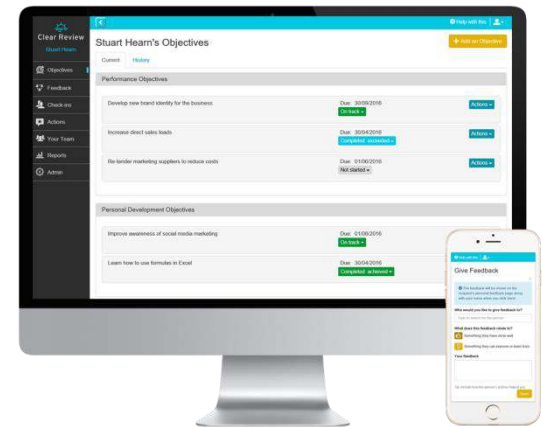




Clear Review

From Annual Appraisals to Continuous Performance Management

Stuart Hearn | CEO, Clear Review



Today we will be learning...

1. Why annual appraisals are not effective drivers of performance and engagement
2. What leading organisations have adopted in place of annual appraisals
3. How to manage reward without annual ratings
4. Key steps for transitioning to continuous performance management
5. The role of technology in supporting year-round performance management



- 20 years in Human Resources
- Former International HR Director at Sony
- 10 years specialising in performance management
- 6 years in performance management software
- Last 2 years researching and building software for year-round performance management



Dissatisfaction with performance management is at an all time high

95% of managers aren't satisfied with their organisation's performance management processes - *CEB*

75% of employees see it as unfair – *Towers Watson*

Only 8% of companies report that their performance management process drives high levels of value – *Deloitte*

Yet we're investing huge amounts of time and money in it

The average manager spends **210 hours a year** on performance management activities - *CEB*

Deloitte spent 2 million hours a year doing performance reviews and agreeing ratings

Why are we doing performance reviews?

1. To measure performance to make decisions about pay and promotions

Studies have found the correlation between individual performance ratings and business unit performance is **zero!**

Over 75% of HR executives say that their performance review process does not accurately reflect employee contributions.

2. To identify poor performers and hold them accountable

Less than 5% of the employees in an organization are typically poor performers, so it does not make sense to require extensive documentation from everyone.

