

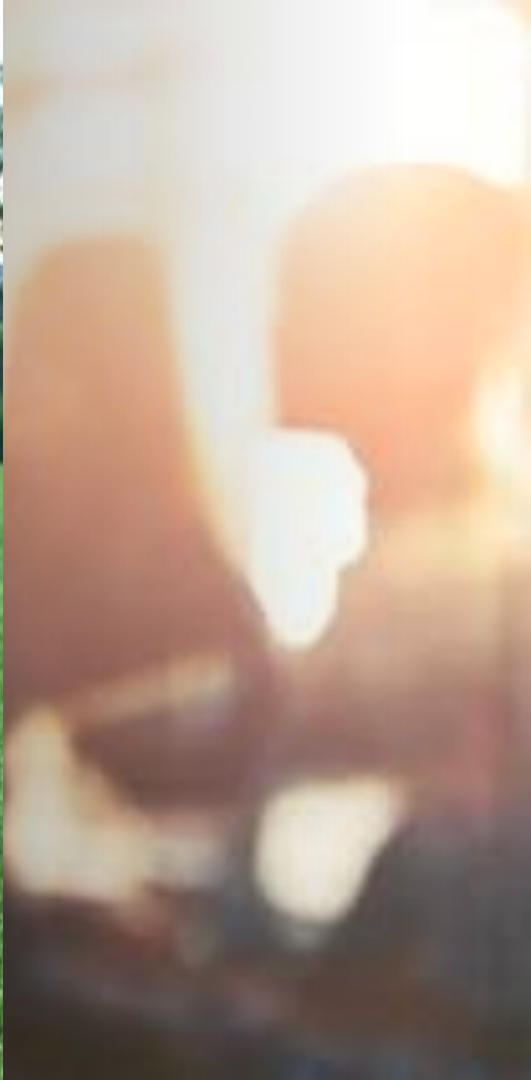
A blurred background image showing a group of people in a meeting or collaborative work environment. The image is out of focus, emphasizing the text in the foreground.

Moving Beyond Performance Management

Yutaka Takagi, MBA

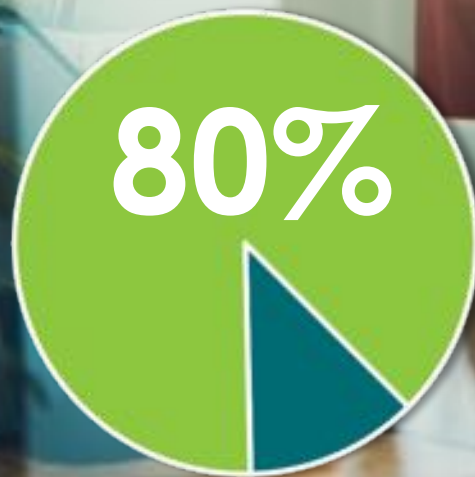
HCM Technology Manager, Ultimate Software

People first.



THE CURRENT SYSTEM ISN'T WORKING

for businesses or people



Organizations are considering making a **major change** to performance management - *or have already*

Source: CEB (A Gartner Company)

PERFORMANCE, REVIEWED:

✓Rating: **DOES NOT MEET EMPLOYEE EXPECTATIONS**

95%

Are **dissatisfied** with
their company's
appraisal process
(Society for HRM)

Only
20%

Say performance
management **motivates**
them to do outstanding
work
(Gallup)


Only
10%

Believe the process
provides **accurate**
information
(Society for HRM)



About 66% of employees say the performance review process interferes with their productivity, and 65% say it isn't even relevant to their jobs

CEB survey of 13,000 employees worldwide

The background features a complex network of white and grey dots connected by thin white lines, resembling a molecular or digital structure. A large, dark, semi-transparent circle is positioned on the left side, serving as a backdrop for the main text.

22% of employees
have called in sick
rather than face a
performance review

Source: Wakefield Research

Neuroscience Doesn't Lie

90%

of performance reviews
are painful and
ineffective



”

Until now there's been a frenzy
about dumping performance
reviews, and we didn't know
which direction to move in.



The Global Leadership Forecast 2018 from DDI, the Conference Board and EY, looked at data from over 25,800 company leaders from around the world.

The research found that **20%** of these companies had **stopped** using performance ratings

Top Companies

LEADING THE
CHARGE



THERE IS NO EASY FIX...

