

Transforming Performance at Patagonia

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Why We Transformed Performance at Patagonia

Patagonia was founded by Yvon Chouinard in 1973 with a mission to “build the best product, cause no unnecessary harm and use business to inspire and implement solutions to the environmental crisis (Chouinard, 2016).” Today, we simply say, “we are in business to save our home planet.” Our current business is the design and sale of outdoor apparel and provisions/food products through our global network of stores, wholesale distributors, and online/e-commerce channels, with customers in North and South America, Asia, Europe, and Australia. While our products remain central to our work, the reason for building products must flow from the mission. That means any employee program—especially one that supports employee performance—is only successful if it points people toward this mission and enables, recognizes, and rewards those who fully engage and contribute to this work.

In the summer of 2015, we set out to transform our approach to employee performance at Patagonia. Why change? The simplest answer is that the old approach was not consistent with our company culture and was not helping our employees fully connect to and live out our company mission. It was time for a change, and this is the story of that transformation.

We needed to find an approach to performance that fits our culture. At Patagonia, we have always had a history of operating in a relatively flat and autonomous culture in which employees are expected to think independently and proactively find ways to contribute to company success and to balance and blend work and life. Patagonia’s history and culture are summarized best in the book *Let My People Go Surfing*, written by our founder and owner, Yvon Chouinard (2016). In the early days of the company, the employees built products that they personally used to go out and climb, surf, fly fish, or ski in the backcountry. Everyone respected the need not only to

work hard, but also to have fun at work and find ways (sometimes months at a time) to get away from work and play in the outdoors. So, from the beginning, employee programs were always designed in ways that supported this culture and helped employees succeed at work while still balancing the demands and joys of work and life. Yvon said it best, “If you care about having a company where employees treat work as play and regard themselves as ultimate customers for the products they produce, then you have to be careful whom you hire, treat them right, and train them to treat other people right. Otherwise, you may come to work one day and find it isn’t a place you want to be anymore” (Chouinard, 2016, p. 158).

The key question we faced in the summer of 2015 was whether our PM program (in place at that time) truly enabled and supported the culture and employee experience we had at our founding. The answer—quite simply—was no. Somewhere along the way, we had lost our way. The performance process we found ourselves with in 2015 was as “traditional” an approach as any on the market: top down, cumbersome, focused on complex mathematical performance ratings, and requiring hours of writing and preparation for managers and employees in a digital system that roughly 90% of employees said they hated. It was clear the process was doing more harm than good; it was time to transform.

Inspiration for a New Approach to Performance at Patagonia

An initial team of four internal human resources (HR) professionals, including members of learning and development and the HR business partner function, and led by the chief HR officer, formed a task force in the early summer of 2015 with the aim to research and identify a possible new and better approach to performance at Patagonia. The primary sources of inspiration for the new approach included (1) revisiting our company history and culture (including our early approaches to performance before the latest process was put in place); (2) researching broader macroeconomic trends affecting all work and life (e.g., increased pace of work, digitization, and more data); (3) benchmarking companies who led the way in transforming their PM processes since 2012 (e.g., Adobe, Kelly Services, Google, and Sears Holdings); and (4) a review of thought leaders in the talent and performance management space (e.g., Alan Colquitt, David Rock, Marcus Buckingham,

and Carol Dweck). Each source of inspiration contributed something to the design of the new performance approach at Patagonia.

Our history and culture and past approaches to performance pointed to the need for greater transparency, more autonomy for employees, and more narrative conversations in place of complex numerical ratings. Broader macroeconomic trends pointed to the need for more dynamic and digital tools and processes (and away from the traditional event-based performance process we had at the time, which was heavily focused on one large year-end performance review). Other companies contributed key ideas to the design, including Google's usage of more agile goal setting in the form of objectives and key results (OKRs), which they borrowed from Intel (Levy, 2011). Adobe did pioneering work on better manager and employee conversations through their approach they called Check-In, and Kelly Services was among the first to remove the traditional mathematically derived performance review rating, which paved the way for more developmentally focused conversations. Finally, Sears Holdings (where I worked at the time of their performance transformation in 2013) was among the first to fully integrate a digital social feedback tool into the performance process.

