



The UK Performance Management Report 2019

We've been wanting to create this report for some time. We've seen how much the performance management (PM) world has changed in the last ten years (and especially in the last three or four). The world is waking up to the value of performance development: of meaningful dialogue between employee and manager; of HR shrugging off their "compliance police" coats and giving teams the opportunity to grow and develop through conversations and feedback. We felt the time was right to ask HR people, employees and managers how they feel about the world of PM. What tools are they using? Do they feel they get enough feedback? What considerations, barriers and challenges stand in the way of creating something better than the dreaded annual appraisal?

We didn't expect to get everything right in this first edition of our UK Performance Management Report. When creating something like this, it's hard to say "stop": you always feel there are more insights you can hunt for. Even now, we still have things we wanted to spend more time on and things we might have done differently: these will definitely inform what we do next year. For now, we hope you find this a useful and interesting look at the way the UK does PM. Perhaps it will inspire you to start your own cultural change.

DAN ANTICICH,
CHIEF REVENUE OFFICER,
CLEAR REVIEW

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Kennedys
AQA
Waltham Forest Council

Foreword

BY DAVID WILSON
OF FOSWAY GROUP

Performance Management has had a mercurial history over the last few years. Originally the poster child for modern HR practice, performance management was one of the fastest growing HR technology segments, and arguably the central pillar of talent management. Companies invested heavily in annual review processes and systems for the structured rating of performance across their organisations. Performance assessments drove thousands of 9-box discussions of performance and potential, and millions of compensation discussions.

Then the wheels fell off. Far from driving business outcomes, performance management became seen as slow and ponderous: an annual HR process serving its own purpose but not really doing anything other than supporting pay and ratings discussions. It certainly didn't seem to increase performance. To do that, companies needed to be much more dynamic and agile. Performance was surely all about continuous feedback and manager discussions, and not an HR process at all. And – maybe the final straw – CEOs became paranoid about the lack of skills, and analysts talked about learning and development (rather than performance) becoming the core of talent management.

Whilst this narrative may sound very familiar, it is an oversimplification and untrue. This research from Clear Review proves that, as does Fosway's own HR Realities research. Increasing performance is still the number one goal for companies; that hasn't changed. Managing performance at a team and employee level is still critical. Performance management is far from dead, it has just changed. Modern performance management is multi-dimensional. It is more dynamic and more connected to work outcomes, as well as sentiment and feedback. It may not be the anchor pillar of talent, but that doesn't marginalise its importance. Teams, business functions and companies will only thrive if they raise their game. All hail the new world of performance.

The Research



HR, performance and why the definition matters

It's important to begin by defining the thing that we're all talking about. What, exactly, does performance management mean to our survey respondents? We know that HR people can have a specific view of certain issues, just as other parts of an organisation can have particular views of what HR does.

So we asked everyone, from HR to managers to employees: what is the purpose of performance management? And what should it be?

Historically, performance management (PM) has driven rankings and reward. Succession planning has played a role. Employee development – the idea that PM could be a way of making everyone more effective, engaged and involved – was less of a focus. It's reassuring to see that those days are coming to an end. **39%** – the largest single group – said that development was the focus of PM at their organisation. More than half said that development should be the focus. And this comes largely at the expense of rankings, which shows a great aspiration to replace an archaic process with one that benefits everyone.

Having said that, just over **70%** are still using annual appraisals. Barely more than a quarter have moved to a continuous model. Change takes time: the vast majority (**92.3%**) of HR people agreed that PM was a critical area they need to address in the next 12–18 months. It may be the explosion of research and articles on the subject of flagging employee engagement. It may be pressure from senior leadership (of which more later). It may be plain old common sense.

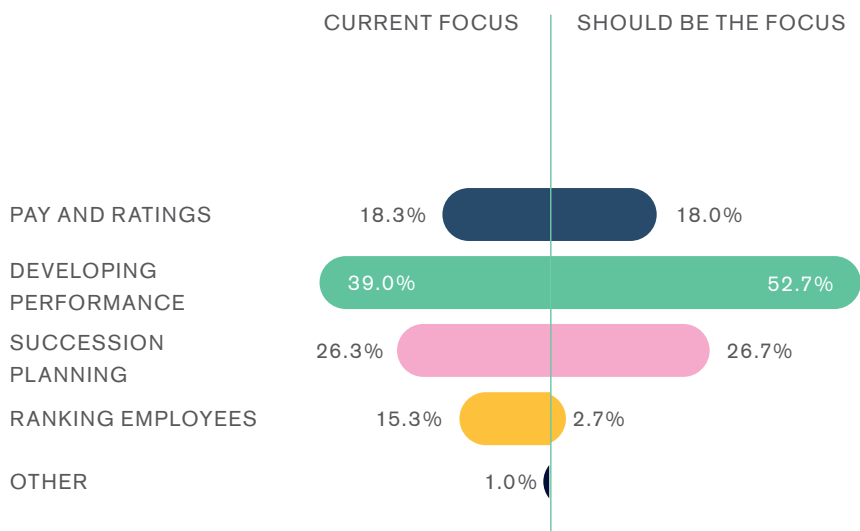
Whatever the driver, we're seeing a general trajectory towards PM that works for people rather than around them. It's not unanimous by any means – succession planning features strongly in here and we know that the debate over pay and reward (addressed in our final section) may never go away – but it's strong enough to be an encouraging trend.

This research had three different audience groups: HR managers and directors; people managers and employees. The audience group for each question is indicated in the blue margin on the left.

HR

What do you feel **is currently** the focus of your organisation's performance management?

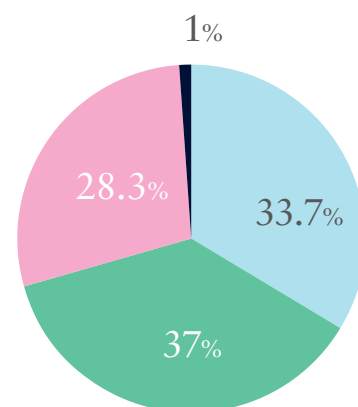
What do you feel **should be** the focus of your organisation's performance management?



HR

Are you currently...?

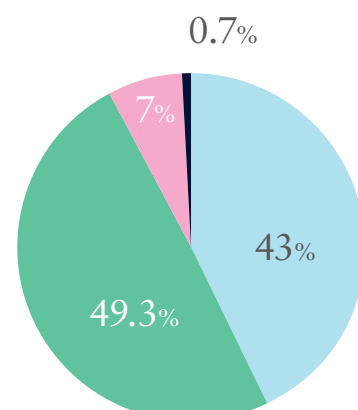
- USING ANNUAL APPRAISALS
- LOOKING FOR OR MOVING TO A CONTINUOUS MODEL
- USING A CONTINUOUS MODEL
- NOT USING A STRUCTURED PERFORMANCE MANAGEMENT MODEL OR SYSTEM



HR

Performance management is a critical area I need to address in the next 12–18 months.

- AGREE
- STRONGLY AGREE
- DISAGREE
- STRONGLY DISAGREE





“Having a culture of candour is something you need to work up to. Some people are naturally receptive. With others, it can take longer to develop that relationship. You need to nudge and cajole people into that openness, sometimes. You have to be respectful of people, make sure that feedback is done in the right way.”

MANAGING DIRECTOR,
LONDON-BASED CREATIVE
COMMUNICATIONS AGENCY.

Feedback, frequency and check-ins

When we move to the specifics of performance management the numbers become much more emphatic. Broadly speaking, we could say that people just want to talk more.

Feedback and frequent performance conversations have unanimous support, from HR to management to the teams. HRs love feedback with a passion, it seems. When we asked “Would people benefit from more regular performance conversations?” **94.3%** of HRs, **81.4%** of managers and **64.4%** of employees agreed. If employees had their conversations annually, they wanted them twice yearly. If they had them quarterly, they wanted them monthly. PM creates an appetite for itself. Employees asking to meet more regularly to talk about their priorities and objectives sounds suspiciously like better engagement to us.

There are still some barriers – and we’ll get into that later in the report – but things are changing. Command and control – the idea that you can pass on some objectives once a year and let your team scuttle off with all the coaching, encouragement and calibration they need – seems more and more like what it is: a relic of the 1910s.

There are some slight differences of opinion across our three audience groups. When asked “How often do managers and employees meet to discuss performance”, **20.3%** of HR people and **30.9%** of employees said “once a year”. By contrast, only **9%** of managers said this. Managers were by far the most likely to say they met monthly (**33.6%**) whereas only **20.3%** of employees and **16.3%** of HR people agreed with them. In other words: managers say they meet their team members monthly. Their teams don’t necessarily agree.

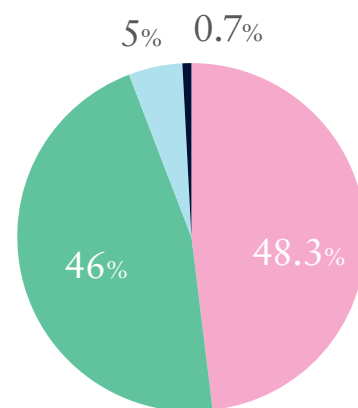
We talked about this at length. Could this mean, perhaps, that managers saw certain types of conversation as a performance check-in but employees didn’t? If that was the case, did the meeting still qualify as a performance conversation? We often talk about the value of employees taking responsibility for their own development: in fact, some of our clients require employees to set their own meetings with their managers. Managers may be getting what they need from these meetings, but many employees don’t feel the same way.

The alternative, of course, is that managers are less willing to admit that they could be meeting more often. Certainly when you compare “How often do you” to “How often should you”, there is a clear general trend: virtually everyone believes they should be meeting more often (although those that meet monthly are broadly happy that they’re meeting frequently enough). The only real exception to that is in the final category, “More often than monthly”.

HR

Having performance conversations more regularly would benefit my organisation.

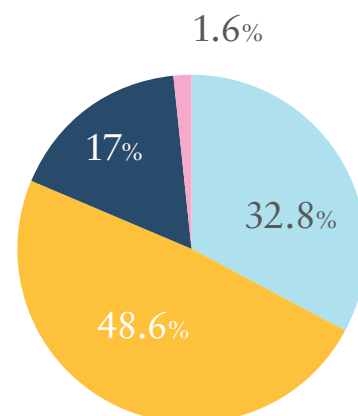
- AGREE
- STRONGLY AGREE
- DISAGREE
- STRONGLY DISAGREE



MANAGERS

I feel my team would benefit from more frequent performance conversations.

