Stronger Performance, Less Management: Transforming Performance Management

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Topics

- Trends and myths impacting performance management

- Considerations for transforming performance management

- Continuum of transformation and preparing people leaders

- Lessons learned

- Q & A

Polling Question

Where is your company in evolving the current Performance Management approach?

1. Transformed a few years ago

2. Just beginning transformation

3. Contemplating transformation

4. Not looking to change

Talent Development Trends

Edge over central

Real-time data

Flexible, adaptive teams

Data-driven Leadership Development

Myths of Performance Management

Myth 1: Annual reviews encourage regular feedback

Myth 2: People Leaders know what their employees are working on

Myth 3: HR and people leaders are prepared to drive development

Myth 4: Ratings motivate stronger performance

Myth 5: Performance Management is a static process

A good performance rating and conversation translates into only a 3% gain in performance. An average or poor performance rating and conversation translates to a 30% decrease in performance.
– Corporate Leadership Council

Polling Question

What do you feel your current performance management provides for in your company?

1. A mechanism to compensate employees

2. Compensation and low performer identification

3. Compensation and differentiation of performance

4. Employee development, performance differentiation and compensation

The Goals of Performance Management

Shapes Culture
- Creates high performing culture
- Drives Business Performance

Differentiates
- Differentiates performance
- Identifies promotions

Develops
- Develops employees
- Identifies leadership pipelines

Rewards and Recognizes
- Rewards and retains top performers
- Rewards performance w/ compensation

It is about changing the conversation

Performance Management

Reviews

Goal-setting, review prior year

Mid-year assessment

Write perf. appraisals

Jan   Dec

Twice-a-year discussions
Looking backward
Formal and forgettable
System-driven
Top-down approach
Single Rating

Performance Development

Frequent conversations

Ongoing expectations, real-time insights, frequent coaching & continuous development ... aligned with the changing environment in which we work

Jan   Dec

Ongoing conversations
Focusing forward
More informal and actionable
Conversation-driven
Insights
Multiple Performance Data

Performance Management Considerations

Create **meaningful, ongoing, development** conversations that include real-time feedback

Ongoing development

Equip People Leaders to **provide coaching** and **real-time feedback**

Coaching

Focus on employees on **fewer priorities** that are revisited regularly

Fewer Priorities

Shift the time invested from managing the process and calibrating to **developing people**

Shift time spent

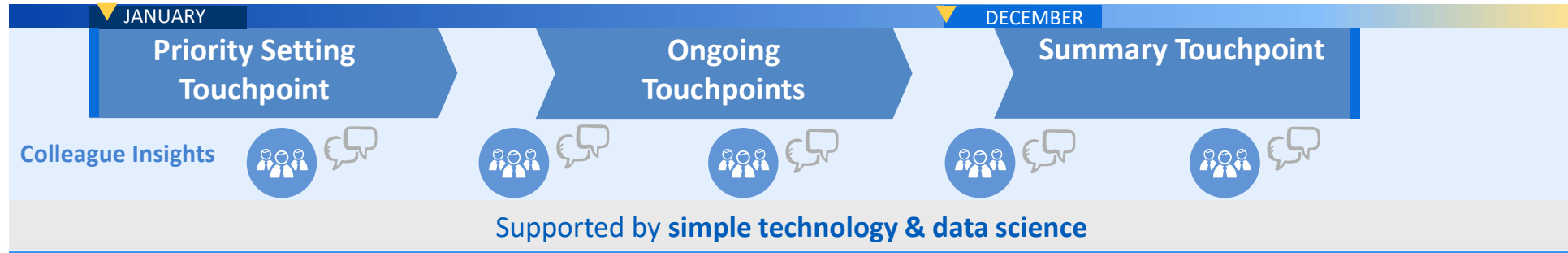Helps employee understand how to **perform going forward**, not backward