Perhaps most helpful were the research and insights from key thought leaders in the performance space who contributed specific design elements for the new approach. We were heavily influenced by the writings of David Rock (2009), especially ways to design our approach that would minimize the threat response employees and managers often experience in the traditional performance process (especially when giving feedback or holding formal performance conversations). We went as far as formally contracting with the NeuroLeadership Institute (led by David Rock) during our design phase late in the summer of 2015 to help us craft the specific wording and format of our manager–employee conversation guide and our digital feedback templates with the aim of minimizing the threat response and increasing the chances of adoption and quality feedback and conversations over time. Additional insights came from the work of Carol Dweck and her concept of a “growth mindset.” Dweck (2006) stated that a growth mindset, rather than a fixed mindset, is associated with a state of mind that is far more likely to enable performance improvement, and this line of reasoning led in part to such design decisions as removing the formal performance rating and focusing more on discussions of directionality and improvement in performance rather than a focus on absolute measurement of performance.

Ultimately, we settled on several core design principles that would guide our new performance approach at Patagonia. These included the following:

- **More democratized.** Our culture thrives when each person is in the driver seat of his or her work and has the ability to take control of personal performance. All too often, in our traditional performance process, we found employees were waiting on their managers to take the next step (whether to write goals or get feedback). Even the best managers with the best of intentions were not able to put as much effort and thought into each direct report's performance and development as that individual was themselves. So, we started with the premise that each of us is the best driver of our own growth and performance and designed an approach where employees always take the first step and then draw in their manager and others to help them along the way.
- **More dynamic.** We asked ourselves if we could create more frequent touch points to help people improve their performance any time throughout the year, but without adding more time or effort. Our old approach was almost entirely "event based," and we wanted a more fluid, more continuous approach. This resulted in the design of three new performance tools: Quarterly Stretch Goals, quarterly Check-In conversations, and continuous crowdsourced feedback.
- **More transparent.** We realized that transparency and authenticity are hallmarks of our culture at Patagonia, and we suspected they were key drivers of more collaboration and better decision-making over time. This led directly to our design of goal setting so that the goals defaulted to being open and transparent to all employees.
- **More data.** "Big data" and the increased digitization and datafication of interactions as a macrotrend in business are not going away anytime soon. In fact, it only seems to be gaining momentum. More data means we needed to proactively design our approach to performance in a way that embraces data and uses it to help improve our decision-making. Even though our culture has traditionally not been on the forefront of data and digitization, there is a growing openness and desire to use good data to improve people decisions. So, we approached this design principle indirectly by ensuring that our new performance approach was supported by a digital platform that could datafy the performance interactions and help us understand which actions mattered and which needed to change over time.

Building the Case for Transforming Performance at Patagonia

Even at Patagonia, where change is equally likely to come from a grassroots source as from top leadership, it was still critical to ensure company leadership was fully behind the transformation. Fortunately, there was already a strong desire to change among leadership by the summer of 2015. Most wanted something new. The challenge was helping them align on the best path for our culture and needs at the time. The first step in building a case for change was to educate leadership on the different options, show how other organizations were successfully executing these alternatives, and explain how these approaches (with some customization) could work at Patagonia. The key was not to present too much too soon, allowing leaders time to digest smaller concepts and discuss how these ideas would look and feel at Patagonia.

To help the executive team begin to reimagine performance management at Patagonia outside of traditional approaches, the internal HR team lead by our chief human resource officer (CHRO) shared short articles and videos on current trends in both processes and technology over the period of roughly 2 months in the summer of 2015. In addition, the team held several one-on-one conversations with key leaders to get their thoughts, suggestions, and personal experiences with the existing PM process and any they had experienced in the past. This allowed each key leader a safe environment to share potential concerns and objections and help the team focus on an approach that was truly customized for the Patagonia culture.

Concurrent with the work to gain support from senior leadership was an effort by members of the HR team to gather input, suggestions, and experiences from the general employee population and, whenever possible, data that supported the need to change. This both informed design decisions and led to data that helped leadership gain confidence in the need for the change. For example, a quick employee survey found that less than half of the population felt the current process was adding value, and 90% did not like the current digital performance system. Sharing these results with leadership helped in the case for change in general; more specifically, it led to the clear need to change the digital performance system alongside any change to the overall performance process. By the end of the summer of 2015, there was broad support for transformation in general. It was now time to finalize a rollout plan and create the initial design of a new approach to performance at

Patagonia that could be piloted with employees in the fall of 2015 (the middle of the fiscal year for Patagonia).

