

*Time to Review Your  
Performance Reviews:*

# **4 Ways to Improve How You Evaluate Your People**

bambooHR™

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## Time to review your performance reviews?

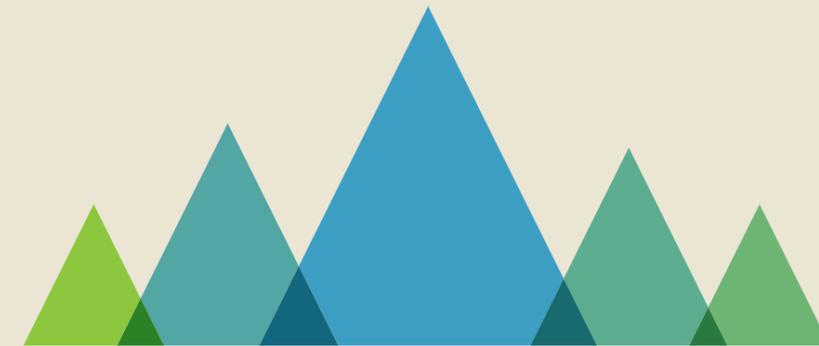
Ironic, isn't it? That the review process designed to help companies increase their employees' performance doesn't often receive a performance review itself? Performance reviews stick around and fail to improve quarter after quarter, year after year. Even if you feel like your reviews are pretty great, chances are, not everyone is satisfied with them.

In BambooHR's most **recent study** on performance reviews, we found that even HR—who favors performance reviews most—has some criticisms. The **top five** are:

1. They create a culture of competition rather than collaboration.
2. They create unnecessary politics.
3. They are an inaccurate reflection of performance.
4. They hurt engagement and innovation.
5. Nothing constructive comes from performance reviews.

It's no secret that people aren't satisfied with traditional performance reviews. Yes, they're not always effective. But performance reviews have good intentions, and we don't think they're beyond being fixed. So, how can we improve them?

### HR'S TOP 5 CRITICISMS:



- They create a culture of competition, not collaboration.
- They create unnecessary politics.
- They are an inaccurate reflection of performance.
- They hurt engagement and innovation.
- Nothing constructive comes from them.