Forward looking

Provide **real-time data** to both leadership and employees

Real-time development

Performance Development

Continuum of Evolving Performance Management

| Year One | Year Two | Year Three |

- Experiments
- Rituals
- Muscle Memory

- Coaching, deepen skills
- Strengthen Leadership Development

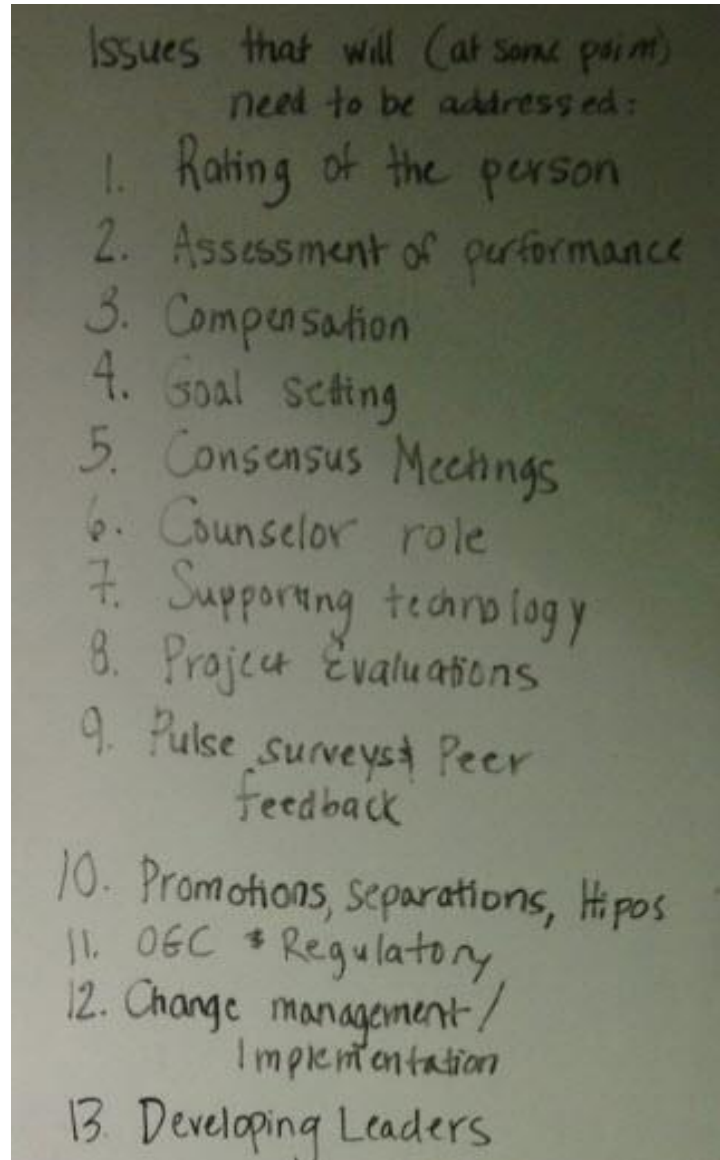- Best People Leaders stories
- Team development

Polling Question

What is the most challenging part to your Performance Management today?

1.   Compensation

2.   The role of the People Leader

3.   The role of HR

4.   Documenting data

Ratings or no ratings?

Issues that will (at some point) need to be addressed:
1. Rating of the person
2. Assessment of performance
3. Compensation
4. Goal setting
5. Consensus Meetings
6. Counselor role
7. Supporting technology
8. Project Evaluations
9. Pulse surveys & Peer feedback
10. Promotions, Separations, Hipos
11. OGC & Regulatory
12. Change management / Implementation
13. Developing Leaders

Considerations:

1. What do your employees think?
2. What data input are important for your organization?
3. How much time are you spending assigning/defending ratings?
4. Are your transforming your approach to performance management?
5. What is "your list" of things to solve for?
6. What experiments can you run?

Compensation without ratings

Considerations:

1. What data inputs do you want to consider?

2. How far down in the organization will you push decision making?

3. Do you want to mirror the same process for your Reward and Recognition programs?

4. What guidance do you give the People leader vs. letting them determine buckets?

5. How will you be transparent with employees?

6. What part of the population can you conduct a parallel test?

Bottom 5%   Bottom 25%   Top 60%   Top 10%   Top 5%
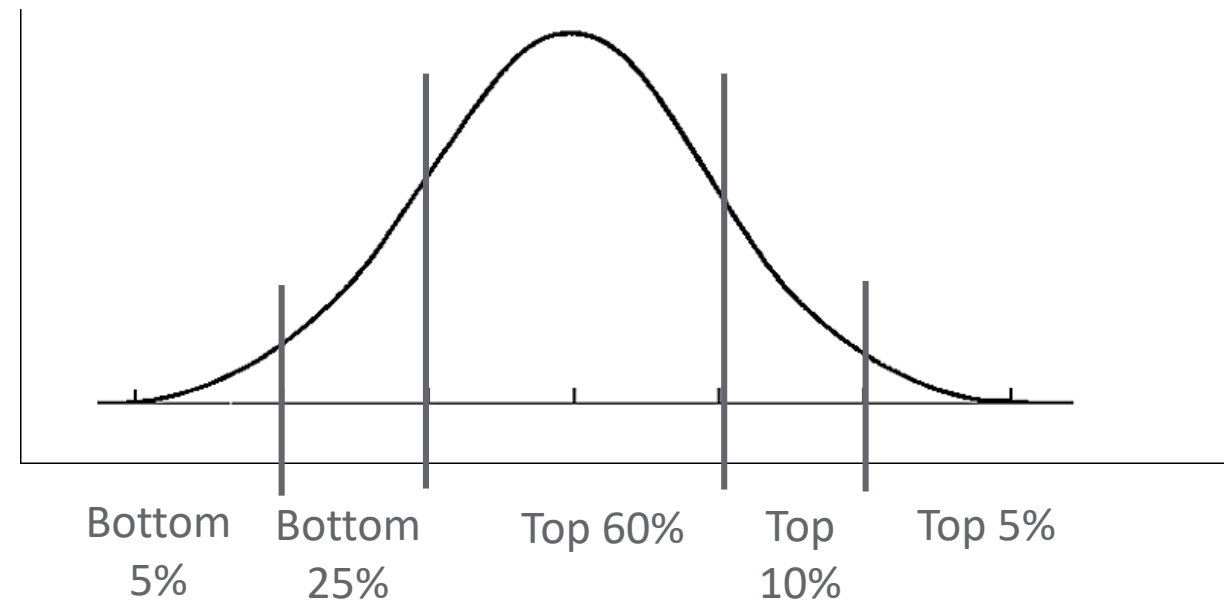
GE is Maintaining Our Meritocracy Using Performance Development Without Ratings

Salary & bonus differentiation is the same in 2017 as 2016 (~ same last 3 years)

81% of People Leaders found reward planning the same or easier as previous year

23% increase in employees saying "I trust my immediate manager to act in my best interest" in 2017 over 2016

