing valuable differences. Research from Deloitte shows that new performance models—those that “**focus less on evaluation and more on agile goal setting, regular feedback, coaching, and development**”—are making a difference. Participating organizations are significantly more likely to believe their performance management process drives business value (up from only 8 percent in 2014 to 75 percent in 2015!). For a real-world example, software powerhouse **Adobe turned away from their annual reviews**, and within two years they saw a 30 decrease in voluntary departures. Perhaps more importantly, they got back the 80,000 hours they estimate their managers were spending on old processes.

**It’s time** to take the leap and master your performance management efforts. To do this, you must thrive in these two processes:

- **Check-ins:** This includes both scheduled one-on-one meetings and the spontaneous conversations that occur organically between managers and employees.
- **Feedback:** This includes feedback loops like peer reviews, manager reviews, and self-assessments.

The following are **9 BEST PRACTICES** to help you master the new performance management.

# 1. DON'T FORGET CULTURE

Just as most plants cannot flourish in dry, rocky soil, performance management will never thrive in an unhealthy culture.

Beneath the posters and the well-tuned recruiting pitches, there lies real culture: the collection of habits that drive relationships in your organization. You can claim all day that you have a culture of openness and respect where frequent feedback flourishes, but if cutthroat competition and backbiting are the real habits in your organization, even the most well-intentioned performance management model will fail.

Research has found that when organizations **focus on culture** they see increased revenue and profits as well as a more satisfied workforce. By focusing on culture, you give employees a reason to care. Caring employees are more engaged, and engaged employees **perform better**.

“*Corporate culture is the only sustainable competitive advantage that is completely within the control of the entrepreneur.*”

— DAVID CUMMINGS  
CO-FOUNDER, PARDOT

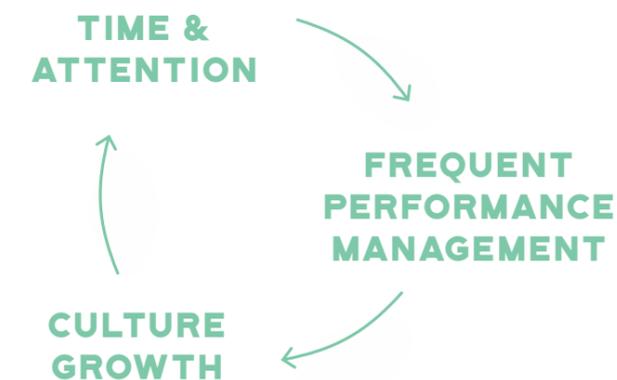
Good culture takes devoting time and attention to people, and it takes practicing and encouraging the right habits until they become part of an organization's DNA. After all, businesses don't create value; people do. And people are creatures of habit.

It takes time to grow healthy culture and get everybody on board. You can't just declare that “this is our culture” and—poof!—there it is. You have to reinforce the message on an individual basis by backing up the claims with actions.

It takes attention to every individual employee to ensure that a strong, worthwhile culture takes hold. Managers have to establish trusting relationships with their employees, and organizations have to demonstrate real care, by acknowledging the value their people bring to the organization and empowering them to produce more of that value.

Here's the plot twist: There's no better way to develop and sustain a strong culture than through frequent performance management efforts.

By frequently meeting to work on performance, it becomes much easier to guarantee delivery of the intended cultural messages. Frequent meetings also allow managers give their people the attention they need, maintain relationships of trust and openness keep employees focused on their goals, and give them the guidance and encouragement to continually provide more value to their team. If relationships like that aren't indicative of a strong culture, there's no such thing.



## 2. FOCUS ON THE EMPLOYEE

There's no better way to motivate an employee to become engaged in performance management than to show them a system designed to help them. When employees know they are cared about, they will become more engaged in the process and take the necessary steps to actually improve their performance.

This isn't to say that employees are unwilling or unable to care about broader company-wide goals and initiatives. But the truth is, the best way to accomplish overarching objectives is to start by working towards individual success.



Performance management offers unique opportunities for managers to prove they care about employees. Whether in a check-in meeting or performance review, managers can show an employee that:

- They know and understand them
- They respect them
- They want to see them succeed in the short and long-term

Managers can prove these things to their employees in many ways and on a daily basis, but it's often easier to start a dialogue in a sit-down meeting. When a meeting devoted to goals is never far away on the calendar, it's easier to guarantee those goals will be present in everyone's minds.

