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To Be or Not To Be a Performance Review: *Is it Time to Get Rid of the Annual Performance Review?*

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Joann Gamicchia (Orange Country Clerk of Courts)

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David W. Bracken, Ph.D. Dr. David Bracken is the Principal Consultant at DWBracken & Associates in Atlanta, Georgia. David's work focuses on implementing Feedback and Coaching systems for clients, as well as strategic employee surveys, performance management systems, and competency models. David is a well-known as a thought leader for advancing the science of multisource (360 degree) feedback, particularly in its use to create large scale change and to improve talent management decisions. As an internal staff member his experience includes Xerox and BellSouth. As a consultant he has worked for National Computer Systems, Personnel Decisions Intl, Towers Perrin, Mercer Delta Consulting, Kenexa and OrgVitality. David received his BA degree from Dartmouth College, and MS and PhD degrees in Industrial/Organizational Psychology from Georgia Tech. He is a Certified Professional Coach from the College of Executive Coaching and is a member of the American Psychological Association, the Society of Industrial and Organizational Psychology, and the Association for Talent Development.



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Dr. Keith Lykins is founder and president of Lykins International. He holds a Ph.D. in Organizational Psychology and for more than three decades has designed and conducted employee engagement and senior leadership surveys for some of the world's largest and most successful enterprises, including Nestlé, Shell, Sony, Hallmark, Colgate-Palmolive and others. Prior to founding Lykins International, he spent 12 years with International Survey Research (now the survey arm of Willis Towers Watson), first as a senior consultant in their U.S. headquarters and then as Managing Director of their Australasian region. He began his career with BellSouth Corporation where he managed their company-wide employee survey, directed research activities for their leadership assessment center programs and directed employee selection and development efforts. Dr. Lykins has travelled extensively around the world – 58 countries and six continents to date – as both a business consultant and adventurer. He currently spends significant time in South Africa assisting some of the country's largest organizations. Dr. Lykins received his Ph.D. and Master of Science Degree in Organizational Psychology from the University of Georgia. He holds a Bachelor of Arts degree from the University of North Texas.



Headlines from Week of February 15

The Real Revolution In Performance Management

Why Performance Reviews Don't Work

The Dreaded Annual Performance Review Inches Closer To Extinction (2/2/16)

She Created Netflix's Culture And It Ultimately Got Her Fired

Annual Performance Reviews: Lose-Lose?

The Process of Leadership Requires Tough Love

The Reason Performance Reviews Are Not Dead - and Probably Never Will Be

When It Comes To Feedback, Are Your Employees Ready For "Radical Candor?"

The Benefits of Peer-to-Peer Praise at Work

Why You Need To Adopt Employee Goal-Setting To Really Drive Performance



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August 17, 2016

“Culture Amp launches its own take on performance reviews”

“The employee performance review tool collects feedback from managers and their employees to help individuals, teams and managers better figure out where they can improve. Employee Effectiveness aims to ask questions the way people would say them in real life. It also doesn’t use ratings and scores.”

DWB Commentary: Uses multirater feedback and DOES generate ratings



<https://techcrunch.com/2016/08/17/culture-amp-launches-its-own-take-on-performance-reviews/>



SAP Performance Management Mythbusting: the true story of SAP's performance assessment transformation

Published on August 19, 2016

By Steve Hunt, SVP, SAP

“Simplistic statements that suggest ‘SAP is getting rid of ratings’ or ‘eliminating performance appraisals’ are not accurate descriptions of what we are actually doing... We’re just changing our talent methods so we make talent decisions in a more collaborative manner that emphasizes ongoing employee-manager dialogue and fully unlocking and leveraging employee potential.”



<https://goo.gl/CGUDSW>



Many Stakeholders in the Performance Management Process

Happy w/ Review Process	90%
Review Helpful Overall	84%
Delivered nonthreateningly	94%
No real impact on job	40%
Didn't include goal setting	25%