Getting rid of the review may not be the “final answer”

**Dropping the annual review dropped
engagement and performance by 10%**

Source: CEB Study (A Gartner Company)



From the perspective of the *MANAGER*

Managers spent less time on informal conversations;
quality declined by **14%**

Without reviews, only **4%** of HR leaders reported
feeling they could accurately assess performance



From the perspective of the *EMPLOYEE*

Top performers' satisfaction with pay
differentiation decreased by **8%**

Employee engagement dropped by **6%**

Source: CEB (A Gartner Company)

**Don't throw the baby out
with the bathwater!**



What is the solution?



Move from
annual
evaluations to
continuous
performance
development



ADOBE

**Removed all formal
performance management**

Created “Check-in”

**30% reduction in voluntary turnover once they swapped
yearly reviews for regular performance discussions**



MICROSOFT

“Perspectives” and “Connects”

- ✓ Perspectives encourages employees to **solicit opinions** from their peers – visible to employees and managers.
- ✓ Connects gives flexibility to managers to discuss performance and development **throughout the year**.

GAP

A woman with blonde, wavy hair is smiling and looking down at a tablet computer she is holding. She is wearing a light-colored, textured cardigan. The background is a clothing store with racks of clothes, including blue and white items, visible but slightly out of focus.

Gap supervisors still give workers EOY assessments, but only to **summarize** performance discussions that happen throughout the year.

Employees still have **goals**, but they are **short-term** (quarterly).

Now 2 years into its new system, Gap reports far more satisfaction with its performance process and the best-ever completion of store-level goals.



GOOGLE

"Project Oxygen"

All people decisions at Google are based on data and analytics." The goal is to... "bring the same level of rigor to people-decisions that we do to engineering decisions.

- ✓ Every manager must possess each one of **10 pre-determined behaviors**
- ✓ Onus is on the manager, not the employee
- ✓ Google uses Objectives & Key Results (OKRs)

USANA Health Services

3 Questions Asked Quarterly:

1. What did you do well in the past three months?
2. What could you have done better?
3. What are your goals for the next three months?

Annual Talent Review:

Overall performance

Job-related skills

Risk of low performance in the near future

How essential the employee is to company success

Performance Models – a Continuum

Traditional (Considering changes)

- Provide mobile tools to help managers align and monitor progress against goals
- Supplement annual reviews with periodic **'coaching-focused' feedback** conversations throughout year
- Focus development opportunities on both employee and manager

Hybrid Approach

- Introduce tools/mechanisms to gather fast, frequent feedback
- Implement frequent, coaching-based conversations/check-ins,
- **De-emphasize performance ratings/rankings** and de-couple compensation from ratings
- Experiment with structured and proactive Leadership Actions

Performance Development

- Eliminate performance ratings/rankings
- **Re-invent the manager role**, focused on fine-tuning growth and development
- Create user-generated *Leadership Actions* to reinforce values and organization culture

ASSESS YOUR CURRENT STATE

What kind of performance process do you currently use?

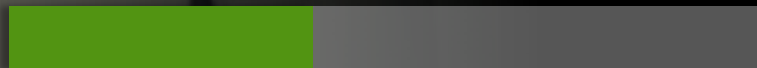
Annual reviews

51%



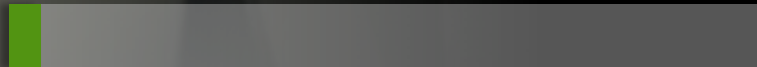
A hybrid process of formal reviews with some continuous feedback

37%



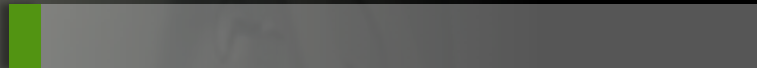
Continuous performance feedback

4%



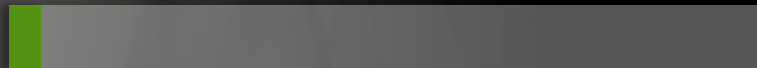
Ongoing performance coaching

4%



Manual process

4%



What will Performance 2.0 be?

1

A compelling continuous feedback experience... one that **actively help employees give each other more meaningful feedback.**

2

Incredibly flexible **performance review processes that can be initiated by anyone**

3

A new generation of **real time performance intelligence in context**

How do we get there?

**Continuous
Listening &
Feedback**

**Develop
Individual
Performance**

**Performance
Development for
the Entire
Organization**

A woman with long dark hair, wearing a black sleeveless dress, stands in the foreground with her arms crossed, smiling at the camera. The background is a blurred office environment with wooden floors, large windows, and other people working. A large orange circle with a white number '1' is overlaid on the left side of the image.