## *Improving Performance Reviews:*

# 1. Give reviews an update.

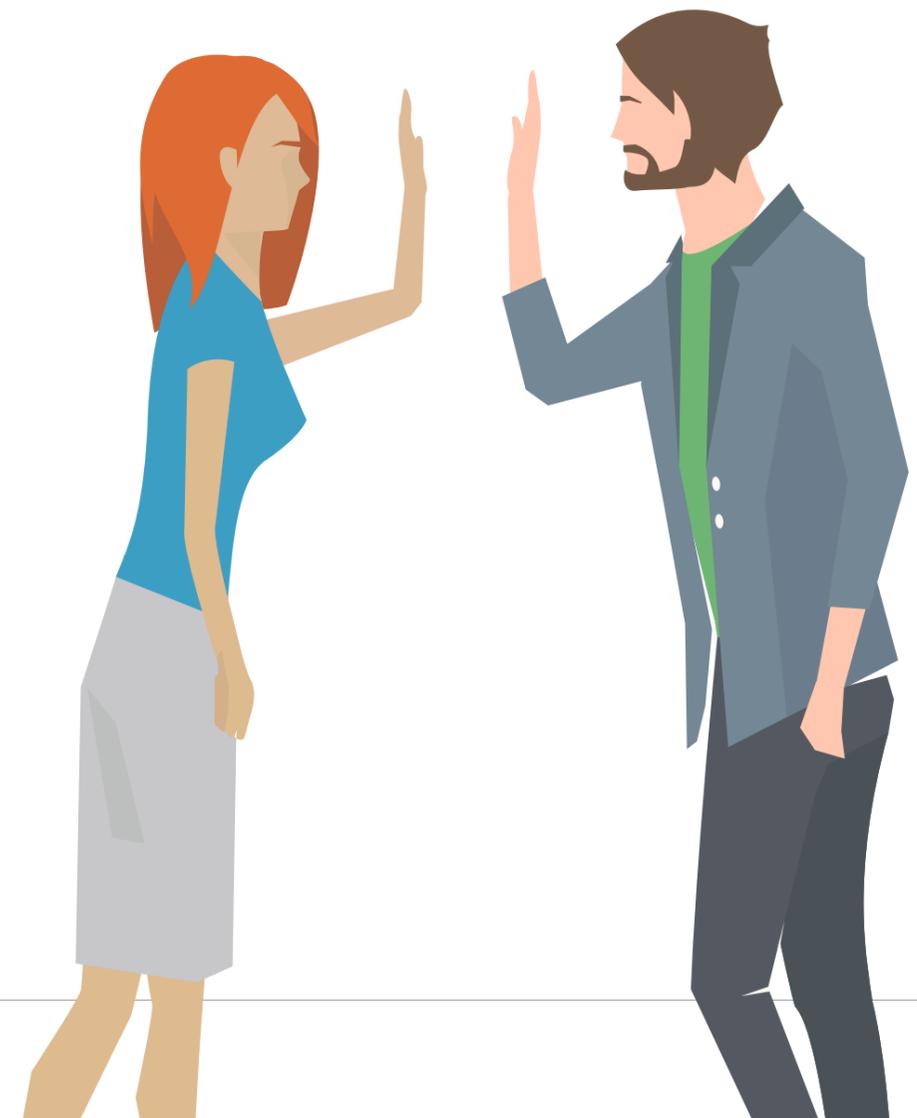


Traditional performance reviews were designed for a particular workplace: Industrial Factories. But unless your office is filled with assembly lines and conveyer belts, you may want to consider changing your approach to reviewing employees. As **Adobe** found, it's just not practical to do simple evaluations once a year and then cut the bottom 10 percent of employees using some subjective rubric. As they often do, companies and technology have advanced, and employee needs have changed. Performance reviews should incorporate and support the updated work environment we live in today. We've got to find a solution that fits today's workplace and will continue to adapt and advance to meet the needs of our continually changing workforce.

*Improving Performance Reviews:*

## 2. Reduce time spent, increase effectiveness.

Most reviews consume far too much time—Deloitte calculated they spent **2 million** man-hours a year filling out forms and creating a rating system for their performance reviews. And Deloitte isn't the only company spending insane amounts of time without much return. Only **6 percent** of companies say their reviews are worth the time that's spent on them. So it's important to not only improve the quality of performance reviews, but also decrease the amount of time spent on them. Throw out rigorous ranking systems and focus on what really matters: feedback. And to save yourself even more time, look for a way to automate all the feedback and reminders so you don't have to do it.



## *Improving Performance Reviews:*

### **3. Focus on employees.**



**Twice** as many HR professionals say performance reviews are valuable than do employees. Further, employees say their companies don't address the concerns they bring up in reviews (**55 percent**) and don't look for opportunities to provide career development after reviews (**61 percent**). Employees don't like feeling neglected, but current reviews seem to create a one-sided relationship because of the skew in value. Reviews shouldn't only help management. It's important that they also focus on helping employee performance increase, resulting in a mutually beneficial process. Take a look at your reviews and find out if your employees really benefit from them (it might not hurt to ask employees if they feel they gain anything from your reviews, too). Then look for a simple system that allows quick, frequent performance take-aways.

## *Improving Performance Reviews:*

# 4. Enable objectivity, banish subjectivity.

Some reviewers are naturally strict, some are too easy-going. Some managers get along better with certain employees and feel slightly annoyed with others. Managers are human and subject to, well, subjectivity. Traditional reviews reflect that, which results in inequality. For instance, HR, managers, and employees have very differing opinions on whether or not they're heard during **performance reviews**:

Who feels heard during performance reviews?

- 34 percent of employees
- 58 percent of managers
- 70 percent of HR

But job title isn't the only inequality factor. Men and women also feel very differently about reviews. Men are much more comfortable being honest in reviews (**57 percent**) than women (**42 percent**), which makes sense considering **20 percent** more men than women feel their companies keep their reviews confidential. Men also seem to be listened to more often than women—**48 percent** of men claim they “always” or “often” see changes occur as a result of their feedback during reviews, while only 32 percent of women claim the same. Objectivity should be increased so that job titles, gender, and any other differences don't create inequality during your reviews. Find a way to communicate to your employees that everything they say is confidential. Also, be sure that the questions you're asking during reviews are real and concrete (like, “If Jennifer got a job offer elsewhere, what would you do?”).

