MOVING BEYOND

PERFORMANCE MANAGEMENT IS BROKEN

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WHAT’S HAPPENING WITH PERFORMANCE MANAGEMENT?

In 2014, Deloitte released its Global Human Capital Trends report. One chapter’s headline declared:

“Performance management is broken.”

Traditional performance management practices (think forced curve evaluations and stack ranking) were doing more harm than good. They couldn’t keep up with the modern workplace. Nor could they accurately measure—or drive—performance.

Not long after the report, many large companies began making drastic changes to their performance management systems. GE, Microsoft, Accenture, and several other Fortune 500 companies axed their annual performance review processes in search of something else.

But what was that something else?

The problem wasn’t the idea of evaluating employee performance. Organizations will always need a way to do that. The problem was with the methods—what was being measured, how, and why it mattered.

In this ebook, we’ll discuss how to move beyond “performance management is broken,” and provide helpful tips for transitioning to a next-generation performance management system.
WHY PERFORMANCE MANAGEMENT IS BROKEN

The demand for change rarely occurs in a vacuum. You can trace the decline of traditional performance management to the rise of the Information Age and the increasing pressure of five forces pushing on organizations.

5 FORCES THAT HAVE SHIFTED PERFORMANCE MANAGEMENT

1. The workplace has changed.
2. There's a new reliance on data and technology.
3. Team results matter too.
4. Managers want (and need) to be more personal.
5. Employees want (and need) more feedback.

These combined pressures have reshaped the way organizations approach performance management today and in the future.

(Adapted from MIT Sloan Management Review’s Performance Management's Digital Shift)
The basic premise of traditional performance management is a forced ranking of employees, or grading on a curve. Managers categorize employees—high, middle, or low performance—and tell employees where they stand. This usually only happens once a year.

But this system was created to suit the workplace at the turn of the 20th century. The workplace was much different then. Employees were simply workers, and performance was measured by output: how many cans you packed, shoes you stitched, or hours you worked.

The more you produced, the better your performance score.

**Businesses today are fast-paced, complex, and face unique challenges.**

Competing in today’s marketplace is less about production and output—and more about innovation, critical thinking, communication, creativity, and adaptability. It’s hard to take a rear-view mirror approach to performance today.

So, organizations have started to shift toward ongoing performance conversations, allowing leaders to capture real-time data and progress. Teams and individuals can better adapt and improve, and managers can focus on driving performance, rather than evaluating it.

Learn how managers can conduct robust performance conversations that engage employees.

Download Now
THERE’S A NEW RELIANCE ON DATA AND TECHNOLOGY.

The days when employee evaluations relied on a manager’s intuition are long gone.

What happened? Technology happened. The data began piling up around us. Today you can track just about anything, such as:

- What questions did your customer service reps answer most often in June?
- How much time did they spend per call?
- To what level was the customer satisfied with the rep’s service?
- What did the rep do or not do that could have made a difference?

We have no excuse for highly subjective performance reviews anymore. There’s no shortage of tools to collect the data we need—data that allows us to approach performance management with a more objective and informed mindset.

Learn how to use your engagement data to create lasting change.

Download Now
TEAM RESULTS MATTER TOO.

In today’s workplace, people, processes, and technology come together to get work done. Managers aren’t only held responsible for the performance of individuals. They’re also being held responsible for their team’s ability to drive results.

This reality requires new strategies aimed at motivating the whole team, while also being mindful of what motivates each team member.

Managers must help their teams and the individuals within them set aligned goals, elevate strengths, and improve upon gaps.

A team-based approach requires fresh performance management strategies. It needs to be fueled by continuous feedback, constant alignment, and thoughtful team building. Managers should help team members build positive relationships with each other and create a culture of feedback that drives performance forward.

Are your team building ideas old and tired? We’ve got a lot of ideas!

Get the Ebook
MANAGERS WANT (AND NEED) TO BE MORE PERSONAL.

The annual performance review doesn’t serve as a very good relationship builder. Building strong relationships takes honest, frequent, and ongoing conversations and feedback.

Managers have come to realize they can’t treat everyone the same, as personalization and individuality are highly valued in today’s culture. An approach that makes one employee’s chest swell with pride might make another’s blood run cold.

Motivation, work styles, work-life balance needs, personalities—they’re all different for each employee.

The better that managers understand each employee’s strengths and weaknesses, the more likely they are to maximize the potential of each employee.

Learn how to navigate three major challenges managers face.

Get the Ebook
EMPLOYEES WANT (AND NEED) MORE FEEDBACK.

Employees deserve to know where they stand—and the opportunity to do something about it.

Setting aside opportunities to exchange feedback throughout the year creates a much more engaging experience for employees and managers. Whether feedback is positive or corrective, it shouldn’t have to wait until an annual performance review.

Organizations where employees review their personal goals quarterly—or even more often—were nearly four times more likely to score at the top of Deloitte’s Total Performance Index.

When participants of an HBR study were asked about receiving feedback:
- Preferred corrective feedback over praise or recognition: 57%
- Said their performance would improve if their managers provided corrective feedback: 72%

Create a culture of feedback on your team.

