

The Guide to Effective Performance Management

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Introduction

Work has changed.

In order to keep up, organizations must rethink how they build, engage, and retain an exceptional team. Recruitment, engagement, and retention drivers of the past like salary, benefits, and perks are today's basic table stakes.

Employees expect all of those things as a given, plus greater:

- Autonomy and flexibility
- Purpose and alignment to mission
- Community with coworkers, whether in-person, hybrid, or remote
- Transparency with leadership teams
- Feedback from managers and peers
- Growth and development opportunities

Organizations that fail to meet these needs will struggle.

Without an organizational culture and structure that supports it, <u>employee engagement</u> will decline.

Without a definitive and compelling employee value proposition, recruitment and retention will also suffer.

And, without effective feedback and growth opportunities, employees won't have the chance to develop and improve their skills.

Many companies need to tackle these issues more effectively. Traditional performance management systems attempt to provide that essential structure for growth, development, and engagement, but they're increasingly unable to deliver on those promises.

Traditional performance management needs to be improved.

Most legacy methods ineffectively fulfill modern employee requirements, and many even work counter to them.

Although some traditional performance management strategies were considered viable options in the past, most have proven over time to be problematic.

For example:

- Inaccurate employee performance evaluations impair employment decision-making and breed mistrust from employees seeking honest feedback and transparency.
- Performance management processes that only focus on weaknesses and mistakes motivate just 19% of employees to do better work.
- Once-per-year reviews are susceptible to recency bias and are too infrequent to motivate and empower employees effectively.
- A mere <u>quarter of employees</u> strongly agree that their performance reviews are accurate, and just 29% strongly agree that they're fair.
- A focus on process, instead of people, leads to cumbersome and time-consuming review cycles that don't deliver performance results.
- Only 21% of employees feel their performance metrics are within their control.

These are just a small sample of <u>performance management statistics</u>, and the many issues with traditional performance management programs that can be resolved through a different approach to performance management: <u>performance enablement</u>.



What is performance enablement?

Continuous performance enablement is not a single strategy, but a collection of approaches that:

- Empower employees.
- Are proactive, not reactive.
- Prioritize growth over innate skills.
- Encourage frequent, omnidirectional feedback.
- Leverage contemporary psychological and organizational research.
- Seek to learn from and improve on traditional strategies.

What can I expect from this guide?

You'll gain foundational knowledge and learn the necessary steps to develop a continuous performance enablement process.

How should I use this guide?

Even if you're already familiar with the fundamentals of employee performance management programs, performance enablement is a different way of thinking about

employee motivation, engagement, and <u>continuous performance management</u> and evaluation. We recommend starting from Chapter 1, even for seasoned HR professionals and people managers, to get the full picture of this new way of motivating and empowering employees to perform at their best.

Are you ready to move into the future of employee performance? Let's get started!

Chapter 1: Why the Current Approach to Performance Management Doesn't Work

Is the traditional performance review obsolete? Its death knell has been sounding <u>for a few years now</u>, and for good reason. With a focus on process over people, on recency instead of long-term trends, and on competition over collaboration, the old-school performance evaluation isn't getting results—but it's certainly taking up a whole lot of managers' and organizations' valuable time.

[See how much your performance review is taking—and costing you—with the <u>Cost of Performance Management Calculator</u>]



The demise of the traditional review is backed up by data showing that it's simply ineffective.

- Fewer than 20% of employees feel inspired by performance reviews.
- About one-third of the time, performance reviews make performance worse.
- Only 14% of employees feel their performance is managed in a way that motivates them.

But how did we get here? Performance reviews started, in theory at least, as organizations needed a way to evaluate employee performance—a worthy goal. To understand how we arrived at the system we have today, it's helpful to look to the past.

Performance evaluations: a history

Historical records suggest the use of formal performance reviews <u>dates back at least as</u> <u>far as the year 230 AD</u>—centuries before the advent of electricity, steam engines, and the printing press.

In one of the earliest recorded examples of a formal performance review, members of the official family in China's Wei Dynasty were routinely evaluated based on a nine-point scale. Even then, performance reviews faced criticism. Philosopher Sin Yu questioned the validity of the exercise, stating:

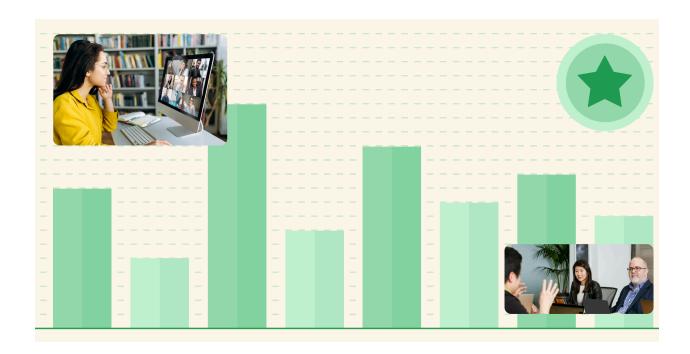
"The Imperial Rater seldom rates men according to their merits, but always according to his likes and dislikes."