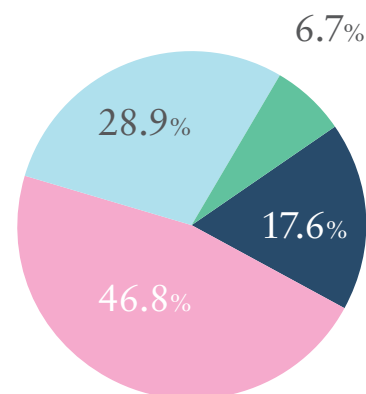
- AGREE
- STRONGLY AGREE
- DISAGREE
- STRONGLY DISAGREE



EMPLOYEES

I feel I would benefit from more regular performance conversations.

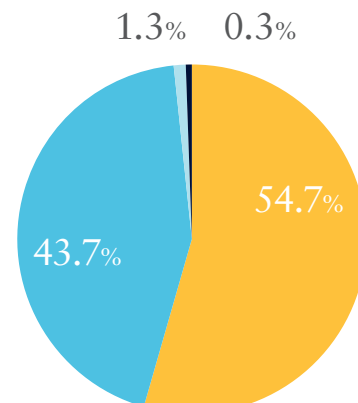
- AGREE
- STRONGLY AGREE
- DISAGREE
- STRONGLY DISAGREE



HR

Feedback is a useful driver of performance.

- AGREE
- STRONGLY AGREE
- DISAGREE
- STRONGLY DISAGREE



HR

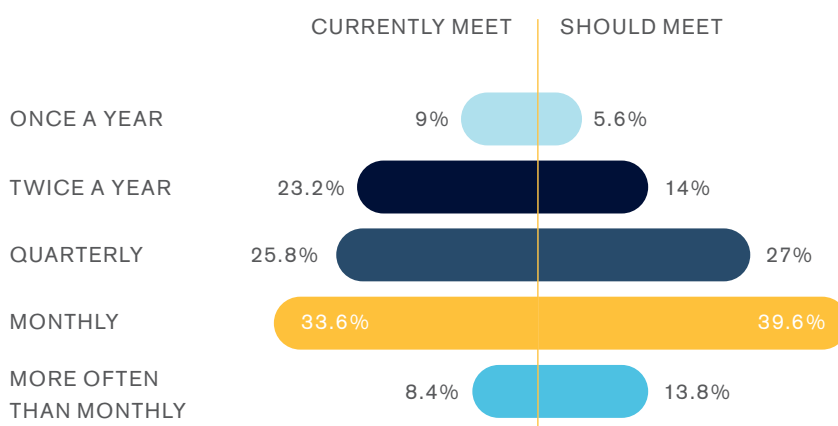
How often do managers and employees meet at your organisation to discuss performance?



MANAGERS

How often do you meet with your team members to discuss their performance?

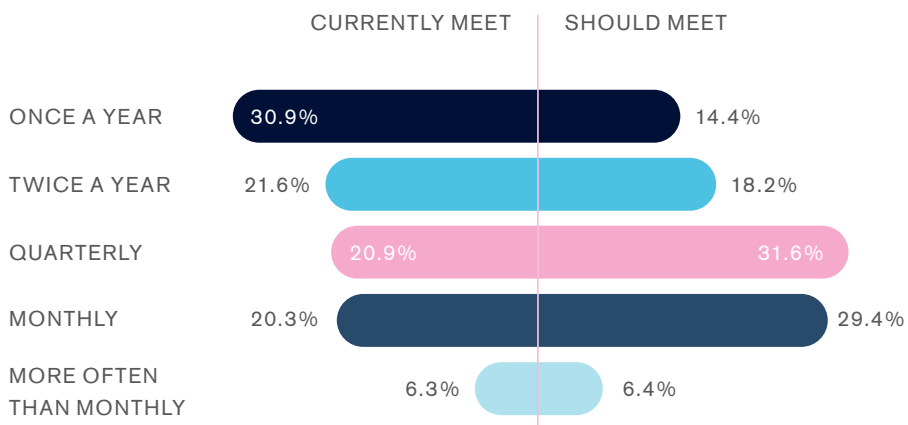
How often do you feel you **should** meet with your team members to discuss performance?



EMPLOYEES

How often do you meet with your manager to discuss your performance?

How often do you feel you **should** meet your manager to discuss your performance?





“There can be a fundamental problem with the job design of managers. When people change jobs, it’s about putting knowledge IN. Few organisations help managers to divest themselves of skills or behaviours that are no longer useful. Managers that are subject matter experts – and are rewarded as such – aren’t necessarily going to be good coaches when there is no incentive to coach and develop their people.”

BEHAVIOURAL CHANGE
DESIGN LEAD, DATA ANALYTICS
CONSULTANCY

Coaching, training and the challenge of manager resource

We’ve already mentioned that PM is, almost universally, a hot issue for HR leaders: it’s something most say they need to address in the next 12–18 months. Of course, 12–18 months gives you a lot of time to play with. What considerations do our respondents have? What do they need to overcome in that timeframe before they can deliver something that makes a difference?

Time is a crucial factor: the time and availability managers have to actually manage their teams’ performance. It was the number one concern amongst HR directors, but it runs a very close second to manager ability. And it’s here that we see a real gap, because **92.2%** of managers said they felt equipped and trained to have these conversations. **68.6%** of employees agreed with that (although it may be worth noting that only **17.4%** strongly agree). And while the vast majority of HRs say they offer training to managers on how to have better performance conversations (**83.3%**), their reservations remain. HR offers training. Managers say they can do it. But **40%** of HR leaders say the managers don’t have the skills they need. Something’s not right.

From our conversations with HR people and senior leaders, we’ve often sensed some apprehension around giving managers more to do. They’re already experts in their field and aspiring senior managers. More performance conversations will bog them down in more admin. Of course, this thinking assumes that monthly or quarterly conversations need to be as involved and complex as the annual version.

To answer this, we can look at another statistic: **58.8%** of managers say they’re using standard office tech – Google Docs, MS Office and the like – to manage performance. We know what that means: forms, version control and all the administrative challenges that come with them. It gets worse when we ask employees the same question: an appreciable group use pen and paper. This is telling stuff, and we’ll touch on it more in our section on technology.

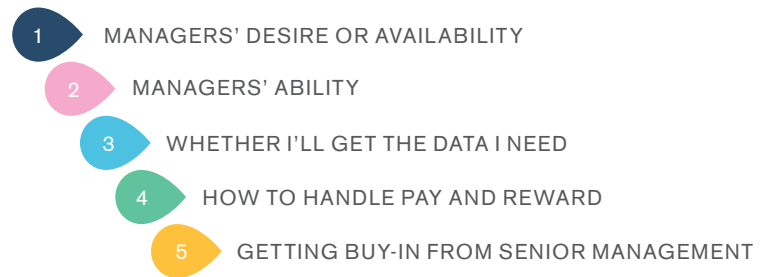
Is there a reluctance to make managers accountable for coaching and development alongside all their other tasks? And are HR teams going far enough in offering the right sort of training? E-learning has its place, certainly, but it’s not always possible for people to incorporate it comfortably into their flow of work. If you give someone a few videos to watch, are they ever going to be able to prioritise that? And is it possible to really learn something like this in isolation and without real-world problems and people?

Some managers have a knack for coaching. Others need help and training, if only so they know the right sort of questions to ask. It’s difficult to change behaviour with a PowerPoint deck or video: many need real-world examples, or roleplay and experiments enacted with real people, before the new thinking embeds itself.

The appetite among HR people is clearly there. Managers and employees aspire to better and more frequent conversations (as we’ve already shown in our previous section). The challenge is to find the right tools and offer the right skills (in the right way) so we can deliver positive change.

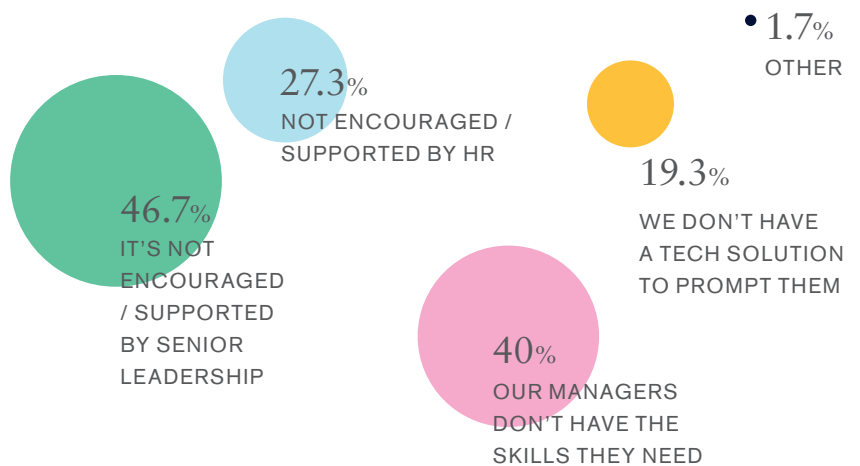
HR

If you're making changes to your performance management model, what concerns do you have about doing so?



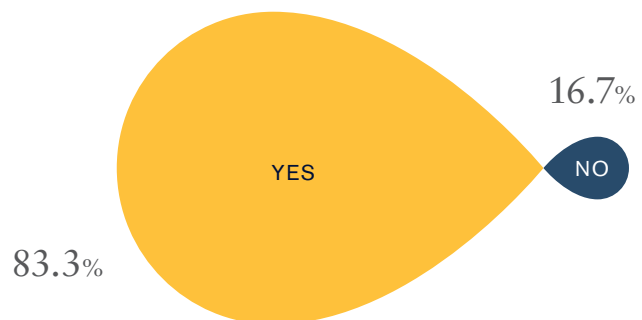
HR

What's stopping your people from having more frequent performance conversations? Please tick all that apply.



HR

Do you offer training to your managers on how to have better coaching /performance conversations?

