



**Head
Light**

The 9 'must haves'
of conversational, agile and
Continuous Performance Management
part of our We think... series

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The shift to agile, conversational Performance Management

There's a shift taking place in the traditional, typically annual or six-monthly approach to performance management and appraisal. We've explored this in other articles and in this article we set out nine areas in which action is most likely needed if you're looking to adopt a more agile way of managing performance.

A bit of background

Performance Management is often now seen as an outdated, time-consuming process that is no longer fit for purpose.

In response, many organisations are looking to create more flexible, employee-centred practices which focus on helping people perform at their best – rather than filling in endless forms.

There's been a move away from forced rankings and bell-curves, there's a need to be more flexible and continuous in our approach to managing performance, and there's a drive to increase ownership and engagement. We've seen the need to create more real-time performance data for senior managers and a desire to improve the quality of conversations between managers and their teams.

If your organisation is seeking to embed a more conversational, informal, continuous form of Performance Management, you might want to consider whether these fundamental 'must haves' are already in place.





The 9 'must haves'

#1 – Leadership from people that matter

Obvious but crucial; you need the most influential to be supporting this change. It could be the most senior people – and certainly you need their backing – but you do need those who will be championing the move.

In today's society, workplace influence is not as top down as it once was. What we need from leaders is a clear vision of a future state backed up by sustainable and durable reasoning for the change. Examples and story-telling work more persuasively than financials facts, especially when those stories relate to internally influential people.

Leadership here is to promote the course for a process of change that might take more than the current fiscal quarter. In this context it would be a description of how managers should be, the conversations they are expected to have and the outcomes. In an organisation need to genuinely support and demonstrate that they are fully behind the change in the performance management process.

In our work, we often find that initial agreement and apparent buy-in at senior levels does not translate to the C-suite being the first to trial and role-model the new approach – or that there's a change of heart when the full implications of not having the old ranking system start to become apparent.

It's important to have champions at the highest level, who:

- are involved in creating the new performance management practices;
- will pave the way by doing it with their own teams and
- fully understand the implications of the shift.

The Leadership team must not allow managers 'off the hook' for not adopting this new approach and be especially robust with any 'I'm too busy/not enough time' excuses.

#2 – Involve others in the change

There is a marketing technique that involves segmenting target audiences. And this technique may also be useful to apply to employee groups. By better understanding each of your employee groups, you'll be able to tailor communication and engagement activities to them.

You'll want to consult with employees and include them as you start to map out your new performance management approach. Creating a win-win for employees and managers will be particularly important in managing this culture shift. Ask them about what they want from performance management and listen to what they say.

We have observed a situation in which HR has not consulted - or rather involved people late in the process. HR needs to let go of the process early to gain control of it later on. You can get people involved in a number of ways:

- Look to run Focus Groups – whereby you seek to get structured input from people across the business, at all levels, as to how the process could work more effectively for them, and what needs to change.
- Set up an area on the Intranet site – work with your IT team to include a feature on your intranet site which encourages people to share their suggestions on how the performance management process could be improved.
- Establish a Working Group – consider setting up a cross-functional, non-managerial working group and task them with putting a proposal together for creating a better performance management world.
- Build senior-level champions and role models – these are the leaders and managers who really



do performance management well – and get their support in spreading the word or gathering views and feedback.

Let people come up with ideas and stay true to the message about a future vision. If your organisation embraces concepts such as 'hackathons', set up an HR Hackathon opening up the floor to all ideas. Most well-networked HR people know what are the key influencers - so make sure they are in the room and contributing!

#3 – Effective communications

This is where you bring together the leadership vision, examples and stories, together with the outputs from the previous phase, and any tailoring needed for different employee segments.

If you can, lean on your internal comms team and think carefully how your position this change activity. Branding and naming may seem trivial, but we've seen some great implementations which have had great energy and drive behind them. This needs to go beyond a set of FAQs and 'How To' guides, and needs to engage people at a number of levels. Try out your messages with your key influencers and plan when and how to deliver them. Think about:

- Finding teams to trial the new approach;
- Ensuring you have your branding and internal communication experts involved;
- Building resources on your intranet;
- Running interactive workshops and engagement sessions;
- Getting people to share their stories and feedback.

#4 – Make the 'little and often', quick and easy

One of the biggest gripes we hear is about how time consuming it is to 'do' performance management. This is often because it has become a 'large end-of year task'. Very rarely are there significant gripes relating to doing things 'little and often' – and this is the essence of continuous performance management.

HR can help by implementing an agile, flexible performance management tool or app that is easy to access and update, to store information and to collect feedback on objectives, progress, achievements and evidence, making the 'little and often', quick and easy.

A word of warning. Make sure your app or online tool has the minimum amount of capability that you need for easy check-ins, feedback and regular updates. But also make sure that it doesn't leave you in a position where you can't expand new horizons into career conversations, values, succession and so on without a new app.