While discussing employee's career goals, managers have a ready excuse to discuss succession plans. Discussing the careers and experiences employees are striving towards makes it much easier to coach, mentor, and provide opportunities for employees because managers know exactly what they're aiming to achieve. Then managers will have all the information they need to give their employee opportunities to work towards their goal and to see if they are qualified for a position long before it even opens up.

Filling internal roles with existing employees results in a win-win-win situation. Internal hires are **more satisfied, loyal, and productive**, the organization saves time and money on recruiting, and the employee gets an opportunity to accomplish career goals.

# 3. PROVIDE CONTEXT

“ *If you want to build a ship, don’t drum up people to collect wood and don’t assign them tasks and work, but rather teach them to long for the endless immensity of the sea.* ”

- ANTOINE DE SAINT-EXUPERY

Once employees are engaged and willing to take the necessary steps to improve their performance, you need to show them how the dots connect from their job to the overall success of the organization. Context provides clarity that can in turn lead to an added sense of purpose and meaning. Since 69 percent of employees cite **meaningfulness at work** as a reason for satisfaction with their organization, this should become a vital element of any performance management program.

When employees have the wider context, managers no longer need to oversee every task they complete or action they take. Netflix calls this “context, not control,” and it’s one of the seven key aspects of their world-renowned culture. Rather than trying to control their employees, they consistently focus on making sure their people have the full context needed to meet necessary goals.

“ *When one of your talented people does something dumb, don’t blame them. Instead, ask yourself what context you failed to set.* ”

- NETFLIX CULTURE DECK



## 4. GIVE CLEAR EXPECTATIONS

One reason employees dread reviews is that they don't understand how their performance is being rated or perceived. To fight the fear, management should set crystal-clear expectations in the performance management process.

“*The quality of a performance review hinges on the expectations set in the preceding review. If you and the employee haven't previously agreed what she should be working on—and how their success will be measured—you're essentially saying, “Please, step into my office for some random observations.”*”

— **JOEL TRAMMELL**  
FOUNDER AND CEO AT KHORUS SOFTWARE

As you strive to give employees clear performance expectations, follow these steps:

**Outline Expectations:** An employee should be told both face-to-face and in recorded communications exactly what is expected of them, and they should have a resource to refer to along the way to make sure they are on track.

**Provide Objective and Key Results (OKRs):** Once you set expectations, employees should know how their success will be measured. Specific

metrics inform employees if they are on course to accomplish their goals. For example, a salesperson who is told to increase their monthly sales revenue will generally know what direction they need to head, but a salesperson who is told to increase their monthly sales revenue by 10 percent knows precisely what is expected of them. Both employees and managers can create OKRs, but managers should approve them and confirm they connect to overarching goals.

**Encourage SMART Goals:** Managers should encourage employees to create their own goals, incorporating the SMART formula: specific, measurable, achievable, relevant and time-based. To help the salesperson above reach their OKR of a 10 percent increase in monthly sales revenue, a SMART goal would be contacting 10 additional prospects by phone each week.

**Follow Up:** Employees should know if they met the expectations over a given period or not, and be informed when there are areas that need improvement.

On the flip side, it's equally important that employees receive recognition when they meet and exceed expectations. **A BambooHR study** found that 40 percent of employees only receive recognition a few times per year or less. When you consider that 94 percent of employees who receive recognition daily are satisfied or very satisfied with their organizations, it's clear this is a missed opportunity.

## 5. KEEP IT SIMPLE

For effective performance management to take hold in any culture, it needs to become a habit and a part of the workforce's daily lives. It must be simple; it cannot be an intrusive, time-destroying activity. Otherwise, nobody will adopt it.

“ *Life is really simple, but we insist on making it complicated.* ”

- CONFUCIUS

Performance management should feel like a natural, organic process. Supposed “best practices” like forced employee rankings and lengthy performance appraisals are anything but; they feel unnatural and increase stress as they waste excessive amounts of time.

Reviews should consist of very few questions that cut to the core of an employee's value, and they shouldn't take more than a handful of minutes. Check-ins should never be forced, but rather come as a natural byproduct of caring relationships. And technology should be used to automate as much of the process as possible. Remember the acronym KISS: Keep it simple, silly. (Okay, that's not the actual acronym, but you get the idea.)