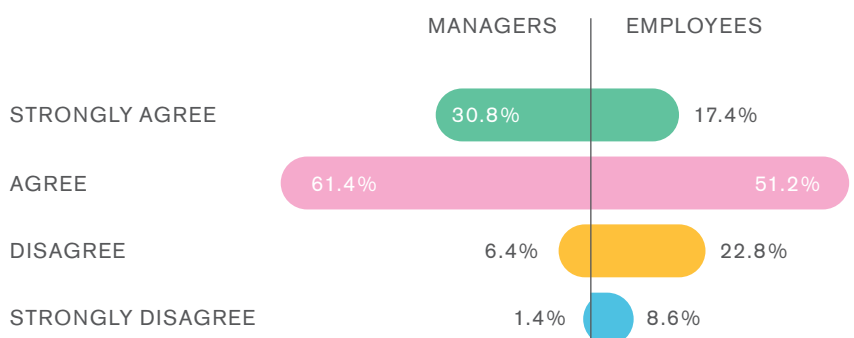


MANAGERS

I feel equipped / trained to have regular performance conversations with my team.

EMPLOYEES

I feel that my manager is equipped / trained to have regular performance conversations with me.





In a survey of 271 companies in North America and the EMEA region, 95% of buyers looking for an HR solution described “ease of use” as “important” or “very important”.

SOURCE: 2019 INDUSTRY TRENDS IN HR TECHNOLOGY AND SERVICE DELIVERY, ISG.

HR, technology and the search for the right tools

This report isn't about technology as such but, as tech is playing an increasingly important part in the way we do business, we wanted to get an idea of what people are using and how they're using it.

A little less than half of the HR leaders we surveyed are using a performance management module from their HRIS. We're familiar with the debate around the relative merits of point solutions versus suite solutions, so we naturally looked at attitudes to HR technology and, in particular, what organisations really look for when buying new tech. Integration with existing systems came out as the most important factor, followed very closely by adoption / ease of use. There's some interesting tension here between finding a tool that meshes simply and efficiently with your stack of technology, and making sure that what you buy is easy to use and will be readily adopted by the users. Cost, innovation and reliability of the supplier were all well down the list, which suggests an admirable practicality from HR people. They want things to work simply and well, not to make work for them or for the managers and employees they represent. Being “innovative” or buying from an established name didn't feature anywhere near as strongly as getting a solution that works well and quickly.

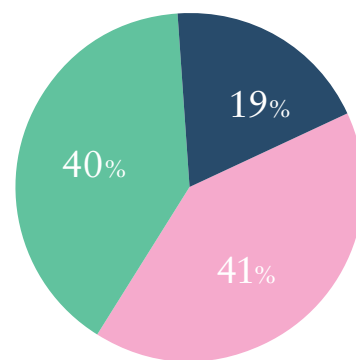
Almost **75%** either have tech that isn't doing the job they want it to, or they're actively looking for a new solution. And this is also where we see a confidence and self-reliance from HR teams that supports our experience in meetings: the vast majority say they'd feel comfortable leading a tech procurement process. Business tech doesn't need to be complex and impenetrable. The principles we're learning from consumer technology – that these tools should be easy to learn, easy to use and quick to adopt – are making themselves felt in the market.

Finally, to go back to a point we made in the last section: the tools we choose do play a role. We asked managers and employees which tools they were provided with to help them manage performance. This wasn't an either/or question, and respondents could tick all that applied, but we were still surprised to see that, in some form or another, almost **6 out of 10** managers used some form of basic Office document tech. Of course we understand that this is probably a supplement to other tools (half of managers also used performance management tech of some kind) but, even so, we've all experienced the pain of version control and duplication when sharing documents. For employees, the situation is even more fraught: taken together, more people use pen and paper or nothing than use one of the technology options.

HR

Do you currently use an HRIS and/or Talent Management Suite?

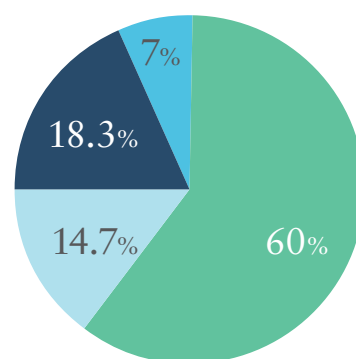
- YES, AND I USE ITS PERFORMANCE MANAGEMENT MODULE
- YES, FOR CORE HR FUNCTIONS ONLY
- NO



HR

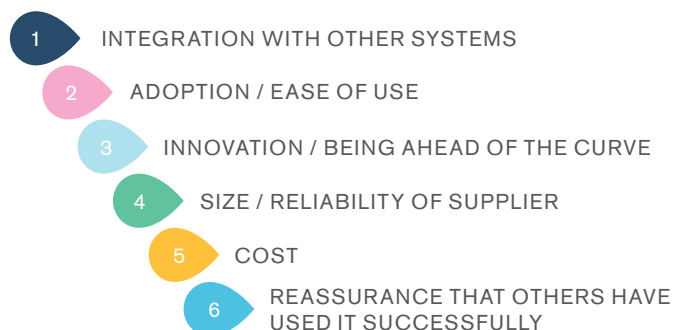
What best captures your feelings about the use of technology for performance management?

- WE NEED TECHNOLOGY BUT HAVEN'T FOUND THE RIGHT SOLUTION
- WE HAVE A GREAT SOLUTION IN PLACE
- WE HAVE THE TECHNOLOGY BUT IT'S NOT DOING THE JOB
- I DON'T FEEL LIKE WE NEED TECHNOLOGY



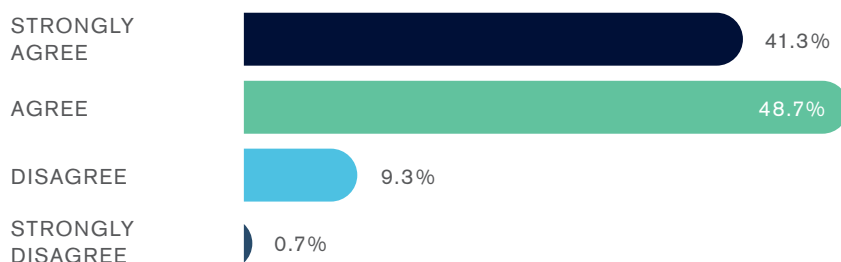
HR

When buying new HR tech, what is the most important factor for your organisation?



HR

I would feel comfortable leading a performance management tech procurement process.



MANAGERS

What tools do you have to help you manage your team's performance?

EMPLOYEES

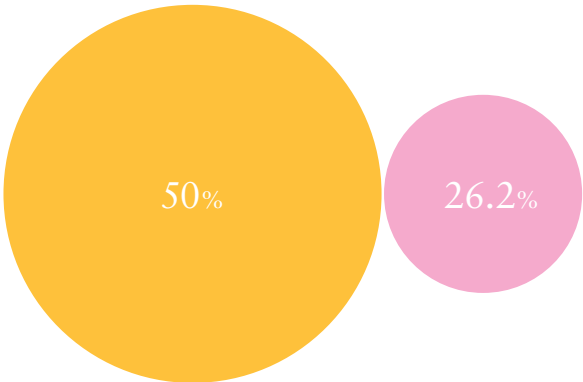
What tools do you have to help you manage your performance?

Tick all that apply

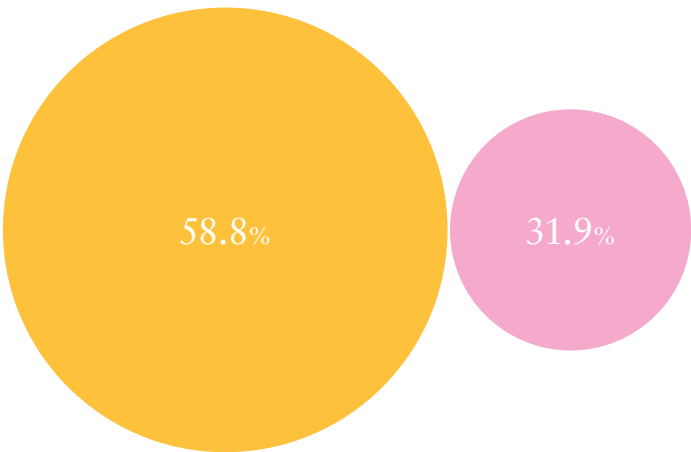
MANAGERS

EMPLOYEES

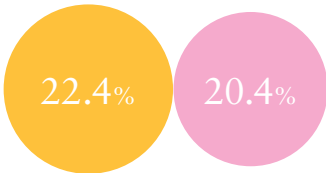
PERFORMANCE MANAGEMENT TECH PROVIDED BY MY ORGANISATION



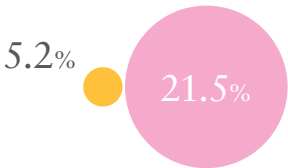
STANDARD OFFICE TECHNOLOGY SUCH AS GOOGLE DOCS / WORD / EXCEL / ONENOTE / ETC



PEN AND PAPER



NO FORMAL TOOLS OR SYSTEM





“The CFO is a huge fan (of feedback) and often gets on (to our performance management platform) at the end of the day, particularly when he’s travelling, and really thinks about whether he can offer people useful feedback. It’s warming, it’s motivational. It touches the emotion as well as the intellect”.

OD DIRECTOR, EXAMINATION
AWARDING BODY WITH 900
EMPLOYEES.

Leadership, performance and the role of the board

Why aren’t senior leaders banging on the HR director’s door demanding to know more about this Performance Management revolution they keep reading about? We’ve heard HR leaders say, time and again, that if a tool or system existed which could improve everyone in the business, irrespective of education, ability or experience, why wouldn’t senior leaders be clamouring to hear about it?

Well, the state of play is far brighter than this anecdote suggests. When asked if they feel PM is an important issue to senior leaders, well over **90%** of HR people agree or strongly agree*. Managers and employees paint a generally positive picture of the board’s attitude. More than **4 out of 5** managers, and **3 out of 5** employees, say the board is invested in people’s performance. This is reflected in the way that strategic goals are communicated, and the way HR teams measure objectives, and we’ll deal with that in the next section.

