

## TRANSFORM EMPLOYEE PERFORMANCE FOR CONTINUOUS ENGAGEMENT

**Traditional employee performance processes are under scrutiny by large and small companies alike. Statistics prove that most organizations feel current methods are disliked and fail to deliver any positive business results.**

The 2016 Transform Employee Performance for Continuous Engagement Report by Forrester Research Inc. examines the shortcomings of conventional employee performance management, new methodologies and the associated emerging technologies being leveraged. The following executive summary outlines the key topics and primary learnings discussed throughout the report.

### KEY TOPICS

Forrester outlined the following traditional processes as underperforming:

- Periodic performance appraisals delay actionable feedback.
- Stack rankings run counter to teamwork and collaboration.
- Performance reviews are an unproductive time drain.
- Performance appraisals are too closely linked to salary adjustments.
- Performance appraisals don't align with what the business cares about.

These five key principles will help recalibrate a new-generation of performance management processes:

- Continuous: provide continuous feedback to drive productivity and growth
- Aligned: align employee performance with customer and business outcomes

- Engaged: empower and motivate employees to add value
- Future-oriented: focus on goals that drive the achievement of future outcomes
- Collaborative: work toward common goals by putting the customer first

A variety of alternative performance approaches are emerging, yet business needs, culture, workforce demographics, company maturity and other factors will influence these approaches. The Forrester report uncovered several performance techniques to either supplement or replace the traditional performance appraisal, including goal management and OKRs, business analytics and metrics, continuous coaching and continuous feedback from peers. Several well-known organizations have already adopted new processes, such as Adobe, Accenture, Google, GE and Kelly Services.

### New technology impacts performance

Two technology paths have emerged to support companies that are interested in innovating their performance processes. First, existing comprehensive Human Resource Management System (HRMS) vendors and talent management vendors are incrementally adding features to existing solutions, such as check-ins, coaching, goal management and social feedback. Second, a new generation of disruptive vendors is offering alternative approaches that eliminate traditional methods.

The report provided examples and descriptions of several different technology companies that have entered the space with resources to support both approaches. HRMS vendors include Cornerstone OnDemand, Halogen, PageUp People, SuccessFactors, Ultimate Software and Workday. Companies offering entirely new approaches to performance reviews include HighGround, 7Geese, BetterWorks, Shared Performance, TMBC, Workboard and Zugata.

### **Companies need to determine how to transform performance for high business and customer impact**

Forrester offers the following initiatives to positively disrupt legacy performance processes and introduce new ones:

- Rethink your performance approach to create business value.
- Make sure executives are on board.
- Empower lines of business to set performance agendas.
- Get employees engaged and involved in the new process.
- Enhance performance with measurement and analytics.

### **Primary Learnings**

#### **Traditional Performance Reviews Lack Positive Business Results**

Continuing to focus solely on periodic events related to salary adjustments and development plans ignores the greater picture – how employee performance is driving positive business and customer outcomes.

#### **Companies Should Leverage New Performance Models to Improve Employee Growth, Company Culture and Business Goals**

Align your performance management process so that you can continuously assess, coach and recognize employees for their achievements and outcomes.

#### **Use Technology to Reinvent Performance Management**

Tap into existing solutions that have added additional functionality, such as check-ins, coaching, goal management and social feedback. Or discover alternative approaches with new technology that completely eliminates traditional methods.

To hear more from Forrester, listen to a webinar featuring Analyst Claire Schooley called, **It's Time to Rethink Your Employee Engagement Strategy.**