

Introduction

The Coronavirus pandemic, lockdown, home-working and a furloughed workforce has brought new ways of working, and it's very different to anything we have experienced before.

It means all business will have to adapt and find new ways to function, and this particularly applies to the management of their employees.

How to manage employee performance in the 'new normal', with many staff continuing to work remotely even after the furlough scheme has finished is one of the biggest challenges facing employers.

This guide is designed to help support them as they transition their businesses and ways of working.

A new way to approach performance management

When discussing performance management, many people immediately think of the annual appraisal system – but research suggests that even before the Coronavirus pandemic more and more companies and employees were being turned off by the inefficiencies and limitations of this very traditional way of assessing performance.

Modern business is increasingly fast-paced, and companies face daily pressures and obstacles. More than ever in the aftermath of Coronavirus, companies need to be agile to thrive and compete - and need a dynamic, flexible and easy performance management process to support their everyday activities.

Is your performance management process suitable for the 'new normal' way of working?

Prior to the pandemic only around 14% of companies reported being happy with their existing performance management process. A poor process can cause inefficiency and be counterproductive, deadening performance rather than supporting it – here are a few ways this can happen:

- **Your system isn't fair or accurate.** This often occurs when annual reviews are the focus – how can an employee be fairly assessed when their entire year's performance is summarised in one meeting, often lasting little over an hour? Can managers remember all the relevant points over the past year – and how will the employee receive the appropriate levels of feedback, motivation, support and recognition?
- **Managers are treating annual appraisals as a 'tick-box' exercise.** Managers go through the motions, but they are simply paying lip service to the process. If your managers are disengaged, your employees will soon follow suit.

- **You are focussed more on the process than on coaching.** One way to get employees to dread performance discussions is to make them feel they are going to be judged by their manager. Rather than focussing on negatives, managers should be a coach. They should be supportive and encouraging, rather than fault-finding.

An effective way of managing performance

Many companies had already begun to move away from annual appraisals in favour of regular one-to-ones and frequent feedback – or ‘continuous performance management’.

This is now even more relevant. Businesses need their people to be connected and able to take ownership of their work. Continuous performance management encourages this by providing instant communication, strengthening relationships through open dialogue and giving employees autonomy and independence.

There’s lots of data and case studies to back up the value of this continuous feedback and its positive impact on performance, personal development and staff retention.

Research by Deloitte found that companies that are more collaborative are generally twice as profitable, while also being twice as likely to out-perform their immediate competition.

According to Forbes, companies who manage objectives quarterly generate 30% higher returns than those who manage them annually.

There are very few employees who actually look forward to their annual performance review. Adobe found there was a high percentage of employees handing in their notice following their annual appraisals. After moving over to continuous performance management, they saw a 30% drop in staff turnover with all the obvious benefits that brings.

By having shorter and more frequent conversations, companies can actually save time and money. Annual reviews take a substantial amount of investment when it comes to management hours and form-filling. And because they try to achieve too much in one go, and because they are dreaded by everyone involved, they can end up being unproductive and largely a waste of time.

So what is continuous performance management?

Continuous performance management is an approach to managing employee performance and development throughout the year rather than on an annual or half-yearly basis. It involves regular conversations and continuous feedback. It’s about what you are trying to achieve – and how you are going to achieve it.

The main feature is the frequent one-to-ones - ideally these should take place monthly. They are designed so a manager and employer can have a meaningful dialogue. Rather than a formal discussion they should be ongoing conversations so that goals, progress, and personal achievement remain relevant and current. They should be “lightweight” – a chat over coffee rather than a formal meeting.

In the current climate of remote working, this also gives the flexibility to have these discussions over the phone or via a video call – keeping everyone in touch and focussed.

The overall aim is to develop a more forward-looking and meaningful approach. To better understand, we should look at the main differences between this approach and the more traditional one:

Traditional performance management	Continuous performance management
Annual appraisal – sometimes with a mid-year review	Monthly one-to-ones – forming a natural and ongoing dialogue.
At the annual review managers assess performance against objectives over the last year. Have targets been met? Have competencies and behaviours been displayed? Training and development needs met? (This a long list for one meeting and can become a tick-box exercise).	Monthly meetings become meaningful, timely and less rushed – covering progress against current objectives, new objectives, priorities, issues and concerns, personal development. Flexibility on how these are conducted to take account of remote working. Annual review meeting then becomes shorter - a summary of the year with no surprises.
Rigid objectives and goals set out for the following year – which can be out of date by the time the next appraisal comes round.	Goals are set with a short-term focus ensuring they stay relevant to changing business needs. There is also a focus on employee development rather than just on delivery and outcomes.
Feedback is saved up for appraisal meeting rather than addressed in real time.	Allows exchange of frequent feedback

Key steps to implement this

It all starts with getting your senior teams on board — they will need to understand and buy into the benefits.

Your employees and managers will also need to understand why your company is taking this approach and what the benefits are to them. Open and transparent communication is key to a smooth transition.

Provide training - switching to more frequent performance discussions doesn't mean your managers will automatically know how to conduct them – by offering support, they will know how and what to discuss and have the confidence to carry them out.

Review your role profiles - a good role profile should clearly identify the purpose of the role, key tasks and main accountabilities. Ideally it should also include competencies and behaviours expected to be successful in the role. They should provide the foundation for the performance management process. However, all too often, they are stored away and only see the light of day perhaps when recruitment needs arise. And let's be honest, no-one likes writing them - but it is worth taking the time to refresh or re-write role profiles so expectations are aligned.

Communicate the company's business strategy to everyone and create a dynamic goal setting process. Instead of 12 month objectives, encourage employees to work with their manager to create their own SMART (Specific, Measurable, Achievable, Realistic, Timely) goals – these should be short to medium term and aligned to company strategy. Employees have to know where the company is going and what it wants to achieve if they are to help drive it forward.

Provide development opportunities - employees and managers are going to buy in if they understand how it will benefit them. Incorporate a personal development element into regular one-to-one meetings.

Further information on how to transition to a new way of managing performance – including how to conduct effective one-to-one meetings contact ...

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Employers be aware

Employee Wellbeing Will Become Part of Performance Discussions

As employees spend more time working from home, often by themselves, stress and anxiety are likely to become more common place as well as concerns about working conditions, suitability of seating and other physical impacts.

All these issues can impact employee performance. We will shortly be publishing a paper on these subjects which you can download from through www.paceresourcing.co.uk