



IMPROVING PERFORMANCE REVIEWS

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WHITE PAPER

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Performance management practices are shifting away from high-stakes annual performance appraisals—to people-centric approaches that value in-the-moment feedback and mentorship. In this white paper, you will discover the tactics of industry leaders and how they are redefining performance management as a continuous process.

TRACKING EMPLOYEE PERFORMANCE

Tracking employee performance and providing feedback to employees is not a new phenomenon. To help employees progress and work effectively, they need regular feedback. The days of the traditional annual performance reviews are over. However, finding the right balance of giving and receiving feedback is a struggle for organizations.

Most employees report that their company's performance review process does not motivate them to produce better work. Antiquated processes are still far too common.

It's time to say good-bye to backwards looking annual review processes. Leading organizations have redefined performance reviews as being something continuous and focused on people, not process. They favor in-the-moment feedback and coaching in place of high-stakes annual performance appraisals.

CHALLENGES WITH THE PERFORMANCE REVIEW PROCESS

The origins of performance reviews date back to the Industrial Revolution. During this time in history, worker productivity was the one and only concern of factory managers. The first modern performance reviews were introduced in the 1950's when many companies modeled their performance management strategies off of military practices and metrics. The purpose of these metrics was to identify and discharge inefficient performers to create a pool of rated soldiers to determine who would be fit for leadership.

These past practices, once considered effective, now fall short because they ignore one crucial aspect—your people. Unlike military rankings of the 1950s, our work environments aim to bring out the best in every employee as the organization adapts to change. An agile people strategy is an important conduit to success and must be focused on people over process. By putting people first, a company must invest heavily in performance management that breaks the mold of the traditional annual performance review. Unfortunately, too many teams are focused on reducing the amount of time required for performance management, when they should be focused on improving usefulness of the process.

Research shows that the traditional annual performance review process negatively impacts both employees and managers. For many employees, the annual performance review is a daunting event. The employee goes to a lengthy meeting where they meet with a boss—who they’ve likely not talked to in a while—to be told everything they did right and wrong that year. A whole year is summed up in a couple of hours. Many employees frantically try to remember their goals, scramble to defend themselves on things they did wrong—that they now can no longer change—and somehow bring up the awkward conversation of a raise.

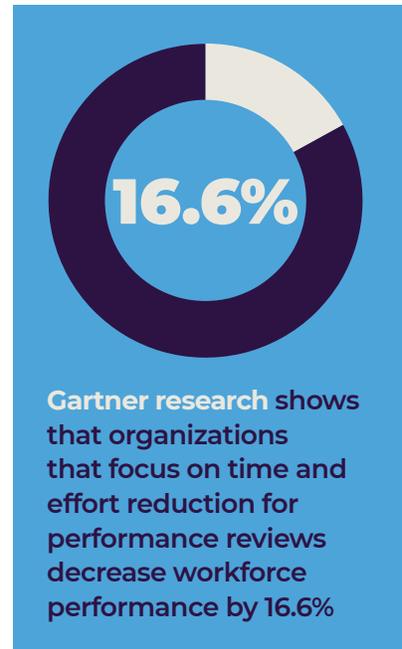
It’s not just employees that dislike the status quo performance review process. According to Gartner, **“96% of managers are dissatisfied with their organization’s current performance practices.”** Managers face the intimidating annual performance review with a different set of challenges and fears. Managers have to summarize each employee’s year with a singular rating system, while simultaneously holding each employee accountable to individual goals—that they have likely not reviewed in months. They must attempt to recall circumstantial teachable moments from the past in conjunction with the conversation of—or the avoidance of—pay. It’s no wonder that the vast majority of managers are unhappy with the annual performance review model.

ACCURACY OF REVIEWS

The evidence used in annual performance reviews is dependent upon a manager or employee’s memory, not data. Instead of trying to recall a whole year of work, companies are implementing continuous feedback throughout the year. These “micro” reviews help both managers and employees leverage real-time insight on where employees are exceeding, meeting and falling behind expectations.