People Leaders, Coaching and Real Time Feedback

CONTINUE

Continue a specific behavior because it makes you impactful and effective

CONSIDER

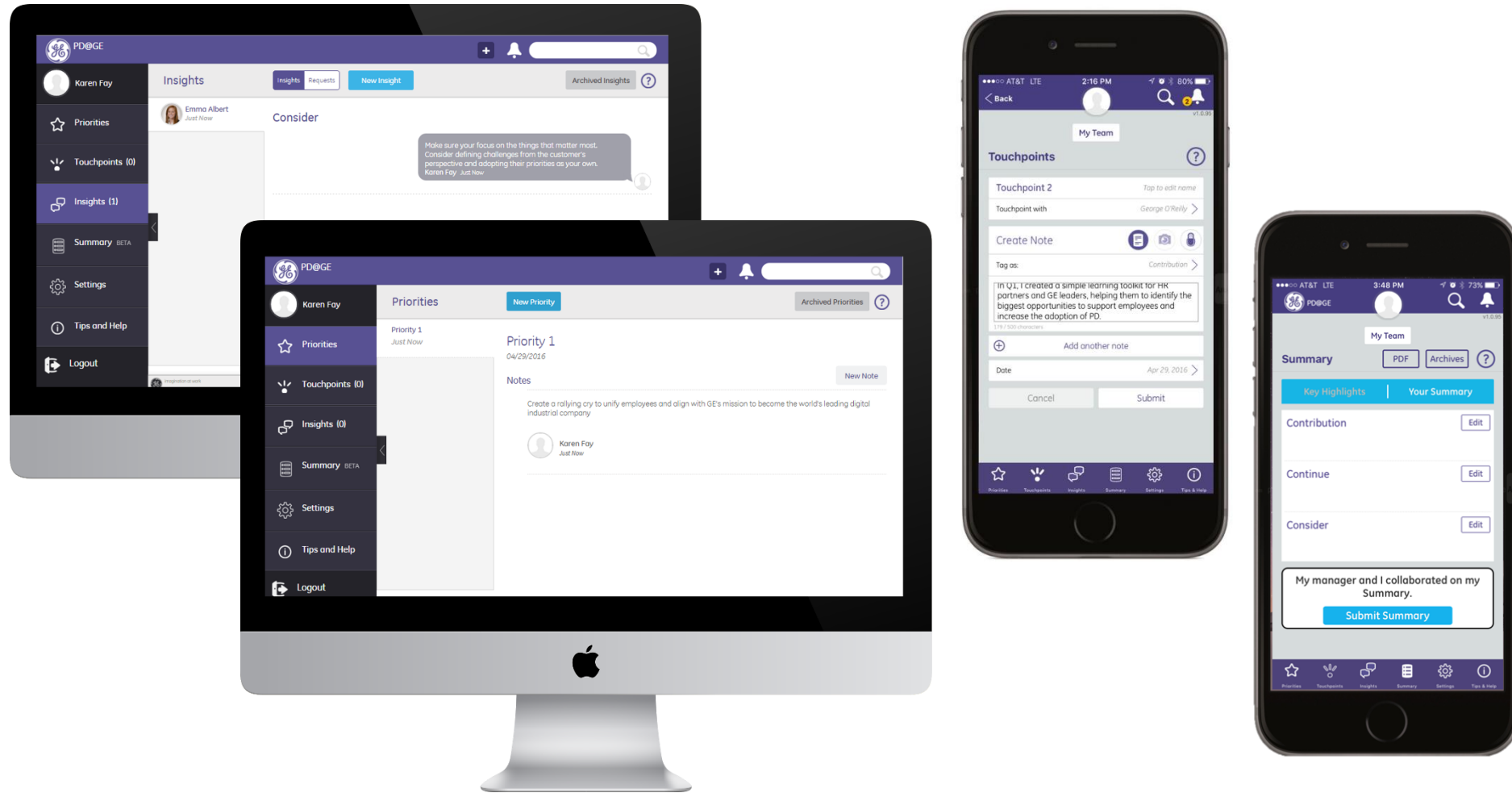*Consider doing a specific behavior differently to make you more impactful and effective.*

Frame about the work, not about the person

Technology enables the process

Digital tools as enabler (not the workflow!)

Lessons Learned

1 Performance management continuous innovation, you must communicate the journey

2 Ratings are a brand

3 No ratings does not mean no data

4 Performance management transformation uncovers leadership development gaps

5 Legal loves the new approach, HR is afraid of it

6 People Leaders will miss that this IS the work of a People Leader

7 People Leaders will look to Technology to drive the process with rituals

8 Only ask for the vote on no ratings when you know you will receive a yes

9 What is the right level of transparency to communicate?

10 The talent ecosystem is changing – is Performance Management a hub or a spoke?

Additional Resources

1. https://hbr.org/2015/04/reinventing-performance-management

1. https://www.bloomberg.com/news/articles/2016-03-17/how-ge-exorcised-the-ghost-of-jack-welch-to-become-a-124-year-old-startup

2. https://hbr.org/2015/09/why-more-and-more-companies-are-ditching-performance-ratings

3. http://blogs.hbr.org/2013/11/dont-rate-your-employees-on-a-curve/

4. http://blogs.hbr.org/2013/11/performance-management-and-the-pony-express/

5. http://blogs.hbr.org/2013/12/what-if-performance-management-focused-on-strengths/

6. https://hbr.org/2015/02/most-hr-data-is-bad-data

7. https://hbr.org/2015/03/team-leaders-need-better-data-faster

Karen Eber is a Leadership Development and Culture expert based in Atlanta, Georgia. Karen leverages storytelling, leadership development and performance consulting to define strategy, bring the best out of individuals and organizations and shape culture.

Leadership Blog: https://www.linkedin.com/today/author/kareneber

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