

3 Ways Continuous Feedback Improves Performance

According to research conducted by CEB, 90% of managers are unhappy with the way annual reviews are conducted.¹ Another 90% of HR leaders believe the process does not yield accurate information.² Worse, annual reviews are incredibly time consuming, with managers spending an average of 210 hours a year and employees each taking 40 hours a year on these activities.³ While many businesses see a need for radical change in performance reviews, recent research shows most organizations have continued to use antiquated processes.⁴ Industry leaders are moving to a people-centric approach that values in-the-moment feedback and coaching in place of high-stakes annual performance appraisals. What are the benefits of this approach to performance reviews and what is the best way to engage, grow and retain your best talent?

What's wrong with performance reviews?

For the first time in Brandon Hall's research, people strategy is cited as more important to achievement of outcomes than business strategy.⁵ Organizations held up people strategy as the single most important conduit to business success. Business strategy took the second spot at a full 10 percentage points behind. Putting people first means investing in performance management: "Faced with frustration and lack of results from performance ratings and engagement surveys, more than four-fifths of companies (84%) are making big changes to their HR performance management systems."⁶ Big changes are required to increase accuracy and decrease errors: "Studies have shown that employees' scores often aren't accurate reflections of their performance. Only one-third of the employees who get the highest score in their performance review are considered organizations' top contributors."⁷ Not only is the process inaccurate, the process of assessing performance can actually have a negative impact on workers. Research shows about 66 percent of employees say the performance review process interferes with their productivity, and 65 percent say it isn't even relevant to their jobs.⁸

1 "Why big business is falling out of love with the annual performance review." Lillian Cunningham and Jena McGregor, *The Washington Post*, August 17, 2015.

2 "Why big business is falling out of love with the annual performance review." Lillian Cunningham and Jena McGregor, *The Washington Post*, August 17, 2015.

3 "Why big business is falling out of love with the annual performance review." Lillian Cunningham and Jena McGregor, *The Washington Post*, August 17, 2015.

4 "2016 Performance Management Study: Top Findings." Brandon Hall Group, August, 2016.

5 "2016 State of Talent Management Study." Brandon Hall Group, 2016.

6 "The Real Impact of Removing Performance Ratings on Employee Performance." CEB HR, May 12, 2016.

7 "Is It Time to Put the Performance Review on a PIP?" Dori Meinert, *SHRM*, April 1, 2015.

8 "Is It Time to Put the Performance Review on a PIP?" Dori Meinert, *SHRM*, April 1, 2015.

The traditional performance review process (defined here as an annual review) has negative impacts on both employees and managers. 53% of employees say that annual performance reviews do not motivate them.⁹ “It’s not just employees who are unhappy. About 95 percent of managers say they aren’t satisfied with their organizations’ performance management processes either, and 90 percent of HR professionals don’t believe their companies’ performance reviews provide accurate information.”¹⁰ The methods of appraising performance are clearly leading to unintended, negative consequences. However, a majority 57% of organizations have made no changes to performance management in the last 2 years.¹¹ So how can organizations improve the methods they use to measure performance?

How can continuous feedback improve performance?

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. Culture

Frequent, data-driven feedback not only supports managers decision making, but also supports a positive workplace culture. A data and policy analyst states: “The most important skills to have in life are gained through interpersonal experiences...Human bodies in close proximity to other human bodies stimulate real compassion, empathy, vulnerability and social-emotional intelligence. These skills are imperative to focus on, as the future is in danger of losing these skillsets from the workforce.”¹² Encouraging continuous feedback and supporting a coaching culture creates a workplace that is people-focused. “Good programs make employees feel valued and retained. There is no better way to build a positive company culture than on a foundation of transparency and respectful acknowledgment of performance.”¹³ A performance strategy that puts people at the center shows commitment to workers, their well-being and their success.

2. Frequency

Research and experience show that employees are seeking more frequent feedback. 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.

9 “Infographic: The Startling Truth About Performance Reviews.” Darcy Jacobsen, *Globoforce*, August, 28, 2013.

10 “Is It Time to Put the Performance Review on a PIP?” Dori Meinert, *SHRM*, April 1, 2015.

11 “2016 Performance Management Study: Top Findings.” Brandon Hall Group, August, 2016.

12 “The Future of Jobs and Jobs Training.” Lee Rainie and Janna Anderson, *Pew Research Center*, May 3, 2017.

13 “3 Things to Know Before Eliminating Performance Evaluations.” Chris Cancialosi, *Forbes*, August 24, 2015.

3. Analytics

performance, has grown exponentially.”¹⁴ 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.

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.

To learn more about continuous improvement, download the full, complimentary research at bit.ly/2hK1tdl.

¹⁴ “Why big business is falling out of love with the annual performance review.” Lillian Cunningham and Jena McGregor, *The Washington Post*, August 17, 2015.