



## The Value of Ongoing Performance Management

Performance management often is inconsistent and ineffective. According to recent Brandon Hall Group research, less than 50% of organizations have a formal process in place. The annual performance evaluation is a negative experience for managers and employees.

Companies often view performance as an isolated activity with a start and stop date. Additionally, many companies use outdated technology that fails to align performance with overall company objectives. In order to improve their approach to performance management, organizations must:

- Rethink their strategies
- Invest in innovative technology
- Shift their view of performance from a static act to an ongoing strategy

This report will address how leading organizations are embracing ongoing performance management, investing in transformative solutions, and measuring results.

### KEY FINDINGS

- 70% of companies state that performance management is average or below average.
- More than 60% of companies want an ongoing performance management strategy.
- Companies that invest in ongoing performance management improve revenue, retention, and customer satisfaction.

Source: 2014 Brandon Hall Group Performance Management Study (n=223)

### Performance Management is Broken

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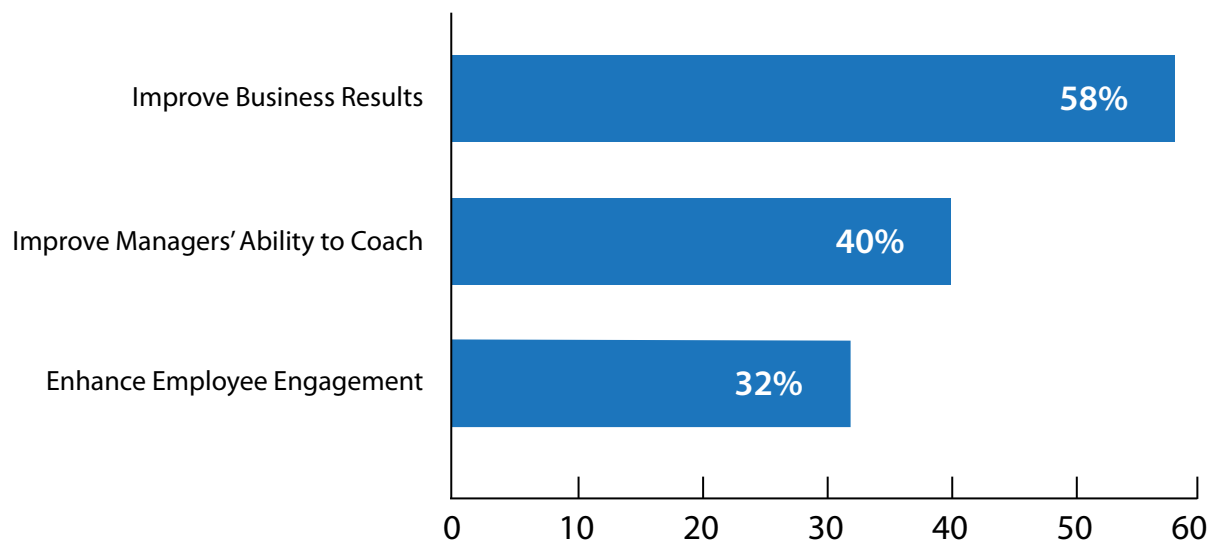
According to Brandon Hall Group's 2014 Performance Management Study, 70% of organizations stated that their performance management programs are average or below average. One reason is that traditional performance management does not deliver value for companies and erodes the relationship between employer and employee. By gathering information on how employees are performing once or twice a year, performance management becomes punitive rather than productive. Traditional performance management is not tied to business outcomes or overall organizational success.



Forward-thinking organizations are taking a different approach to performance management by re-evaluating processes and technology to improve business success. 74% of companies stated that aligning performance with business goals is a top priority for 2015. One key to achieving this goal is to ensure that performance management is ongoing. Companies must shift their approach away from annual performance reviews by creating a culture where performance is consistent and frequent. Given the rise of the independent worker, global expansion, and the demand for innovation, organizations must think differently about how they communicate and engage their workforce.

Brandon Hall Group identified several key drivers for companies looking to change their performance management strategy, including the need to improve business performance, enhance managers' skills, and improve employee engagement (see Figure 1). It is important to note that these drivers are business drivers and not HR drivers.