## *Yes, there are many problems with traditional performance reviews.*

They're unfair, not mutually beneficial, time-consuming, and old-fashioned. But the same is true of many institutionalized processes; that doesn't mean we throw those processes out altogether.

That's why we don't advocate burning reviews at the stake. It is vital that employees receive feedback and direction—and we should probably be giving these even more often considering **65 percent** of employees said they wanted more feedback.

The distinction is that employees want real feedback in real time—not antiquated, ineffective annual reviews. In fact, effectively managed performance reviews (a.k.a. old-fashioned, check-the-box, annual performance reviews) have many benefits including:

- Higher employee engagement
- Lower turnover
- Increased customer loyalty
- Increased productivity



## *Benefits of (Good) Performance Management:*

# 1. Employee Engagement

Performance management impacts engagement in a couple different ways. First, with little or no feedback from their managers, **98 percent** of employees fail to become successfully engaged. But when ongoing feedback is provided, engagement levels rise from 23 percent to **73 percent!** **Another study** found that feedback—both positive and negative—significantly increases engagement:

- Employees who receive feedback focused on their weaknesses are 20 times more likely to be engaged than employees who receive little to no feedback.
- Employees who receive feedback focused on their strengths are 30 times more likely to be engaged than employees who receive little to no feedback.

It's important for employees to know how they're measuring up and to develop a feedback loop early on with the company. Second, performance management, when done often and consistently, can be a tool to constantly measure engagement levels. If you have a rockstar employee who isn't highly engaged, performance management can be used to increase that engagement while measuring the success of engagement initiatives. Having a defined process for managing employee performance is a great way to consistently give feedback to increase engagement while measuring and adjusting existing engagement levels.

## *Benefits of (Good) Performance Management:*

### **2. Turnover**

Want to know the #1 reason employees leave their company? It's because they don't feel **appreciated**. Turns out, when employees feel like you care about their success, they want to stick around! In fact, **half** of employees actually feel more valued after a performance review that was focused on helping them succeed in their role. Note: In order for the employee to feel more valued, the review has to actually help the employee too. Work is just like any other activity you've done in life: When you feel like you're able to succeed at it, you keep going. Effective performance management helps employees see the path to success. And companies with great performance management have **25 percent** lower turnover than those without. The key is frequent and meaningful feedback. If you can find a way to get that feedback to them, they'll be able to improve their work to meet your expectations more successfully—and when employees are able to succeed, they want to stay.



## *Benefits of (Good) Performance Management:*



### **3. Customer Loyalty**

Surprised? This does seem like a strange benefit, but companies who have great performance management experience **18 percent** higher customer loyalty. It could simply be because companies who monitor and develop employee behaviors have better employees. Unfortunately, unless you're taking a deep look at your customer's experience, you likely don't have an accurate view of how your customers are treated: **80 percent** of organizations believe they provide "superior" customer service, but only 8 percent of customers report "superior" service from those same companies. You need to constantly improve the experience your customers are having, and consistent feedback is a great way to do that. Improving just one customer's experience can have a pretty big impact considering **87 percent** of people said they share their good customer experiences with others, and on average, they tell **15 people**. Help your employees improve the customer experience by providing them with feedback and direction often.

## *Benefits of (Good) Performance Management:*

### **4. Productivity**

This is the main goal, right? That reviewing performance will help employees be more effective and productive. Well, great performance reviews result in a **15 percent** boost to productivity. If we approach performance reviews as an opportunity to positively increase performance (and not simply rehash past performance), we can certainly do just that. Plenty of research suggests that recognizing employees for their efforts increases productivity—one study even found that companies with a strong recognition approach were **12 times** more likely to see strong business results. Now, this doesn't mean you must only focus on the positives in a performance review. **Seventy-two** percent of employees said corrective feedback from managers would also improve their performance. What's important is that the feedback is meant to help employees increase their productivity.



