


## **“Always On” Performance Management**



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Improving the performance management process has been top of mind for HR professionals in recent years, and many organizations are rolling out new methods and tactics that put employee engagement at the forefront, with processes taking a back seat. The most popular trend continues to be a push toward continuous performance management and the abandonment of long-held norms, such as the annual appraisal. According to Deloitte's 2017 Global Human Capital Trends report, more than 70 percent of companies say they are designing their system around continuous performance management practices. Similarly, a separate 2018 survey by Forrester found that 79 percent of companies consider it a top priority to be more agile with performance management in order to keep pace with business and technology changes.

Technology enables change, and one growing trend in making performance management more engaging and accessible is the advent of mobile. Mobile apps enable organizations to keep performance management top-of-mind for their employees, capture feedback on the go, increase transparency and inclusion, as well as delivering a simplified experience.

# THE OPPORTUNITY

## What is continuous performance management (CPM)?

- Performance management becomes an ongoing process favorable to ad-hoc meetings or check-ins rather than once-a-year appraisals
- The integration of real-time feedback, coaching and development systems into the performance management process
- Dynamic goals as opposed to static goals

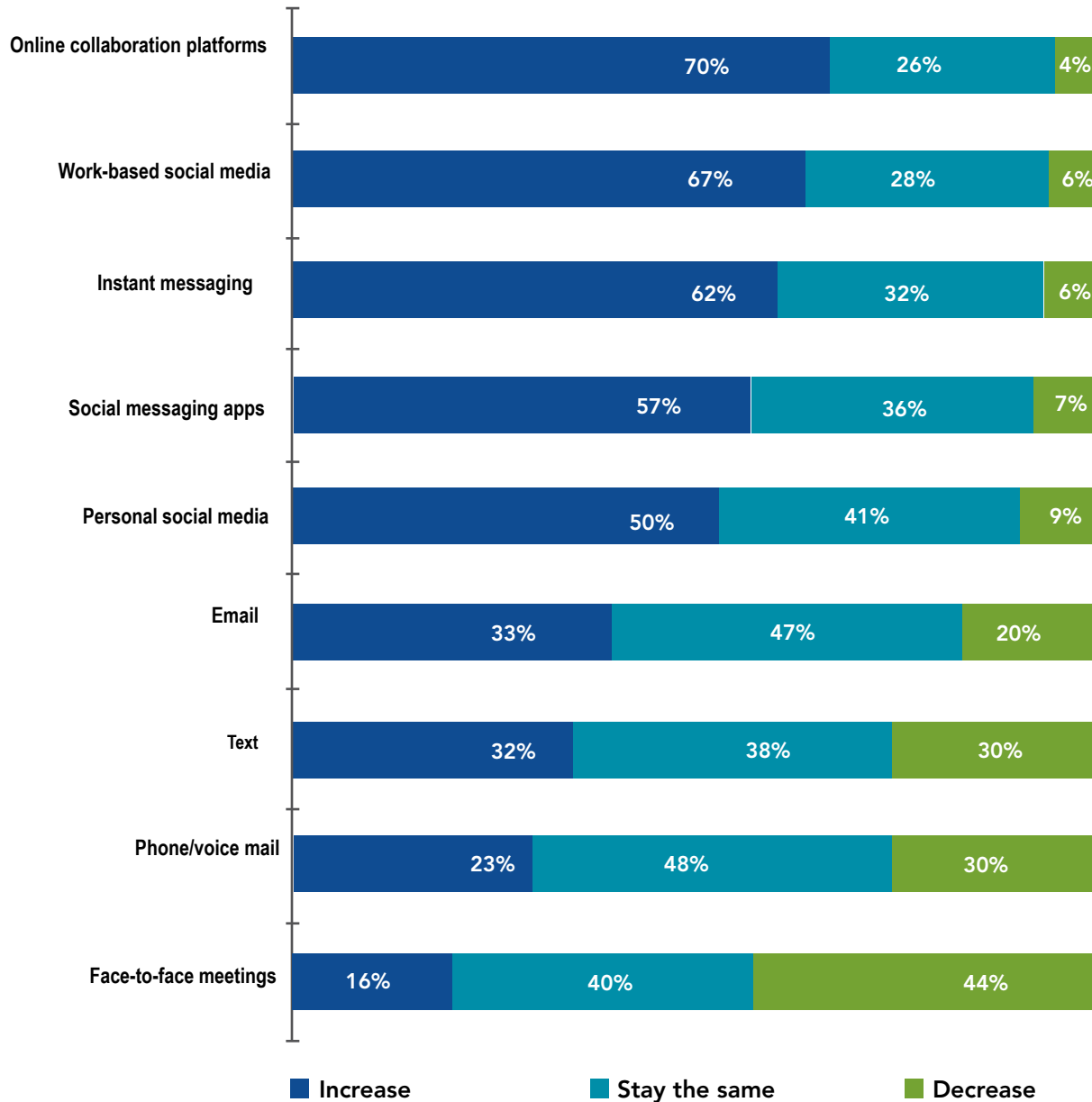
## What are the benefits of continuous performance management?

