Leveraging Technology to Achieve Next-Generation Performance Management

With continuous advances in technology, a multi-generational workforce, and the emergence of project-based work environments, the business landscape is rapidly changing. But, despite these constant changes, people remain every organization's greatest competitive advantage. So how can you ensure that you're maximizing employees' potential today, tomorrow, and well into the future?

By moving away from traditional performance management processes, which focus on what the organization can get from its workers – rather than what its employees need to be successful – you can future-proof your performance management strategy to keep pace with the ever-changing world of work.

Why Traditional Performance Management has Failed

Traditional performance management has largely taken a heavily process-driven, company-centric approach, rather than a people-centric approach that focuses on the people at the heart of the company. This simply does not inspire performance: research reveals that only 46 percent of employees believe that their company's current performance review process is helpful.[1] Traditional performance management just adds more stress on an already over-burdened and disengaged workforce.

A growing number of organizations are eliminating annual performance reviews – which are increasingly seen as disconnected from business strategy – in favor of ongoing performance management. In fact, Brandon Hall Group research reveals that in 2017, 29 percent of companies replaced their annual performance appraisal discussions with frequent and in-the-moment feedback.[2]

The ineffectiveness of one-and-done appraisals and set-it-and-forget-it goals are driving the need for a shift in how organizations manage employee performance and a transition to the next generation of performance management. Rather than managing performance through the rear-view mirror, the next generation of performance management requires a proactive, collaborative, ongoing approach.

Making the Shift to Ongoing Performance Management

Next-generation performance management focuses on creating an ongoing dialogue about performance between managers and employees, emphasizing the link between employee satisfaction, contribution, and engagement. By merging employee development, coaching and feedback in new ways, organizations can more effectively motivate, engage, and inspire better performance.

But while many organizations recognize that performance management is no longer a once-a-year process and that employees who receive ongoing feedback deliver greater returns, sometimes that seems easier said than done. How exactly can HR and talent leaders make this shift to ongoing performance management? And, what role can technology play in helping you successfully transform your performance management processes?

Here are three ways you can start making the move to the next generation of performance management:

1. Goal Setting

The connection between an employee's work, their value to the organization, and their impact on business outcomes is a key driver of employee satisfaction and engagement. When employees know what is expected of them and clearly see the impact they have on the organi-

zation's success, they are motivated to deliver results.

To make the future of performance management a reality, organizations must move toward more collaborative and simplified goal setting. Employees should be able to easily and directly align individual goals with organizational objectives. Employee goals should also be reviewed frequently – at least quarterly – and revised as needed to ensure continued alignment.

Modern performance management technology allows managers and employees to set goals as part of a regular performance review process, part of a separate goal-setting process, or in the course of their day-to-day activities – and easily refresh these goals as business priorities change. A performance management system can help you keep every employee's goals aligned with the organization's goals and easily identify when goals are off track so managers and employees can rapidly course correct.

2. Performance Discussions

Building a strong manager-employee relationship drives employee engagement. One of the ways to improve the manager-employee relationship and establish the trust needed for engagement is through consistent communication and meaningful ongoing performance conversations. In fact, employees whose managers hold regular meetings with them are almost three times as likely to be engaged.[3]

Frequent, informal check-ins give managers an opportunity to review goal status, provide feedback, and coach employees on a regular basis. For employees, check-ins are a great way to voice their aspirations, thoughts, and challenges, which can build trust and take the manager-employee relationship to an entirely new level. Organizations that actively involve employees in the performance management process are also much more likely to see gains in employee retention, engagement, and the pursuit of development.

A performance management system gives employees and managers an interactive, centralized way to track and collaborate on goals and projects, exchange meaningful feedback, provide coaching, and discuss career development opportunities on a regular, ongoing basis. The structure provided by performance management technology can also help make 1:1 check-ins more productive, without taking away the very essence of what make them so effective in the first place.

3. Feedback and Recognition

Organizations that nurture a feedback-rich culture and encourage all employees to share feedback have more highly engaged workforces. And Gallup suggests that "instilling frequent personalized feedback and recognition is one of the surest ways to drive that shift in workplaces worldwide."[4]

A performance management system allows employees to easily request and provide 360-degree peer feedback. And enabling peer feedback through technology has many benefits. It incorporates the input of employees working in various locations; it creates a system of record that can later be integrated with performance reviews; and, it provides valuable data for further analysis and talent decision-making.

People who are recognized and appreciated are also more motivated and committed to their work. Brandon Hall Group research reveals that organizations that periodically deliver some type of formal recognition are 2.5 times more likely to experience increased employee engagement, more than 85 percent likely to see increased productivity, and up to 76 percent more likely to have employees participate in more development opportunities.[5] Employee recognition – from both peers and leaders – is a critical driver of employee satisfaction and engagement. And by leveraging the social feedback capabilities available in modern performance management systems, you can enable employees to recognize each other every day in a fun and engaging way.

Driving the Future of Performance Management

If you were to ask any boardroom what their company's most important asset is, you'd likely hear an emphatic "our people!" And yet, many organizations are still leaving so much on the table when it comes to employee development, performance, and engagement. Traditional performance management processes are falling short of expectations for both the organization and the employee.

On average, managers are spending 210 hours a year in performance management activities that 77 percent of HR executives don't even believe accurately reflect employee contributions.[6] There *has* to be a better way – and that way is next-generation performance management.

With a forward looking, agile performance management process that facilitates effective goal-setting, continuous coaching. and frequent feedback, you can align, engage, and inspire your people to achieve the results that matter to your business.

Endnotes

[1] 2017 State of Employee Engagement Report: Eliminating the Blind Spots in Your Business, Saba Software, 2017. http://www1.saba.com/StateofEmployeeEngagementReport2017.html

[2] 2017 Performance Management Study, Brandon Hall Group, August 2017. http://go.brandonhall.com/l/8262/2017-08-18/7fj2wk

[3] James Harter and Amy Adkins, "What Great Managers Do to Engage Employees," Harvard Business Review, April 2, 2015. https://hbr.org/2015/04/what-great-managers-do-to-engage-employees

[4] Annamarie Mann and Ryan Darby, "Should Managers Focus on Performance or Engagement?" Gallup.com, August 5, 2014. http://news.gallup.com/businessjournal/174197/managers-focus-performance-engagement.aspx

[5] 3 Performance Management Practices that Make a Business Difference, Brandon Hall Group, 2018. https://www.saba.com/resources/research/3-performance-management-practices-that-make-a-business-difference

[6] Dana Wilkie, "Is the Annual Performance Review Dead?" Shrm.org, August 19, 2015. https://www.shrm.org/resourcesandtools/hr-topics/employee-relations/pages/performance-reviews-are-dead.aspx

About the Author

As the global practice leader in Saba's Strategic Services group, Anita Bowness draws on nearly 20 years of experience in consulting and professional services to help HR leaders recruit, engage, develop, and retain their talent. She has been published in *HR Daily Advisor* and *HRO Today*, featured in an interview on BBC Capital, and presented at DisruptHR Ottawa and Halogen TalentSpace Live. Her extensive experience extends to the areas of recruitment, onboarding, performance management, learning and development, succession planning, organizational development, competency mapping, and change management. Her consulting experience has spanned many sectors, including IT, government, defense, retail, telecommunications, healthcare, education, logistics and professional services. She holds a Bachelor of Commerce with a major in Human Resources Management from the University of Ottawa, and a master's in Human Resources Management from the University of Leeds. She also earned a Project Management Certificate from the University of Toronto. She can be reached at ***abowness@saba.com***. *For more information, visit* **http://www.saba.com**.