Patagonia's New Regenerative Performance Approach

In brief, the new approach to performance aimed to move away from a traditional, top-down performance process, driven entirely on an annual cycle to a light-touch, agile, and dynamic approach that is employee driven at all points throughout the year. The old approach consisted of a cascaded/top-down goal-setting process that occurred in the first quarter of each fiscal year (which is May, June, and July at Patagonia). Managers typically wrote the goals for their direct reports in a digital performance platform (if that occurred at all because in practice less than 50% of goals were entered by the middle of each fiscal year). There were then two mandated performance conversations, one at midyear without a formal rating and one final annual performance evaluation at year end with a complex, mathematically derived, rating on a 5-point scale that evaluated both goal achievement and competencies/behaviors.

In contrast, Patagonia's new performance approach—now called Regenerative Performance—is built around a more agile, quarterly (3-month) cycle, with a focus on Quarterly Stretch Goals, supported by 1:1 manager and employee Check-In conversations and continuous crowdsourced feedback as shown in Figure 9.1.

A New Way of Setting Goals at Patagonia

In the new Regenerative Performance approach, employees start each fiscal year in May by outlining a handful of high-level Yearly Target Goals. These are general in nature and represent, in Patagonia speak, the “mountains each person is aiming to climb over the next fiscal year.” Yearly Target Goals often contain measurable results and should generally adhere to the “smart goal” structure (i.e., specific, measurable, achievable, relevant/realistic, time bound), but they need not include specific timelines or detailed actions (that is what quarterly goals should achieve). What is most important is that employees understand in general the three to six broad areas of work they

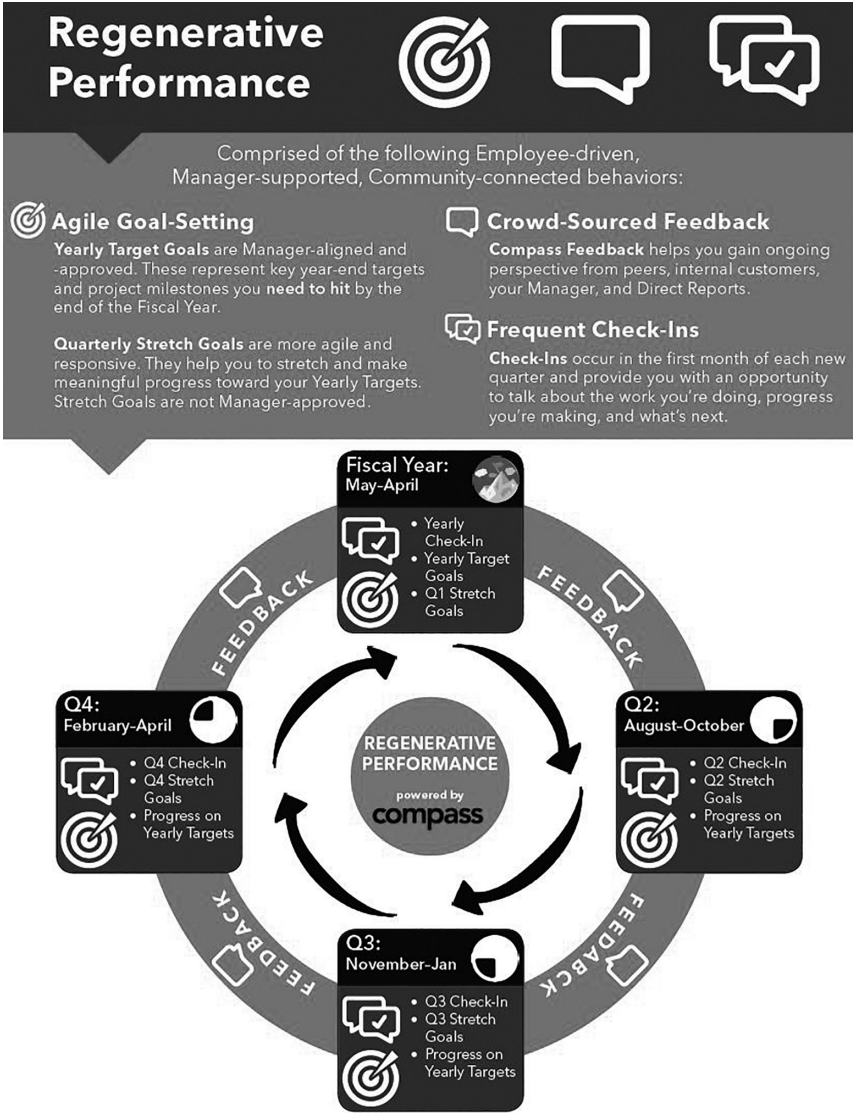


Figure 9.1 Regenerative Performance approach at Patagonia.

will focus on in the coming year that will represent their personal and unique contribution and can agree that “they know how they can contribute to the success of the company” in any given year. Yearly Target Goals are the only type of goals that the manager formally approves in our new digital performance system, called *Compass*. And even after the manager approves a first

version of these goals, the expectation is that the manager may change and iterate as conditions and priorities adjust throughout the year.