- Allows for more employee feedback and promotes two-way conversations, increasing employee engagement and empowerment
- Dynamic goal building and evaluation, allowing managers to identify and resolve issues as they occur
- Simplifies and expedites processes, turning dreaded appraisals into coaching and development tools

The shift to continuous performance management is a philosophical one, and is based on the belief that good, frequent communication will result in a more efficient performance management process. To that end, many organizations are taking a closer look at building up on existing communication channels or adopting new ones — especially when they are enabled by technology.



## Expected Use of Communications Channels in the Next Three to Five Years



Source: Deloitte *Global Human Capital Trends* survey, 2018

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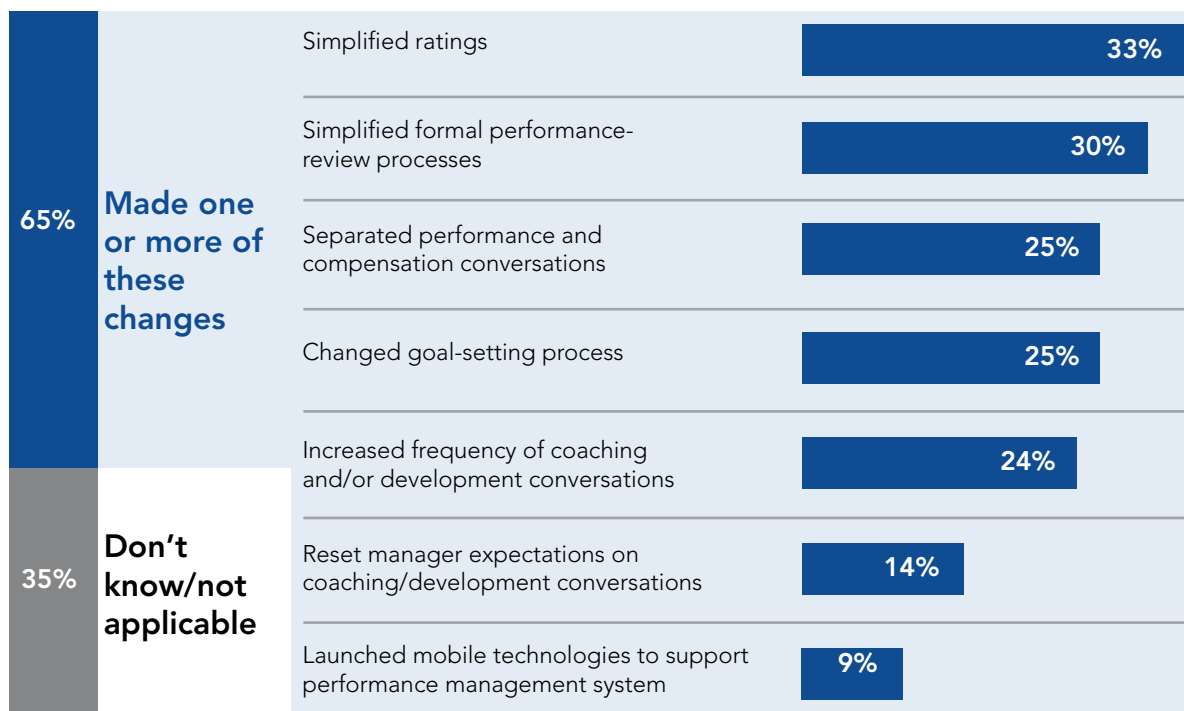
# SOLUTIONS

## Make the Process Simple

The most effective systems also tend to be simple. According to Deloitte's research, 96 percent of organizations working on improving their performance management process are also working toward making it simpler and easier to understand. This is a particular emphasis on reducing the bureaucratic nature of performance management and creating a system that is easier to put into practice, use and iterate on. Historically, performance management can be a source of frustration for employees. Common complaints include employees seeing evaluations as a "waste of time," "unfair" and "one sided." In a recent survey from the management consulting firm McKinsey, 54 percent of respondents said that performance management does not have a positive effect on overall performance.

