The Myths of Performance Management
Strategies for Selecting and Implementing the Right Solution

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About Us

▪ Who We Are
  • Bersin & Associates empowers HR and learning organizations to drive bottom line impact through world class research and consulting

▪ Practices
  • Enterprise Learning
  • Human Resources
  • Talent Acquisition
  • Talent Management
    - Leadership Development
    - Performance Management
    - Succession Management
    - Workforce Planning

▪ Services
  • WhatWorks® Membership
  • Research-based consulting services
  • IMPACT: The industry’s premiere conference on the Business of Talent
  • Bersin Basics
Agenda

Performance Management Defined

The Five Myths of Performance Management

• The Myth vs. What Research Tells Us
• Process Implementation Implications
• Software Selection Considerations

Key Take-aways and Q&A
Performance Management Defined: It is a set of management practices that...

Establish measurable goals for employees...

...Support employee improvement through coaching, feedback, assessment, development and compensation...

Most importantly, performance management is management!

...To improve performance
Performance Management Framework
An at-a-glance view of how PM fits together

Performance Management Strategy

Audience

Ongoing Performance Management Activities

Goal Setting & Revising
Managing & Coaching
Development Planning
Recognizing & Rewarding

Organization & Governance

Technology & Infrastructure

Performance Appraisal

HOW
WHAT

Performance Management Outcomes
Five Myths of Performance Management

…and how to slay them!
Myth #1: Goals Should be Set Hierarchically and Flow Downward Through the Organization

- Board of Directors/CEO
- Exec. Team/Senior Leaders
- Business Leaders
- Team Managers
- Team Leaders
- Employees
What Happens in the Real World

How Does Your Organization Cascade Goals?

- Series of meetings on goals
- One-on-one conversations
- Presentation to next level down
- Emailing of goals to next level down
- Single meeting on goals

- From Senior Leader to Business Leaders
- From Business Leaders to Their Teams

Source: Bersin & Associates High Impact Performance Management research, 2011, n=200+
Ongoing Goal Setting

How Frequently Does Your Organization Revise Goals?

- 44% Once per year (on a semi-annual basis)
- 21% Twice per year
- 10% Quarterly
- 10% Monthly
- 6% Ongoing
- 6% Other
- 3% We don't revise goals
- 10% 54% of organizations revise once per year or not at all

Source: Bersin & Associates High Impact Performance Management research, 2011, n=200+
Frequent vs. Infrequent Goal Setters

**Cost Control**

- Goals Revised Quarterly or More Often: 64%
- Goals Revised Once Per Year: 44%

**Financial Performance**

- Goals Revised Quarterly or More Often: 61%
- Goals Revised Once Per Year: 37%

% of Organizations Highly Effective at Controlling Costs

% of Organizations With Better Financial Performance Than Competitors
Case in Point: Travelex

Ongoing goal setting

Previous State

- Automated performance management
- Still not getting the return expected from performance management

Action

- Managers and employees discuss employees’ goals
- Goals entered into online goal system
- Goals tracked on quarterly and monthly basis
- HR prompts conversations

Result

- Performance conversations more frequent and helpful
- Greater collaboration between employees and managers
Implementation Implications: Ongoing Goal Setting

- Create a cross-functional team to analyze what is working with the goal setting and review process and what needs to be improved
- Collaborate with the cross-functional team to identify how more frequent goal setting could work in your organization
- Identify metrics that will measure the impact of the new approach
- Pilot the new approach within one part of the business
Software Selection Checklist: Ongoing Goal Setting

<table>
<thead>
<tr>
<th>Y/N?</th>
<th>Software Features</th>
</tr>
</thead>
<tbody>
<tr>
<td>✔️</td>
<td>Employees and managers can create and adjust goals within the system</td>
</tr>
<tr>
<td>✔️</td>
<td>Employees and teams can collaborate on goals with each other</td>
</tr>
<tr>
<td>✔️</td>
<td>Software provides “breadcrumbs” that tracks changes in goals</td>
</tr>
<tr>
<td>✔️</td>
<td>Updates on goals are observable by multiple levels of leadership</td>
</tr>
<tr>
<td>✔️</td>
<td>HR or managers can track goals to create greater accountability</td>
</tr>
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 Myth #2: Coaching is a “Nice to Have”
Organizations That Rely on Coaching Have Better Talent

