

# Continuous Performance Management a new Revolution



## Continuous Performance Management – a new Revolution

### The Revolution

In all sizes and types of organization, employee performance management is experiencing a revolution. Companies are re-evaluating how individual performance discussions are conducted, and how a new approach can have more positive impact on employee engagement and their contribution to the business.

And both employees and managers are breathing a huge sigh of relief. No more excruciating annual performance reviews. Hallelujah! Because the idea that you can manage performance through one yearly interaction is as crazy as imagining you can 'manage' your marriage by having a review on your wedding anniversary.

Businesses around the world are recognizing that their age-old approach to conducting performance appraisals on an annual basis is not just outdated, it has a lot of inherent flaws. They are starting to adopt a new approach: Continuous Performance Management, often called Agile Performance Management.



### What is Continuous Performance Management (CPM)

It is defined as employee performance management processes that take place on an ongoing basis throughout the year, not just once or twice per year. It is a continual holistic process that replaces traditional annual appraisals.

Employees are taking increasing responsibility for their personal and professional development, and for their satisfaction and motivation in the workplace. They also receive feedback on a more frequent basis than in the past, from customers, colleagues and managers. Thus, it feels totally natural and fitting for both employees and managers to have a continual performance management process, whereby the employee is pro-actively involved. This helps to create a healthier, more authentic workplace relationship and increases employee engagement.

## What is wrong with Annual Appraisals?

Management gurus and HR experts have long been promoting that performance management should be a part of a manager's daily role. Appraisals once or twice a year are not an effective use of time for managers and employees, and do not have the desired impact of enhancing performance.

Recent surveys report that 95% of managers are not satisfied with their company's annual performance management process, and the vast majority of employees experience annual reviews as subjective, forced and unfair. And 90% of organizations believe their current process does not drive business value.

In addition to these views, and the understandable inefficiencies and limitations of the traditional approach, there are several other drivers behind the new revolution.

Modern business life is constantly changing and fast-paced. Unexpected challenges and obstacles are the order of the day, and companies need to be agile to survive, compete and be successful. They require employees to be empowered, engaged and to take responsibility for their personal and professional development, as well as their work.

Continuous Performance Management addresses these needs by providing constant communication and sharing between employees and managers. The resulting frequent transparent interactions help to strengthen relationships, and the entire process provides employees with more autonomy and independence. This is very appealing to all people, and especially to so-called 'millennials'.



## What does CPM consist of?

Some of the key elements of a modern CPM process include:

- Regular 'Check-In' meetings – one-to-one interactions between employee and manager, usually monthly
- Frequent real-time feedback from customers and colleagues
- Definition and agreement of short-term objectives, goals and actions
- Ongoing review of employee motivation and satisfaction, and 'work-energy'

## Does CPM really work?

There are many surveys and case studies that prove the effectiveness and efficiency of Continuous Performance Management. They describe an increased positive impact on employee performance, contribution, satisfaction and professional/personal development.

Research also shows that more than 50% of companies who implement CPM are amongst the highest performing organizations from a financial perspective. Other reported benefits are:

- Significantly enhanced employee engagement
- Increased employee motivation and workplace-satisfaction
- Reduced voluntary employee turnover
- Time savings

This last point is an interesting one, and maybe counter-intuitive. Annual reviews require a large time investment from managers, especially because of excessive time spent 'filling in forms'. They try to achieve too much in a single meeting, which inevitably becomes a longer-than-planned interaction, frequently requiring a follow-up session. And all of these annual appraisal meetings happen in the space of a few weeks or shorter, totally distracting management from other important aspects of the business.

The annual appraisal process is dreaded by everyone involved, and consequently the atmosphere is in general negative. The outcome is most often unproductive and viewed as a waste of time by managers and employees.....a necessary evil!

## How to implement CPM

The key is not only to help more employees become higher performers, but to help them sustain their optimum levels for longer.

To achieve this, there are a number of important requirements, a few of the essential ones are:



1. Managers need appropriate training and guidance to help them to conduct effective Check-In meetings. A simple Check-In Template is essential to ensure a productive coaching and feedback session.
2. Employees need simple tools and frameworks to enable them to gather and manage essential input on an ongoing basis, both for their personal usage and to share with their manager
3. Online tools such as a:
  - Pragmatic easy-&-quick-to-use Feedback instrument
  - Framework for scoring of Motivation and Demotivation Factors
  - Tool to calculate and provide insights to 'Work Energy'
  - Personal Growth Plan, to capture short-term goals and actions, agreed during Check-ins