## *So, What Now?*

We could complain that reviews are awful and that we all hate them until we're blue in the face. We could even grab our pitchforks, light up the torches, and chase them out of town. But if you do that, you'll miss out on the opportunity of increased productivity, customer loyalty, and employee engagement, as well as the decreased turnover that consistent feedback from reviews provides. So why not look for a solution that allows you to keep the feedback while still banishing the ineffective nature of traditional reviews? You need a way to give fair feedback that's mutually beneficial, but doesn't take too much time and is designed for a modern workplace. Go find it! Yes, current reviews are broken down, and it's about time we rebuilt them.

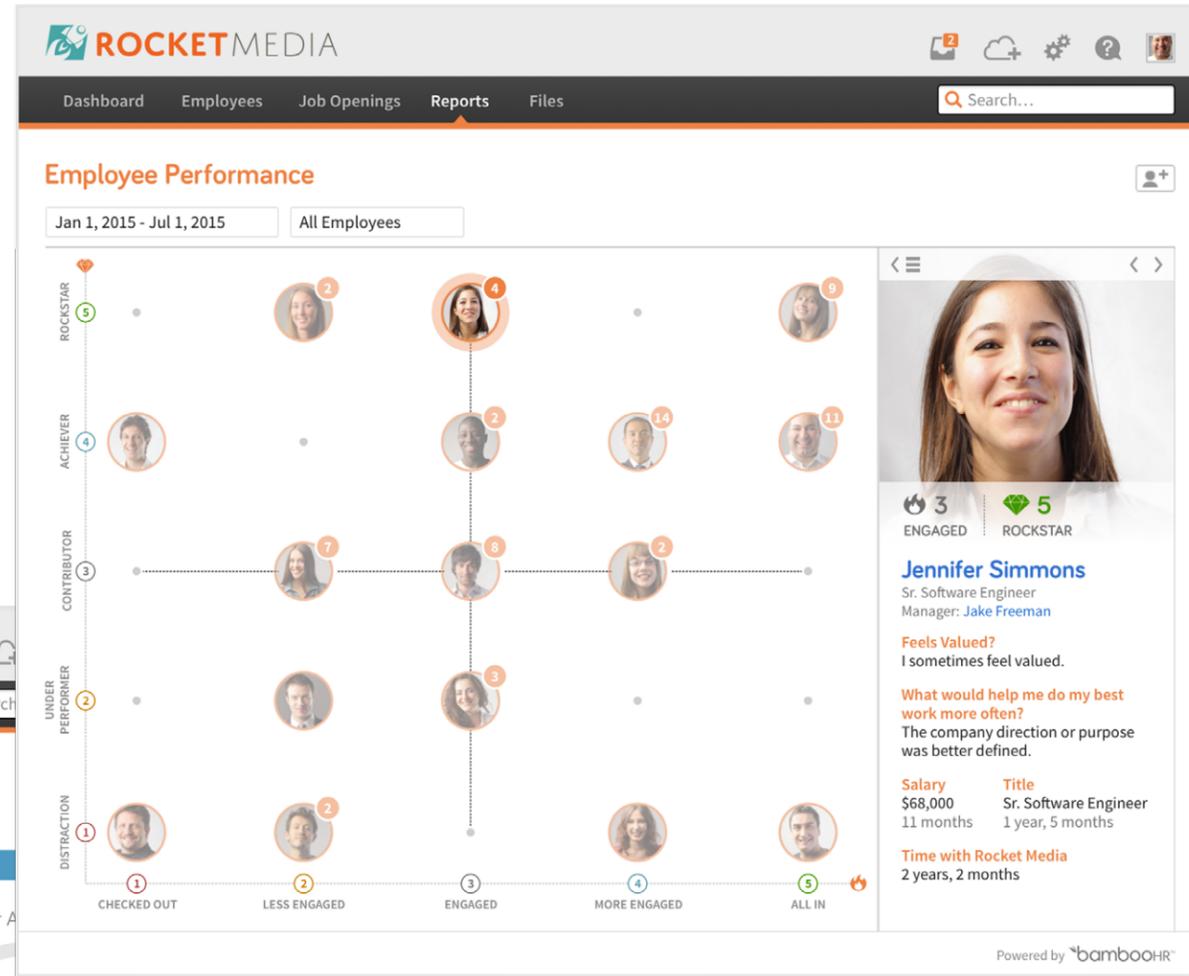
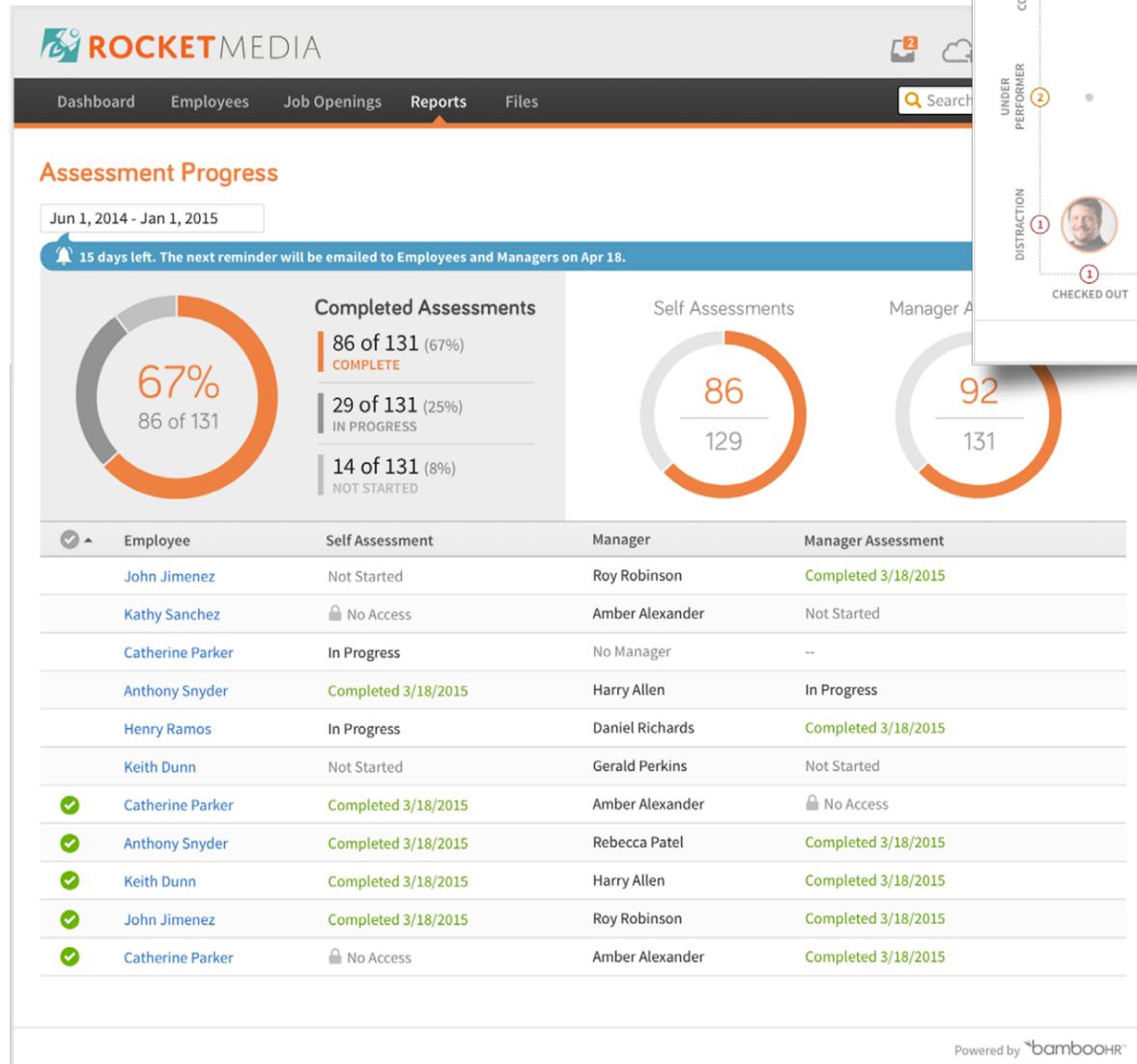
Interested in a solution? Learn more about BambooHR below.

## *About BambooHR*

We didn't need to dive deep into performance reviews to realize they were broken, but we did it anyway. And the result of our extensive research was a product that's simple, accurate, and motivating. It also solves some of the most common complaints about performance reviews:

## PURPOSE

One of HR's top 5 criticisms of performance reviews is that nothing constructive comes of them. BambooHR's performance management changes that. Employee performance and engagement are graphed so it's easy for HR to decide how to best help employees (and which employees need help in the first place).