**Now that we know how to conduct performance management efforts let's get into the nitty gritty of the processes themselves.**

## 6. HOLD REGULAR CHECK-INS

When strong culture and trusting relationships are in place, it only makes sense that managers and employees will check in with each other on a regular basis to discuss performance. However, since these types of conversations can be scattered in an irregular way—and since not every manager-employee relationship is at this point—managers need to establish regularly scheduled check-ins to guarantee that necessary performance discussions occur.

“*If you talk simply and honestly about performance on a regular basis, you can get good results—probably better ones than a company that grades everyone on a five-point scale.*”

— **PATTY MCCORD**  
FORMER CHIEF TALENT OFFICER AT NETFLIX

If performance is a topic regularly discussed, both managers and employees will feel comfortable talking about it. If an employee starts to develop a bad habit, a manager can easily and organically bring it up so that it doesn't become a serious problem. The same is true when the employee is developing a good habit the manager wants to highlight and encourage.

Consider the following **steps when scheduling sit-down check-ins**:

**Keep a Schedule:** Regularly scheduling check-ins guarantees that performance discussions take place as often as necessary, and provides a structured format for both managers and employees to broach important topics in privacy.

**Come Prepared:** Like any good coach, managers should come into the meeting with a plan. Managers should devote time beforehand to think about the employee, reacquaint themselves with the employee's current tasks, and review their goals and OKRs. They should brainstorm how they imagine the conversation will go and make sure they have answers to questions the employee might ask.

**Maintain Accountability:** Regular check-ins are an ideal time to follow up on previously established expectations, goals, and OKRs. They provide a venue to track efforts, recognize achievement, offer words of encouragement, and make necessary adjustments in strategy. Remember that **94 percent of employees** who receive recognition daily are satisfied or very satisfied with their organizations. Whether there are successes to recognize or problems to address, the time together should be spent to look forward, highlight the positives, and focus on making sure things improve moving forward.



**Listen, Listen, and Listen Some More:** Managers should come to the meeting prepared to actively listen to their employee. And once managers have actively listened, they need to listen some more. Employees should be able to treat these meetings as opportunities to speak their mind about whatever issues and challenges they are currently facing (both professionally and personally). Rather than jumping to conclusions and trying to “fix it,” managers should continue probing into their employee’s minds by using simple questions like “and what else?” This allows both parties to get to the root of the issues weighing on the employee’s minds and make plans to address the actual issues at hand (not the surface answers that employees are prone to offer at first).

**Take Note:** After check-ins, managers should record the takeaways from the meeting. Whether they **keep a journal** of the employee’s progress or use some other method, they need to spend time reflecting on the conversations after they happen and make plans for next steps. The more managers can recall from previous conversations, and the more they work to address the issues that come up, the more employees will know they care and be willing to buy into the process.

# 7. MAKE REVIEWS MEANINGFUL

Although some call for the death of the performance review—thinking that check-ins give managers adequate information—the truth is that check-ins don't give the full picture.

Formalized performance reviews still provide management with the information they need to make important decisions regarding budgets, succession plans, employee development, and employee engagement programs. They also provide employees with the benchmarks needed to create performance goals. Doing performance reviews right means focusing on the employee and their professional growth. Reviews should be simple and quick to conduct, and they will only have the desired effect if the organization's culture is healthy and strong.

Here are a few more elements of effective performance reviews:

**Make Them 360 Degrees:** Since managers can only find out so much by meeting with employees one-on-one, departments should also conduct peer reviews. But in order to get full picture of who an employee is and how they perform best, employees should also complete self-assessments.

**Hold Them Frequently:** Feedback loops need to be frequent so that they are accurate and up-to-date. Frequent feedback loops provide real-time insights that allow management to act faster, whether it's to alleviate a negative situation or reward a positive result.

**Focus on Engagement:** Performance reviews should not be the sole method for determining a raise or promotion. As a matter of fact, as soon as employees sense this is the case, they will be **discouraged from straight talk and the process will become overly politicized**. By keeping the focus on employee engagement and productivity, you gain the insights needed to improve in these areas while receiving plenty of data for career advancement questions.

**Limit Questions:** You can get a wealth of information by asking only a few helpful questions. Rather than quizzing employees on their peers (for long enough that they begin to resent the process and their coworker), you can just ask them what their peer does well and where they could improve. Two questions will elicit much more thoughtful responses than pages and page of queries.

**Eliminate Subjectivity:** Rating employees on their ability to accomplish SMART performance goals is one way to eliminate subjectivity from the performance review. Another way to cut out subjectivity is to use smart questions to get to the heart of how valuable an employee is. Rather than asking a manager a dozen open-ended questions about an employee's value to their department, simply ask, "If Mindy got a job offer elsewhere, I would . . ."