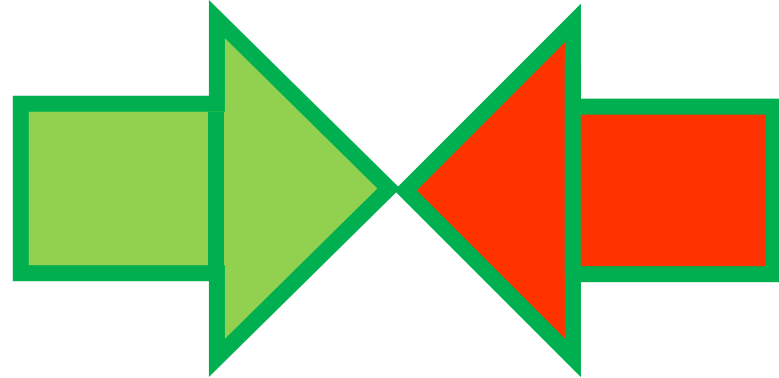
Rave Reviews, *Training* (2010) **N=6,489**





PMP's Provide:

- Goal alignment
- Feedback
- Performance Metrics
- Accountability
- Rewards for the deserving



Competing Forces:

- Time
- Motivation
- Fear
- Abilities
- Fairness (Real and Perceived)



All Have Solutions





“Cutting Edge” PM Practices (244 Organizations) (Ledford)

- **Ratingless Performance Reviews (97%)**
- **Ongoing Performance Discussions (51%)**
- **Crowd-sourced Feedback (27%)**

...in addition to traditional performance management processes



<http://www.compensationcafe.com/2016/06/new-research-on-cutting-edge-performance-management-what-are-we-learning-.html>



Crowdsourcing Technology Example

- Event oriented (e.g., presentation)
- “Pull” (raters invited)
- Aligned ratings (categories)
- Open ended input



Ledford continues:

***Crowd-sourced feedback** impressed and surprised us by the degree to which was associated with effectiveness. There is very little written about and almost no research on this growing area, but we think **it may replace traditional 360 feedback** over time.*



Crowd-Sourced: Drive-Thru Feedback? (Bracken & Rose)

- “Push” feedback (ratees asking for feedback)
- “Pull” feedback (raters provide feedback on their own, at their own initiative)
- “Event” oriented (e.g., how did I do in a presentation?), though this is not really “ongoing”
- Totally unstructured (open ended comments on whatever topic occurs to the rater)
- Open ended but requires attaching comments to rating dimensions
- Monitored by the organization or unfettered
- Only for ratee or shared with/used by the organization (manager, HR, other decision makers)



<https://dwbracken.wordpress.com/2016/08/04/crowd-sourced-drive-thru-feedback/>



Crowd-Sourced: Drive-Thru Feedback? (Bracken & Rose)

- Open-ended feedback (which CSF relies on) is highly skewed to a narrow set of content areas
- Self-selection in crowd sourcing causes sampling bias
- CSF makes no allowance for “opportunity to observe” error/bias, i.e., the competence and motivation of the source (rater)
- CSF has no method to track individual or group change over time
- By using standardized survey content, 360s allow strategically-aligned behavior change across the system
- Use of feedback to create real change is greater with 360s (until proven otherwise)
- Well done 360s have safeguards against retaliation and misuse
- Normative comparisons to other company leaders is an option with 360s
- 360s can be aggregated to view company-wide or system-wide trends that can be compared over time
- Unlike CSF, 360s allow for census participation – all leaders can be directed to participate in a standardized process; allowing leaders to create organization-wide shifts in behavior and culture.





Lykins International

What Do Employees Say About Feedback
and
Does It Drive Performance?

