

5 steps for *transforming* your performance management process





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Putting a new performance management system into effect can be daunting and difficult.

Oftentimes, if organizations already have a process in place, it seems easier to leave things as they are – even if the system is unpopular or outdated.

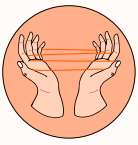
Organizations that don't have any structure in place for performance management also have many of the same fears about introducing a new system.

We get it! It can feel daunting to design, implement, and maintain a historically complicated and fraught process. But with the right approach, performance management can become a core driver of engagement, motivation, and ultimately business success.

At Culture Amp, we're passionate about helping organizations build a culture of continuous performance that drives meaningful impact.

A holistic approach to performance management includes both measurement (looking back) and development (looking forward). Our research shows that it's integral to include development in the performance process, as this is a consistently high driver of engagement and retention.

In this guide, we'll share five key steps and three principles that any organization can implement to improve the way performance is done at their organization.



5 steps for implementing a system that helps improve performance

Step 1:

Set clear expectations and alignment with goal setting

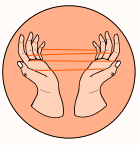
Research shows that goal-setting is a motivational technique that [leads to improved performance](#). One of the most robust findings in Social and Organizational Psychology is that people who set goals outperform those who do not. When we talk about setting goals, ideally these should be at an organizational, team, and individual level.

There are a number of different types of goals which you may already use or want to introduce at your organization. Some examples are business goals, [development goals](#), [SMART goals](#) (Specific, Measurable, Achievable, Realistic, Time-bound), KPIs (Key Performance Indicators), [OKRs](#) (Objectives and Key Results).

[Learn how to easily set, track, and manage goals within the Culture Amp platform.](#)

Organizations should make [strategic goals](#) visible and clear to all employees, to increase connection and alignment. Teams and individuals can then set goals that will ladder up to these strategic objectives. [Studies have shown](#) that when employees can see how their individual objectives contribute to achieving the goals of their organization, they are more engaged and motivated.

We've found the most effective approach is for organizations to provide their people with the information they need to set impactful goals, and empower them to create their own. Importantly, employees who set their own goals with guidance of their manager, are 3.5 times more likely to achieve their goal than if similar goals are assigned by someone else.



Step 2:

Create the conditions for high quality feedback

When we say 'quality feedback', we simply mean sourcing feedback for a performance review that will actually help to improve an individual's performance. What this looks like depends on the current context of your organization.

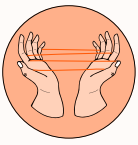
Research shows that only 1 out of every 3 employees agree that their performance reviews are fair. This perceived lack of fairness can lead to dissatisfaction with performance reviews. By sourcing feedback from various touch points, the quality of feedback and the perception of fairness will improve.

Consider the following ways to improve the quality of feedback:

- Use templates to guide managers and other reviewers to provide more quality answers on a review
- Link feedback to goals set
- Collect peer feedback (i.e., colleague to colleague) to get feedback on a person's performance from someone other than their manager
- Source multi-directional feedback (e.g., upwards, downwards) to broaden the scope of feedback
- Adopt a continuous approach to share feedback outside of the formal performance review cycle (ie. through 1-on-1 meetings, coaching, in-the-moment feedback, and recognition)

Embedding continuous performance activities throughout the employee experience reduces the workload of the formal review process, mitigates common biases, and helps facilitate more productive conversations between employees and managers year-round.

We understand that it's sometimes not possible for organizations to introduce all of these ideas, so pick and choose what is feasible at your company.



Step 3:

Empower managers to champion the performance process

Managers sit on the front lines of performance reviews, so it's critical to earn their trust and buy-in to the process in order to make it successful.

A study revealed that performance reviews are fundamentally an uncomfortable and emotional process for managers. Because of this, managers don't often feel equipped with the tools to facilitate these conversations.

Culture Amp's own data from 90,000 respondents across 64 organizations shows that the biggest skill gap in managers, most critical to motivating employees, is in giving more actionable feedback to direct reports.

Giving managers access to self reflections, feedback from other colleagues, and a holistic review of the performance data, will boost their ability to give the most fair and accurate review of their direct reports.

When organizations enable managers with the right training, tools, and resources, they take an important step toward turning the process into a more positive experience for everyone involved.

Track employee goals, collect feedback, and run reviews with confidence, all in one central platform.

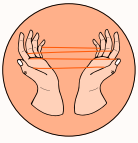
Step 4:

Incorporate self-reflections into the review process

Self reflections give individuals an opportunity to reflect on their progress and share wins, opportunities, and context for their manager to consider ahead of the formal performance conversation.

This process helps employees to:

- Bring awareness to their own feelings on their performance, goal achievement, impact on their team and the business, and behavior related to organizational values



- Guide their thinking (by using a template) on the questions that will be discussed in their review
- Prepare for and anticipate what might be said in the performance conversation

The benefits of including self reflections as part of the review process is that employees feel like they have a say in the conversation rather than just being 'told' about their performance. It encourages them to buy into the conversation by including them in the process.

This activity helps managers too by giving them insight into their direct reports' perceptions of their performance so that they can better prepare for the conversation.