Sound familiar?

Although they've had millennia to evolve, the structure of performance reviews remained largely unchanged over hundreds of years, with contemporary criticisms striking a resoundingly similar tone to Sin Yu's. The 70% of employees today who feel their managers subjectively evaluate their performance would certainly agree.

Despite these long-standing criticisms, performance evaluations in this format became even more prevalent over time. As Peter Cappelli and Anna Tavis explain in "The Performance Management Revolution," about 60% of U.S. companies had some kind of formal employee performance evaluation process by the 1940s, and that number rose above 90% in the following two decades.

It's hard to imagine this practice lasting nearly 2,000 years and being adopted so widely without exhibiting some meaningful benefits—and there are some. But those benefits are often hampered by a format that is out of step with the wants and needs of a modern workforce.



Traditional performance evaluation examples

Annual employee reviews

Annual employee reviews were originally designed to help organizations separate top performers from low performers. As time went on, these performance reviews began to play a <u>role in compensation</u>, promotion decisions, and employee development programs.

A typical performance evaluation is an annual meeting between a manager and their employee. It's usually scheduled around the end of the fiscal year to cover that year's results and to make similar comparisons across employees.

During a traditional employee evaluation, the manager and direct report review the employee's key strengths and weaknesses, ideally with visible evidence of both. The process ends with an overall assessment of how well the employee met expectations, followed by setting performance and development goals for the next year.

Key benefits:

- Provides a standardized measure for employee performance and progress.
- Helps employees understand how well their work matches up with organizational/managerial expectations.
- Identifies areas where an employee's skills can or should be improved.

Common challenges:

- Subject to both conscious and unconscious biases.
- Focuses on accountability and praise for past actions, rather than inspiring future contributions.
- <u>Infrequent cadence</u> denies opportunities for timely course correction.
- Dated feedback is often irrelevant concerning current projects and objectives.
- Often time-consuming and expensive to administer.
- Can damage morale and motivation toward future contributions.
- Contrasting objectives: reviewer is often focused on areas for improvement, while reviewees are often focused on compensation and career advancement.

Ratings scale

To standardize processes and make quantifiable employment decisions, many organizations assign numerical ratings representative of the overall value individual employees bring to the organization throughout the year.

This quantitative approach to employee ratings provides the perception of greater accuracy and objectivity in employee evaluations, particularly when they influence pay and termination decisions.

The two most common approaches to employee ratings include a numerical scale (usually a scale of 3, 5, or 7), or a set of standardized descriptions (for example: fails to meet expectations, meets expectations, or exceeds expectations).

Most employees are rated at the middle of the scale, indicating they meet but don't exceed expectations. However, this can also be true for employees who are not truly achieving satisfactory outcomes, resulting in a condition referred to as "ratings creep."

Ratings creep is a phenomenon common to <u>employee performance review rating scales</u> in which managers knowingly give artificially inflated scores. This can happen for any number of reasons, from managerial biases toward their teams to busy managers with too much on their plates, or simple conflict-avoidance behavior.

While it may seem benign at first, ratings creep can be detrimental both to employees and the organization: without accurate, candid feedback, employees can't course-correct effectively, resulting in a lower standard of performance organization-wide.

To combat ratings creep and other biases, many organizations include a final calibration process in which managers gather to compare ratings across employees. However, these and other similar interventions still fail to curb bias, which <u>Harvard Business Review</u> research confirms:

"However, the same study, as well as our own analysis of calibrations data, has revealed a number of ways in which calibration meetings actually introduce bias into the performance evaluation process."

Although employees reportedly appreciate the feedback gained through performance reviews, this structure and its execution leave much to be desired.

Key benefits:

- Quantitative/measurable representation of an employee's contributions.
- Standardization of employee performance feedback data and managerial expectations.

Common challenges:

- Employee contributions can be difficult or impossible to quantify on a numerical scale.
- Applies a quantitative lens to an innately qualitative subject.
- Frequently ineffective in assessing performance.
- Lack of context in ratings.
- Subject to ratings creep.

What's next?