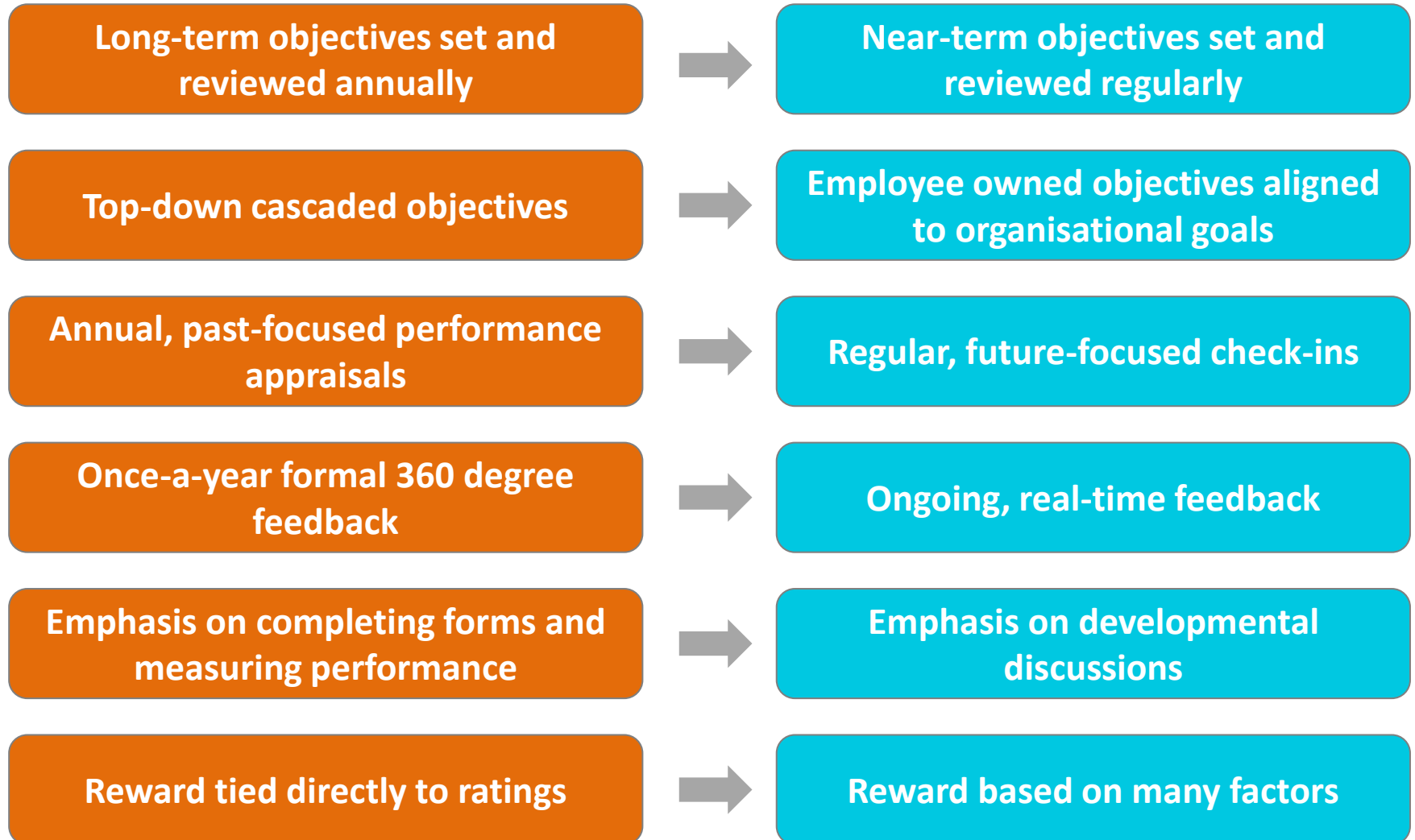
Managers frequently rate poor performers as satisfactory

What *should* PM be achieving?

- Help employees **develop and grow**
- Improve **communication** between employees and managers
- Align individual work to achieving the **organisation's goals**.
- Enable employees **identify and remove barriers** to performance.
- Help individuals and teams **perform to their highest potential**.

Traditional performance management doesn't achieve this due to its emphasis on annual processes, form filling and past-focused assessments

The new Performance Management



Approach 1 – don't do performance related pay

- Base pay rises on market rate, changes in responsibility etc.
- Base bonuses on team or company performance

Approach 2 – manager discretion

- Assign managers a reward pot
- Allows multiple factors to be taken into account
- HR BPs work with them to maintain consistency and fairness
- Continuous PM ensures more realistic view of performance

Approach 3 – hybrid

- E.g. consistency for majority, discretion for top talent

Who is adopting new PM?

2012-14: Early adopters



2015-16: Becoming established



2016 Onwards

89% of organisations are currently changing or planning to change their performance management process

Deloitte Human Capital Trends, 2015

Companies are already seeing the benefits

Adobe's voluntary turnover has decreased by 30% since introducing Check-ins

Since Cargill introduced 'Everyday Performance Management' 70% of employees now say they feel valued as a result of their ongoing performance discussions with their manager

Frequent feedback is now being described as 'the killer app' with studies finding that it can increase performance by up to 39%

Over 50% of companies where objectives are reviewed each month are in the top quartile of financial performance compared to just 24% where objectives are reviewed once a year.

Employees whose managers hold regular one-to-ones with them are almost 3x as likely to be engaged - Gallup

How to make the transition to CPM

- It's **easier** than you think
- **Start the journey now** – work on changing your culture over time
 - **Engage** senior leadership
 - Sell the **benefits** to employees and managers
 - Share **success stories** from those who are already practicing it within the organisation
 - Provide **training and guidance** on PM skills
- Use **simple software** to make year-round performance management easy for everyone



It is no longer about...