1

CONTINUOUS FEEDBACK

A background image showing three people (two men and one woman) looking at a computer screen. The screen displays various data visualizations, including a bar chart, a line graph, and several circular charts. The overall theme is technology and data analysis.

80% of employees
prefer immediate feedback
to annual reviews.


The background of the image features silhouettes of several people in a professional setting, possibly a meeting or collaborative workspace. Overlaid on this is a complex, light-colored network of lines and nodes, resembling a digital or organizational structure. The overall color palette is dark with blue and yellow accents.

Regular feedback
reduces turnover by
14.9%

Source: Gallup

42%
of millennials
want feedback **every week**

Source: Center for Generational Kinetics, 2015



75% of employees say they would stay with an organization longer if their **employer listens to and addresses** their concerns

But **80%** of employees say their **supervisor doesn't follow up** on their review

National Study by Ultimate Software and The Center for Generational Kinetics

A blurred background image showing a crowd of people walking in a hallway or office setting, creating a sense of motion and activity.

2

DEVELOP INDIVIDUAL PERFORMANCE



70%

of employees


think reviews should focus on
skills development and
professional growth



61%

of a 'rating'
**is based on the
bias of the boss**
*not actual employee
performance*

Source: Forbes

The background image shows three people, two men and one woman, looking at a large screen. The screen displays various data visualizations, including bar charts, line graphs, and circular progress indicators. The overall theme is professional and technological.

87% of employees

think training and development
needs to be tailored to each person's
needs and learning styles.

Performance check-ins with managers involve:

- ✓ Conversations about goals
- ✓ Work progress
- ✓ Performance feedback (recognition and constructive)
- ✓ Development needs
- ✓ Any other day-to-day items

Performance/development conversations focus on:

- ✓ Performance within the quarter
- ✓ Additional changes to goals not discussed
- ✓ Peer feedback
- ✓ Development needs
- ✓ Any other day-to-day items

A background image showing a hand in a blue sleeve placing a white block on top of a stack of other white blocks. The scene is slightly blurred, focusing on the action of building.

3

**DEVELOP THE
PERFORMANCE OF THE
WHOLE ORGANIZATION**

**As compared to
traditional performance
management**

**The Future is
about holistic
Performance
Development**



Performance Development will be focused on two primary areas:

- Personal growth and development of employees
- Driving organizational effectiveness and success

-Reimagining HR for the Augmented Age. It's Time.

Imagine a
performance process
that doesn't just
manage
performance,
it **develops** it...



Deeply Human Insight Requires A New *Understanding of and Access to Data*

A woman in a business suit stands on a dark, reflective surface, pointing her right index finger towards a bright, glowing point of light. This point of light is part of a larger network of interconnected nodes and lines, resembling a complex data structure or a neural network. The background is dark, with some blurred city lights visible in the distance.

All Data: Structured + unstructured
Internal + external + human interaction-based
Work + life-focused

All Access: consumer-grade, 'natural UX',
in-context, anticipatory, smart

Transparency is Tough

Less than

20%

of data is structured

The other

80%

is difficult to measure and **hard to make sense of** for the majority of companies today

Source: Forbes, The Big (Unstructured) Data Problem

Interpretation at Scale Helps Leaders



Modern AI capabilities can help us process **masses of data** and give them meaning

Sentiment Analysis

Helps employers understand not only *what* is said, but also **how employees are feeling**





With transparent ongoing communication
and better understanding of people data,
***performance development becomes the
keystone of a great employee experience &
business success***

A New Prescription for Performance

A man with glasses and a beard, wearing a blue shirt and a brown apron, is looking down at a tablet held by a woman. The woman has curly hair and is wearing a red sleeveless top with white polka dots and a light-colored skirt. They are in a kitchen or cafe setting with shelves of jars in the background.

Clear, Continuous, Transparent – ensure employees know where they stand vs. performance appraisals

Self-directed – put employees in control of their development and careers

Dynamic Coaching – develop managers into coaching leaders with predictive and prescriptive analytics, smart recommendations and interactive insights

A background image showing a group of people in a meeting or collaborative work environment. A large teal-colored rectangular box is overlaid on the image, containing white text. Above the text box, there is a large yellow double quote symbol. The background image is slightly blurred, showing people in business casual attire.

”

...adjust goals, actively work priorities and calibrate on expected outcomes to manage work effort and remove bias in favor of the facts.

Recommendations & Key Takeaways



QUESTIONS?



Yutaka_Takagi@ultimatesoftware.com



847-273.1742



www.linkedin.com/in/yutaka-takagi-42958b4

Ultimate
SOFTWARE
People first.