It's time to take our learnings from performance management's past, and begin to design its future. In the next chapter, we'll take a closer look at the evolution of modern performance management processes into a more effective strategy of performance enablement.

Chapter 2: Why You Enable, Not Manage, Performance

There's a simple truth at the heart of the problem with traditional performance processes: employees don't want their performance to be managed. That terminology alone is demotivating, implying that someone else has full control over their growth, development, and advancement.

Plus, traditional performance management focuses mostly on annual reviews, even though employees are (ideally) growing and learning year-round. Any performance management done throughout the year is typically in reaction to an employee doing something wrong, which can sap their confidence and make them shy away from experimentation and growth.

Traditional performance management often leaves employees feeling controlled instead of empowered. There is a solution, but it will take an organizational paradigm shift from a once-per-year performance assessment to always-on performance empowerment.

And that solution is continuous performance enablement.

Defining performance enablement

Performance enablement is a people-centric practice that prioritizes continuous feedback and allows employees to take ownership of their growth while <u>enabling managers to unlock top performance</u>.

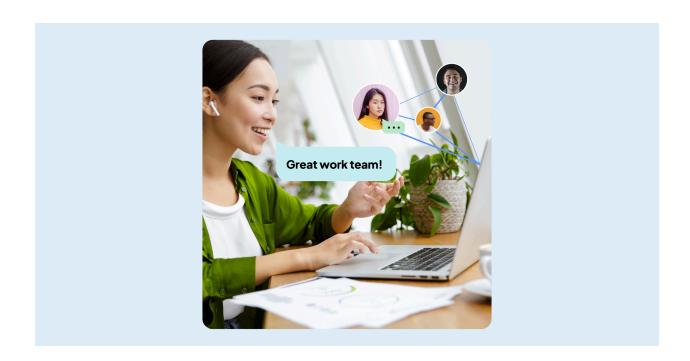
Employees are empowered to learn, take risks, and grow through regular, timely feedback. Continuous and thoughtful feedback is combined with helpful resources, manager-led coaching, and regular goal check-ins: equipping employees to reach their full potential on their own terms.

How feedback fuels enablement

Feedback is the secret to driving employee performance.

Feedback doesn't have to be a scary word; in fact, employees crave more feedback from their managers. A staggering 96% of employees would prefer to hear feedback continuously and in real-time. According to Gallup, "employees are 3.6 times more likely to strongly agree that they are motivated to do outstanding work when their manager provides daily (vs. annual) feedback."

But all feedback is not created equal when it comes to performance—it must be delivered thoughtfully and effectively to motivate employees.



9 essential components of effective feedback

1. Continuous

Offering feedback only a few times a year doesn't give employees enough information about their performance to meaningfully improve it. Feedback must be continuous and timely to maximize its impact. By giving more feedback in real-time, the receiver won't be surprised during an annual review with mistakes they could have corrected months ago.

2. Future-facing

Effective feedback should be future-focused—addressing how employees can improve in the future, instead of always dwelling on past mistakes. This is a more empowering and motivating approach and encourages a growth mindset in employees instead of a fear of failure.

3. Effective coaching, training, and tools

Employees need the right resources and support to maximize their performance. Equipping them with the coaching, training, and tools allows them to thrive and improve the skills linked to their development goals. While employees can be empowered to find tools on their own, there are also resources that your organization needs to provide for all employees and managers to provide support and guidance.

4. Balanced

Giving feedback can feel like a tough tightrope to walk: managers need to give enough constructive feedback so employees can improve, but they also need to offer <u>positive</u> recognition regularly to motivate them. Think of feedback as a bank balance: employees need about a <u>5:1 ratio</u> of positive "deposits" in their accounts to balance out every piece of constructive feedback.

5. Objective and fair

Feedback must be impartial and fair to build trust with employees, but that's easier said than done. There are two key kinds of bias to avoid when giving feedback:

- Recency bias: Managers frequently weigh the recent accomplishments (or shortcomings) of employees more heavily when assessing performance, which is an issue when those reviews only happen once to twice a year.
- Identity bias: Reviews are often biased based on employee attributes like age, race, gender, and more. Research shows that women get 22% more personality feedback than men, and Black and Latinx people receive 2.4 times more feedback that is not actionable than white and Asian people do, among other common biases.

Training employees, managers, and leaders on how to avoid unconscious bias is essential to making feedback more fair (we like <u>this one!</u>). You should also ensure that feedback prompts are objective and evidence-based.

6. Clear

Vague feedback can be worse than not getting feedback at all. Straightforward, clear feedback (yes, even constructive feedback) is kind and more helpful to employees because they're not left wondering what exactly it means or how they can move forward. Be specific with the ways you think they can improve and how it would impact the team or organization with those improvements.