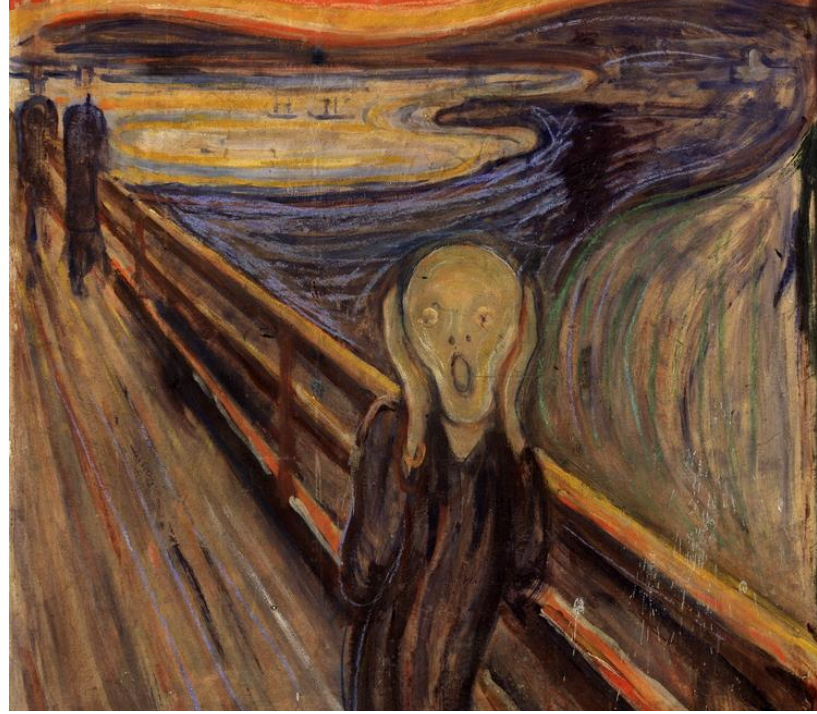


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The Scream!

“Dissatisfaction with the performance appraisal and performance management process is at an all time high.”
(Adler et al.)



“More than 90% of managers, employees and HR heads feel that their performance management processes fail to deliver the results they expected.” ***(Corporate Leadership Council).***

“Only 46% of employees think the way companies assess performance is effective.”
(Aon)

“Only 35% of employees say they have been given useful feedback from their manager.”
(Colquit)



Three Critical Questions

- 
- 1. What do employees say about formal performance reviews?***
 - 2. What do employees say about informal performance feedback?***
 - 3. Do formal reviews and informal feedback drive performance?***



Employee Engagement Survey Evidence

6 Companies

104,540 Employees

32 Countries across 6 Continents

Retail, Manufacturing, Banking, Hospitality, Energy, Professional Services





1. What do employees say about formal performance reviews?

My performance review was fair.



My performance review provided constructive feedback to help me perform my job.



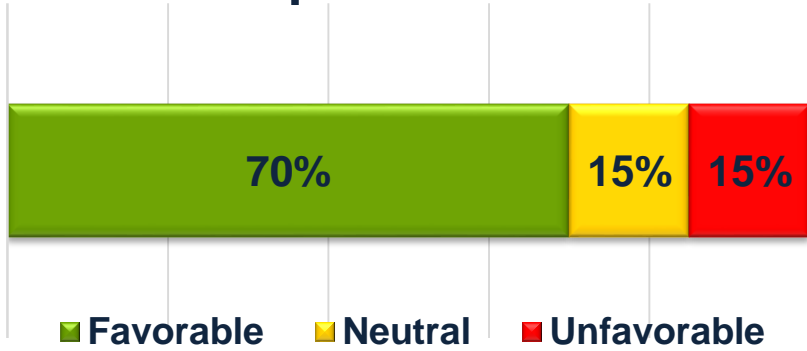
■ Favorable ■ Neutral ■ Unfavorable





2. What do employees say about informal performance feedback?

My supervisor gives me regular informal feedback that helps me improve my performance.





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3. Do formal reviews and informal feedback drive performance?





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The Problem
Using Most
Engagement Surveys
to Measure Performance

Engaged ... or just contented?!?

Strongly
Agree

Overall, I am extremely satisfied with this company as a place to work.



I rarely think about looking for a new job with another company.



I am proud to work for this company.

