

# So Long Annual Performance Reviews



Can you imagine ranking your neighbours on a scale of 1-10 in comparison one another and then banishing the bottom 10%? What if we operated a high school system by having all of the students meet with the teacher only once per year to receive their scores on their schoolwork for the entire year?

An interesting way to re-examine a commonly held practice is to imagine applying the practice to another scenario and consider how reasonable it sounds. The world of human resources management will continue to evolve by necessity, but it does not always evolve fast enough to keep up with what we learn about the effective management of people if we do not help push it along.

## **The Downside of Performance Reviews**

In the past year GE, Adobe, Netflix and Accenture have all dropped their annual performance reviews. There has been a lot of headline news in the HR community saying good bye to the employee annual performance review and while it is not dead yet is certainly appears to be on its way out.

The annual performance review has never been a favourite activity for most HR professionals or an experience most employees relish. It certainly served a purpose and when an employee received a favourable review and that was accompanied by a bonus, raise or promotion it could be viewed as positive by some. But any real impact of an annual performance review on productivity or performance was usually limited to the weeks leading up to the annual performance review. According to a survey from CEB Global, 95% of managers indicated they were dissatisfied with their performance reviews and management systems, 59% of employees believe performance reviews were not worth the time and 56% said they did not receive any feedback on what to improve through a performance review.

Many employees also believe the process is rigged, in that organizations can simply manage the process to keep rewards to a minimum or managers can use performance reviews to reward their friends and not reward other employees. Research also indicates that the experience of performance reviews often has a negative impact on employee-management relationships.

The concept behind a performance review is sound. Employees and organizations can benefit by looking at the performance of an employee, learning what works and what does not and enabling adjustments based on the review information.

## **If Not Annual Performance Reviews Then What?**

Sometimes people stick with a system that is not working because they cannot see an alternative. Frequently the best alternative emerges from the disruptive innovation that large organizations cannot see and smaller ones are already doing. Instead of multipage questionnaires and an hour meeting feedback is delivered and applied ongoing.

## **How Do You Deliver Performance Feedback?**

People and Performance are Complex: You cannot completely remove the subjective from any human evaluation and evaluating based solely on objective measures can miss important elements of performance. When evaluating performance it is useful to know what you are looking for. From the outset consider what factors you are looking for so you have a common set of markers and language for all employees. When giving feedback keep in mind the following:

- Pay attention to what an employee does, how he/she does it, and the work quality and work impact. As much as possible focus feedback and discussions on skills, knowledge, abilities and strengths. This does mean you cannot address behavioural problems or negative performance, but on a day-to-day basis focus on reinforcing strengths to minimize weaknesses.
- Avoid feedback based on personality characteristics and traits by focussing on performance not person. However, you can consider personality differences when examining performance and offering performance strategies. Feedback that understands individual differences can help the employee gain insights and identify strategies that can work with his/her natural tendencies.
- Consider there is not only what you see. Remember that performance and the impact of performance are multi-faceted. Feedback should consider the dynamics of an entire situation. You cannot expect your start wide receiver to score easily if the quarterback does not pass him/her the ball. If you are able to track data on performance try to capture details including time of day, day of the week and time of the year, members of the team, manager and other factors and assess the impact of these factors when providing feedback.
- Take steps to recognize if performance concerns may be tied to protected human rights status such as disability, family status, nationality, religion and so on. Take steps to both consider and inquire about accommodation needs as a part of regular conversations. Ask questions and listen when providing feedback.
- Make feedback an ongoing two-way conversation about the work, the team, the goals of the organization and more. Not every conversation needs to be an in-depth conversation however, having two way and ongoing dialogue that includes two-way feedback, questions and suggestions can normalize the process and help employees remain open to ongoing feedback and correction.

Tracking the frequent feedback and how well the employee has applied the feedback can be done with software enabling the manager to track and see how much the employee has adjusted or how well the employee has performed over time. The annual performance review may be fading away but the idea of a reviewing performance feedback is not.