7. 360°

No one, not even the best manager, can get a full picture of an employee's strengths and weaknesses by themselves. Gather multiple perspectives from peers, business partners on other teams, and anyone else who regularly interacts with the employee to look for patterns without being subject to one person's point of view.

8. The right time with the appropriate context

The most thoughtful feedback delivered at the wrong time won't improve performance—it might even worsen it. Be sure the employee is in the right headspace to receive constructive feedback before you begin.

A simple question can clear the air and allow the employee to opt-in and gather their thoughts, go with something simple like: "I was impressed by how you tackled the rebranding project and got buy-in from all our internal partners. I have a few ideas for managing timelines for future projects; would you be open to hearing my feedback in a quick call today?"

The end of a project is also a natural time to provide feedback and employees will be expecting it, so take advantage of the existing workplace cadence.

9. Emotional intelligence

Great feedback that employees take to heart starts with <u>emotional intelligence</u>. Asking these questions before you give feedback can help ensure it lands:

- Is the feedback I am giving about a recent situation?
- Is the feedback recipient in a headspace to review my feedback?
- Am I in a headspace to respectfully deliver feedback?
- Am I emotional or upset? Can I temper my emotions while delivering feedback?
- Is this an appropriate setting for constructive feedback? (Remember, positive feedback should be given publicly, and constructive feedback should be given privately.)
- Do I have a trusting relationship with the feedback recipient?
- When was the last time I gave the feedback recipient recognition?

What's next?

In the next chapter, we'll cover the critical role that managers play in performance enablement, and how to support them so they can support and empower their teams.

Chapter 3: The Role Managers Play in Enabling Performance

Performance enablement empowers employees to take charge of their growth, but they need guidance, coaching, and support to reach their full potential. The person best positioned to give them all of that is their manager. That means that managers are the essential ingredient in performance enablement: without their active and enthusiastic involvement, your organization's efforts won't result in real changes.

Here's what you need to know about the role of managers in performance enablement, and how to better support them so they can support their people.

Managers are the key link in empowering employee performance

Since managers straddle the middle of the organization—they communicate and motivate downward to their direct reports while communicating and promoting their team's efforts upward to leadership—they're uniquely positioned to enable employee performance.

The data backs this up. <u>Gallup found</u> that a manager having one meaningful conversation per week with each team member develops high-performance relationships more than any other activity.

Plus, employees who hadn't <u>received meaningful feedback</u> from their managers in the past week had the largest decline in knowing what's expected of them at work—and it's hard to feel empowered to perform above expectations if you aren't even sure what those expectations are.

Managers also play a vital role in <u>recognizing and appreciating employees</u>, which drives performance. Harvard Business Review shared a joint study, which found that members of high-performing teams reported <u>receiving 79% more frequent appreciation at work</u> from their managers. Interestingly, they also receive 72% more appreciation from their colleagues. Lastly, peer-to-peer recognition is also within the power of managers to encourage and drive.

Why managers need support

Building a high-performing team starts with the team's managers. But managers have been overworked and undertrained, especially in the past few years as they've been tasked with more responsibilities and more competing priorities that they struggle to juggle. McKinsey research found that managers are spending less than one-third of their time on talent and people management, even though that's arguably where they add the most value to both their companies and their employees.

That's led to a burnout crisis among people managers: 42% feel burnt out, according to <u>Slack research</u>. Managers <u>are more likely</u> than individual contributors to be burned out (and disengaged, looking for a new job, and feeling like their organizations don't care about their well-being).



How to care for managers so they can care for their teams

It's clear: companies need to do more to support and enable their managers if they want to drive higher all-around levels of performance.

Give them time to prioritize what matters

A good place to start is by ruthlessly examining how managers are expected to prioritize their time. Are most of your managers also tasked with a lot of individual contributor work, or hours of admin work every week? Finding ways to get these tasks off their plates, like

hiring more ICs to handle work at that level or automating tedious admin work, can free up time that managers can use for the people-management parts of their role.

Do whatever you can to ensure they have enough time to prioritize regular check-ins and one-on-ones with their employees where they can provide feedback, employee recognition, and coaching. You can even hold them accountable for that by setting goals around those tasks, but be sure you're not just loading more expectations onto their already full plates without taking anything off (that's a fast track to burnout).

Offer more training and resources

Switching to a performance enablement culture puts a lot of pressure and responsibility on managers, especially with the need to deliver more frequent feedback. And since many managers, particularly new ones, consider giving feedback to be one of the most challenging parts of their jobs, demanding that they offer continuous feedback without any support is going to be a tough sell.