**Figure 1: Key Drivers for Change in Performance Management**



Source: 2014 Brandon Hall Group Performance Management Study (n=223)

### Key Strategies for Ongoing Performance

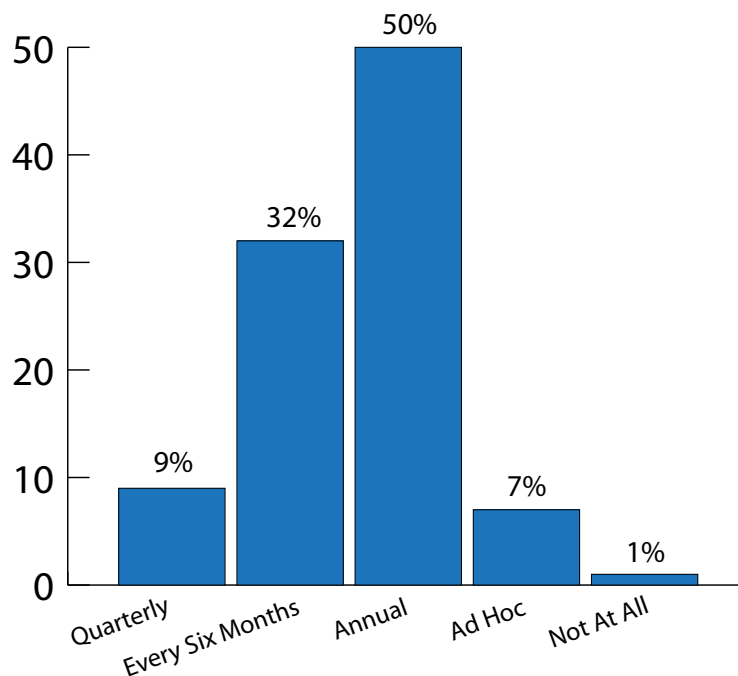
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If traditional models impede ongoing performance, what new approach should organizations consider? Ongoing performance management must be open and honest. Collaboration, communication, and engagement must be central to this process. Traditional models that focus on what is not working should begin to focus on what does work and what will work.



When performance management is ongoing, employees are not fearful of the process. Instead, they are empowered. The first step to shifting this view of performance is to distinguish annual performance appraisals from ongoing feedback. Annual appraisals provide an evaluation and a judgment that can create barriers for open and honest communication between managers and employees. Half of the companies surveyed for this study conduct performance appraisals once a year and over 30% conduct them every six months. Less than 10% of companies conduct quarterly appraisals (see Figure 2).

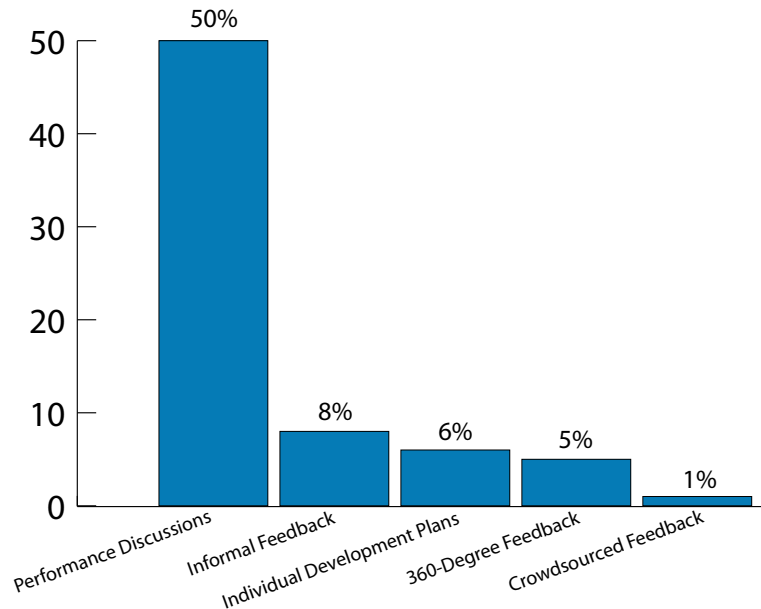
**Figure 2: Performance Appraisals**



Source: 2014 Brandon Hall Group Performance Management Study (n=223)

Feedback, on the other hand, offers insight and information so employees and managers can take action. Feedback implies a dialogue where trust can be established. For some leading companies, ongoing feedback is not only between managers and employees but also includes peer-to-peer feedback. As a result, companies can boost engagement and collaboration efforts. When asked what activities are currently ongoing, nearly 50% of companies cited performance discussions. Yet, less than 10% of organizations cited informal discussions, individual development plans, 360 degree feedback, or crowdsourced feedback.