Amount of Cultural Support for Coaching

Source: Bersin & Associates 2011 High Impact Performance Management research, n=193
Implementation Implications:
Coaching: *Focus on Three Levers*

- **Senior Leaders**
  - Engaging in Coaching
  - Leading a Coaching Culture
  - Creating Coaching Accountability

- **Managers**
  - Preparing for Coaching
  - Engaging in Coaching
  - Supporting on an Ongoing Basis

- **HR**
  - Creating an environment that supports coaching
  - Teaching coaching
  - Measuring coaching effectiveness

*Source: Bersin & Associates 2011 High Impact Performance Management: Maximizing Coaching*
## Software Selection Checklist: Coaching

<table>
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<tr>
<th>Y/N?</th>
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<tbody>
<tr>
<td>✓</td>
<td>Coaching logs</td>
</tr>
<tr>
<td>✓</td>
<td>Can be integrated or closely linked to online coaching portal</td>
</tr>
<tr>
<td>✓</td>
<td>Wide range of employees can provide feedback to employee and manager</td>
</tr>
</tbody>
</table>
Myth #3: Any Development Plan is a Good Plan

Yet organizations with high-quality development plans generate twice the revenue per employee as organizations with poor or ineffective development plans.

Source: Bersin & Associates
2009 Talent Management Factbook
N = 773
The Magic Three

The Most Important Elements to Include on Development Plans

- Development Plans Put in Context of Career Goals
- Schedule for Checking-In
- Consequences for the Manager

Source: Bersin & Associates 2011 High Impact Performance Management research, n=193
# Software Selection Checklist: Development Planning

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<tr>
<th>Y/N?</th>
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<tr>
<td>✅</td>
<td>Allows employees to identify development experience, start and end date and support needed</td>
</tr>
<tr>
<td>✅</td>
<td>Allows managers and HR to track progress</td>
</tr>
<tr>
<td>✅</td>
<td>Allows employees to identify individuals who can help them improve</td>
</tr>
<tr>
<td>✅</td>
<td>Integrates with career management resources</td>
</tr>
<tr>
<td>✅</td>
<td>Integrates with community of practice resources so employees can find experts from whom to learn</td>
</tr>
<tr>
<td>✅</td>
<td>Integrates with performance appraisal</td>
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Implementation Implications: Development Planning

- Focus first on creating a culture supportive of development planning – don’t simply mandate development planning conversations
- Identify ways the organization can create informal accountability for development planning
- Create a clear link between development planning, development resources and career management resources
Myth #4: Appraisals Should Be Given Annually

How HR Sees Performance Appraisals

How Employees See Performance Appraisals
The Insufficiency of Annual Feedback

Vs.
Barriers to Manager Feedback

Top Manager Performance Management Challenges

- Appraisal process is too time-consuming: 4.34
- Too little consistency in appraisal processes: 4.21
- Unclear link between PM and business results: 3.77
- Managers do not feel prepared to coach employees: 3.63
Myth #5: Managers Provide the Best Feedback

Everyone else

Your employee’s manager

Your employee’s team
Implementation Implications: Appraisal

Simplify appraisal process
Bring more people into the process
Make the process more useful to managers
# Software Selection Checklist: Feedback / Appraisal

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<th>Y/N?</th>
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<tr>
<td>✓</td>
<td>Allows employees, peers, executives, and clients to provide feedback on employees</td>
</tr>
<tr>
<td>✓</td>
<td>Easy to use for all audiences</td>
</tr>
<tr>
<td>✓</td>
<td>Encourages continuous feedback, including concrete examples of performance</td>
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In Conclusion

*Our Five Myths – Busted!*

- **Myth #1:** Goals Should be Set Hierarchically and Flow Downward Through the Organization
- **Myth #2:** Coaching is a “Nice to Have”
- **Myth #3:** Any Development Plan is a Good Plan
- **Myth #4:** Appraisals Should Be Given Annually
- **Myth #5:** Managers Provide the Best Feedback
Additional Bersin Research Resources:
Q & A

Thank you, and please join us at Bersin IMPACT 2012  
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