What was entirely new to Patagonia was the introduction of Quarterly Stretch Goals. These goals were modeled after the quarterly OKR approach at Google. Quarterly Stretch Goals are always written by the employee and then posted publicly (with the option to make private if highly sensitive). After they are written, they are always visible to the employee's manager in our digital Compass tool, but the manager does not approve them. This allows these goals to be entirely employee driven and serve the purpose of helping employees improve their ability to forecast their work and predict what they are capable of accomplishing on the path toward achieving their broader yearly goals.

Quarterly Stretch Goals are not mandatory or required. The aim is to give employees a safe way to take risks because a key component of these goals is that they should always represent a "stretch," meaning whatever key results are attached to the goals should feel nearly impossible to fully achieve (it should surprise the person if the person can achieve all their Quarterly Stretch Goals in a single quarter). The idea is to always have a little more that could be done than actually ever gets done, ensuring no one ever runs out of things they can do to add value and is always learning how much work they are capable of at any given time. This in turn helps the employee improve his or her forecasting of future work in new Quarterly Stretch Goals for the upcoming quarter (each time getting a little better at understanding what they are capable of as well as how to push themselves just a little more and continuously improve). Also, by making these goals opt-in or optional and by making the expectation that they are always slightly too hard to fully complete, it creates a safe space to take risk and push for more because there is little reason to "sandbag" a result (pretending a result is much harder than it really is). Finally, the addition of these new Quarterly Stretch Goals set up a more agile cycle of performance that in turn sets up timelier manager and employee conversations.

Improving Manager and Employee Conversations in New Quarterly Check-Ins

While quarterly goals are a critical component to Patagonia's new approach to PM, they would likely be less effective if not supported by more frequent

conversations between employees and managers. This led to a new Check-In meeting format that employees are encouraged to set up on a quarterly basis with their direct manager during the first month of a new quarter after they have finished their last goal cycle. These meetings are strongly encouraged but are not required. Employees could set quarterly goals and then not engage in a Check-In or the other way around (though as discussed further in the chapter, we have collected data, and regularly shared them with employees, that support the use of both these actions).

The Check-In conversation is built around three simple questions: (1) What happened? (2) What did I learn? (3) What's next? Before the meeting, employees use our digital performance tool, Compass, to complete an online self-reflection form (which simply walks them through these three broad questions) that prepares them for the Check-In conversation. They then can print their self-reflection and bring it to a meeting with their manager (or use their device to view their form digitally in the meeting, a more environmentally friendly solution that we encourage) and come to the meeting ready to answer each question with their direct manager. Managers need to actively engage in Check-In conversations, ask good questions, and share their perspectives with the goal of helping the employees learn new insights about themselves and their performance and to get better. To help managers prepare for the conversation, they can write some simple notes to themselves in the digital Compass tool, but we never require the manager to write anything for this conversation or formally document performance in this setting. This lightens the burden on managers (who typically have to do several of these a quarter), and it also keeps the focus on their role as coach in support of their employee's ongoing development. The purpose of Check-Ins is never formal performance documentation; it is development. If we have significant performance concerns, we have a more formal process for gathering that documentation. We want to keep Check-Ins focused on what most people need most of the time. By the end of a quarterly Check-In, employees should be ready to quickly draft new Quarterly Stretch Goals for the upcoming quarter.

Continuous Crowdsourced Feedback at Patagonia

The third component of Regenerative Performance may be the most powerful, and it was also completely new to Patagonia: continuous crowdsourced feedback. In order to facilitate feedback (and have some way of measuring

where it takes place and whether it matters), a digital feedback tool was built in to Compass, the new online performance platform. The name of the feedback tool quickly became Compass Feedback. The aim of the new feedback tool was to give employees a way to support their ongoing, real-time growth and development by asking for feedback anytime from anyone else with access to the Compass tool (which is nearly all regular full- and part-time positions at Patagonia at the time of this writing). By allowing employees to ask for feedback from anyone, a natural social network emerges that showcases how work and support happens at Patagonia. While manager feedback is still very important, usage to date has shown that most feedback is peer to peer or from an internal customer (rather than top down from a manager to an employee).