Get the Ebook
MANAGERS AREN’T EQUIPPED FOR A PERFORMANCE REVOLUTION.

The days of managers leading from a position of command and control are over. Today’s successful employees take ownership of their performance and act on their own to improve.

Employees no longer need managers as evaluators. They need managers to be coaches. Except managers aren’t ready to coach.

One study estimates only 1 in 10 managers have high talent in people management.

Most managers need at least some level of coaching and development around managing and motivating their teams.

HR and leadership need to support and equip managers for the future of performance management.

They need to develop managers into coaches and provide the right tools, information, and resources for managers to do their jobs well.

They need to help managers fix performance management for good.

Consider these stats from our latest employee development research:

- 84% of employees have worked for a manager who was promoted for their skill set, yet lacked management skills.
- 57% of managers weren’t prepared to be a people manager when they first became one.
- 66% of managers didn’t receive any training when they first entered a management role.

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Moving Beyond Performance Management is Broken
Implementing a next-generation performance management system calls for a new approach. Leadership analyst Josh Bersin calls it **Continuous Performance Management**.

Continuous performance management is about shifting from a hierarchical approach to a bottom-up, coaching-intensive one. It’s letting the team drive the work, with managers and executives coaching along the way.

(Adapted from Josh Bersin, *Continuous Performance Management: Innovation Reigns*)
5 STEPS TO MOVE TOWARD CONTINUOUS PERFORMANCE MANAGEMENT

Deloitte points out five steps for moving to a continuous performance management system:

1. Get (and keep) senior leaders involved.
   Leaders should be on the same page about an organization’s overall performance management strategy. What do they want to achieve with performance management activities? What systems and tactics will best align with the organization’s mission, vision, goals, and culture?

2. Focus performance management on building (not evaluating) skills.
   Replace rigid reviews with flexible conversations. Give employees at all levels practical steps to take to improve their performance. Identify the skills they need to stretch and grow.

3. Empower managers to give (and receive) better feedback.
   Help your managers learn to have less formal, more effective performance conversations. Encourage them to solicit feedback regularly. This will drive trust, engagement, AND results.

   Broaden compensation structures to include things like how the market would compensate an employee, or how difficult the employee would be to replace. How can you offer growth opportunities to employees who have outperformed?

5. Coach all types of performers.
   “Middle” performers are often ignored or undervalued. Help these employees see themselves as valued contributors. Hold everyone accountable, but give everyone appropriate coaching, development planning, and training to improve.
Not all performance management platforms are the same. Choose one that gives you (all of) these capabilities:

1. **Easy-access engagement and pulse surveys.**

   Engagement and performance go hand-in-hand. You should be collecting and analyzing feedback at the organizational level through thoughtful surveys. Your survey tool should allow you to efficiently collect and act on valuable employee feedback.

2. **Ability to set and track goals.**

   Organizational goals should be driving team goals, and team goals should be driving individual goals. Make sure you have the tools you need to help your teams set and track goals. Your goals software should promote transparency, alignment, and collaboration across the organization.

3. **Launch peer-to-peer, real-time recognition.**

   Recognition is a top driver of employee engagement and performance. Recognition software can help you celebrate, motivate, and engage teams across your organization.

4. **Collect and share real-time feedback.**

   Choose a tool that allows you to collect ongoing 360, peer-to-peer, and upward feedback. Feedback gives managers a more comprehensive view of an employee’s or team’s performance. It also helps employees feel heard.
5. Track vital talent metrics.
You need accessible talent data that allows you to see who’s doing the best work, who’s ready for promotion, and who’s at risk of leaving. Tracking talent metrics on an ongoing basis will help you make strategic and informed talent decisions.

6. Drive meaningful, performance-focused, one-on-one conversations.
This might be the most important part of your performance management platform. Your software should have a conversation tool that empowers your managers to have regular and effective performance and development conversations with employees.

7. Collect and share ideas and alerts.
Managers should have access to the information they need, when and where they need it. Look for in-tool coaching and resources that put your managers on a path to success.

8. Analytics that measure what matters.
Data for data’s sake is useless. You need robust analytics and insights that answer questions, shape decisions, and illustrate your team’s performance.
HOW QUANTUM WORKPLACE CAN HELP

In an interview with Fortune.com, Neilsen CEO Dave Calhoun said traditional performance management was about forcing a tough but necessary conversation between managers and employees. Performance management is a way of holding managers accountable.

Next-generation performance management is still about conversations—sometimes tough ones. But today’s conversations need to be two-way interactions.

Managers and employees should regularly participate in meaningful exchanges of facts, ideas, and opinions.

Conversations should be happening weekly, if not daily. They should be focused on moving individuals, teams, and organizations forward.

“Quantum Workplace has probably gone further than any existing player to develop an end-to-end performance conversation that unites recognition, one-on-one feedback, goal alignment, and 360s. Quantum then combines this functionality with its deep engagement benchmarks...and integration capabilities...to create the current class-leading solution in next-generation performance conversations.”
Take a Tour of our All-in-One

PERFORMANCE MANAGEMENT SOFTWARE

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