Your organization needs to provide managers with the training, resources, and support to make the transition to a culture of continuous feedback. That means offering both new and experienced managers the opportunity to learn about best practices for giving effective feedback, and perhaps even practice it in a safe space with their peers. Regularly provide them with resources via your internal communications about the importance of feedback and tips for delivering it so it stays top of mind. And don't forget to recognize and reward managers when they do a great job at delivering feedback to reinforce those positive habits.

Also, if you're expecting managers to suddenly start giving feedback weekly instead of annually, that's likely too big of a leap to make at once. This transition will take time, so give your managers support while it's ongoing even as you make it clear that it's a top priority.

What's next

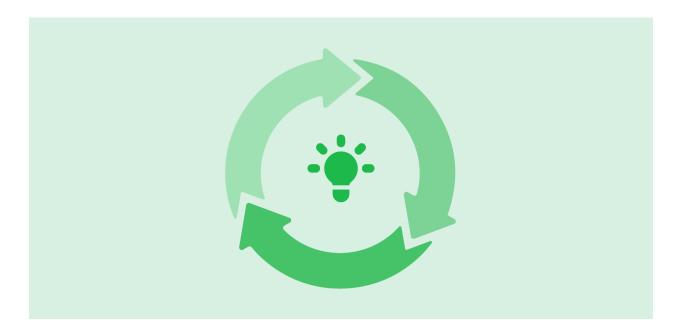
In the next chapter, we'll cover the most essential elements of continuous performance enablement that you need to know to incorporate it into your organization.

Chapter 4: Elements of Performance Enablement

Creating a successful continuous performance enablement strategy involves many elements working in sync. Getting all of these elements aligned might seem overwhelming at first, but with enough time and a committed team of leaders showing the way, we promise you'll get there sooner than you think. (And we'll cover tools and resources to help you get there in the next chapter, too.)

Plus, these changes won't just improve your individual employees' performance: they also will shift your entire <u>organizational culture</u> to be a more employee-centric, highly engaged, high-performing one. And that's a wonderful place to work, to lead, and to be a customer.

So what exactly are these all-important elements of a continuous performance enablement system? Here's what you need to have.



Elements of a continuous performance enablement system

Continuous feedback

Let's say it one more time (it's that important): the key element in performance enablement is continuous feedback.

Employees need to receive frequent, timely, specific feedback to understand their performance and know what steps to take to improve it. And when they don't receive it,

that spells trouble. <u>4 out of 10 U.S. employees</u> disengage from their work when they receive little to no feedback from their managers.

Continuous feedback highlights valuable contributions in the moment and provides the information employees require to course correct early on when necessary. Given that crucial information and the tools they need to improve, employees receiving continuous feedback are less likely to be blindsided by poor ratings months later during their performance review.

Supplementing managerial feedback with frequent and timely feedback from other sources provides all parties with more comprehensive information they can act on immediately, while not letting all of the burden fall on your busy managers.

An employee's <u>peers are an excellent channel</u> for timely, authentic feedback because they often work closely with one another and are more directly impacted by the work being done. To make this approach sustainable, managers and peers need the tools and culture that support <u>transparent</u>, <u>two-way dialogues</u> about performance and goals.

Providing an environment that promotes timely, actionable feedback continuously can help turn performance management from something both employees and managers dread into something all parties genuinely look forward to.

More effective 1:1s

When managers meet weekly with their direct reports, they can provide timely, thoughtful feedback in an informal way that emphasizes learning and improvement. Managers who are also good coaches can use this format to establish a dialogue with their team that builds mutual understanding, trust, and ownership of objectives.

Regular coaching allows for more flexible goals and more support with stretch goals, which provides employees more autonomy and mastery to be engaged, high-performers.

Effective techniques for 1:1 meetings include:

- Employee-led agendas focused on the employee's interests.
- Encouraging reflection with thoughtful questions on themes and processes.
- Alternating weekly between long-term progress (i.e. career goals) and medium-term progress (i.e. projects) for fresher and deeper conversations.
- Soliciting feedback on what management and the organization can do better.

Regularly-scheduled 1:1 meetings are an effective way to maintain a stronger, more positive relationship between the manager and the employee while strengthening goal alignment.

Recognition paired with insights

Employee recognition and appreciation on its own is an indisputably vital part of any good company culture. But to really drive higher levels of employee performance and empowerment, combining that recognition with data-driven insights is critical.