One other key aspect of the tool is that it focuses on asking for (rather than just giving) feedback. The aim here is to create a culture of “asking for feedback” under the assumption that when someone asks for it, they are in a better frame of mind to receive the feedback (and, similarly, the giver of the feedback should feel more comfortable giving it because he or she was asked). Compass Feedback was designed to be as simple and easy to administer as possible so it could be done in real time. Givers of feedback have limited space (about 1,000 characters maximum) to provide feedback to help ensure it is targeted and not too taxing. The hope is that people will ask for and give feedback more often.

Piloting and Refining the New Regenerative Performance Approach

Before formally rolling the new approach out to all Patagonia employees, it was piloted with five key groups: HR, campus services, legal, child development center, and finance/accounting (consisting of just over 100 employees total, or about a 10th of the ultimate target population for the full rollout). These groups were selected to pilot the new approach for a few key reasons. One very pragmatic reason is the leader of three of the five groups also happens to be the CHRO for Patagonia who was the primary champion of the new approach and performance platform. This ensured immediate and ongoing leadership support during the pilot. However, these groups also reflected a good cross section of the broader population, with a mix of hourly and salaried employees, full- and part-time employees, and those at

headquarters and at other sites. And, the group and team dynamics in each group were different enough to expect real variations in usage and execution of the new approach and tools.

The pilot length was set to a single quarter (or roughly 3 months) consistent with the time frame of the quarterly cycles that are the basis of the new performance approach. The broader rollout plan (described more fully in material that follows) called for rolling out one new performance tool in the Compass digital platform at a time. That way, employees could focus on learning and it was hoped mastering one tool/component of the new approach at a time. In order to mirror and prepare for the broader rollout plan, the pilot groups also received only one tool at a time. In total then, there were three pilot phases, each lasting a quarter. The first focused on piloting the new Check-In conversation, the second on setting Yearly and Quarterly Stretch Goals, and the third focused on the Compass Feedback tool. Based on the feedback received via surveys and focus groups, we made changes and further refined the tools (which almost always meant simplifying or removing wording or steps from the process).

The greatest challenge we faced for the pilots was developing the training resources alongside the configuration of the new tools and approach and launching to a pilot group in such a condensed time frame. It is always difficult in the creation of a new program to determine if confusion is due to poor training up front or due to a faulty tool or design in the approach overall. Our strategy in this first phase was to build the best training possible. We made note of where the pilot group struggled with the new program and made sure to emphasize those points in future training and communication for the broader company rollout.

Rolling Out the New Approach to All Patagonia Employees

The initial rollout targeted the population of employees in our North American locations, including our headquarters in Ventura, California; our distribution and call center located in Reno, Nevada; and key roles within our 32 retail store locations across the United States and Canada. In total, the population was a little over 1,000 employees. In order to make the rollout as smooth and least disruptive to regular business operations as possible, the timing was built around the fiscal year calendar (which runs from May to

April for each fiscal year). Because the decision to make a change to a new performance approach occurred in the first and second quarters of a fiscal year (in the summer of 2015), the broader rollout plan called for the new approach to be rolled out at the start of the following new fiscal year (in May 2016). That allowed for piloting in the fall of 2015 and time to refine the approach and create training materials in the spring of 2016.

Even with that lead time, the rollout plan called for a staged rollout of each component of the new approach in this order: Check-Ins, then Goal Setting, and then Compass Feedback. The reason for this order was that in the design and pilot phases it became clear that the manager and employee conversations (in the form of Check-Ins) were the greatest concerns of leaders and employees and would require the most training and practice early in the process. So, the final rollout plan resulted in the following phases:

1. Fall 2015 (October–December): Pilot and refining of tools
2. Spring 2016 (January–April): Training and practice of Check-Ins
3. Summer 2016 (May–July): Yearly Target Goal setting and practice of Stretch Goals
4. Late Summer 2016 (July–August): Rollout of first real Quarterly Check-In
5. Fall 2016/early 2017 (November–January): Rollout of Compass Feedback

At each step of the rollout, HR had to ensure minimal disruptions were occurring to everyday operations and that training was provided to help employees and managers develop the understanding and skills they needed to be successful in each component of the new approach. For example, learning how to set annual, typically static, goals helped employees gain insight into organizational objectives and goal alignment and begin to understand what constituted a “good” goal versus a poorly defined goal. This knowledge and skill would then enable employees to determine and set dynamic, agile goals. Each component built skills and capabilities into the business that were needed before the next component would be added. This was a strategic decision based on previous learnings and a necessity to provide immediate structure without threatening the culture.

