A recent Bersin-Deloitte report states that performance management has “long been a thorn in the side” of the people the process is supposed to help.

Traditional backwards-looking annual reviews not only fail to improve performance, they often disrupt the flow of work and make life more stressful for both managers and employees.

74% of employees do not believe the feedback they receive helps them improve.

Source: Gallup
Performance and talent management practices often get in the way rather than help people.

Josh Bersin, Global Industry Analyst

If performance management processes do not adequately engage with and support employees, organizations cannot ensure their business goals will be met.

An effective performance management program can be transformational for an organization, especially when supported by technology that’s designed specifically for performance management and integrated into an employee’s flow of work.

92x

Organizations with effective performance management perform 92x better

Source: Deloitte

Improving productivity comes down to how businesses organize, develop and align people at work.

Deloitte Performance Management Solutions Primer

To help organizations create more effective programs that drive results, Deloitte identified three building blocks of effective performance management.

1. Goal Management
2. Multisource Feedback
3. Performance Evaluation
Business leaders need to know that their employees are focused on the activities and objectives that matter most to the organization’s sustained success. Yet too many organizations still use an ineffective annual performance process where goals are set and communicated just once a year.

<table>
<thead>
<tr>
<th>Question</th>
<th>Effective performance management organizations</th>
<th>Ineffective performance management organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>How often are goals set and updated?</td>
<td>Quarterly</td>
<td>Annually</td>
</tr>
<tr>
<td>What do performance discussions focus on?</td>
<td>Future development</td>
<td>Past performance</td>
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<tr>
<td>Who are goals shared with?</td>
<td>Transparent across the entire company</td>
<td>Immediate manager</td>
</tr>
<tr>
<td>Who assesses performance?</td>
<td>Peers, manager and other stakeholders</td>
<td>Immediate manager</td>
</tr>
</tbody>
</table>

Source: Deloitte
Goal Management

A continuous approach to performance where managers and employees have regular conversations about goals and development helps organizations create a more effective performance management process.

Companies with continuous processes:

- 71% More likely for managers to discuss goals with employees at least 3x a year
- 50% More likely to say they outperform their goals

57% of organizations do not use technology to track goal progression

Source: Betterworks 2020 State of Continuous Performance Management Survey

66% of managers said goals not are shared openly at all levels of the organization

Source: DDI

The right technology can help businesses move towards a future-focused continuous performance process by tracking goals more effectively, assessing progress regularly and ensuring that everyone is continually working to achieve key business objectives.

Transparency is a key component of effective goal management. When business and individual goals are shared widely, companies report a 32% increase in their ability to communicate progress towards key objectives across the organization.
Multisource Feedback

With 96% of employees now part of cross-functional teams for some, most or all of their work, getting feedback from peers and project leads is essential to creating a well-rounded picture of an individual’s performance.

Yet, less than half of businesses that create cross-functional teams to solve problems or address priority initiatives, consistently have goals for these projects, meaning that the performance of the individuals involved are not being captured effectively.

72% of organizations do not use technology to collect and record feedback from multiple sources, like peers and project stakeholders.

The right technology can ensure business, team and individual goals are visible to everyone at the organization. It also helps a range of people, including peers and project stakeholders to provide performance-related feedback giving managers more insight into the development of their direct reports.

Source: DDI
Multisource Feedback

When performance feedback is captured frequently and from multiple sources, an individual's assessment is more likely to avoid bias for the most recent events or be overly swayed by a manager's personal feelings about the employee.

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**3x**

*Employees who receive daily feedback are 3x more likely to be engaged than those who receive feedback on an annual basis*

Source: DDI

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**24%**

*Ensuring conversations around goals are continuous improves performance by 24%*

Source: DDI
60% of organizations do not use technology to track objective performance indicators. It’s therefore no surprise that employees often believe their evaluations are too subjective, especially when there are gaps in the data and only their immediate manager provides feedback.

A continuous process, supported by the right technology that captures data consistently and provides easy access to insights, makes performance evaluation less biased, less stressful and more relevant and valuable for everyone involved.

75% of managers lack confidence in the performance evaluation process, calling it "subjective and highly ambiguous"

Source: HBR

In a recent survey, HR professionals who had replaced annual reviews with a continuous process reported fewer experiences of common performance-related challenges. A continuous process reduces this by:

- Reviews are too subjective: ↓26%
- Reviews fail to improve performance: ↓32%
- Managers don’t give quality feedback: ↓39%
- Process doesn’t help retain top talent: ↓27%
A continuous process encourages managers and employees to develop skills and goals that will meet the future needs of the business. This is a priority goal for the majority of HR leaders – unlike annual reviews that focus on past performance.

60% of employees who believe their company’s performance management process is fair also said that it is effective.

Source: McKinsey

Betterworks’ solution can help align, develop, and activate the workforce for business growth.

Deloitte’s Performance Management Solution report concludes that “Pure Play Performance Management Solutions” provide the most innovation in the category and can help businesses:

→ Migrate from traditional annual reviews
→ Effectively implement a continuous performance process
→ Guide managers in goal alignment, feedback and coaching
→ Encourage development related conversations with employees
→ Provide company-wide transparency around goals and objectives
→ Develop a forward-looking culture of feedback that drives growth
Betterworks is the complete software and service solution used by 1000s of people at more than 300 forward-thinking organizations worldwide to support their unique performance programs and motivate their modern workforce to deliver needed business results.

24%
Organizations with continuous performance programs typically outperform their competition by 24%

50%
Switching to a continuous program increases satisfaction with performance process by nearly 50%

Source: Betterworks

Integrating the right technology solution into regular workflows can make businesses:

5.5x more agile

4.3x better at leadership development

Source: Deloitte