Fortunately, employee recognition platforms like Bonusly offer a wealth of <u>data based on recognition</u>. You can save noteworthy achievements by bookmarking them so you can have them at your fingertips when it comes time to give employees feedback, preventing recency bias from creeping in.

Those data-driven look-backs give a fuller view of an employee's performance throughout a specific period. And, they also include the ability to look at feedback from an employee themselves in a self-evaluation, from their peers, and anyone else they request feedback from throughout the year.

Growth focus

Growth focus is a key differentiator between traditional performance management and performance enablement, and its value can't be overstated. A genuine growth focus can increase not only an employee's ability to contribute to the organization, but also their drive to do so.

Many employee performance evaluation strategies forgo the benefits of employee growth by focusing on performance in retrospect, rather than on opportunities for future performance and growth. This subtle distinction can mean the difference between an uncomfortable meeting all parties dread, and an exciting opportunity to build confidence and make greater contributions.

Both approaches are emotionally charged, but they produce very different outcomes. The former is reactive, while future-thinking is proactive.

Hearing what others think of you (or the work you've dedicated yourself to) can be an emotional experience. But that's okay. In fact, it can be highly beneficial. Rather than deny or repress the emotional side of human nature, embrace it as a tool for growth.

For instance, managers who genuinely recognize their employees as top performers are more likely to lead a team of top performers. And while criticism can feel unpleasant, growth feels amazing. Focus on growth.

Positive reinforcement doesn't ignore ways to improve. It is a more encouraging approach that shows examples of how behavior and outputs could be improved.

Modern performance enablement programs default to how the organization can help its members grow. Real-time feedback gives employees the information and time to adapt, directing their energy away from fear and toward development.

You can implement a growth focus in your own program with a few simple steps:

- Start by <u>recognizing employees</u> for what makes their work exceptional. This has a positive impact on the motivation and performance of the whole team and encourages further dedication. Take it a step further by empowering everyone in the organization to do the same.
- You'll inevitably need to <u>deliver feedback</u> on areas that could use improvement.
 When you do, maintain a growth focus by identifying those areas as growth and learning opportunities, rather than singling them out as areas of poor performance.
 Provide every resource you can to help employees achieve that growth.

Human-centricity

<u>Gartner recently named</u> human-centricity as one of the key components of the future of work.

"A human-centric experience focuses on human needs, rather than expecting humans to conform to legacy practices or work locations," the report notes.

As management fads come and go, organizations must never lose their people focus. While we learn from other organizations and other disciplines, performance management programs must be designed for the users: first, the performer (employee) and second, the coach (manager).

Without that focus on the participants, we're building a house that looks nice from a distance but ends up impractical and repellent for the people who live there.

Many organizations create friction by focusing too much on programs, and not enough on the people those programs are meant to serve. Gartner says that empathy-based management is critical to empowering and understanding employees—and that the performance results are even better when that empathy is baked into the entire company culture.

A human-centric performance enablement process facilitates autonomy and mastery. It empowers employees with purpose, transparency, and timely feedback.

Jumping headfirst into the latest trend because it sounds good can be just as problematic as keeping an antiquated system because neither of those approaches focus on the people that will inevitably feel their impact most.

Building a more human-centric performance management process starts and ends with people.

You can work to implement a more human-centric process by following a few basic rules:

- Give your team a voice in what often ends up being one of the most impactful elements of their employee experience.
- Focus on strategies that help build genuine relationships between employees, their managers, and the organization.
- Prioritize <u>psychological safety</u>.
- Keep it simple.
- Iterate.

What's next?

Congratulations! You're now familiar with continuous performance enablement and how to give the feedback that fuels it. Now let's put it all together and work toward the future!

Chapter 5: Top Performance Enablement Resources

Major changes to the way employees and organizations work together may feel disconcerting to some, but there's something important to keep in mind:

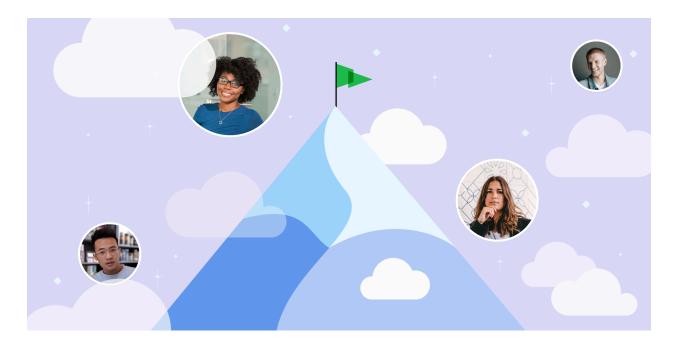
Change isn't coming; it's already here.