Following our design principles of democratizing the tools as much as possible so that the new program would be employee driven, the training and supporting learning tools (such as quick reference guides) were designed

for all employees first and foremost. There was no separate manager-only curriculum; rather, employees and managers were taught how the approach worked together because managers are also employees themselves and need to learn the approach from that perspective first. Even where there were specific points for managers to understand in the training, these were included in the training materials for everyone to the degree possible in order to create full transparency for managers and employees about both roles in the new approach. For example, instead of creating two guides for the Check-In conversation (one for employees and one for managers), only one guide was created that showed the talking points on the left of the page for the employee and the corresponding points for the manager on the right. This simplified the materials considerably for everyone while also improving transparency. The only training that was specific to managers was a series of discussion groups that gave managers a safe space to talk with other managers about their concerns or successes with the new approach.

When the time came for implementing the training, we were fortunate to be able to conduct in-person sessions for the majority of the initial target population because most were located at our single headquarters location. For remote employees, we conducted virtual sessions that mirrored the in-person sessions and then shared all the quick reference materials. Each component of the new approach (goal setting, Check-Ins, and Compass Feedback) were introduced in a general training 1 hour long or less and supported by a video and set of help guides as well as point-and-click reference tips within the digital online tools whenever possible. Throughout the rollout, the HR team also held ongoing open office hours for all employees and closely monitored digital tool usage. If a group was not adopting the approach, the HR team reached out proactively to leadership and offered additional support.

Lessons Learned

There were several key lessons learned through the design and rollout of the new approach. (1) Leader support was critical, but it took time to cultivate. (2) A staged rollout was needed to ensure people could learn one aspect of the approach at a time. (3) The approach could have been even simpler. Each pilot test or rollout phase almost always suggested the need to increasingly simplify the tools and approach (and never to simplify less). (4) Culture has

to be central. A top-down system was too rigid, corporate, and cumbersome for a majority of Patagonia employees. The new approach had to keep culture in the forefront of not only the ultimate solution, but also in how the pieces were rolled out throughout the organization. (5) The change is never done. While many employees at Patagonia had an appetite for change and while many would also agree the previous system was wrong, the new approach still took time to adopt. Even though the new performance digital tool was liked more than the old one, the existence of any system is still seen by some employees as “too corporate.” Therefore, while many employees have and continue to build their capabilities, change management efforts have to continue (even to this day). (6) Do not take for granted what you think your managers already know or do. This was perhaps the biggest learning. We expected managers to be more comfortable with the old process (especially goal setting) than they were. There were several times in the rollout when we realized we were not retraining managers on goals (and simply showing them our new approach), but in fact we were training them for the first time on concepts we thought they had known for years, if not decades (e.g., how to write measurable results). If we could start the rollout all over again, we would have implemented and emphasized even more training for managers.

Outcomes and Continuous Improvement of Performance at Patagonia

At the time of this writing, the new approach has been in place for nearly 3 years. We have been capturing continuous usage data about the new program since we launched the pilot, and we also conducted periodic surveys and focus groups during and throughout the first year of the launch so employees and managers could provide feedback to guide improvements. The overall results at the end of the first year were very encouraging. For example, after we completed the first year-end cycle with the new approach, we asked employees to directly compare the new year-end Check-In with the traditional performance evaluation/review. More than 70% of employees and managers preferred the new approach. When we looked closer at the 30% who did not prefer it, we found only 2% wanted to go back to the old approach; the others reported still feeling confused about the new approach. A year later—after more training and the completion of another year-end cycle—the percentage of employees who preferred the new approach had

jumped to over 90% (illustrating that this type of large-scale programmatic change can take time). In the last year, there was not even a single request to go back to the old process and conduct traditional performance reviews.