This explains the need for change, and the most common changes organizations have made are to simplify ratings, simplify the review process and separate performance and compensation conversations.

## Most Common Changes Organizations Have Made to Their Performance Management Systems



Source: McKinsey & Company 2018 survey

Intending to create a simple process may sound like an easy proposition, but it can sometimes be difficult to put into practice. The problem with switching over to an informal, ad-hoc process is that it still requires structure. Change begins with buy-in from decisionmakers, but it must also be clearly communicated to all employees and managers. Appropriate training sessions should be scheduled, and focus on preparing managers for something they might not be familiar with.

## **Organizations should look at what peers are doing and what is working for them, especially when it comes to implementation**

Large companies like Adobe, IBM, General Electric, and Patagonia have all undergone significant changes toward continuous performance management and so have credit unions.

### **Take a look at Adobe, a pioneer when it comes to CPM:**

- ✓ Written goals at the beginning of the year that are revised regularly
- ✓ Quarterly goal-setting meetings, but employee could request more
- ✓ Ongoing feedback throughout the year
- ✓ No restrictive time limits or deadlines
- ✓ Implementation ran into global legal barriers
- ✓ Adobe carried out training sessions, one-on-one discussions and changed the software they used
- ✓ After implementation, 70-80 percent of employees feel aligned on expectations and that their managers are open to feedback
- ✓ Voluntary turnover decreased by 30 percent



**Adobe**

## Training for coaches, not managers

- Performance management as a continuous process allows a more hands-on approach to management, specifically revolving around coaching and employee development. Performance feedback is geared much more toward discerning how employees can improve and grow within the organization, rather than a fault-hunting expedition focused on failures.
- To take advantage of this, organizations thinking of changing to a CPM model should think about organizing training for managers that emphasize coaching rather than just evaluation.

## Change processes to fit organizational goals

- Just as informal performance conversations still need structure, they also need to align with the organization's strategic goals. What is the end goal of implementing CPM?
- With CPM there is a transition from performance as an individual to performance as a team. Organizations are moving toward making goals more transparent as well as improving on the channels used to share and collaborate on goals, especially with an eye toward mobile applications.

## Increasing the quality of feedback

One of the primary benefits of moving to continuous performance management is fostering conversations between employees and their managers. There is an emphasis on employee-driven communications, and especially on ensuring that conversations are a two-way street rather than the one-sided affairs many organizations may be familiar with.

The impact of these new performance practices is high: 90 percent of companies that have redesigned performance management see direct improvements in engagement, 96 percent say the processes are simpler, and 83 percent say they see the quality of conversations between employees and managers going up. - Deloitte

Companies are moving toward a model of regularly collecting feedback that can be reviewed throughout the year to continuously improve their processes — not just at the end of the year. Decoupling conversations from compensation can also sidestep the dread that many employees have in approaching these meetings. Without the implication of compensation changes, they may talk more freely about their performance and what can be improved. According to Forrester’s research, 35 percent of respondents say they view performance conversations as a chore.

## Benefits of performance management processes



Source: Commissioned Forrester 2018 Study on behalf of Workday

Additionally, while these conversations are often encouraged at a greater frequency or even on an ad-hoc basis, the purpose of these talks is ultimately to discuss and further performance goals. Conversations don’t necessarily have to be linked to evaluations, but should discuss goals and development as well as advancement opportunities.