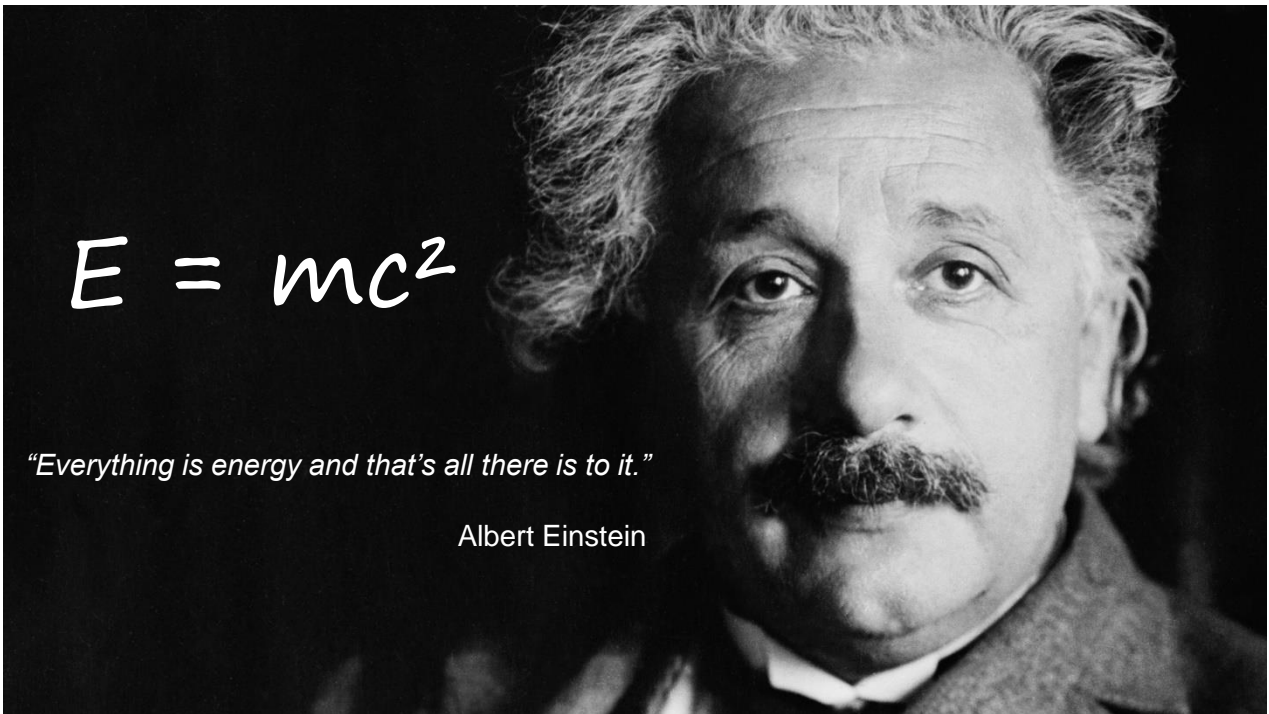


I would recommend this company as a great place to work.





So what is employee engagement?