- ✗ Streamlining the completion of appraisal forms
- ✗ Assessing and rating performance and competencies
- ✗ Dashboards and charts showing questionable data

It is about...

- ✓ Helping employees to perform better
- ✓ Giving management *reliable* information to make better decisions
- ✓ Making the process simple for everyone involved

1. Keep objectives up to date and relevant

Stuart Hearn's Objectives

+ Add an Objective

Current

History

Performance Objectives

Develop new brand identity for the business


Due: 30/09/2016

Actions ▾

On track ▾

Organisational Goal

Customer service - increase our average Net Promoter Score to at least 9 out of 10, for both internal and external customers.

 **Debbie Jameson** Re-branding agency appointed
09 Feb 2016 08:51 • Edit



Success Measure

New brand values and imagery rolled out internally and to external market

Start by: 09/02/2016

Increase direct sales leads

Due: 30/04/2016

Actions ▾

Completed: exceeded ▾

Change

Withdraw


Move to history

Re-tender marketing suppliers to reduce costs

Due: 01/06/2016

Not started ▾

2. Facilitate Real-Time Feedback



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Debbie Jameson

Objectives

Check-ins



Feedback

Your Team


Help with this


Debbie Jameson's Feedback


[Give Feedback](#) [Request Feedback](#)

 = Things you've done well  = Things you can improve or learn from


Feedback Received


 **Zoe Wallace** Received some great feedback from customers about Debbie's recent presentation at the sales conference. Well done!
09 Mar 2016 09:05

 **Stephanie Chung** Thanks so much for the fast turnaround on the customer report. It really helped me out!
01 Feb 2016 18:00

 **Stephen Howard** For the next presentation, perhaps email out the handouts to attendees after the event rather than providing printed copies on the day.
15 Dec 2015 15:45

Feedback Given

 **Stuart Hearn** Today's marketing meeting was long and overran. Might be worth appointing a timekeeper next time.
15 Nov 2015 14:15

 **Natasha Peterson** Great job on landing that new customer. That's going to massively help our team revenue goal.
19 Oct 2015 10:37

3. Make Check-ins meaningful

Check-in Meeting: Stuart Hearn



with Debbie Jameson on 02 Mar 2016 [Change](#)

Prompts for Discussion


- **Actions from last check-in.** Have agreed actions been completed? If not, what can be done to ensure they are completed in the next week?
- **Performance Objectives and Personal Development Objectives.** What progress has been made? Are there obstacles that could prevent them from being achieved on time? How might these obstacles be overcome? Are all the objectives still relevant? Do they need to be changed?
- **Feedback.** What things have been done particularly well? What could be done better next time or learned from? What feedback has been given by colleagues or external contacts recently?
- **Using strengths.** Has the individual been able to do what they do best in their role recently? How can they better utilise their strengths on a day-to-day basis?
- **Priorities.** What are the priorities for the next few weeks, both for the individual and the team? Have organisational priorities changed recently?
- **Issues or concerns.** Does either party have any issues or concerns to discuss? What are the potential options for addressing them? What specific actions are going to be taken?
- **Help and support.** What help or support is needed from the manager over the next couple of weeks?

Actions

- Add a new objective for purchase order project
[Owner: Debbie Jameson](#)
Due: Wed 20 Apr 2016 • [Edit](#)
- Ask for feedback from 2 people on last project
[Owner: Stuart Hearn](#)
Due: Tue 24 May 2016 •

Add an action...

Notes

-  [Stuart Hearn](#) Great feedback received on recent presentation
19 Feb 2016 11:21 • [Edit](#)

Add a note...

4. Encourage and educate

- ✓ Helpful reminders
- ✓ Performance management guidance

What are Check-ins

- Check-ins are **regular one-to-one meetings** between individuals and their managers to discuss progress, priorities, issues or concerns, and to give feedback.
- Check-in meetings should take place **regularly throughout the year** and your organisation will advise you on how frequently you should be holding them.