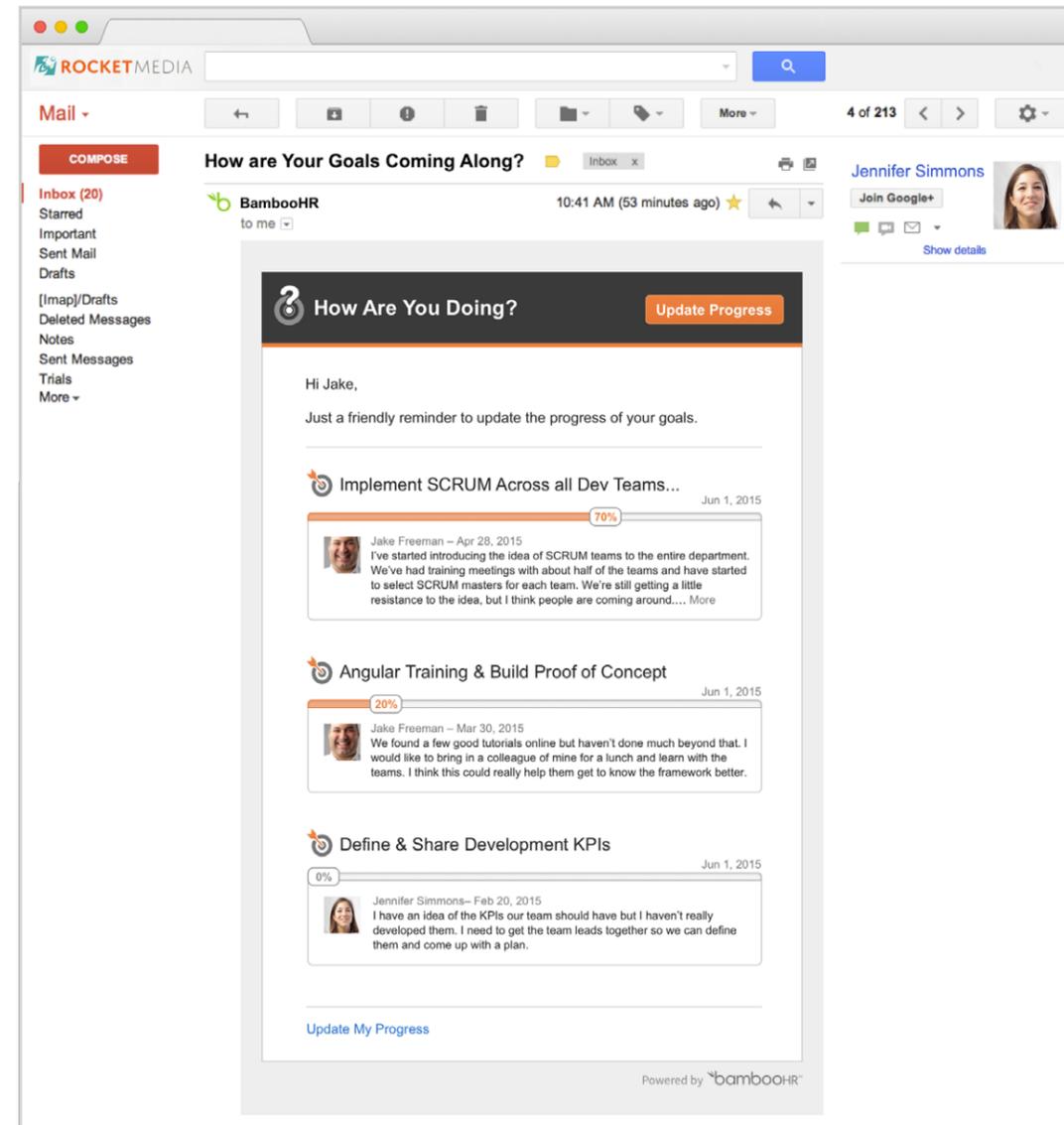


## TIME

Performance management isn't a waste of time, but a lot of time is wasted on ineffective and inefficient performance management practices. BambooHR makes managing performance quick and automated all while maximizing every minute you and your employees spend on it. For instance, our performance management reports let you easily see where each person is in their review process.