Check-in conversations can cover a variety of topics, but managers should take care to narrow the scope to actionable needs or feedback. This can include:

- Recent performance and work progress
- Changes to goals to adapt to new developments or challenges
- Feedback
- Development opportunities and career goals

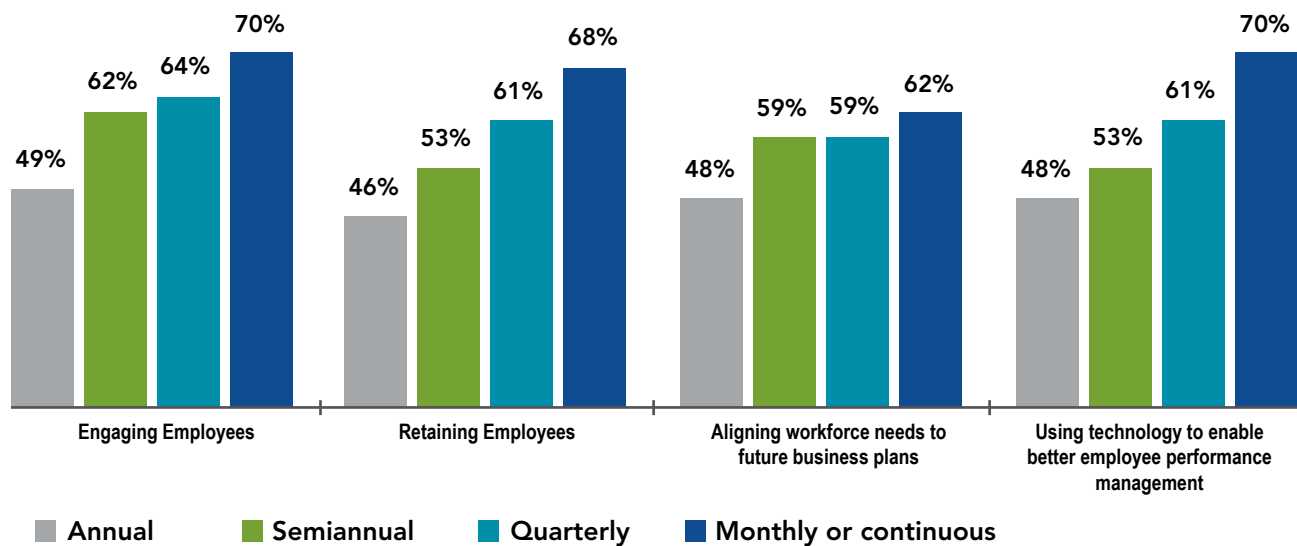
Another tactic that many organizations have experimented with is reverse mentoring. Reverse mentoring pairs senior- and junior-level employees but essentially swaps the mentoring roles, with the junior employee taking on the coaching position. As with traditional mentoring, this increases the skillset of the employees involved, but it also increases engagement for both. Many companies are now seeing reverse mentoring as an effective tactic for retaining valued millennial employees. In addition, it also keeps senior employees, including the C-suite, up to date on new trends such as technology and social media. Nationwide Mutual Insurance used reverse mentoring to great effect when senior executives were pondering over what tools to acquire for internal communication, which younger employees are familiar with.

Reverse mentoring does not always have an age requirement. Some organizations will seek out those with a specific expertise or even life experience for mentoring. Procter & Gamble recently paired leaders with employees who had disabilities, leading them to discover that some of their content was not easily accessible to everyone. Similarly, companies who discover they have difficulty retaining women at higher levels of the organization may also consider a reverse mentoring program, not only to increase engagement, but also to understand why these problems might exist in the first place.

36% of respondents feel that managers lack coaching and people development skills.-  
Forrester Research



## Percent who consider their organization very or extremely effective at achieving HR/talent objectives, by frequency or performance



Source: Commissioned Forrester 2018 Study on behalf of Workday

## Technology enables change

Change is inevitable due to trends in the current work environment. Shifts in culture, the transition of the manager's role away from being a manager to coach, as well as the demand for greater autonomy all lead to a change in culture and organizational processes. One of the biggest factor promoting change, however, is technology. With all these new tools available, why should organizations stick to outdated methods and software? Specifically, many companies are considering or have launched mobile technologies to support their performance management system. Just as HR tools have gone mobile in the last few years, so too will performance management.

However, organizations are running into one common obstacle when it comes to upgrading their performance management technology: how to make it useful and convenient to use. Building or purchasing software to improve work performance is straightforward, but making it so that employees want to use it is difficult.

Tools must be customizable, comprehensive, automated and easy to use.



## What's hot in technology:

### Tools that aid with dynamic goals

- Goals are no longer static, once-a-year items. As companies move to dynamic goal-setting, they also need software that can allow for changes on the fly.
- According to McKinsey's 2018 survey, 62 percent of employees who view their companies as having an effective performance management process also report revisiting goals at least twice a year or more.
- Goals should be aligned with the organization's overall business strategy.