KEEPING PACE WITH CHANGE

When you finish reading a book on your Kindle, Amazon asks for your review of the book. When you order a new pair of shoes online, the seller will ask you to rate their service as well as the product. As modern consumers, we expect in-the-moment feedback about the services and products we use every day. As employees, traditional performance management doesn’t allow for in-the-moment feedback and input—whether it’s for a job well done or an area to improve. Waiting a full annual cycle impacts the quality and effectiveness of feedback. How can you apply recommendations and ideas to a project if they follow six months afterwards? Projects need to be able to change direction quickly and if managers are regularly communicating with their employees, changes in direction can be refocused with ease.



By implementing a check-in system, you are creating a culture of growth, centered performance management, while simultaneously teaching your employees how to pivot based off metrics.

CHANGING THE PERFORMANCE REVIEW PROCESS

To better serve both employees and managers, the performance management process must change. There is a gap between what employees need to excel, and what traditional performance review processes can facilitate.

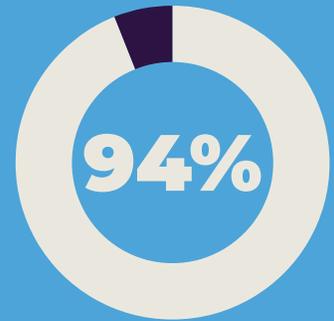
If this gap is not closed, valuable business opportunities for improvement and growth will remain unachieved. Business leaders cannot afford to ignore the **94% of employees who want performance reviews or check-ins with their supervisor in real time as challenges or success occur**. If a manager frequently takes time to discuss what's working and what's not, in addition to aligning their employee with the goals of the organization, the employee ultimately gains higher job satisfaction. Not only does this practice focus on the immediate goals of the organization, but it gives employees a sense of ownership and the feeling of being heard.

QUALITY CONVERSATIONS THAT HAPPEN IN THE MOMENT

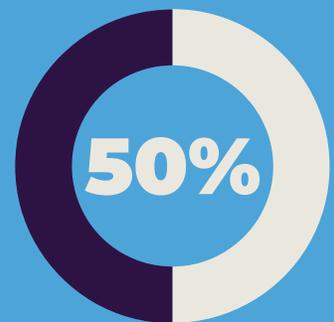
Infrequent feedback and conversations can foster uncertainty and result in misunderstanding and lost workers. Why would any employee want a boss who only talks to them if they've done something wrong? The modern workforce is accustomed to being able to reach friends and family instantly. This instant access is bleeding into the workplace and manipulating how feedback needs to be given by managers. Far too often, managers are failing to meet this expectation.

In a **Gallup study**, over 50% of exiting employees said that in the three months before their departure from the company, neither their manager nor team lead had spoken to them about their job satisfaction or future with the company. Employees want to know they are meeting expectations. Having more frequent, quality conversations is a way to motivate and engage employees. Positive reinforcement elevates performance by helping employees gain confidence.

Taking time, in the moment, to talk about performance can help with immediate application. For a cloud engineer, this may mean planning to get a new certification. For an HR professional, this may mean a safer work environment. For a new team leader, this may mean figuring out more effective project management skills. For the Helpdesk representative, this may mean happier customers who got their issue fixed more promptly.



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COACHING

Another way to provide continuous feedback is to nurture a coaching culture. Adopting a coaching culture means that managers will be evaluated on their ability to provide continuous feedback to employees. This ongoing process builds and maintains healthy employee/manager rapport and creates an environment of ownership and accountability. When a manager coaches their employee, they need to:

ESTABLISH TRUST

Trust is essential to a manager and employee's relationship. This is gained through open, honest feedback and mutual respect.

SEEK INPUT

The manager should seek the input and information from their employee. Employees more times than not, have the most accurate definitions of issues with workflow, execution, etc. Managers must align their definitions of issues with the firsthand experiences of their employees.

ENCOURAGE ACHIEVEMENT

In order for an employee to be successful they have to be committed to the organization's goals. Even though this can be difficult, it is not impossible. Managers need to create an environment of employee self-discovery and find out what their employee's internal goals are and find creative ways to fuse their internal goals with that of the organization.

STRATEGIZE PLANS OF ACTION

Once commitment is mutually established, the manager and employee must unitedly create a plan of action. Performance goals should be tightly based off personal and organizational metrics, and should not only be measurable, but also attainable.