## FREQUENCY

One of the keys to effective performance management is frequent feedback—43 percent of highly engaged employees receive feedback weekly. But who has time to remember to give employees feedback that often and figure out a way to distribute it consistently? BambooHR performance management takes care of that for you. Email reminders automatically prompt employees and managers to update their goals and give feedback to employees. Full reviews can also be set up to match your company's desired frequency.



## OBJECTIVITY

Performance management should provide a balanced report of where each employee stands. BambooHR's performance management makes sure that the information gathered is objective and fair. It also provides information that's concrete and accurate. Here's how:

1. Our questions are based off research done by Deloitte showing that a company's happiest employees have these three traits in common: their coworkers are committed to great work, they believe in the company's mission, and they have an opportunity to do what they do best every day. To get to the heart of employee value, we ask managers questions like, "If Jennifer got a job offer elsewhere, what would you do?"
2. Our performance management also features 360 assessments so you can gather different perspectives and privacy settings that allow employees to feel more comfortable being completely honest.

The screenshot displays the BambooHR performance management interface for Jennifer Simmons, Sr. Software Engineer. The interface includes a navigation bar with 'Dashboard', 'Employees', 'Job Openings', 'Reports', and 'Files'. A search bar is located in the top right. The main content area is divided into several sections:

- Employee Profile:** Includes a photo of Jennifer Simmons, contact information (555-763-1893 Ext. 6109, 555-851-9983), social media links, hire date (Aug 28, 2009), full-time status, engineering role, Seattle, WA location, and manager information (Jake Freeman, Engineering Manager).
- Performance Section:** Features tabs for 'Goals', 'Peer Reviews', and 'Assessment'. A 'Review Period' dropdown is set to 'Jan 1, 2015 - Jul 1, 2015' with a '15 days left' indicator.
- Self Assessment:** A section titled 'Self Assessment' with a completion date of 'Dec 31, 2014 at 2:40 PM'. A dashed orange box highlights a message: 'Complete the Manager Assessment to unlock this Self Assessment.'
- Manager Assessment:** A form titled 'Manager Assessment' with a warning: 'Jennifer WILL NOT SEE Your Answers to these 2 Questions'. It contains two questions:
  - 'If Jennifer got a job offer elsewhere, I would... \*' with a dropdown menu showing 'Need to think about it. Jennifer does a decent job.'
  - 'How engaged is Jennifer at work? \*' with a dropdown menu showing 'Good engagement and a mostly positive attitude.'
- Additional Questions:** Below the main assessment, there are several text-based questions with answers:
  - 'What are some things that Jennifer does well? \*' with an answer: 'Jennifer has been an invaluable member of our team this quarter. Her example of adopting the SCRUM methodology has been really helpful in getting other team members on-board. She has also been great at leading sprint planning and helping keep other team members on time with their releases.'
  - 'How could Jennifer improve? \*' with an answer: 'Jennifer only has a few small things she could improve on. She seems to take quite a few personal calls during work hours. It would be nice if we could reduce those. Some of her coworkers also feel like she is a little difficult to work with at times. We're working on those interpersonal skills so she can communicate disappointments more amicably.'
  - 'Jennifer is always professional and respectful to team members and customers? \*' with a dropdown menu showing '-- Select --'.
  - 'Jennifer uses time wisely and keeps commitments to team members and customers? \*' with a dropdown menu showing '-- Select --'.
  - 'I know I can always count on Jennifer to do whatever it takes to keep the commitments she makes. I know she has stayed late a few times to make deadlines. She has also helped her scrum team plan their time more efficiently.'

At the bottom of the form, there are 'Submit' and 'Save & Finish Later' buttons. The footer of the page reads 'Powered by bambooHR'.



It's time to review your performance reviews. Excellent performance management can increase productivity, customer loyalty and employee engagement all while decreasing turnover. So what are you waiting for? Take BambooHR's performance management tool for a spin. We think you'll find that performance management can be simple and accurate, as well as motivating.

[CLICK HERE FOR A FREE TRIAL!](#)