Concerns around data privacy and security are only going to intensify and so you'll need to demonstrate that your focus on 'quick and easy' is backed up by well thought through and validated security. Look for a vendor with ISO 27001 and many of your IT problems disappear quickly as it's the minimum that IT departments look for now.

We don't think that it's any secret that if you do regular, short updates throughout the year, it becomes less of a chore and less of a feat of memory. We all know that 'little and often' and 'while it's fresh in your memory', is more conducive to an accurate picture of what has been achieved in a year.

#5 – Shift ownership of performance review from HR to employees

The quickest way to make this shift is to build a process, pilot it, tear it down, build, pilot, tear down, build, pilot, tear down. This is about being agile, responsive and collaborative with stakeholders. Remember though to add an extra month to any timeline though to manage expectations!

By adopting this approach, you refrain from guessing what is going to work and get to proving which ideas from the stakeholders work the best.

You'll need to make sure that the tool you have chosen to use, allows this flexibility. This is where you can close the loop with the consultation phase and demonstrate that views and ideas have been taken on-board.

#6 – Be ready to change and upskill in HR

The transition to continuous/conversational/agile performance management will change your focus in HR. It is a cultural shift across the business. Today your organisation may be concerned with 'return' or 'completion' rates for PDR forms. Now you will need to think about how you add value to the performance review.

In short, HR will change its responsibilities from policing completion to:

ensuring alignment of objectives;

responding to real time Training Needs Analysis feedback;

supporting managers with team performance and engagement issues;

providing real-time information to the Leadership team around objective achievement, L&D focus, competence gaps, high performers.

There is no getting away from it; continuous performance management is both a risk and an opportunity to those in HR.

#7 – A clear but simple policy on performance management

Do not update your current policies. Instead, review them critically and from the perspective that we should be concerning ourselves only with compliance of the law and the 80% of the people not trying to 'game' the system. If we write our policies aimed at catching out the very few 'game players' then this does nothing for a culture of trust, values and innovation.

Performance management practices also need to have really clear and direct links to other talent processes. For instance, do you have 360 degree feedback programmes and, if so, how do these relate to the discussions people have about their performance? And what of training and development activities? How do actions agreed as a result of performance conversations contribute to people's growth and learning? And succession planning?

All too often we see these practices operated as discrete and independent processes, on multiple spreadsheets, with different owners, and little real use being made of the data that is being generated.

Simplifying your processes may also include removing forced ranking and decoupling the reward system from the performance management system. Taking away the risk of having too many top rank employees needing a pay rise means that organisations can have more honest conversations about where someone is and what they can do to be even better. Rather than directly linking ratings and salary increases or bonuses, compensation decisions should be based on the critical nature of an employee's skills, the cost of replacing them, their value to customers, and the external labour market.

#8 – Focus on enhancing managers' skills

There's also a whole raft of skills that need to be sharpened if performance management is to move on to a more agile plane. Having difficult conversations about performance, creating clear expectations and goals, giving feedback, coaching, motivating people; these will all become more important.

This is about helping them making accurate and fair assessments of performance, so train and up-skill your line managers to be more effective assessors. Help them to understand how their biases and decision-making processes can impact on performance assessments and give them tools and strategies to manage and minimise their personal biases.

If you decide to retain the rating element of performance management, you may need to train and up-



skill your managers to be more effective assessors. Help them to understand how their biases and decision-making process can impact on performance reviews and give them the tools and strategies to manage and minimise their personal biases.

#9 – Build-in an audit of the quality of conversations

We have heard some companies talk about surveying the population to see if they like the new continuous performance management approach - and if they are using it.

You should, at least, be able to tell how many objectives any group of people have, when they last checked-in, when their career conversation was and if the updates on goals have any real substance behind them. The proof will be there for you - and you'll be able to provide answers such as:

- x% of people have used the system in the last 30 days.
- over y% have had a check-in last month.
- over z% of Joe Bloggs' team have objectives aligned with the company objective A.

You'll be able to find out the good news and also be able to find out where great performance review is not happening as you would expect. You can then choose to help - or not.

Next steps

If you would like to know more about how to support a shift in performance management practice, please get in touch.

About Head Light

Head Light is an award-winning talent management software and consulting firm that works with clients to define and implement impactful talent management strategies.

Talent Cloud® is our cloud-based portfolio of integrated talent management software tools designed for those who expect the maximum return from talent management processes. Our training and consulting services uniquely complement our breakthrough software that engages employees, managers and senior leaders in the selection, development and progression of people in their businesses.

Companies in the FTSE 350, public sector, large and small, from retailers to high tech innovators have all benefitted from our tools, techniques and expertise. Founded in 2004, we are headquartered in the UK.

Head Light has attained the ISO27001 standard for Information Security.
Certificate No 217613.





How do I...

transition to Continuous Performance Management

How do I...

introduce robust Succession Planning

How do I...

spot High Potentials and Future Leaders

How do I...

drive Engagement through Career Conversations and Development

How do I...

embed new values and improve culture

How do I...

conduct Skills Assessments and a Gap Analysis