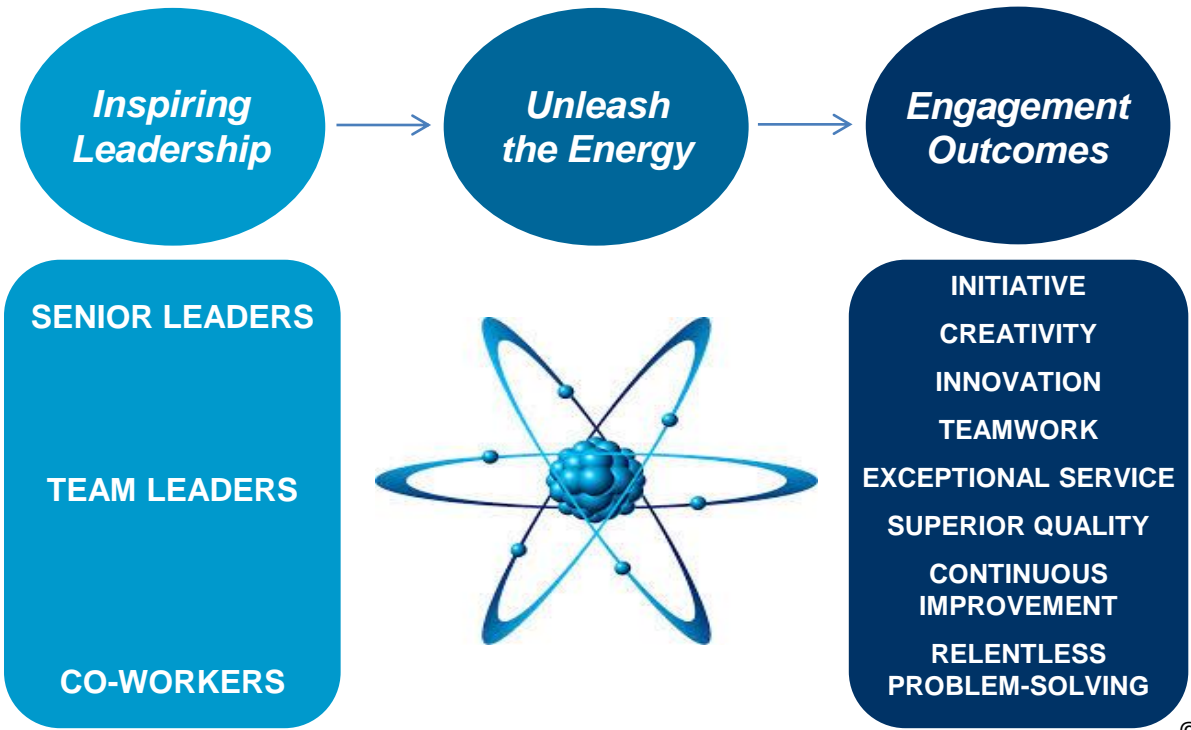
$$E = mc^2$$

"Everything is energy and that's all there is to it."

Albert Einstein

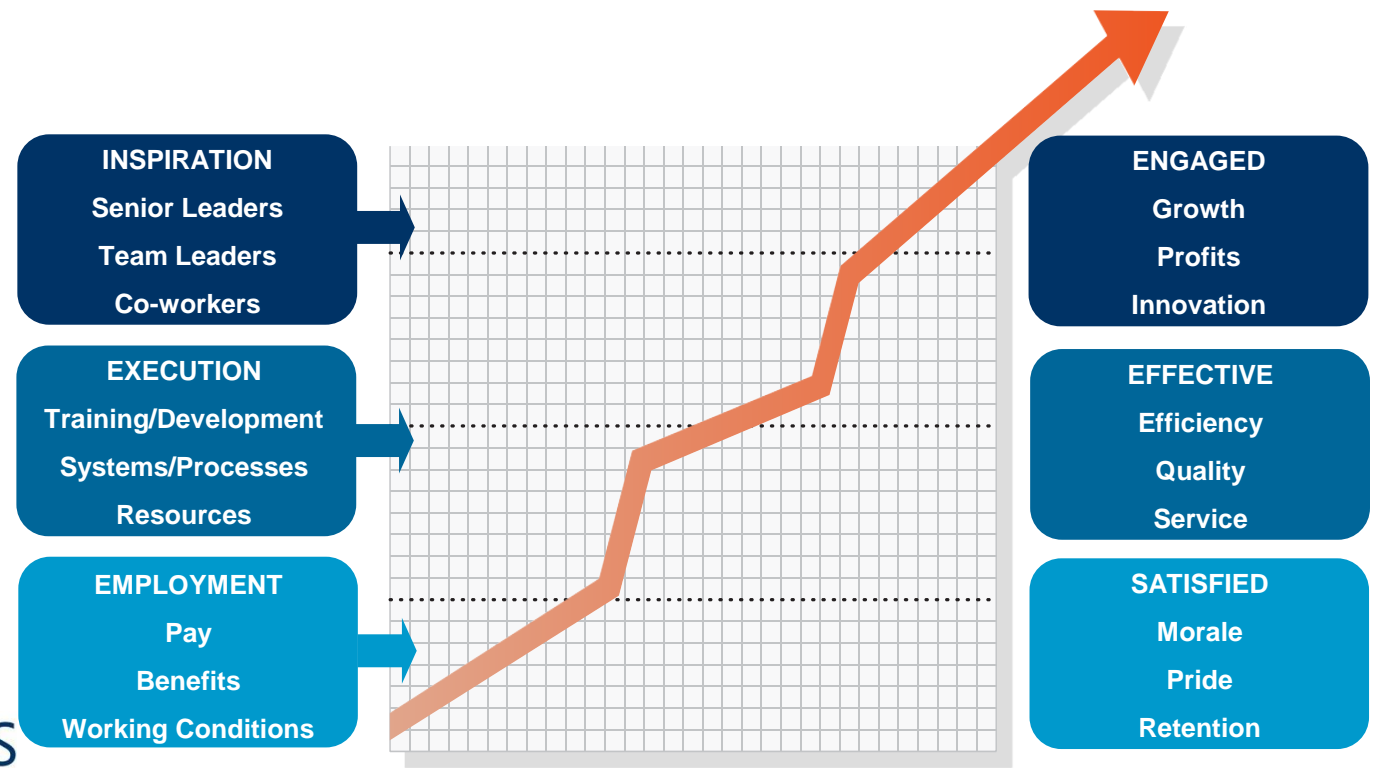


Engagement is Focused and Productive Energy





Driving Individual Performance and Organizational Success





3. Do formal reviews and informal feedback drive performance/engagement?





Correlation with Engagement

My performance review was fair.