Employees also reported positive results from using the specific tools in the new approach. For example, employees who use Quarterly Stretch Goals are nearly 20% more likely to say they “know what is expected of them” than employees who do not use goals (a difference that is statistically significant and appears to hold longitudinally because we see similar improvements for the same employees from year to year). Employees who conduct a Check-In with their manager are nearly 30% more likely than those who do not Check-In to say they “receive the feedback they need” and they “trust their manager.” Even more significant were the results we found when employees used the digital feedback tool. Users of feedback were statistically significantly more likely than nonusers to agree to the following statements:

- “I get the feedback I need to do my job.”
- “I know what’s expected of me in my job.”
- “I trust my manager.”

Managers also reported encouraging results for employees who used any three of the new performance tools (Quarterly Stretch Goals, Check-Ins, or Compass Feedback). In all three cases, managers of employees who used these tools were statistically significantly more likely than managers of nonusers to agree with the following statements:

- “My direct report has the capacity to take on more valuable work.”
- “My direct report is developing and growing faster than most others in the organization.”

Managers also were more likely to report that their direct reports contributed more at the end of a fiscal year if their employees used the performance tools. At the end of each fiscal year, managers are asked to identify employees who contributed more than the Yearly Target Goals they set out to achieve and who may be deserving of an extra bonus award. In any given year, managers identify around 20%–30% of their employees as being deserving of this category, and it turns out that employees who used Quarterly Stretch Goals, Check-Ins, or feedback were significantly more likely than nonusers to be placed into that category. The very real and meaningful result of this is

that employees who used the tools averaged 5% higher bonus awards than nonusers. So, the message for employees is simple: Use the tools and you are likely to average higher levels of contribution for the year, resulting in significantly higher bonus awards.

Better data on the performance program as well as visibility into the usage of tools also helped the HR team make improvements. One example came in the first 6 months after launching the Compass Feedback tool. In one form of feedback, employees ask others to select strengths and a focus area for development among a preset list of skills. It was apparent that two of the skills were almost never selected, while at the same time others were appearing in comments even though they were not part of the preset list (e.g., time management was mentioned often but was not yet in the preset list). By having these data in real time, the HR team was able to revisit and update our skills list so it matched the needs of the employees (something we have now done two more times since launch). For the Check-In portion of the tool, we added a networked component by asking employees to reflect on who else (in their work network) was most helpful to them in completing a particular goal or outcome. These give us new data about collaboration across groups and teams at Patagonia that we have never had before and did not have at launch. Finally, we continue to improve our approach to goal setting by allowing for multiple ways for goals to be created and shared among people and teams. Over time, we hope this will better reflect the truly networked and collaborative nature of the work our people really do every day.

What We Need to Understand Now and Next in Performance

Overall, the field of PM has come a very long way in a relatively short period over the past decade. That speed of change and the wealth of new ideas on the topic are alone very promising. But, change also creates new challenges for future research and practice. If we shift our focus toward the future, there are still many areas where we need continued research and understanding of PM in the decade to come. If we can agree that “performance” is fundamentally about measuring value contributed by a person or group of people to an organization over some discrete period of time and “PM” is essentially about the programs or tools that help direct and support human efforts to optimize the degree of value created, then we can predict with some degree

of confidence that at least some of the challenges of the next decade will be the same ones we have always dealt with, just in new forms. For example, the classic “criterion problem” will likely remain with us for the foreseeable future. What does continue to change is the pace at which organizations become more complex and with more fluid forms of workers and forms and type of value these workers generate. Therefore, two areas appear especially pressing in the coming decade as a focus for continued research and practice: (1) measurement and management of performance across networks and at multiple levels of analysis and (2) measurement of the value created by people in nontraditional roles.

Organizations are increasingly more networked than ever before, and value is rarely created by a single knowledge worker in isolation. So, improving how we understand, measure, and ultimately manage network performance will be a key challenge in the coming decade. Applying network theories and models of organizational network analysis appear promising, but even these will likely fall short of the mark without consideration to levels of analysis that account for the value generated by individuals collaborating in groups that are nested within larger groups and within organizations. As our ability to model these intricate relationships improves, we can hope to find new techniques and solutions to support performance in all forms and at various levels. Finally, it has to be noted that with the emergence of the “gig economy,” the traditional role of workers is changing rapidly; perhaps the greatest challenge will be how to measure and manage all the value creation done by people who are not in traditional employee roles (or even formally employed by the company) but who may in fact create the bulk of the value generated by human actions on behalf of the company. These are sure to be among the most pressing challenges for the field of PM in the coming decade, but solving for them will be critical in managing the performance of the organizations of the future.

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