<u>80% of companies</u> have updated their performance management system within the past four years.

That change is part of a crucial evolutionary process of developing a system that meets employee expectations, fits culture, and drives engagement.

While this constant change is necessary for everyone to move forward, it can feel threatening—especially for those employees who have been conditioned to interact with organizational leadership in a certain way.

With that in mind, let's discuss some key actions, resources, and tools key to driving the shift from performance management to enablement effectively. These changes will also help you build an entire <u>organizational culture that is high-performing</u>, which makes your company an exciting and productive place to work.



Connect goals to your company culture

A big driver of employee engagement and performance is knowing that their daily work contributes to something larger, like your <u>organization's mission</u>. Driving performance only for the sake of performance, or profit, doesn't provide employees with that intrinsic motivation that enables them to improve their performance and reach new heights.

An obsession with results above everything else creates a culture that disregards employee wellbeing, encourages cutting corners, and fosters a cutthroat environment. That's not only an unpleasant place to work, but it also is the opposite of enablement—it drives employees via fear and control.

Your KPIs/OKRs/etc are still important, and they should be a component of your performance measurement and standards for employees. But your <u>goals also need to point to the key engines of your culture</u> to be effective.

Employ the employee self-evaluation

An employee self-evaluation (or self-assessment) segment can help improve the traditional performance review experience by shaping it more like a two-way conversation.

In an employee self-evaluation, employees are encouraged to identify areas of professional growth and highlight the contributions they find most meaningful to their organization. This structure reduces reliance on the manager's ability to account for all of an employee's myriad contributions, but it is limited by an employee's ability to intuit which of their contributions are inherently the most valuable.

Employee self-evaluations are often structured such that employees are prompted to analyze several areas of their job performance. Some common examples of questions used during employee self-assessments are:

- What recent accomplishments are you most proud of?
- How has your job changed since the last time we met?
- If you could change anything about your job, what would it be?

Giving employees a voice in the conversation is a meaningful step toward a more mutually beneficial and sustainable performance practice.

Utilize 360-degree reviews

Traditionally, 360-degree feedback (also referred to as the multi-rater system) was used to determine how senior leaders were perceived when there was a concern, or if they were up for a promotion.

As with many private sector practices, multi-rater feedback was <u>originally developed for military use</u>. This system was <u>adopted by Esso</u> in the 1950's to address rater bias, and reached popularity in corporate America by the 1990s, remaining in some capacity at about half of companies today.

360-degree feedback can offer all parties more information—from more diverse and trusted sources—to help with awareness and growth. In addition to supervisor assessments, 360-degree reviews collect feedback from varied perspectives of other superiors and other stakeholders including peers, direct reports, customers, and often the employees themselves.

Organizations both large and small have successfully adopted 360-degree feedback systems. Netflix famously replaced their annual performance reviews with informal 360-degree reviews on what colleagues should stop, start, or continue.

For 360-degree feedback to work best for all parties, steps toward progress or resolution must be made following the review.

Adopt an employee recognition solution

One of the most powerful and essential tools for enabling employee performance is an employee recognition platform. If you're not already using one like <u>Bonusly</u>, now is the time to get on board. We make it easy, simple, and fast to deliver recognition from managers and peers alike to ensure employees feel valued and seen for their contributions.

Plus, recognition platforms simplify the process of giving both continuous feedback and regular performance reviews with the following benefits.

- **Reduce recency bias:** Easily access past project and performance data, promoting fair and accurate reviews.
- **Use a data-driven approach:** Gather <u>objective evidence</u> to support performance evaluations.
- **Time efficiency:** Save precious time compiling reviews by easily exporting and analyzing <u>relevant data</u>.

What's next?

You're ready to implement employee performance enablement strategies for your team.

In the next chapter, we'll walk through a checklist to make sure your continuous performance enablement system is following best practices, and providing the best results possible.

Chapter 6: Modern Performance Enablement Checklist

Ready to upgrade your performance management system into one that enables performance instead? You can use this checklist to help make sure yours satisfies the needs and expectations of your modern workforce, driving empowerment and engagement.

☐ Start with a strategy

Changing your organization's culture from one focused on managing employee performance to one dedicated to enabling it is a profound shift. Rather than simply jumping in, start by creating a thoughtful strategy that takes into account your existing <u>organizational culture</u> as well as where you want to go with your performance enablement system.