“ You rate me on ‘Marcus makes decisions quickly,’ and your rating reveals simply whether I make decisions more quickly than you do. Rate me on “Marcus is a good listener” and we learn whether I am a better listener than you. All of these questions are akin to you rating me on height. Whether you perceive me as short or tall depends on how short or tall you are. ”

- MARCUS BUCKINGHAM  
FOUNDER AT TMBC

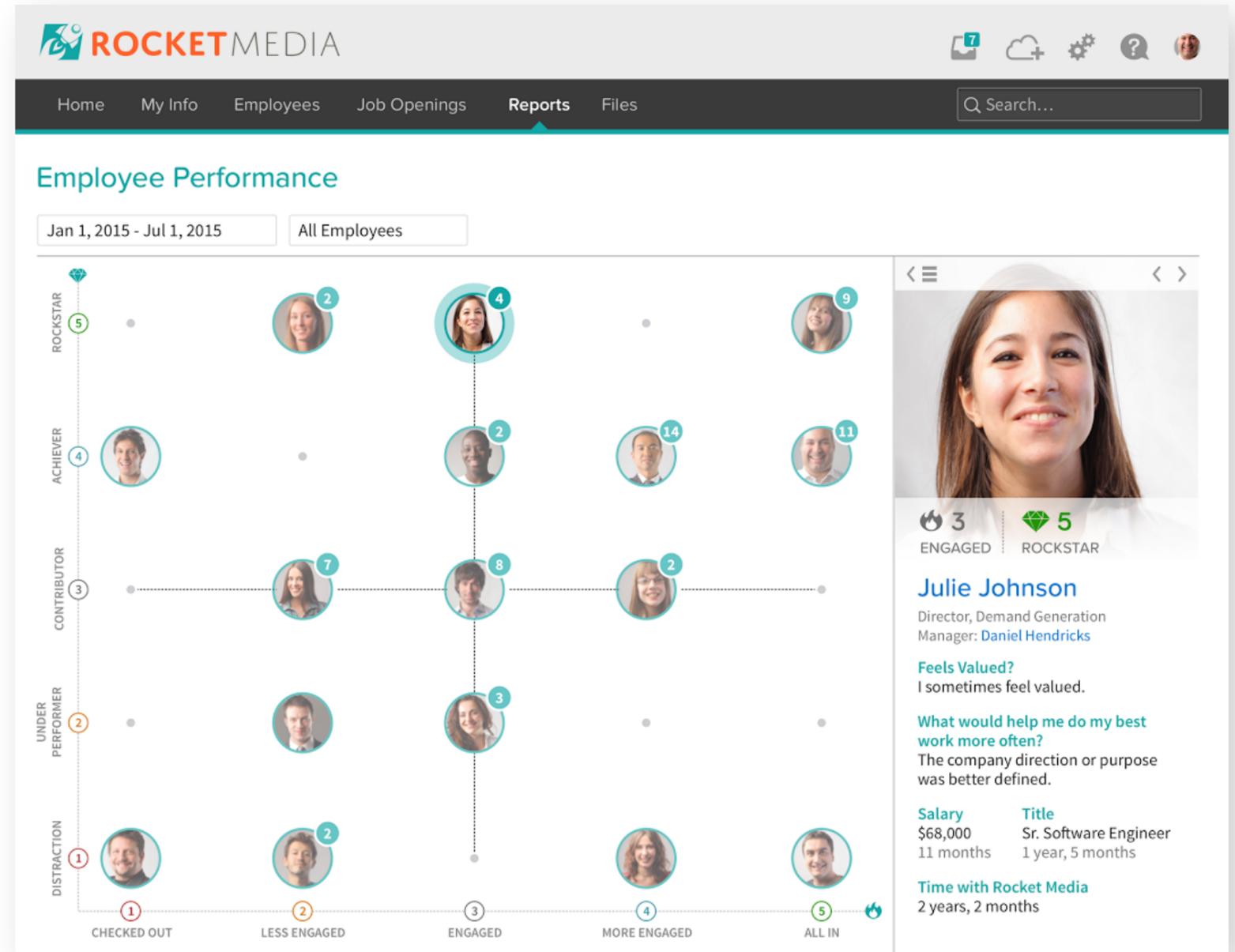


# 8. RETHINK OLD RATING SYSTEMS

Unless the aim is to make large-scale layoffs, it really doesn't make sense to focus an employee's rating purely on performance. It makes even less sense to boil performance down to a single number. This line of thinking is a relic from the Industrial Revolution when, as we've discussed, employees were regarded as production units rather than as individuals deserving of loyalty and respect.