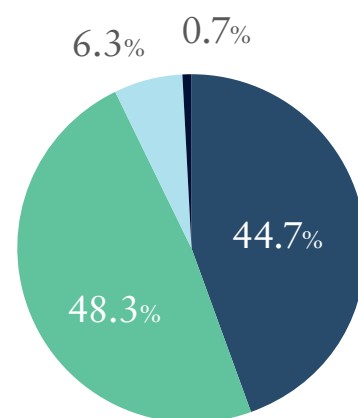
But being invested in performance is one thing. We also asked about how organisations can promote a feedback culture. Here, more than half said the board need to actively support and promote this. This isn’t command and control so much as promoting a cultural template. If the board show that feedback is welcome – that it goes both ways, and that support and encouragement can be mixed with constructive criticism delivered in a meaningful way – then you’re on your way to a more candid, thoughtful and inclusive culture.

*We asked HRs if they would feel comfortable pitching and delivering a new PM strategy to the board. Slightly fewer than **10%** said no, so (only to this **10%**) we asked a follow-up question: why not? Almost all said that they didn’t feel it was a priority for the board. We don’t want to read too much into it as this is a relatively small group in terms of overall numbers, but it was comfortably the largest group within that subset.

HR

I feel that performance management is an important issue to senior leadership.

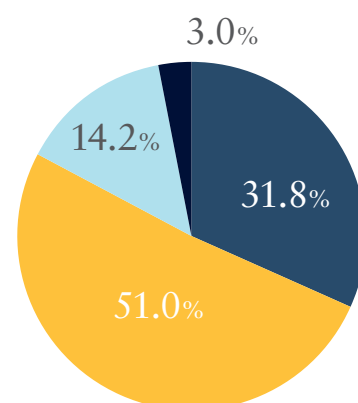
- AGREE
- DISAGREE
- STRONGLY AGREE
- STRONGLY DISAGREE



MANAGERS

I feel that senior leadership are invested in people's performance.

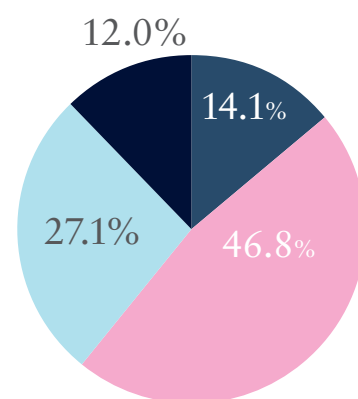
- AGREE
- DISAGREE
- STRONGLY AGREE
- STRONGLY DISAGREE



EMPLOYEES

I feel that senior leadership are invested in people's performance.

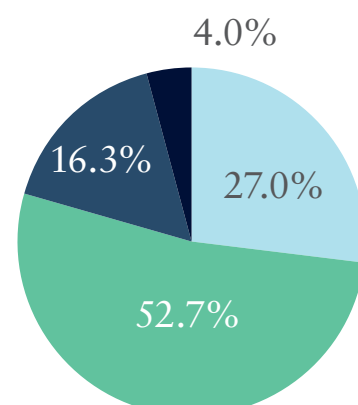
- AGREE
- DISAGREE
- STRONGLY AGREE
- STRONGLY DISAGREE



HR

What do you feel would be the best way to enable your organisation to have a more effective feedback culture?

- ENCOURAGEMENT AND COMMUNICATION FROM HR
- ENCOURAGEMENT AND COMMUNICATION FROM SENIOR MANAGEMENT
- A TOOL OR PROCESS THAT REGULARLY REMINDS PEOPLE TO GIVE FEEDBACK
- TRAINING FOR MANAGERS





Objectives, goals and priorities: clarity from the top down

Recent research from both Gallup and Deloitte suggests that clarity – in the form of organisational goals tied to personal and team objectives – offers a marked boost to employee engagement. So it's heartening to see that, across the board, everyone we surveyed was positive about the way their organisation communicated goals.

Most HR leaders agreed that it was important to link personal goals to strategic goals. And although employees were not quite as enthusiastic as managers, most agreed that their organisation communicated goals clearly, and that they had clear, measurable goals set for the next quarter. This is incredibly positive: it shows clarity and common purpose, which are huge drivers of engagement.

The challenge, it seems, is in the tools HR are using to support this clear strategic thinking. When asked what core elements they would want from a continuous performance management model, "better goal-setting" was the clear favourite, although "better feedback between employees" was not far behind. "Better data" and "frequent coaching conversations" came third and fourth respectively. It would appear that people are managing to set goals clearly and work towards them in spite of the way their organisation manages performance. What HR craves is a tool that gives them a more structured way of measuring and managing that.

A final word on teams. Shared priorities and interdependent objectives are a fact of modern working life. With so much of what we do reliant on the flexibility and collaboration of the people around us, it presents a huge challenge for HR. Should team performance affect personal reward, assuming organisations still link pay to performance? How do you measure that?

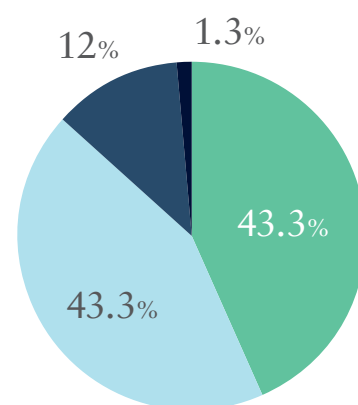
Although we tend to operate from the principle that separating pay from performance is the best way of helping everyone to develop, it's interesting to see that many HR people are actively considering linking pay to a mixture of team and individual performance. In some roles – sales teams, for example – that can be relatively simple to calculate (if not to implement successfully!). But not every team can be judged on something as concrete as new business gains.

And, of course, it has huge implications for performance and development: identifying high performers; calibrating and setting course correction for under-performers; working with managers to ensure that these things can work smoothly while maintaining the integrity and momentum of the team. It's great to see that it's on HR's radar.

HR

Do you think it's important for an organisation to align personal goals with business goals?

- VERY IMPORTANT
- SOMEWHAT IMPORTANT
- NOT IMPORTANT
- NOT AT ALL IMPORTANT

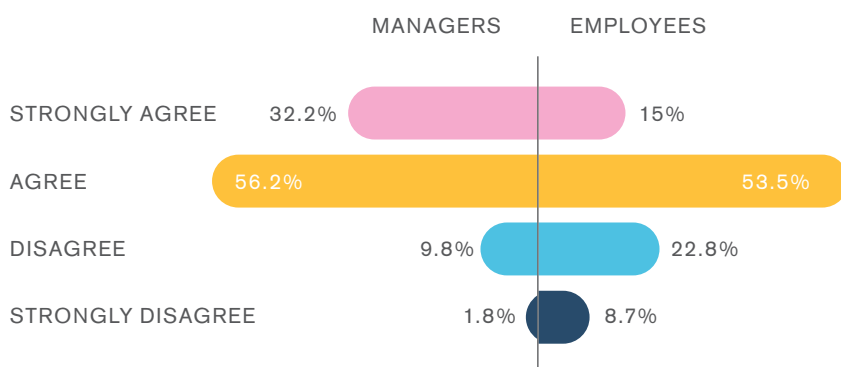


MANAGERS

I feel that my organisation provides clear strategic goals.

EMPLOYEES

I feel that my organisation provides clear strategic goals.

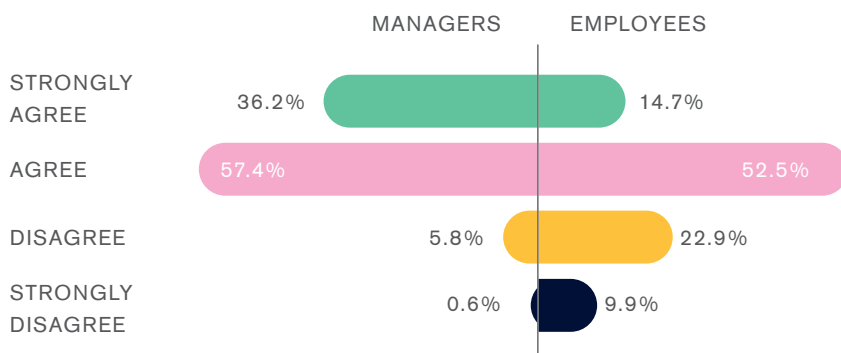


MANAGERS

My team members have clear, measurable goals set for the next quarter.

EMPLOYEES

I have clear, measurable goals set for the next quarter.





The last word: Managing pay in a post-appraisal world

We've talked at length about the need for more candour, more frequent conversations and clearer feedback. Everything we know and have learned suggests that when you link reward to performance, it creates a barrier. It's a perfectly logical argument: if the employee's livelihood is dependent on the outcome of a performance conversation, it'll inhibit their responses. They'll minimise their development needs for fear of seeming under-skilled. They'll struggle to be honest about their relationship with their manager for fear of seeming difficult or demanding. Even worse, it can be the enemy of high performance. If your bonus is dependent on you hitting your goals, that doesn't exactly inspire you to set challenging targets.

And yet this remains one of the most common stumbling blocks for continuous PM. How on earth can I assign bonuses, pay rises and promotions without a points system? What else are we doing this for?

If we go right back to the beginning of this report, we'll see that only **18%** of HRs see "Pay and ratings" as the focus of their organisation's PM. Interestingly, that number remains the same when you ask them what the focus should be. Fewer than one in five. And yet **90.3%** still link pay to performance (whether it's individual, team or a mixture of both).

At the 2016 CIPD conference Anastasia Kuzmina, an HR executive at General Electric, presented her organisation's own approach to this. GE had dispensed with ratings when they moved to continuous performance management. According to the presentation, GE managers had complained that they were able to manage million-dollar projects and make major purchasing decisions, but were unable to sign off on a **3%** pay rise for their own teams. GE made the decision to separate pay from performance, but gave each manager a "pot" they could allocate within their team at their own discretion. The thinking was that if managers were meeting teams regularly and PM was a truly continuous process, they should have absolute clarity on who deserves a raise, who is ready for promotion and so on.

What are ratings actually for? One popular approach is to identify the highest and lowest performers so that pay can be allocated accordingly. There's an elegant simplicity to this which meshes well with the ethos behind continuous performance management: if you understand who the outliers are – and you really should, particularly if you're meeting quarterly or monthly with everyone – then you simply highlight those facts to the team responsible for signing off reward. High performers get a discretionary raise or bonus, low performers do not, and the middle are given a raise (or not!) based on market value or team/company performance.

