MAKING INFORMAL PERFORMANCE MANAGEMENT WORK IN THE WORKPLACE

Employees like the concept but have concerns about how it’s implemented. A well-thought-out employee communication initiative can help close the gap and make a culture of continuous feedback a reality.
The annual review, a much anticipated but often dreaded corporate ritual, is slowly being cast aside. Instead, companies are turning to informal conversations to satisfy their employees’ desire for frequent feedback related to job performance.

Industry giants like IBM, General Electric, Microsoft, Accenture, and Adobe, along with many small and midsize companies, are moving away from traditional performance reviews due to their complexity and cost, as well as growing employee dissatisfaction with the practice. More than 70% of companies interviewed for Deloitte’s 2017 Global Human Capital Trends report confirmed they were in the process of reinventing performance management practices to provide more multidirectional feedback and coaching.

With markets and industries changing so quickly, companies are looking to fine-tune HR practices to create a more adaptable organization—one that is agile and responsive to the needs of employees who increasingly want more frequent and substantive recognition and feedback.

While informal performance management processes align to the objectives of both management and employees, these practices are still relatively new, with no proven playbook. IDG surveyed 1,500 HR decision makers, line of business (LOB) managers, and employees to understand the impact of the changes as well as the challenges to ensuring informal performance management practices take hold effectively in the workplace.

CHECK-INS AND CONVERSATIONS

According to the IDG survey, companies have been slowly shifting to informal performance management practices over the last three years. In that time, the move has had a positive impact on organizations: 88% of employees at firms with informal performance management processes say they are more satisfied with their jobs; 86% are more likely to recommend their companies as a “good place to work;” 78% say the feedback they receive is more motivating; and 89% feel more positive about how information is shared.

Those upbeat sentiments are in stark contrast to how a majority of employees feel about traditional performance reviews. Three-quarters of respondents to a report from Accenture Strategy believe their companies should revamp how they conduct performance management reviews. And CEB, a corporate research and advisory firm, found that only 4% of HR managers were confident that their current system of assessing employees is effective in measuring performance. What’s more, 83% of the same group said their systems need a major overhaul.

A recent Adobe study found that traditional performance reviews, which typically include some sort of ratings and ranking system, caused undue stress among employees and were an unproductive use of time for managers. On average, the Adobe study found managers spent 17 hours per employee preparing for a review. In spite of that planning, however, close to two-thirds of workers (64%) still believed the traditional review was an outdated way of managing performance.

The pushback from employees and management is already having an impact: One-third of respondents opted to table the traditional annual performance review in favor of alternative measures, Accenture found.

CHANGING THE WAY PERFORMANCE IS MEASURED: MILLENNIAL STYLE

MILLENNIALS have had a significant impact on changing the workplace, from promoting work-life balance to encouraging companies to focus on corporate responsibility.

Millenials have also had a say in how job performance is measured. According to the IDG survey, millennials want special coaching and mentoring attention to help optimize career trajectories.

A Pearl Meyer online survey revealed millennials have other requirements related to how their job performance should be measured. Constant feedback, training and development opportunities, and a manager interested in their career growth are top requirements that can be addressed with informal performance management practices.
“This idea that we focus on improving the frequency and substance of feedback as opposed to the completion of a form just makes sense,” says GuideSpark co-founder Joe Larocque. “The employee of today wants consistent feedback on how they’re doing and how that translates into career advancement and compensation.”

One of the biggest hurdles to acceptance is that only about half of employees (55%) understand their company’s approach to performance management. When employees don’t clearly understand the goals and processes of new performance management practices, they remain skeptical about the structure of feedback and worry about the level of accountability. Only 57% of employees surveyed ranked informal performance management conversations as fair and accurate evaluations of their work, and 62% highly rated their company’s ability to share performance-related information.

**TRANSITION CHALLENGES**
The casual and easy nature of informal conversations belies a transition process that can be lengthy and difficult to navigate. Eighty percent of HR respondents surveyed by IDG said it takes up to 18 months to implement informal performance management practices. Even then, there can be challenges. While 63% of all respondents (employees, HR, and line of business managers) said they liked the informal concept and think it’s working well in practice, 24% of employees who liked the concept said it wasn’t working well in practice.