Performance reviews are rarely required to determine who the top or bottom performers are, or if standards are being met. Rather, performance reviews should reveal who is engaged and who isn't and why. Knowing these things gives you information that will actually help strategize ways to improve performance. If you focus on engagement, you can determine who might be ready for a change. A consistently underperforming but fully engaged employee might excel in another position that better suits their skillset. On the flipside, a highly productive employee whose disengagement affects those around them might be costing you more culturally than they could ever produce in revenue.

However you do your rating system, if you can't use those ratings to effect positive, impactful change, the whole process is a waste of time.



# 9. USE THE RIGHT TECHNOLOGIES

Using the right tools is crucial in the process of mastering a new performance management model. Technology allows you to track and organize efforts easily so that HR professionals, managers, and employees can focus on their jobs.

Here are a few ways technology makes performance management a breeze:

**Taking Notes:** **Journaling software features** make it easy to note the performance of each employee in real time. Employees can get instant, private feedback when they've done something wrong, and receive public praise when they succeed.

**Performance Reviews:** Automating features like notifications inform employees and managers when they need to offer feedback, and link everybody to the reviews so that they can get them done. Automatically generated alerts remind people when deadlines are coming up. Reports pull the information from reviews and automatically generate **actionable insights**.

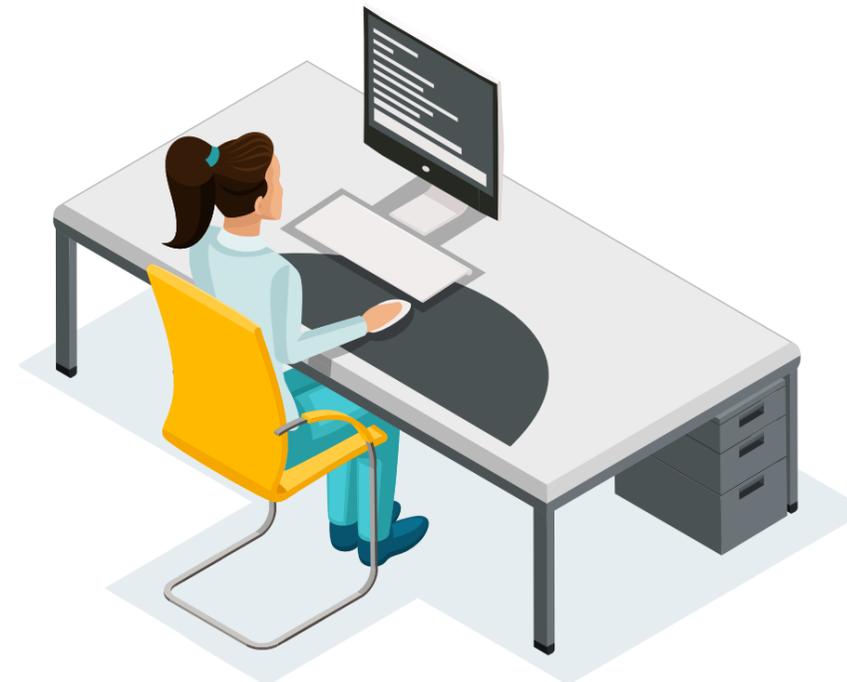
**Setting Goals:** Goal-tracking software makes it easy for employees to set and keep a record of their goals, and it reminds them when they haven't updated their goals for a given period. When managers and employees get together for their regular check-in meetings, **goal-tracking software** ensures they're on the same page.

**Time and Attendance:** Apps that **track time and attendance** can create more detailed reports to discuss with employees and identify times when their absence impacts other employees and the overall business.

**Tasking Apps:** **Task management apps** help you create and assign tasks, give employees the necessary information for the task, track their progress, and notify the relevant parties at completion. They can also provide ongoing procedure training and overall performance development.

## IN SUMMARY

Yes, the old model is dead, and yes, it is time to take the leap to the new performance management. Furthermore, you can master this new and improved way of managing employee performance. By following the best practices laid out in this ebook, you will be ready to develop your people like never before and propel your organization to new heights.





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