r = .46

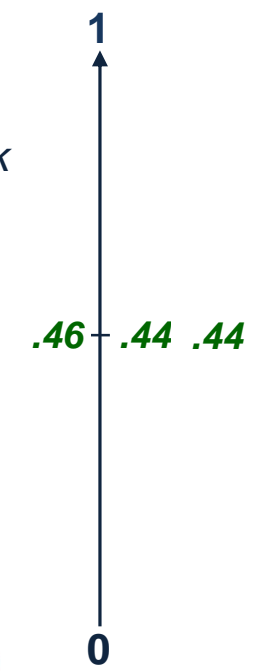
My performance review provided constructive feedback to help me perform my job.

r = .44

My supervisor gives me regular informal feedback that helps me improve my performance.

r = .44

Correlation





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Conclusions

Most employees say formal performance reviews are fair and provide constructive feedback to help them improve their performance.

Most employees say regular informal feedback from the supervisor helps to improve their performance.

Both formal reviews and informal feedback drive performance.

Both formal reviews and informal feedback are important variables in the overall performance management equation.



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Performance Appraisals – Joann Gammichia

- A walk through a government agency transformation
- Presenting a situation from 5 years ago
- Steps we took
- Challenges we faced
- Where are we today
- Future plans

Design Imperatives: Here's What We Know Works



Clarify the purpose



Align to your talent philosophy and culture



Simplify and streamline



Differentiate and make the tough choices



Develop...and make it an ongoing conversation



Execute with intention

Your Views?

Questions?



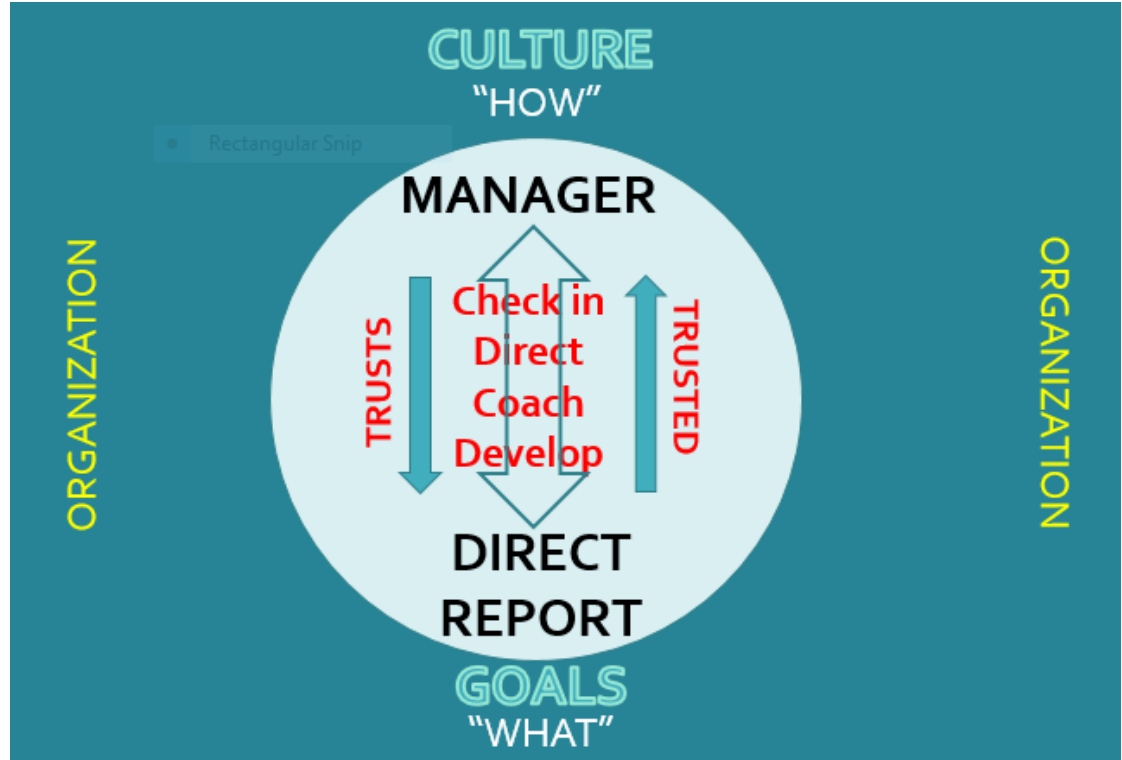
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*Performance
Management*