### Tools that aid in setting up and guiding conversations or check-ins

- Informal performance conversations and check-ins can greatly increase employee engagement, but may be difficult to implement. How should these meetings be initiated? What defines the structure of these conversations? What action items will result from each check-in? Having the proper software to both schedule and record the results of these conversations can make the process less of a chore.

### Tools that aid in feedback

- Increasing the number of informal check-in meetings can also result in more feedback. There has been a large-scale increase in the use of feedback and pulse survey tools, leading to development of "continuous listening" as a new trend. Organizations are switching to comprehensive enterprise feedback architectures that receive feedback from employees through a number of different channels, including surveys, performance conversations, appraisals, etc. Organizations need tools to keep track of feedback gleaned from these events.

### Tools that aid managers in coaching and best practices

- Continuous performance management relies heavily on managers being effective coaches, which makes training all the more important. According to the McKinsey survey, 74 percent of employees who view their managers as capable coaches also say their performance management system is effective. Conversely, only 15 percent of those who say their managers are not capable coaches report being satisfied with their performance management process.
- Sixty-eight percent say that ongoing coaching and feedback from managers has a positive impact on their performance.
- Training and best practices integrated into PM software is a huge bonus.

### Data analytics

- Continuous performance management goes hand-in-hand with data analytics. Moving performance management to continuous processes provides greater amounts of data and at a higher quality, while better data aids in making performance decisions. Having data integrated into a performance management solution is a shortcut that should not be discounted.

### Real-time dashboards

- Real-time dashboards are one of the most demanded tools today. Embedded analytics dashboards are even better.

Technology allows organizations the ability to keep their employees informed, whether it is HR self-service or performance. An informed employee is an engaged employee, and the ability to manage these processes on mobile or at home on desktop is fast becoming the industry norm.

# DIFFERENTIATORS

## SMALL CREDIT UNION PERSPECTIVES

Smaller institutions may view continuous performance management as a lofty concept, but ultimately not one that makes sense to adopt. After all, many credit unions lack a dedicated human resources team, so updating their performance management processes may not be a high priority. However, the benefits of a continuous performance management system, namely increased engagement, trust-building between employees and managers, as well as a more dynamic model of performance evaluation, is a goal for many organizations, regardless of size.

Even small credit unions without a set system or suite of software in place can experiment with always-on performance management. It is imperative that organizations move away from the old pen-and-paper approach to HR, where assessments depend on impressions and hastily scribbled notes.

## HOW CU SOLUTIONS GROUP CAN HELP

With Performance Pro, you can bring technology to your credit union that facilitates ongoing coaching and feedback, creates top-down alignment between personal goals and the objectives of the strategic plan. It also integrates with Compease to help you identify top performers who need to be paid more aggressively in order to retain them.

### Key features



- Facilitates moving beyond the standard year-end appraisal to ongoing coaching and feedback
- Maintains an automated and easy-to-use employee performance evaluation process
- Customizable, automated email reminders, templates, employment action forms and more
- Dashboards, workflows, writing assistants, legal checks, cascading goals and robust reporting
- Fully automated to accommodate appraisals and ongoing performance management
- 140+ defined performance factors with behaviorally anchored rating scales
- 500+ customizable goals that can be cascaded and aligned with company objectives
- 350+ customizable evaluation templates based on specific job titles
- 200+ customizable job descriptions
- A comprehensive library of manager resources for guidance on best practices



## Read more in CU TrendScan

[CUTrendScan.com](http://CUTrendScan.com)

CU TrendScan is a quarterly digital publication that explores trends within the credit union industry. Focusing specifically on the areas of technology, marketing, and HR performance, CU TrendScan takes a closer look at the issues that drive the industry forward.



## For more about Performance Pro

[CUSolutionsGroup.com/PerformancePro](http://CUSolutionsGroup.com/PerformancePro)

Performance Pro provides credit unions of all sizes with best-in-class performance management technology to improve employee performance and engagement. The system automates and can drastically help simplify the HR department's workload by eliminating repetitive administrative tasks and by streamlining and archiving all interactions between management and employees — focusing on strategic initiatives instead. You'll get the most out of your employees while your credit union continues to stay nimble.



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