**ENABLING EFFECTIVE FEEDBACK AND COACHING**
The results of the survey point to a need for more emphasis on developing feedback and coaching skills and best practices for communication. For example, one-quarter of employees surveyed (25%) said they are not getting enough feedback from managers, and 57% ranked informal performance management conversations as fair and accurate evaluations of their work.

### GREATEST CHALLENGES IN CHANGING PERFORMANCE MANAGEMENT APPROACH

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<thead>
<tr>
<th>Challenge</th>
<th>HR</th>
<th>LOB</th>
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<tr>
<td>Building feedback or coaching skills</td>
<td></td>
<td>62%</td>
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<td>Change management communications</td>
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<td>53%</td>
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<td>Managing high performers</td>
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<td>39%</td>
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<td>Rolling out new processes</td>
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<td>41%</td>
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<td>Administering pay adjustments</td>
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<td>Making time for frequent check-ins</td>
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<td>23%</td>
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*Percent of respondents who completely agree or agree with the following statements

SOURCE: IDG RESEARCH
and 27% don’t feel their manager is a strong communicator.

Managers are grappling with their own set of issues as a result of the changes. They often lack expertise on how to deliver constructive feedback, for example.

For their part, HR professionals recognize the challenge—62% are struggling with how to build up organizational competency in feedback and coaching skills.

Much of the disconnect between enthusiasm for informal, conversation-based processes and concern about their effectiveness boils down to a simple case of inadequate communication. Sixty percent of HR respondents reported that change management communications were a challenge. This is easy to understand—even HR teams that have communication expertise often lack the tools and access to resources necessary to implement effective communication programs.

Reflecting the newness of the approach, the IDG research found that both managers and employees could benefit from more education and experience about how to conduct informal performance management. Sixty-six percent of managers said they needed more coaching and feedback training, while 64% of employees said they would benefit from a better understanding of the program’s goals. Other stakeholders were completely on board with the need to communicate program goals more effectively to employees, including 90% of HR professionals and 67% of LOB managers.

**CHANGE THE CONVERSATION WITH CAMPAIGN-STYLE COMMUNICATIONS**

It’s somewhat ironic that new performance management processes based on the concept of ongoing feedback and coaching...
are often rolled out via a single communication event. In contrast, an employee communication campaign that delivers information, best practices, and targeted calls-to-action over time provides organizations with a foundation for building competence, creating understanding, and promoting awareness of the informal performance management approach.

In addition, in the same way that a marketing campaign works, organizations can deliver a series of messages in a variety of formats and through multiple channels to reach, and capture the attention of, their diverse employee base. Applying the "ongoing conversation" approach to communicating new programs and processes can provide answers to why the company is making changes, and highlight how those changes benefit employees.

Campaign-style communications are also an effective vehicle for introducing and reinforcing best practices on the dos and don'ts of giving feedback. Reinforcement is a critical element of campaigns. Just like consumers, employees need to be exposed to short and engaging

### HOW TO BUILD A CAMPAIGN

To start building digital campaigns into your employee communication strategy, use this helpful guide:

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<tr>
<th>ESTABLISH YOUR GOAL/BUSINESS RESULT</th>
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<td>HR teams are increasingly focused on business outcomes, and nailing down specific program goals is key to creating a focused and cohesive campaign. If you're planning the roll-out of new performance management processes, for example, your short-term goals may be number of employees reached or percentage of employees successfully enrolled in (and using) a new system. Longer term goals might focus on lowering involuntary turnover.</td>
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<th>DEFINE AND TARGET YOUR AUDIENCE</th>
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<td>Defining your audience and creating targeted messages ensures you can reach the right people and capture their attention with relevant content. For example, managers will respond to messages about “effective coaching,” while employees would be more interested in “what to expect from the new approach.” Next steps could include variations based on geography, work environment (HQ vs Field), or job level (Exec vs Supervisor).</td>
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<th>USE A VARIETY OF CONTENT FORMATS</th>
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<td>The most effective content in today’s busy world is “bite-sized” for quick consumption. Think of the extreme popularity of short-form social media videos. Another advantage of “snackable” content is that it can be easily delivered in a variety of formats – video for some, printable PDF charts for others. Given diverse workforces, “one size fits all” doesn’t work. Empowering employees to self-select content topics and formats ensures engagement.</td>
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<th>USE MULTIPLE COMMUNICATION CHANNELS</th>
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<td>Communication channels are the vehicles that connect employees to your content. Without the right mix, your messages might not be heard. Just as with content format preferences, communication channel preferences vary. Some employees will prefer email, while others want everything delivered via mobile device. To reach different audience segments, delivering messages across multiple channels is key.</td>
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<th>ANALYZE RESULTS AND ITERATE</th>
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<td>Marketers know that, when it comes to communication, the first try is never perfect. That’s why analytics are so important—message and content effectiveness need to be continually measured and refined. “Reach” describes how many recipients explored the message, and “Engagement” measures videos viewed, PDFs downloaded, and clicks on the Call-to-Action buttons. All of these should be used to see what’s working and what can be improved.</td>
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**Examples**
- % ENROLLED IN NEW SYSTEM(S)
- # OF FEEDBACK SESSIONS SCHEDULED
- % DECREASE IN VOLUNTARY TURNOVER

**Examples**
- ROLE (MANAGERS / EMPLOYEES)
- GEOGRAPHY (NORTH AM / EMEA / LATIN AM)
- TYPE (UNION / NON-UNION)

**Examples**
- SHORT-FORM, MOBILE-READY VIDEOS
- INFOGRAPHICS
- DOWNLOADABLE COMPARISON

**Examples**
- EMAIL
- TEXT MESSAGING
- DIRECT MAIL

**Examples**
- REACH (MESSAGES)
- ENGAGEMENT (CONTENT)
- ACTION (CALLS-TO-ACTION)
bursts of information multiple times before they can fully absorb it and take action. And the more those communications draw on familiar concepts to explain new ones, the more engaging the content is for employees. This leads to quicker adoption of new ideas.

With the right content and a well-orchestrated delivery schedule, a marketing-style campaign can help managers see their roles differently, and make the process more effective. Organizations can develop content—blog posts, short tips and tricks videos, even training guides—to provide instruction in these areas, and keep the focus on the topic. This content can serve up best practices on how to actively listen, or facilitate hard conversations around performance goals and compensation benchmarks. Organizations can also leverage communication campaigns to keep the momentum going; this way performance management remains a key part of ongoing conversations, in turn helping drive the culture change necessary for success.

A campaign-style approach can also be more effective than traditional meetings or one-off communications as a way to gently remind both employees and managers to engage in informal feedback on a regular basis. Forty-three percent of respondents to the IDG survey said they wanted more reminders for informal check-ins. By providing these digital nudges, employees can be persuaded to change their behavior in a way that aligns more with the goals of the informal process.

CONCLUSION

With an increased focus on employee retention, companies must become more agile—and fine-tuning HR practices to create an informal performance management process is one way to do that.

Without a robust employee communication strategy in place, however, organizations may struggle with achieving effective results with their informal performance management approach. By embracing a marketing-inspired approach to communication, organizations can explain the reasons for the change, promote awareness, ensure understanding, and educate LOB managers and employees alike. In the end, this fosters a culture of continuous feedback, and increases workplace satisfaction.

ABOUT GUIDESPARK

GuideSpark is the leader in employee communication software, with 600 enterprise customers who use its solutions to effectively engage over 10 million employees and achieve HR program adoption goals. GuideSpark is the only company that blends SaaS technology and innovative, consumer-grade content that inspires, informs, and reinforces the employer value proposition.

To learn more visit https://www.GuideSpark.com

For more on how GuideSpark can help modernize your performance management communication strategy visit www.GuideSpark.com