Advice for holding Check-in meetings


- Check-ins are most effective when the individual initiates them and takes ownership for them.
- Before a Check-in meeting, the individual should update the **status** of each of their **Objectives** and add any relevant updates.
- Use the **Prompts for Discussion** to help structure your Check-in meeting.
 - Note that Check-ins are not intended to be long meetings and you do not need to discuss all of these points at every meeting.
- An important part of a Check-in meeting is agreeing **specific actions** based on the items discussed at the meeting. These actions should be captured in the Check-in meeting record along with any important **notes**.

Giving and receiving feedback

- Check-ins are a good opportunity to give and request feedback. This short video provides some helpful advice on how best to do this:



5. Collate essential performance data



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Debbie Jameson

- Objectives
- Feedback
- Check-ins
- Actions
- Your Team

Help with this

Team Review: 01 Jun 2015

Mark as Complete

Stephanie Chung

Is this person an exceptionally high performer? Yes

Are there any poor performance issues that HR should be aware of? No

Is this person ready for promotion today? Yes

What is this person's career preference for the next 12 months? Progress upwards

Comments

Looking to move into a management role in the next year

Benjamin Longacre

Steve Mitchell

Kimberley Paige

Zoe Wallace

6. Monitor performance activity

See how many check-ins or pieces of feedback employees have had in a given period

	A	B	C	D	E	F	G	H	I	J
1	Check-ins by person									
2	Period: 01-Apr-2016 to 30-Jun-2016									
3	First Name	Last Name	Reference Number	Email	Check-ins	Last Check-in	Manager First Name	Manager Last Name	Manager Email	Division
4	Stephanie	Chung	28439	Stephanie.Chung@exampl	1	03-Jun-2016	Stuart	Hearn	Stuart.Hearn@example.com	Sales
5	Stuart	Hearn	13881	Stuart.Hearn@example.co	6	21-May-2016	Debbie	Jameson	Debbie.Jameson@example.com	Finance
6	Stephen	Howard	38229	Stephen.Howard@exampl	0		Debbie	Jameson	Debbie.Jameson@example.com	Marketing
7	Debbie	Jameson	58223	Debbie.Jameson@exampl	3	25-Apr-2016	Stuart	Hearn	Stuart.Hearn@example.com	Sales
8	Amanda	Kaur	13132	Amita.Kaur@example.com	3	25-Apr-2016	Stuart	Hearn	Stuart.Hearn@example.com	Sales
9	Amelia	Khan	94582	Amelia.Khan@example.co	1	25-Apr-2016	Stuart	Hearn	Stuart.Hearn@example.com	Marketing
10	Benjamin	Longacre	18237	Benjamin.Longacre@exar	0		Stuart	Hearn	Stuart.Hearn@example.com	Finance
11	Steve	Michell	58293	Steve.Michell@example.co	1	08-Jun-2016	Stuart	Hearn	Stuart.Hearn@example.com	Finance
12	Kimberly	Paige	16578	Kimberly.Paige@example.i	0		Stuart	Hearn	Debbie.Jameson@example.com	Sales
13	Christopher	Peake	19873	Christopher.Peake@exam	1	15-Apr-2016	Stuart	Hearn	Debbie.Jameson@example.com	Operations
14	Thomas	Robertson	17423	Thomas.Robertson@exar	0		Debbie	Jameson	Zoe.Wallace@example.com	Operations
15	Oliver	Simpson	18394	Oliver.Simpson@example.	2	13-May-2016	Debbie	Jameson	Zoe.Wallace@example.com	IT
16	Colin	Turner	12342	Colin.Turner@example.co	0		Debbie	Jameson	Debbie.Jameson@example.com	IT
17	Zoe	Wallace	25178	Zoe.Wallace@example.co	4	10-Apr-2016	Stuart	Hearn	Stuart.Hearn@example.com	Finance