Dispensing with the ratings that form the backbone of this system is then a matter of setting managers a series of simple questions at the end of each year. "Would you give this person the highest possible bonus or pay rise

based on their performance over the last year? Is this person 'at risk' for low performance? Is this person ready for a promotion right now?" Yes, it's still a subjective process. But the responsibility rests not with HR and an impenetrable numbering system but with the person who knows this individual best: their line manager.

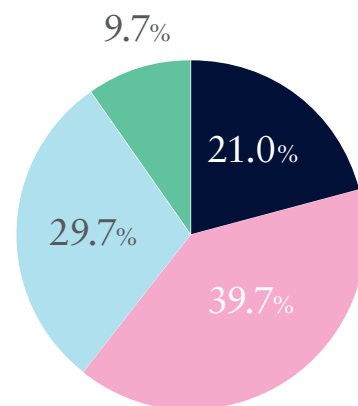
Performance in the workplace is a complex thing. It can depend on the working environment, personal relationships, motivation, engagement and much more. Watching a team member wrestle with multi-layered challenges to achieve a complicated objective is a tremendously exciting experience, both for the team member and the manager. "Caitlin's nailed it this quarter. She's got the marketing budget back into shape, she's boosted the sales-qualified lead pipeline by 19%." "Fantastic! We need to show her how much she means to us. What do you think... £800 pay rise?"

What a blunt instrument to solve a nuanced problem. How much better, from a performance perspective, to do it the hard way: to think of new ways of challenging a high-performing employee. More autonomy. Their own project. The chance to control a budget. Yes, there is absolutely a place for financial reward in all of this. If someone is worthy of more responsibility, they're worthy of a salary that reflects their importance to the business. But to see the reward as the beginning and end of this process is to fundamentally ignore all the other ways people can be motivated. And that could cost you and your organisation not just a higher salary bill, but the chance to develop a future leader or expert into a much more effective asset. These considerations are as commercial as they are developmental. A thoughtful, nuanced approach to this offers you an instant competitive advantage: in the war for talent and retention of your best people; in the scope with which your people can grow to exceed your expectations.

HR

Do you currently...

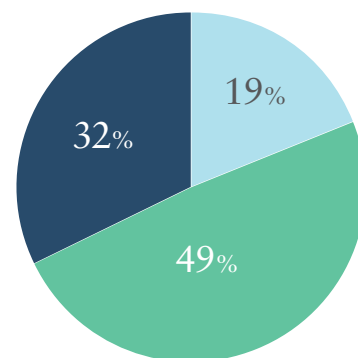
- LINK TEAM PERFORMANCE TO PAY
- LINK PAY TO A MIXTURE OF TEAM AND INDIVIDUAL PERFORMANCE
- LINK INDIVIDUAL PERFORMANCE TO PAY
- DO NOT LINK PAY TO PERFORMANCE



HR

Do you measure/manage team performance separately from individual performance?

- NO BUT WE'RE CONSIDERING IT
- NO AND WE DON'T PLAN TO
- YES





In conclusion

The thinking behind continuous performance management seemed fairly radical back in the 1990s. Now, most of the arguments aren't even arguments any more. When was the last time someone looked you in the eye and said that more feedback was a bad thing? Could anyone really make a case for meeting their manager less often?

In the years since we launched Clear Review, these ideas have spread from the HR team to the world as we know it. Our customers include local borough councils, using continuous performance management to develop frontline care workers alongside office-based marketing and accounts teams. We work with banks, football clubs, government departments and law firms. The diversity of industries, as well as the enthusiasm and insight of the HR people we deal with, reminds us that developing employees is something we can all aspire to, irrelevant of sector, level or experience. Helping them to get to their best — helping them to live their best possible working lives — is the ultimate aim.

Naturally, delivering a more considered model of PM presents its own challenges, and we've done our best to highlight these in this report. What comes out particularly strongly is the role of managers and senior managers: the importance of giving managers the time and capacity to coach their teams; and the influence the board has in promoting a culture where feedback and frequent conversations can thrive.

The appetite is there. If we can create an environment where people can thrive, they'll do the rest.

The Thinking

9

There's nothing special about good performance management

BY LUCY ADAMS,
CEO OF DISRUPTIVE HR

The annual appraisal is a special thing. Not in the sense that it's exciting (well, it might be... it certainly used to get my heart racing, although not in a good way) or fulfilling or fun. But it is a great big annual milestone that you build up to for weeks and have palpitations about for days afterwards. Like birthdays, perhaps, except there's no guarantee of presents.

Clear Review's report has some fascinating numbers in it, but – for me – the most pertinent of all is this: everyone wants feedback. What's particularly interesting is that we don't seem to be very far away. Alright, so there's a gap between managers (most of whom say they give enough) and employees (who would like a bit more, please). But on the whole, it's a conversation with virtually no dissent.

It falls down a little when we get to senior leaders. The HR people polled in this report clearly feel that the board could do more to promote a feedback culture, and that's a challenging conversation to have (for us and for them). On the one hand, there are plenty of great HR directors who know that frequent conversations and regular feedback will do wonders for performance. On the other, it's a brave HR director indeed who can tell the CEO, FD and the rest of them that the organisational culture is wrong, that it needs addressing right now, and that that has to start with them.

Feedback, unlike an appraisal, isn't special. It shouldn't be world-shaking. It can feel that way now because we don't give it a prominent enough seat at the table. When we get great feedback (I don't mean being told what a great job we're doing: I mean thought-through, in-the-moment, constructive criticism) it lifts us and gives us focus. *"Ah, so **that's** what I should be concentrating on. That's the thing which moves the dial. Now I know that, I'm going to come into work every day and be absolutely clear on what I should be doing."*

What a relief for employees, who have clarity and understanding. What a relief for managers, who can take a step back and enjoy that great feeling of watching a bright person, for whom they are responsible, just bloody well getting on with it. Autonomy. Responsibility. Focus. The next time that manager needs to have a conversation with a board member about succession and advancement, they'll have a really clear idea of what to say. They might even be able to save the business some money. *"I know we said we'd get a recruiter in to find a really sharp new sales manager, but it turns out that Annabelle absolutely knocked her last project out of the park. With a month or two shadowing me, she could do this and we could spend the savings on a nice new piece of abstract art for the boardroom wall."* Or words to that effect.

And what a relief, finally, for HR. I've spoken in the past about HR's need to compensate for poor managers. I looked hard at another fact in Clear Review's report data: when asked if they had concerns about changing their

performance model, HRs tended to focus on managers as the problem. Manager availability was the number one concern, followed closely by manager capability. Either they don't have time to meet their employees more regularly, or they don't have the skills to do it effectively. That's worrying, particularly when four out of five organisations are offering training on how to have better performance conversations. And when you go to the managers to ask them, they say everything's fine. More than **90%** feel they have the right training. Almost **95%** say they give their team enough feedback. Can anyone see a communication gap here?

Here's the kicker. People are individuals. They're not an amorphous blob of matter that you can reduce to a set of comforting ticks in boxes. Some people need coaching. Some need autonomy. Some managers need training; others are empathetic and conscientious and instinctively good at performance. What we need is to encourage the right behaviours. Do that, and give people the chance to behave like the adults they are, and this stuff will happen. We all want to get better at what we do. We all want to understand where our organisation is going and how we can help it get there. If we take these as our guiding principles, and stick to them, we can't go that far wrong. If you're unsure whether people will be motivated by clarity, autonomy and personal development, you badly need to read Dan Pink's book "Drive". I've yet to find a more compelling case for ditching performance-related bonuses and focussing on personal and professional growth.

This needs to be the new normal. That's not a glib remark: it's behaviour we need to normalise. The research has been out there for years. Look at Deloitte's Human Capital Trends report all the way back in 2014. Microsoft, one of the pioneers of continuous performance management, abandoned the "rank and yank" system because it led to "unhealthy competition between employees". How you feel about that is down to your personal management style, of course, so try this one: the rankings themselves were "capricious". Which is a lovely way of saying that they made no sense and did no good.

This is about normalising something we know to be effective — something we know to be life-changing, in fact — and making sure that it sticks. It shouldn't be special. It shouldn't cause a load of turbulence. It should make things better and clearer, quietly and without a fuss. Isn't that the heart of good HR?

10

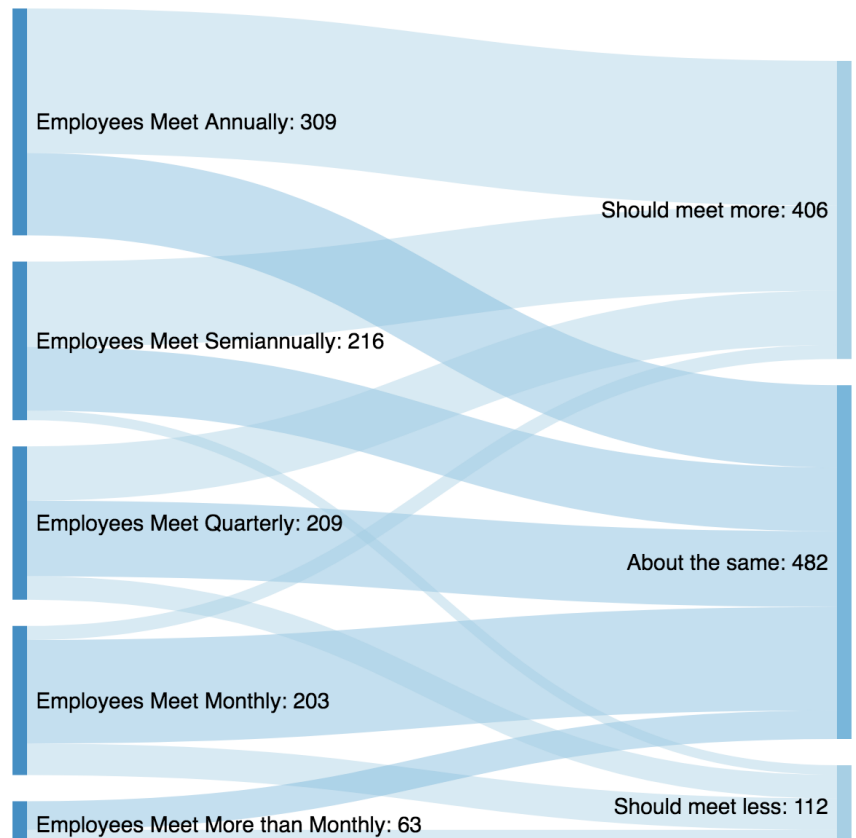
BY IAN MACRAE,
PSYCHOLOGIST AND MD
OF HIGH PERFORMANCE
PSYCHOLOGY

An appetite for performance

Performance is an important day-to-day and week-to-week issue, so meeting to discuss performance only once every 12 months is not enough. Annual reviews are too late to deal with performance problems and too infrequent to accurately measure anyone's work performance over an entire year.