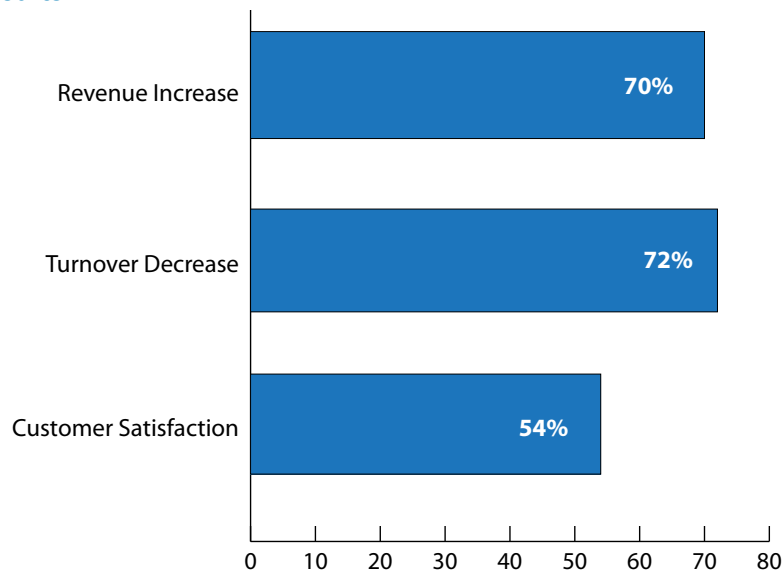
**Figure 3: Ongoing Performance Activities**



2014 Brandon Hall Group Performance Management Study (n=223)

Companies that create a culture of ongoing performance are investing in solution providers that transform performance management from an administrative task to an ongoing, collaborative strategic priority. These companies experienced a significant improvement in business results. (See Figure 4).

**Figure 4: Business Results**



Source: 2014 Brandon Hall Group Performance Management Study (n=223)

### Case Studies

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#### **Creating a Performance Management Culture at Regency Apartments**

Transitioning from a traditional performance management model to a model where ongoing performance is part of the culture is not always a simple process. Through both qualitative and quantitative research, Brandon Hall Group identified several best practices and key recommendations that companies should consider.

Regency Apartments, a mid-sized Illinois-based firm, is an example of one. They've entrenched their corporate philosophy and core values of commitment, respect, continuous learning, inspired change, and excellence into their day-to-day work with employees. To support their goals and values, they've implemented a cloud-based performance management solution that helps foster better manager and employee relationships and ongoing performance management. They've placed feedback and coaching resources at their managers' fingertips, and are driving productive, recurring discussions about goal alignment and accountability, development plans, and career aspirations with their performance management solution. By adapting their solution to their talent management philosophy, they're attracting, nurturing, empowering, engaging, and challenging employees who strive to learn and to perform.

#### **Align Performance With Business Results at Craneware**

The greatest pressure companies are facing is aligning performance with business results. Craneware is one example of an organization that has been successful in linking performance with manager strength and engagement. Craneware is a leading provider of automated revenue cycle management solutions that improve financial performance for healthcare organizations. Through ongoing performance and an investment in a leading provider, Craneware is able to bridge the communication gap between employees and employers and drive business outcomes.



### Key Takeaways

#### Invest in the Right Provider

In order for companies to consider ongoing performance, they must select a performance management provider that has expertise and commitment to helping clients create a high-performing culture where employees want to succeed.

#### Encourage Honest Communication

Companies with ongoing performance management must embrace dialogue and communication. Performance becomes less about an evaluation and more about a conversation toward a shared objective between employee and employer.

#### Go Beyond a Discussion

Companies that are successful with ongoing performance do more than encourage regular discussions. They include ongoing performance feedback, individual development plans, peer-to-peer feedback, and 360 degree feedback.

– Madeline Laurano,  
Vice President and Principal Analyst, Talent Acquisition,  
[Brandon Hall Group](#)



### About Brandon Hall Group

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Brandon Hall Group is a HCM research and advisory services firm that provides insights around key performance areas, including Learning and Development, Talent Management, Leadership Development, Talent Acquisition and HR/Workforce Management.

With more than 10,000 clients globally and 20 years of delivering world-class research and advisory services, Brandon Hall Group is focused on developing research that drives performance in emerging and large organizations, and provides strategic insights for executives and practitioners responsible for growth and business results.

At the core of our offerings is a Membership Program that combines research, benchmarking and unlimited access to data and analysts. The Membership Program offers insights and best practices to enable executives and practitioners to make the right decisions about people, processes, and systems, coalesced with analyst advisory services which aim to put the research into action in a way that is practical and efficient.

To learn more about Brandon Hall Group, please call us at (561) 865-5017 or email us at [success@brandonhall.com](mailto:success@brandonhall.com).