6. Monitor performance activity

See how many objectives employees are currently working on

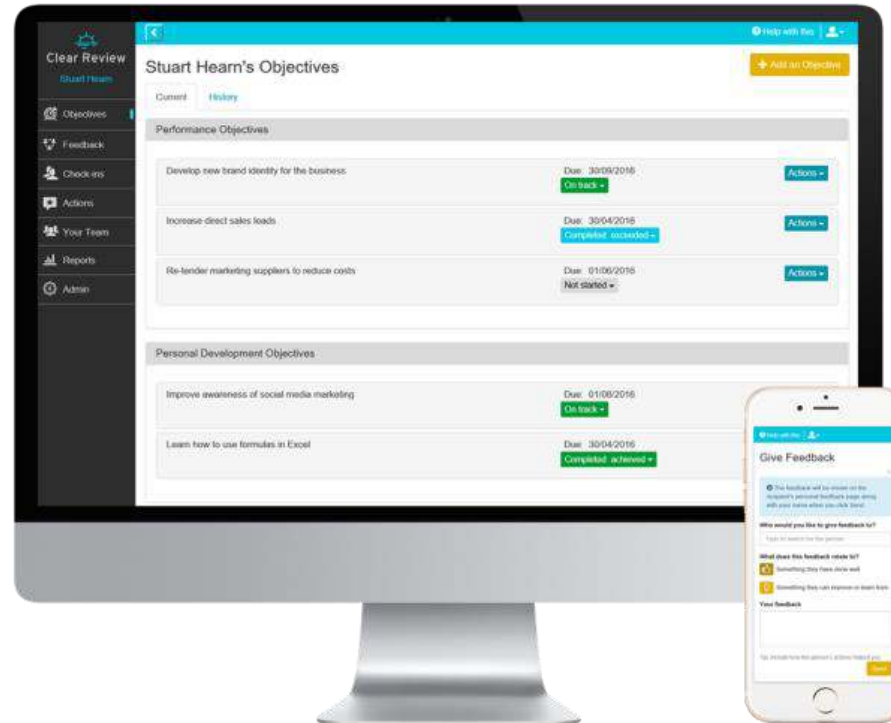
	A	B	C	D	E	F	G	H	K	L
1	Objectives By Person									
2	First Name	Last Name	Reference Number	Email	Approved Performance Objectives	Approved Development Objectives	Unapproved Performance Objectives	Unapproved Development Objectives	Approver Email	Division
3	Stephanie	Chung	28439	Stephanie.Chung@example.com	2	1	0	0	Stuart.Hearn@example.com	Sales
4	Stuart	Hearn	13881	Stuart.Hearn@example.com	3	2	0	0	Debbie.Jameson@example.com	Finance
5	Stephen	Howard	38229	Stephen.Howard@example.com	7	2	0	0	Debbie.Jameson@example.com	Marketing
6	Debbie	Jameson	58223	Debbie.Jameson@example.com	2	1	2	0	Stuart.Hearn@example.com	Sales
7	Amita	Kaur	13132	Amita.Kaur@example.com	4	1	1	0	Stuart.Hearn@example.com	Sales
8	Amelia	Khan	94582	Amelia.Khan@example.com	0	0	0	0	Stuart.Hearn@example.com	Marketing
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15	Colin	Turner	12342	Colin.Turner@example.com	8	2	0	0	Debbie.Jameson@example.com	IT
16	Zoe	Wallace	25178	Zoe.Wallace@example.com	0	0	0	0	Stuart.Hearn@example.com	Finance

7 learning points to remember

1. Traditional appraisals are not improving performance and engagement
2. They are not an effective tool for measuring performance and identifying poor performance
3. Regular check-ins and frequent feedback have been proven to drive engagement and enhance performance
4. You can collate performance data using technology without employees having to do appraisals
5. You *can* manage reward effectively without performance ratings
6. Moving to year-round performance management is not difficult. 89% of organisations are adopting it or considering it.
7. The *right* performance management software can make the process easier for everyone and help improve performance



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Book a demo now at

www.ClearReview.com/book-demo