There is clearly room for improvement, and the opinions that surface in this report - across all levels of the organisation - reflect this. **94%** of HR leaders felt that having more regular performance conversations would benefit their organisations (although **34%** of senior HR leaders still said they used annual appraisals and had no intention of changing).

In this research only **14%** of employees and **6%** of managers said that they *should* have performance discussions on an annual basis. In practice though, **31%** of employees in this research said they only met with their manager once per year to talk about their performance. We can see that both employees and managers who had more frequent conversations about performance were more likely to report that they were meeting as often as they should.

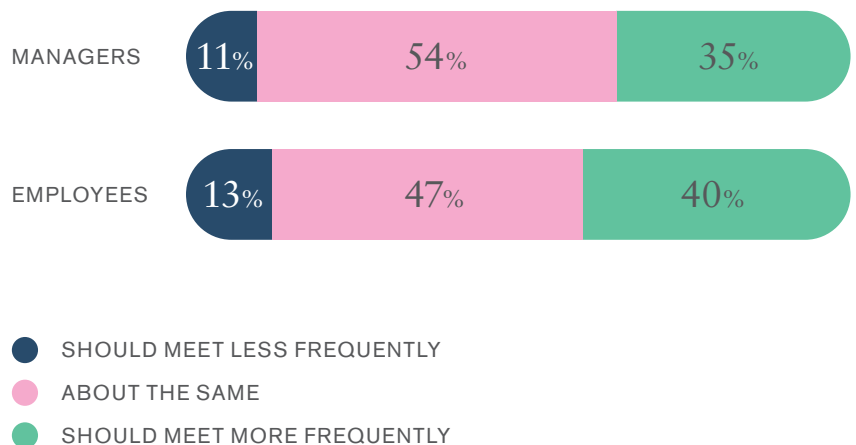


Only **36%** of employees who met with their manager annually thought they were meeting as much as they should, whereas **70%** of employees who met with their manager monthly to discuss performance thought that they were meeting at the right frequency. It's clear from this research that many employers and managers think they *should* be meeting more often to discuss performance than they actually are.

A MORE FOCUSED SYSTEM

The challenge is to improve performance management systems in a way that makes it more efficient and more effective without increasing the administrative burden. The improvement can come from better processes, not just increasing the frequency of the traditional annual review. While **35%** of managers in this research said they should be meeting employees more often to discuss performance, many managers don't like doing traditional performance reviews.

An HBR paper (Cappelli & Tavis, 2016) suggested that **58%** of HR directors thought that performance appraisals were a waste of time. That's not to say that any discussions between employees and managers are useless, but that annual appraisals as the sole method for measuring performance are inefficient, unpopular and a poor use of resources.



That's because the annual appraisal is used too often as a catch-all to tick every box on the HR to-do list for the year. An annual appraisal cannot meaningfully cover training and development, enhance communication and trust, boost employee engagement, provide documentation for HR and legal requirements, as well as summing up a year's worth of performance all in a single annual meeting.

When a process gets co-opted for too many different purposes, the intended outcomes become less clear for both employees and managers. If you lose clarity, you're missing the point of the whole exercise. Cognitively, we just can't hold all this information in our heads at once. No wonder the annual appraisal feels overwhelming: not only is your livelihood riding on it, but you're agreeing to your career direction and organisational contribution for the year to come.

Managing and discussing performance should be done more frequently, but this also needs to have a clear focus and objective (and be housed or structured in a more efficient system). A good performance management system should integrate:

- **Simplified systems.** Many organisations still use a disorganised, and often inconsistent, system of Word documents, Excel spreadsheets and paper forms for managers to track performance. Making demands of people - from an administrative point of view — can only serve to dilute the importance of the actual process: development.
- **Targeted approach.** Discussions about performance management should focus on performance. Don't try to cram every HR activity into what should be a simple performance management system. Keep these straightforward, and address performance in a timely and relevant way.
- **Flexible goal-setting.** Arbitrary top-down approaches are not very effective and measuring individual performance. Goal-setting should be flexible, tailored to individuals and teams based on relevant performance metrics.
- **Management accountability.** Informal updates and check-ins can be useful, but managers still need to be accountable for performance management. Make sure informal feedback is embedded within the performance management framework; it should not be a substitute for accurate measurement and effective systems.

CONCLUSION – BRIDGING THE GAP

Talking about the frequency of performance reviews is a good way to start the conversation, but it is also necessary to look at the entire performance management system. A simplified system, a targeted approach and clear line of accountability is needed to make it useful. It's not good enough to say that performance management is a priority (although **92%** of HR leaders did say that performance management is a critical area they need to address in the next 12–18 months). Managers need the right tools and training to get it right.

Employees also need to see the clear connection between their actual performance and how it is being measured. Most employees want to improve their performance, and they also want their performance to be measured fairly and accurately. When this process is straightforward, and targets their individual performance, they will be more supportive of the entire process.

11

BY BARRY FLACK,
GLOBAL HR TECH INFLUENCER

We've learned so much: Let's not repeat our mistakes

A generation or more after the world of work fundamentally transformed from predictable mass markets to high levels of complexity, we're still playing catch-up with the redesign of our workplace. The annual performance and development process, as we built it, isn't fit for purpose. It needs to be reconfigured to a world of **greater agility in objectives, real-time feedback** and **learning in the flow of work**.

If we are inadvertently offering a poor employee experience – one that is so disengaging for those involved and which produces high levels of anxiety and stress – then the chances of creating productive, developmental conversations are pretty low. To say the least.

54% of HR leaders say that managers and employees meet twice a year or less to discuss performance, which is surely out of step with the speed of most businesses today. And yet, thankfully, **94.3%** believe that more frequent conversations would help performance. Taking this as just a bilateral performance conversation between manager and employee also negates another evolving fact: that the value-creating part of business is networked and peer-level, often away from the eyes of this traditional power relationship. If we haven't factored in this important dynamic (i.e multiple layers of feedback data) then we are not effectively collating valuable insight where the work is actually done.

While **52.7%** of HR leaders in the survey say that “developing performance” should be the focus of performance management, only **39%** say that's actually what it's used for at their organisation. In a world of automation and the unbundling of the job itself, it has never been more relevant to have a continuous focus on personal growth and development.

Intellectually, the HR community gets the direction of travel – **37%** of those surveyed are actively looking, or in the process of moving to, a continuous performance model. And of those, the most popular features they're looking for in their move to continuous are:

- Regular feedback between managers and employees
- Better goal setting for employees
- Frequent coaching conversations

What we need more of in our thinking is science (in this case, the developing understanding of the brain) and evidence-based thinking.

This does not mean repurposing the old way of thinking (something some large enterprise HR Tech vendors have led on, by simply automating the paper-based focus on historic performance management). This is a

systemic flip that will ultimately create better habits and rituals and provide more evidence of how it offers positive employee experiences and more productive use of our time in the workplace. In short, we need to:

1. DEVELOP THE EMOTIONAL AND HUMAN SKILLS OF LINE MANAGERS.

Invest in those who actively participate in the process to develop their skills. Soft skills have won the war for relevance whilst the hard skills become increasingly the domain of the machine.

2. CREATE A CULTURE WHERE INVITING FEEDBACK HELPS COUNTERACT OUR INHERENT FEARS.

A 2018 study by NYU neuroscientists West & Thorson suggests that feedback conversations, if they are to be productive, must begin with the goal of minimizing the threat response.

This permission, it turns out, is hugely important for putting both parties in a psychological state that's ready for negative news. Without it, the brain begins to revert to a primal state that isn't conducive to growth. Asking for feedback is the path to minimal threat response, because it appears to offer both the receiver and the giver much more psychological safety than a giver-led approach. This safety is crucial during feedback discussions because our brains will be in a much better state for performing complex cognitive functions.

When people ask for feedback, they feel greater autonomy and certainty because they are in the driving seat — they can steer the conversation where it'll be most useful. Givers, in turn, feel more certainty because they have clearer guidelines for the kind of feedback they should give. The information will be more relevant to the team member and less threatening to his or her status, ultimately making the entire discussion feel more equitable and fairer. It might be uncomfortable, but manageably so. As Tessa West, one of the authors of the study, says: "We're not promising it's going to feel good right away, but it will be better for you in the long term."

A culture develops off the back of a million new habits, positive rituals and organisational cleansing (losing the unproductive). It can be both instant and continuous. This is the new norm.

3. SWEAT THE TECH AND MAKE IT COMPLEMENT THE ECOSYSTEM

We are currently doing the opposite. As we found in the survey, when asked which tools they used to manage performance, **58.8%** of managers said they used standard office tech (Google Docs, Word, OneNote etc). **20.4%** of employees said they used pen and paper. None of this feels like a modern digital employee experience, scalable or capable of turning a system of record into any valuable management insight. If the business is worried about unbundling reward from performance data gathering, then without the right tech this is going to feel like an impossible flip to achieve.

For those HR leaders unhappy with the analogue world, we found **74.7%** of them either haven't found the right tech solution to deliver the PM they want, or they're unhappy with the one they're using. The enterprise, modular product feature set, as developed by the ERP market leaders of our times, offers automated versions of the broken analogue approach. It's a classic mistake informed by legacy thinking. Put simply, it won't deliver meaningful change.

We've come a long way in the last 25 years. We've learned more about motivation, engagement and the science of human behaviour than our HR precursors could possibly have imagined. If, after all this, we continue to make the same mistakes on flashier interfaces, what does that say about us?

12

BY STUART HEARN, CEO AND
FOUNDER OF CLEAR REVIEW

Afterword

It feels like the right time to do this.

We sent Clear Review live in 2016. We had a team of four, a product and a proposition. We went from meeting to meeting, telling HR directors and CEOs that annual appraisals didn't work: they wasted everyone's time; they caused resentment and disengagement; in the end, they offered up valueless data. The only way to make performance management work for everyone — to become performance development; to offer genuine opportunities for improved trust, candour, engagement and productivity — was to do it in a continuous way.