Providing coaching to employees can reinforce what they are doing right. For example: "You were really effective with that difficult customer. She left with a smile on her face after you spoke with her." Coaching can also help correct behaviors or actions that need improvement. For example: "I see that you're late for the third time this week. What can I do to help?" Allowing employees to be part of the solution teaches problem solving and helps you work together toward resolution.

Coaching can provide a competitive edge as it promotes creativity, increases productivity and boosts resilience—successful organizations recognize that coaching digs deeper. It connects an employee to their boss so that they can personally achieve career goals and reach their peak performance.

When coaching their employees, managers need to:



Establish Trust



Seek Input



Encourage Achievement



Strategize Plans of Action

3 WAYS PERFORMANCE IMPROVES WITH CONTINUOUS FEEDBACK

Providing continuous feedback increases morale and helps employees stay on track with their professional goals. When employees know where they are in their development, for example, a nurse who needs two more courses to advance to the next pay grade at a hospital, they're motivated to continue their own development. Here are three ways that continuous feedback can help support both employees and managers.

1. FREQUENCY

Research and experience show that employees are seeking more frequent feedback. Frequency of feedback alone can boost employee engagement. Allowing feedback to come from multiple sources increases the number of teaching moments provided to each employee. A self-service time clock that engages employees every day (clocking in each morning, clocking in and out at lunch, clocking back out in the evening) can provide feedback on where they are with their training and how to get to their next promotion. Showing progress in training and compliance can keep employees safe as well as motivate them to get to the next level in their organization. Both managers and employees benefit from multiple sources of feedback on performance and training.

2. CULTURE

Frequent, data-driven feedback not only supports manager decision making, but also supports a positive workplace culture.

Encouraging continuous feedback and supporting a coaching culture creates a workplace that is people-focused. A performance strategy that puts people at the center shows commitment to workers, their well-being and their success.

3. ANALYTICS

Today's managers have more tools than ever available to track and monitor employee training and performance. Technology may be the most valuable tool in helping organizations overhaul performance management. Capturing performance data (on-time rates, customer satisfaction results) can provide managers with tangible metrics to assess and rate employee performance. Issues afflicting performance management, such as biases and human error can be eliminated when promotion and pay scales are based on data. Workers can be identified as top performers and rewarded for their performance when managers have access to accurate information on key metrics for success.

3 ways performance improves with continuous feedback



Frequency



Culture



Analytics

EMPOWER YOUR WORKFORCE WITH CONTINUOUS FEEDBACK

Today's leaders know that human capital is the single most important driver of business success. To identify and grow top talent, performance management must change from an annual high-stakes event to an everyday activity that encourages each employee to be their best. Continuous feedback provides managers the opportunity to coach and improve performance and provides employees the opportunity to learn, grow and reach their own goals while also achieving organizational success.

Having an engaging platform to assist in this process is crucial in the modern workplace.

SumTotal Performance and Feedback:

- **Makes performance feedback insightful and actionable.**
- **Uses visual indicators to monitor priorities and progress.**
- **Has the ability to capture real-time feedback linked to specific goals and competencies—making performance discussions meaningful and motivating.**

It is critical, for all roles in the organization, to have the insight to identify where there are opportunities to close skills gaps and how to build the capabilities needed to optimize performance. SumTotal Talent Development gives you the combined functionality of our Learning Management, Onboarding and Talent Management solutions — which includes Performance and Goals Management, Continuous Feedback, Succession Planning, 360 Feedback and Compensation Management. To learn more, [click here](#).

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ABOUT SUMTOTAL

SumTotal provides a unified, comprehensive Learning and Talent Development suite that delivers measurable impact across the entire employee lifecycle. With SumTotal, organizations can build a culture of learning that is critical to growth, success, and business sustainability. SumTotal's award-winning technology provides talent acquisition, onboarding, learning management, and talent management solutions across some of the most innovative, complex and highly regulated industries, including technology, airlines, financial services, healthcare, manufacturing, and pharmaceuticals.

Skillsoft and SumTotal are partners to thousands of leading global organizations, including many Fortune 500 companies. The company features three award-winning systems that support learning, performance, and success: Skillsoft learning content, the Percipio intelligent learning experience platform, and the SumTotal suite for Talent Development, which offers measurable impact across the entire employee lifecycle.

Learn more at sumtotalsystems.com.

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