- **Enablement and empowerment:** These two concepts must be the starting point for everything you do related to performance.
- **Purpose over processes:** You're <u>developing a system for human beings</u>, not robots, and the elements of your system should reflect that.
- Identify and involve key stakeholders: A performance enablement program
 impacts everyone in the organization, from last week's new hire to the CEO. That's
 why it's crucial to gain buy-in from all levels. Learn the history of your current
 program, identify its key stakeholders, and get their input. They will be
 instrumental in the success of this initiative.
- **Employee feedback:** Asking employees for their input and opinions as you draft a new strategy gains their trust and buy-in for the changes ahead. Ask them what they need to feel in charge of their performance, and what they need to perform at their best.
- **Clear roadblocks:** Identify what's standing between employees and success, and create a serious plan to remove as many as possible.
- **Set metrics for success:** As with any strategic initiative, you'll want to set metrics to measure your success as you make changes so you know they're working.

☐ Create an employee-centered experience

Make sure that your new performance enablement initiatives work to satisfy the needs and expectations of employees in today's world of work.

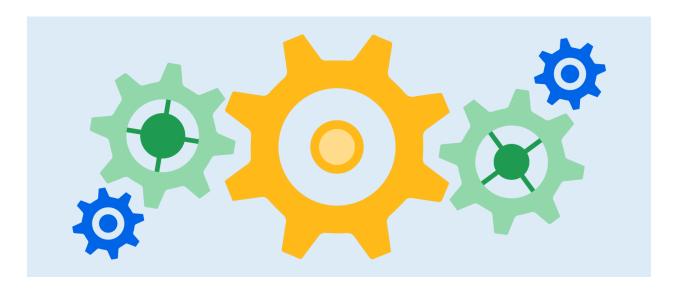
- **Autonomy:** Including employees in goal setting is one of the simplest ways to infuse autonomy into your performance review process.
- Purpose: Your performance enablement system should help to <u>connect each</u> <u>employee to your company's mission</u>, and support them in finding their own purpose.
- Timely feedback: Timeliness and frequency are some of the most recognizable
 hallmarks of effective recognition and modern performance enablement systems.
 Even if you choose to keep a longer period between formal reviews, the feedback
 given and received during 1:1 meetings or other informal feedback sessions in the
 interim is priceless.
- **Growth:** If your system isn't helping employees grow, both the employees and the organization are missing out on the potential benefits of a performance enablement program.
- Transparency: Transparency is crucial to the success of a performance enablement system. <u>The most effective systems</u> are as clear and transparent as possible about everything from compensation to career pathing.
- Fairness and equity: Inequity is rarely intentional, and that's another reason why
 it's so important to communicate regularly with and solicit feedback from key
 stakeholders.

☐ Focus on implementation details

- **Technology:** Make sure you're using technology to your advantage. A cornucopia of new tools is available to help you achieve every goal in this guide.
- **Design:** Employees are accustomed to interacting with consumer-oriented software, and systems that are meticulously designed to provide a delightful user experience (UX). Think about the user-friendliness of your system. If it's painful to give and receive feedback and recognition, don't expect anyone to look forward to it
- **Integration:** Consider how your new system will integrate with any existing systems. For example, you can help combat recency bias by choosing a recognition program that also incorporates performance enablement features, like Bonusly, to provide more details on an employee's daily contributions.
- Communication: As with making any major change, communication is key. This
 doesn't mean simply broadcasting information—it's just as important to solicit
 candid feedback from both employees and managers, so the system has an
 opportunity to improve.
- Iteration: Remember that almost nothing comes out perfect on the first, second, or third pass. Finding an optimal solution comes from a process of continuous iteration and feedback.

As organizations design, experiment, and adapt, leaders must remember that change takes time. New performance systems take time before they gain significant traction, so your change management plan should cover multiple years and ensure all your associated HR processes are aligned with the new system.

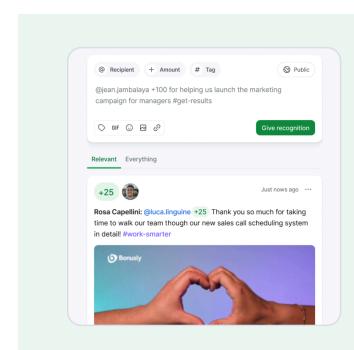
Remaining open to new information and enabling employees and their managers with modern enablement practices will build those muscles, and gradually overcome the performance review dread both sides learned from traditional practices.



What's next?

It's time to get started. You're ready to design and develop a continuous performance enablement system of your own. This guide is always here for you to review again if you need tips or details on specific areas as you implement changes, too.

Completely overhauling the way your organization handles performance is a big task, but it has a big payoff. And the easiest way to move a mountain is by picking up a stone.



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