One study demonstrated that individuals improved their capacity to self-regulate (manage their own thoughts, feelings and behaviours) in the feedback conversation by reflecting in advance. More specifically, self-reflection enhances one's ability to manage their emotional response to feedback, which can help reduce the awkwardness or defensiveness that can often accompany these types of conversations.

Step 5:

Make important connections with a holistic approach

It's important for organizations to have full visibility across performance activities so that they have all the data they need to make key people decisions. Whether it's manager evaluations, calibrations, or promotion decisions, a centralized and holistic view connects the dots between goals, feedback, and performance ratings.

Performance review calibrations ensure that managers apply similar standards across all employees. They also provide an opportunity for managers to learn how to improve their ability to observe performance and apply performance standards.

A holistic and centralized view can also help organizations better understand how various touch points in the employee experience impact one another. As a result, teams can more easily identify important connections between engagement, performance, development, and retention.



3 guiding principles to make each step *effective*

Culture Amp actively supports organizations in the change management process involved with rethinking your performance system. We've developed three simple principles to apply to the introduction of any of the five steps we've covered, to ensure a smoother and more effective implementation of any new process or system.

Principle 1:

Stakeholder engagement

Communicate effectively with key stakeholders to drive support from those most impacted by the change. We find that typically managers are the most impacted by a change in performance process, so having a clear and consistent message is important. Senior leadership buy-in to the new process is also crucial as they will likely be championing and communicating the change.

Principle 2:

Purpose - the 'why'

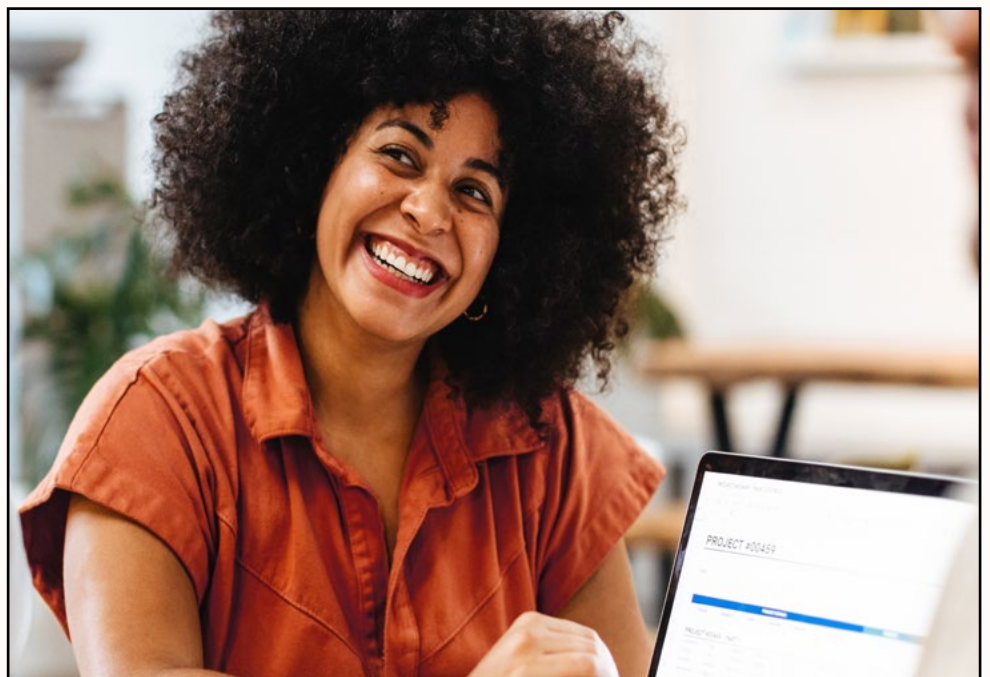
It's beneficial for HR leaders to have a clear and aligned narrative on the purpose of changing how performance is done, and how it ties into the Employee Value Proposition and engagement. By helping people understand that this new process is to actually help individuals grow and develop themselves, as well as helping managers improve the engagement and performance of their teams, senior leaders will also see how a new system will help drive overall better business outcomes.



Principle 3:

Training and support

Ensure there is appropriate training on new processes and systems, tailored to specific audiences (e.g., managers, individual contributors, HR, etc.) so that people feel comfortable and confident with a new tool, or process. By providing ongoing support, people will adapt to the new system more easily and have a more positive experience.





Lay the foundation with a *continuous* approach to performance management

As you consider making important changes to your formal performance management process, a continuous approach is foundational.

From a 2023 survey of over 1600 companies that use Culture Amp's performance, develop, and amplify modules we investigated how usage of the tools in line with our continuous performance philosophy impacted employee retention, performance, and organizational growth.

We found:

- Employees who regularly use modules relating to continuous performance (goal setting, 1-on-1 meetings, regular feedback and performance tracking) 25% less likely to leave their organization.
- Employees who make use of all elements of continuous performance are more likely to have an increase in their performance rating than those that don't.
- More quality and in-depth feedback from managers in performance reviews results in employees feeling like they are recognized for the work they do and that there are good career/development opportunities for them in the organization.

Looking for a science-based performance process, rooted in human insight, that your employees will love?

Ask for a demo of Performance by Culture Amp.

Contact us