

Driving the future of performance management

BY HALOGEN SOFTWARE

Have you heard? The traditional one-and-done annual employee evaluation is over. The current trend has many organizations trying to adopt next-generation – or ongoing – performance management practices by dropping annual reviews, scrapping competencies and switching to informal check-ins.

While these changes may work for some companies, don't get caught up in the excitement of letting go of year-end reviews until you think carefully about your manager-employee relationships. People are still a company's largest expense and biggest competitive advantage. Rather than blindly following trends, you need to consider what works best for your workforce.

In particular, a lot of research has shown that engaging talent can improve business outcomes. In the book, *The Engagement Equation: Leadership Strategies for an Inspired Workforce*, the authors found that true employee engagement represents an alignment of maximum satisfaction for the individual with maximum contribution for the organization.

So as you consider updating your performance management process, think about these five essentials for emphasizing increased engagement through employee satisfaction and contribution.

1 Develop great managers

A 2015 Gallup poll found that up to 70 percent of employee engagement is impacted by the relationship between employees and their manager. Because your managers have such influence over how engaged their team members are, it's essential that those managers have strong leadership skills.

In next-generation performance management, leadership is even more vital, as managers take on more of a coach and mentor role than a command and control position. Your managers must be able to motivate employees, assert themselves

to overcome obstacles, create a culture of accountability, build trusting relationships and make informed, unbiased decisions for the good of their team and company.

2 Set goals that drive outcomes

When your employees know what is expected of them and clearly see the impact they have on the organization's success, they are motivated to deliver results.

When making the shift to ongoing performance management, your company must implement more collaborative and simplified goal setting, tailor goals to an employee's strengths, and ensure employees are accountable for their goals. Employees should also have a clear line of sight from their individual and shared goals to the organization's overall objectives, so they can see their value to your company.

3 Build a feedback- and recognition-rich culture

Organizations that nurture a feedback-rich culture and focus on building relationships between managers, employees and colleagues have more highly engaged workforces. Feedback and recognition comes in many forms – from a simple “thank you” to a spot award that acknowledges and celebrates an accomplishment.

Many managers mistakenly assume that feedback is given only if there's a problem. It's important to ensure that your managers understand that building a culture of feedback and recognition means your employees know what they've done well, in addition to areas where they need to improve.

4 Establish a culture of forward-focused growth and development

Learning opportunities and employee development are top drivers of employee satisfaction, which means learning and development should no longer be just a once-in-a-while activity. It must be a business-critical priority for increasing

skills, staying competitive and improving employee engagement.

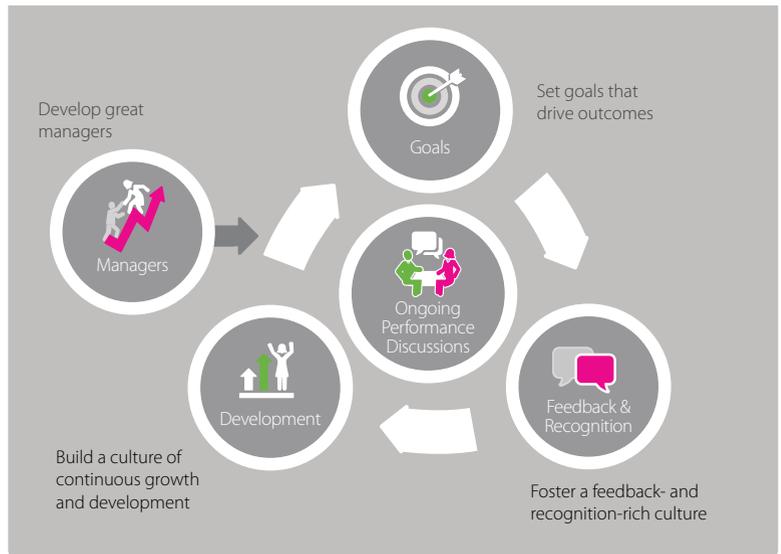
Your employees expect your organization to invest in their development and provide them with the skills they need to succeed. Without a commitment to developing employees, your company risks losing key talent and not having the skills they need to compete. Managers can help prevent this by enabling employees to learn through stretch assignments, team collaboration, and regular coaching and feedback.

5 Conduct ongoing performance discussions

One way to improve the manager-employee relationship and establish the trust needed for engagement is through consistent communication and meaningful ongoing performance conversations. These conversations connect and drive your entire talent management strategy – from onboarding new hires, to supporting a culture of learning and development, recognizing and rewarding success, supporting career mobility and succession. These conversations should:

- Focus on employee contributions
- Clarify expectations and accountability around goals and development
- Discuss what motivates employees and what can drive greater job satisfaction
- Provide opportunities for feedback, recognition and coaching

5 essentials for ongoing performance management



A strategic shift in performance management takes planning, thoughtfulness and skillful change management. It's not a one-size-fits-all process; ongoing performance management should fit your culture and business objectives. You must identify where you are now and what outcomes you want to achieve, align your core competencies to your organization's value and vision, and have the technology and support you need to help you achieve your goals.

To learn more about the future of performance management, download the eBook "Driving the future of performance management" at bit.ly/FuturePM.

COMPANY PROFILE

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