In the UK this was still a pretty radical idea. Over in the US, of course, the pioneers of continuous performance management — Adobe, General Electric, Microsoft and a few others — were far better known. In fact, hearing the GE team speak about their project had a strong influence on our own model. Not every American organisation was ready to follow their lead, but the arguments had traction. Here, the buy-in was harder to come by. Annual appraisals may not have had much more love, but they were the devil we knew.

We're well past the tipping point now.

This is why we wanted to look at how the UK does performance management. We speak to a lot of enlightened, smart people who want to make a difference to the way their employees and managers experience their working lives. The benefits of a continuous model are rarely something we need to spend much time explaining these days. The conversations are nearly always future-focussed: how do we replace this? What do we replace it with? Even with this knowledge in mind, it's gratifying to see the feedback from the HR community: more than **92%** of our respondents said that performance management is a "critical area they need to address in the next 12–18 months".

The obvious question is: why not now? If the argument has been won, what are the barriers to getting it over the line? We've tried hard to explore this in our report: to get a sense not only of the challenges facing HR, but also the feelings and opinions of the people directly affected by performance management: managers and employees.

One of the most common questions we ask HR directors is this: what's your biggest concern about moving to continuous performance management? The most popular answer, by some distance, is manager capability. If regular coaching conversations are the backbone for developing performance, are managers equipped to deal with that? There's certainly been an evolution in this regard: our research shows that more than 8 out of 10 (**83.3%**) organisations are actively offering training in this area. And while the vast majority of managers (**92.2%**) say they're adequately trained to have those

conversations, less than **70%** of employees agree. There's a gap here. If the training is available, is it the right training? Are HR directors simply pointing to a course on an e-learning tool and asking managers to figure it out? Do managers have time to give it the attention it deserves? Crucially, are they being held accountable for the outcomes?

We live in a world where managers are expected to be virtually all things to all stakeholders: an expert in their field; a mentor and coach to their team; an engine of ambition and profitability to the board. But what are they actually judged on? Where do they spend their time? While only **32%** of the managers we polled said they met their teams to discuss performance twice a year or less, employees told a different story. And nearly **60%** of managers said that the one factor that stopped them from meeting more often was 'time'. At Clear Review we call goals "priorities" – the things you anchor your week around. When it comes to manager priorities in the wider sense, it seems that performance management – or development – tends to fall by the wayside. Managers are pushed to their limit. It's impossible to criticise people for not having enough time to do everything. So if performance management is one of the things that's slipping, all this tells us is that managers aren't being told to prioritise it.

And then there's reward. Less than **10%** of the HR leaders we polled had entirely separated pay from performance. Although we understand that removing the remuneration factor can be challenging for HR and management, we always recommend that they consider it. It's hard to boost performance when your livelihood is on the line. And as well as that pressure, it makes the whole process more formal, more involved and more cumbersome. The needs of the employee and the business - in terms of development - take a back seat and the administrative burden takes over.

I sometimes wonder if the challenge seems overwhelming. Yes, continuous performance management is a live issue. HR directors may feel beleaguered by it, just as they do about other emerging trends in our space. Our workplaces have changed so much in the last twenty years: we have more knowledge workers than ever before; we have to take team structures and ways of working into account; innovative frameworks spring up, championed by big names like Google or Intel. OKRs are an excellent case in point. Developed decades ago, they're now achieving deserved popularity thanks to their emphasis on clarity and measurement.

At the beginning of this piece, I said that the argument had been won. What we're seeing now is the challenge of embedding the answer. Virtually everyone agrees that more frequent conversations would benefit their organisation. Virtually everyone agrees that feedback is a useful driver of performance. Clearer goals? Better objective-setting? Ditto. Thinking will continue to evolve, new frameworks and models may well appear, but clear guiding principles will help you navigate them. It could be as simple as "I want better feedback, regular check-ins and clear goals for everyone".

What we need now is a commitment from the business to give managers the space they need, and the commitment from the managers to be held accountable for development. The answer can't simply be to work harder. Perhaps we're seeing a real evolution underway: a move from "command and control" to "coach and calibrate".

Things are changing. The conversation is moving on. We live in interesting times.

The Stories



A simple answer to a complex problem

THE CHALLENGE

Waltham Forest Council looks after the needs of more than 275,000 residents in north-east London. Like all local councils, it has a broad and diverse mix of employees, from frontline workers in healthcare and education to office-based teams at various sites, including Waltham Forest Town Hall.

For some years, the council had relied on a traditional annual appraisal system supported by a legacy HR system. The system was, as then-HR Director Ben Plant described it, “complex”. The forms that needed to be filled in were numerous and complicated. There was a strong focus on measurement. Success was about shepherding as many people through the process as possible, not searching for ways to help employees grow.

According to Ben: “When we looked closely at where our development budget was going, we saw that far too much of it was being spent helping people to navigate the system. When you have a tool designed to develop performance, you want it to develop performance. But we weren’t able to spend our budget on training to help managers have useful conversations with employees or identify areas for development, because it was going on training to use the system, helping people who were stuck in the system, and so on.”

HR’s aim was to redirect their budget and resources away from all this, and towards helping managers be better managers.

THE SOLUTION

The HR team made a point of **not** announcing a big organisational and cultural change, concerned that a dramatic announcement might overshadow the work they wanted to do.

The first stage involved small-scale testing. The HR team identified three systems they were interested in – two which focussed on continuous performance development and one which offered a more traditional approach based around an annual appraisal – and chose two teams to test the systems and get detailed feedback.

The teams they selected came from two completely diverse areas of the organisation: Children’s Social Care and Economic Development. One team were very much frontline workers, dealing directly with local residents and working in a number of locations in any given month. The other team was almost entirely office-based, and with a much more traditional working week and workload.

HR team members were regularly on location with the teams to answer questions, capture feedback and discuss the merits of each system. The small-team testing model allowed HR to engage very closely and get detailed information on how the systems were being used and what learnings they could take on board. Izzie Hurrell, a project manager supporting the HR team, was one of the most prominent faces of the testing phase.

"I did a lot of sharing wall work. I'd be in the departments with a whiteboard on wheels, capturing that feedback. I'd send around group emails and post messages saying that I'd be in a certain place between certain times, and I'd be available to answer questions. People really came up and engaged. They wanted to know what was going on, they wanted to share their opinions on the wider issue of change and what they thought development should look like."

Once they had captured a critical mass of data, Ben and his team put together a recommendation for the council board. The fact that they had tested using real teams, with raw adoption and usage data but also anecdotal feedback, was a huge factor in the success of the project.

"I don't think we would have got very far if we've gone straight to senior management and proposed that we simply adopt a new performance management tool," says Ben. "The fact that we'd been rigorous in looking at the system with live teams in such diverse areas of the organisation: that made a really compelling case for the change that we wanted. We'd been able to focus and engage with people throughout the process."

Clear Review was by far the best received of the models that Waltham Forest Council trialled. In satisfaction surveys, which were run regularly throughout the testing period, it consistently scored 90% and above. Feedback focussed on the simplicity and intuitiveness of the system. Accessibility was also a big factor in Clear Review's popularity. The previous system had required the user to be registered on the council's intranet, which added another IT workstream to the process. None of that was required with Clear Review, so yet another barrier to adoption came down.

THE RESULTS

When the council rolled the system out, one of the most immediate impacts on the HR team was financial. Previously, HR was earmarking resources to support people in the use of their legacy appraisal system, which was having an impact on other projects. That ended when Clear Review was rolled out, as Ben says:

"Don't underestimate the value of simplicity. When we started moving teams onto the Clear Review platform we were able to say 'We don't need to sit you in a classroom and teach you how to use this. We think it's intuitive enough that, with the help of a short instruction video, you should be able to log in and start using it straightaway.' What we could then offer people, with the budget we've freed up, was training that made a real difference to performance. We could train people on how to have better and more constructive conversations with their colleagues."

From an HR perspective, the administrator view is equally intuitive and has given the team the data they need, at a glance, on all those diverse groups and functions. Ben and his team also have a lot of praise for the Clear

Review customer success team, who were an ongoing resource during their phased rollout.

A few months on from launch, Waltham Forest Council has **84%** adoption of the system across the entire workforce, from office workers all the way through to frontline services, and as they embed its use across the council the team are confident that take up will rise further.

"Managers love the ability to see all the way down the pipeline," says Izzie Hurrell. "For me, the big learning was that you don't need to be an IT person to deliver an IT project: you just need to understand what different departments need to progress things. If someone is looking to deliver a project like this, I'd tell them to be positive. In any project of cultural change – and that's what it is, however you describe it – people will have scepticism. Although the reaction to Clear Review was really positive, you do have moments when you need to stick to your guns. And the most important thing is to remember that a project like this is about people taking ownership of their own development. That is never going to happen overnight. But when it does, it's worth the effort."



Rigorous data to deliver real change

THE CHALLENGE

In 2016 AQA, one of the most prominent examination and awarding organisations in the UK, hired a new team with a background in organisational development to review their processes and develop a new approach.

The team, led by Chris Mace, began with a cultural survey — a concerted effort to understand the status quo and the organisation's feelings about it — designed both to capture the information they needed and to show AQA's employees the importance of the cultural change project that was to follow. As part of the listening process, the team focused on AQA's performance management. Whilst a system was in place, there was a feeling that it was not delivering either the results or the data the organisation needed. It was centred around an annual appraisal, and did include some encouragement to managers and employees to have development conversations. Criticism centred on the fact that those conversations weren't happening frequently enough due to a lack of clarity, framework and support tools. As Chris was to say, months later, *"It wasn't really capturing hearts and minds"*.

On top of that, feedback was not delivered consistently across AQA. Some managers used feedback as an opportunity to talk about things the employee hadn't done rather than focussing on what had been done. In a series of workshops, employees shared feedback experiences that varied enormously and were largely down to the disposition of the individual manager. Some were excellent by default and incorporated feedback into their day-to-day routine, but many others found that much harder to do.

THE SOLUTION

Chris was focussed on transforming performance management at AQA. But he wanted to do it in a way that emphasised tangible benefits for the organisation. His team used their listening work — particularly the cultural survey — to identify the core challenges:

- People tended to work in silos
- The working culture could feel too hierarchical
- There was a desire for more accountability, feedback and clarity.