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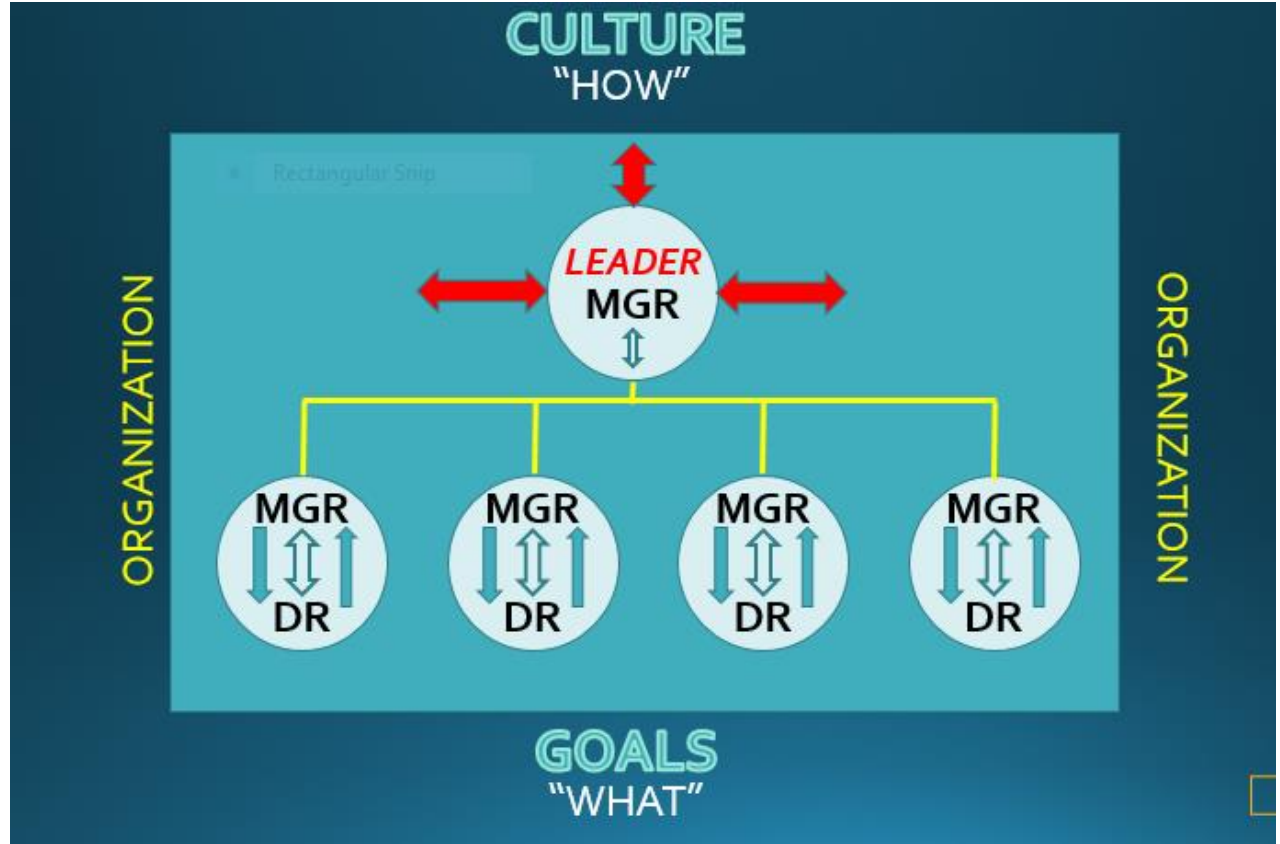


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Leadership =





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Performance reviews don't work the way we think they do

By Peter Cappelli and Martin Conyon (MarketWatch, July 8, 2016)

“Those who are sure that appraisals in their own company don't work the way they did in this case, in our experience, haven't looked at their own data.”

“We may not like doing or getting performance appraisals, but at least in our evidence, they are doing something important, which is pushing employees to be better performers.”