These findings — and research on the challenges other organisations were facing — formed the basis of the recommendations to the board. *"We found a genuine appetite for better performance management. When we explained that we could do better than this as an organisation, delivering measurable*

improvements, better clarity and more ownership, that instantly resonated with the leadership team,” says Chris.

“The CFO stressed the importance of finding a software tool with no bells and whistles: the organisation needed something to address a specific issue and to do that really, really well. A jack-of-all-trades product simply wasn't going to work here. And it needed to have steel to it. This was not an exercise in making people feel good. It may do that as well, of course, but the aim here was to deliver a concrete, measurable benefit to the business. I needed hard data that I could share with senior leaders.”

“Clear Review stood out immediately,” says Chris. “We'd seen other continuous performance solutions, including several from US-based vendors, but they all seemed rather complex. I instantly felt that people would ‘get’ Clear Review. It was simple and intuitive, but it did all the things we needed it to do. We could give feedback in the moment and track that in the system. We could develop collaborative goals and put them in the context of the wider organisation's success. And it allowed us to create really high-level reporting on goals, feedback and check-ins.”

THE RESULTS

Clear Review worked closely with the team at AQA to provide anonymised benchmark data on organisations of a similar size and purpose. The AQA team used this to encourage and promote the success of the project.

“It's made it really rewarding to see our progress. We had a senior leadership meeting, some time into the project, and were able to show what great buy-in the system had, that well over two-thirds of people were having goals set, that thousands of pieces of feedback had been given.”

“That prompted a real debate about what success should look like: we talked about goal-setting and tried to agree a percentage of adoption that felt right. Someone said 80%, and so we queried that: does that mean you're happy with 20% of people not having goals set? And actually, that stimulated the appetite of senior people. The board agreed that only 100% was good enough. They set the bar: we can use Clear Review to get absolute clarity on how we're doing against that target.”

“One of the first things we did was adapt some of the terminology to reflect the changes we wanted to make within AQA,” says Chris. “We don't call it ‘Performance Management’: we call it ‘My Performance’. It's about the individual. It's about taking responsibility for your own development. We ask that the employee sets the check-in, not the manager.”

“We've also included something we call ‘leadership habits’. When you set a development goal or add a piece of feedback, you tag it to one of our leadership behaviours. We want this to close the loop between the individual and the wider context of the organisation's goals.”

AQA has seen more than 5,500 pieces of feedback shared over the last 12 months, and cite the convenience and simplicity of the platform as the key driver of this.

“The CFO is a huge fan and often gets on at the end of the day, particularly when he's travelling, and really thinks about whether he can offer useful feedback. It's warming, it's motivational. It touches the emotion as well as the intellect.”

"Clear Review have helped us realise clear principles: things like people taking responsibility for their own check-ins. In the context of the wider debate around performance management, you cut through the complexity. In our meetings with you, you're always looking to improve. You deliver subtle but strong enhancements and we love that you're looking to learn from customers and develop your own technology. And you have a great variety of people working across separate disciplines: I always come away from meetings with the Clear Review team feeling incredibly positive."

AQA'S CHRIS MACE ON DELIVERING ORGANISATIONAL CHANGE

- Talk to people to understand the problem. Engage up front and explore the possibilities with the people who will be the end users.
- Keep asking yourself: what's in it for both the business and the individuals?
- Have clear principles in mind for what you want from a system
- Keep focussed after you've made the change: give yourself the best chance to realise the full possibilities of the platform you're using.



Shifting mindsets for organisational change

THE CHALLENGE

According to Francis Lake, Head of Organisational Development, it was clear that everyone within CYBG recognised a need for change when it came to performance management. He explained: *"Virtually every one of our employees had had a bad performance management experience – maybe not in the previous year, or even the year before that, but at some point everyone had been scarred by poor performance practices."*

Detailing some of the flaws with CYBG's existing performance model, Francis pointed to a weighted focus on process over purpose, leading to futile performance scorecards, ratings and appraisals being forced upon both employees and managers, creating resentment and demotivation. Needless to say, the impact on performance improvement outcomes was not a positive one.

For managers, this resentment was compounded by the fact that the existing performance system was failing them as employees, whilst at a managerial level, the same system was also proving to be a huge source of frustration, creating mountains of never-ending – and ultimately pointless – admin. A plan for positive performance change had to be put in place.

Despite the obvious need for a 'better way of doing things', Francis recounts that the initial – and perhaps greatest – challenge he and his colleagues faced involved allaying a long-engrained fear of change which had arisen as a result of several failed performance improvement initiatives. He explained:

"We had to change people's mindset in this regard. This time we were determined to get it right. In particular, switching managers away from viewing performance management as a list of tasks to be completed, and instead, encouraging them to think about how they could help people to perform better. That was a fundamental challenge for us."

Francis continued:

"Before we went anywhere near a new performance management system, we knew that we needed to improve the capabilities of our line managers – both for their benefit, and the benefit of those being supervised by them. We invested heavily in a new management framework, which involved training our managers to get the best out of people. As part of this, we also spent time educating our people as to why frequent feedback and continuous

conversations lead to significantly better performance outcomes – a key element that we needed everyone to understand and show a commitment to.”

THE SOLUTION

Whilst CYBG's new management framework was being constructed and strides were being made to create a more positive performance-focused culture, Francis and his team were working on sourcing a new performance technology partner.

“Our vision was for a very different, much more simple model, explained Francis. We wanted to do away with individual scorecards, instead focusing on team goals that would foster a culture of teamwork and continual improvement. Within this, our specification was for each employee to have two personal goals – one that they would set themselves, and one that would be set by their manager. We felt this was the best way to include employees and enable them to better manage their own performance and improvement. This employee and manager approach was also key to us fostering the sense of partnership we needed to make this a success.”

As outlined above, the CYBG team was very keen to increase frequency of performance feedback, something that formed a key stipulation in the company's search for a better performance management system. Building upon this increased frequency, the team at CYBG also wanted feedback to be more simple and concise – both in ongoing 'check-in' conversations and quarterly employee-manager feedback meetings. Specifically, employees were asked to cite one thing they like and are happy with, and one thing that could be done better. Francis continued: *“This has not only actively encouraged ongoing performance conversations, but ensured they are centred around positivity, encouragement, and incremental improvement.”*

With the CYBG team very much focused on creating the right performance framework and investing their time in training managers to optimise its eventual success, Francis knew that the company required a performance system that delivered a simply yet powerful end user experience. One that would not create further complexity and distract people away from what was important: building the right nature of high quality, meaningful conversations. After meeting with Clear Review's Stuart Hearn and seeing immediate synergies in performance philosophy, Francis and his team decided to adopt Clear Review's *“clean, simple and genuinely intuitive”* platform to support CYBG's positive performance transformation.

THE RESULTS

Three months after going live, CYBG's performance data made for impressive reading with +50,000 goals set, +17,000 pieces of feedback given, and +2,000 'check-in' conversations already having taken place. This demonstrates a very high adoption rate amongst the Group's employee base – a fact that, combined with internal feedback, indicates people have embraced the new system because they genuinely like it and see value in it. Delighted with the achievements to date, Francis says: *“For the first time, everyone is working towards the same goals for the year ahead and that's a massive step forward.”*

The large amount of valuable data now being gleaned by CYBG has also been a welcome means of putting some real metrics to performance management. Managers and employees alike can access this data in

real-time and draw very actionable insights from it. Furthermore, these metrics are already being fed upwards to inform better business decision making at the top table, and feedback from CYBG's senior leadership team has been wholly positive. According to Francis, the level of detail now available to them is improving performance visibility tenfold: *"Clear Review's system can deliver a large volume and variety of high quality, up-to-date information. We can now see overarching trends and patterns across teams, but we can also drill down to an individual level to identify who has got feedback, who hasn't, who's got goals and who hasn't. This empowers us to take corrective action with employees at an early stage, thus limiting the risk of performance dips. On the flip side, this is also enabling us to identify which supervisors may need extra support and training to help them improve as managers and ensure they remain happy with, and committed to, our new performance culture."*

Feedback from managers themselves has also been highly positive to date. Elissa McKinlay, CYBG Area Manager, says that Clear Review is *"a fantastic system that is transforming performance discussions. A really positive step forward [for CYBG]"*. Francis also notes that because managers are pleased with the new system, they have readily embraced it and are actually proving to be important advocates for it: *"They can see the results for themselves in the data and that is helping to further embed the value of the new approach in their minds."*

Citing other benefits so far, the CYBG team points to the flexibility of Clear Review's system. Francis adds: *"The beauty of the new platform is that we can keep changing and adapting to ensure our continual progress. We can be much more fleet of foot now, which affords us huge competitive gains, and also goes hand in hand with our evolution as an organisation."*

Francis and his team have also been very impressed with the simplicity of Clear Review's model – a key factor that they saw as crucial to adoption and the success of overall outcomes. According to Francis: *"The new model is infinitely simpler than before. With our old process we had 7,000 individual scorecards that sat in people's drawers gathering dust. We now have 1,000 sets of team goals that are much more concise and have direct actions. The approach, the system, and the language we now have is wonderfully simple yet highly intuitive."*

CYBG's strong commitment to positively transforming performance culture has also received industry recognition, with the company winning 'Organisational Development of the Year' at the 2018 HR Network Awards. Clear Review also enjoyed some industry recognition of its own via CYBG, after being named the 'Be Ambitious' supplier at 2018's Clydesdale Bank Supplier Awards.

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METHODOLOGY

The research captured in this document was collated via anonymous questionnaire. Sample sizes were: 300 people identified as working in a senior HR function; 500 people identified as working in a management / team leader role; 1,000 people identified as working in a non-management employee role.

For more information, please contact us at hello@clearreview.com

ABOUT US

Clear Review designs and builds the simplest, most intuitive performance management technology in the world. We believe that if you give people the right tools to speak more frequently and candidly, and provide a clear framework to help them make the most of those performance conversations and feedback, they'll have the right environment to achieve what matters most to both their organisation and themselves. We work with more than 200 customers in the UK and around the world, helping them to deliver a high performance culture through clear feedback, regular conversation and agile goal-setting. To find out more, visit www.clearreview.com.

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