

BETTERWORKS HELPS UNIVERSITY OF PHOENIX REPLACE ANNUAL PERFORMANCE REVIEWS WITH EVERYDAY PERFORMANCE DEVELOPMENT

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Old ways of carrying out performance management involve a rigidity, an inflexibility and level of formality. The limitations of standard-issue software for it, typically a part of end-to-end suites for human capital management (HCM), have generally reinforced all of this to encourage and perpetuate an ineffective, annual approach to assessing employees' performance. The focus is top-down assessment, and the treatment of employee performance has ultimately turned into a policing exercise that people have come to dread. Historically, this has delivered little value to the company and always been at odds with the earnest intent most organizations have in assessing their employees' performance: to promote better performance in a positive way ([3Sixty Insights 3SIAG2214 - "The 3Sixty Insights Human Capital Management Themes for 2022," January 2022](#)).

Enter continuous performance enablement, the idea that the issue of employees' performance on the job should involve a regular cadence of conversation between them and their managers in the flow of work. Continuous performance enablement is an idea and process that conventional performance management, the systems for it, and the annual performance review just do not accommodate or facilitate. Taking the idea of "management" out of "performance management" is about acknowledging that the traditional concept, that managers are there to facilitate some form of hierarchical intervention or dynamic to monitor and boost the performance of the workforce, is an idea misplaced. Broken, the approach has failed to deliver any such result. And it shows. The traditional performance review process is time-consuming, backward-looking, and frequently tied to static goals that have no basis in reality once the end of a quarter, six months, or year comes around.

Comprising more than just technology, continuous performance enablement is backed by expertise and proven methodologies for encouraging exceptional adoption. Having a performance review process is a choice, and many are opting out altogether. The way forward, to practice continuous performance enablement, is to acknowledge that all-in-one HCM solutions are better together with their standard-issue performance management module swapped out for a progressive, modern solution that can facilitate and accommodate continuous performance enablement.

What You Need to Know

Most employers today face a twofold challenge: attracting and retaining people. In the current environment, both objectives are tough to achieve. Problems with retention, combined with talent

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AT A GLANCE

Solution

Betterworks

Synopsis

This Research Note compares and contrasts traditional and modern performance management, describes how Betterworks makes continuous performance enablement possible, and showcases a use case of Betterworks at University of Phoenix. Outdated, traditional performance management is mostly compliance-minded and antithetical to promoting employee engagement. The conventional notion of administering annual performance reviews fails to inspire the workforce and, instead, becomes a chore most employees dread. Contrast this with modern performance management, characterized by continual conversations between employees and managers occurring seamlessly in the flow of work. The outcome is continuous performance enablement.

acquisition in a labor market likely to be tight for the long term, will feed a vicious negative cycle. The massive macro shift toward a work-from-home model, accelerated by the pandemic, has created an applicants' job market. Examples are everywhere: work-from-home (WFH) has hit the high-tech industry talent pool particularly hard and now lingers. Some say WFH is in fact permanent. Despite certain destinations being home to a sizable and desirable high-tech talent pool, employers in locations such as Palo Alto, Mountain View, Greater Seattle, or even Austin, Texas can't expect to have first dibs on attracting local talent ([3Sixty Insights BWSRN2211 - "Choose Your Own Adventure: Returning to the Workplace, Protecting the Employee Experience," January 2022](#)).

Set aside the talent attraction half of this equation, however. One of the best ways to control recruiting costs is to retain the best people. And there are many answers to the question of how to do so; it's a multidisciplinary effort. But it is difficult to argue against the idea of inspiring an organization's people. An environment that makes them feel included, as if they matter, will help. Plenty of

activity can feed into this. Chief among them is a sticky approach to helping employees reach their full potential. Here, continuous performance enablement plays an essential role, and the technology to facilitate it is indispensable as the replacement to whatever people performance the existing HRIS supports.

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By leveraging Betterworks as better together with the rest of an existing HRIS left intact, an employer can transform its employees' relationship to their own performance in a positive, inspiring way that helps them to better themselves in their work lives. The results are bound to help organizations, in turn, achieve several goals most companies strive for these days: boosting employee engagement, increasing retention, and promoting development.

About Betterworks

"Any HR process is kind of what we would consider a tax on the employee," says Betterworks CEO Doug Dennerline. "We want to make the value of the process greater than the tax of it." As the company has stated, Betterworks "closes the loop between people, strategy and results, enabling organizations to align even the most sprawling teams." Leveraging major advancements in the state of the art of software vis-à-vis employee performance, Betterworks is helping to fundamentally transform the approach employers deploy in assessing and influencing how their people do on the job. Here, semantics matter, and the idea is to transform this critical aspect of the employee experience so that performance management may be seen as performance enablement instead.

About Betterworks

Founded in 2013, Betterworks develops best-in-class performance management solutions that enable exceptional results and put employee experience at the heart of how companies align, motivate, retain and develop their people. Unlike monolithic legacy HR technology, Betterworks' lightweight and enterprise-ready SaaS solutions for check-ins, feedback, employee engagement, and recognition are built to scale for businesses of all sizes.

Betterworks' customers' employees are proven more engaged and satisfied in their roles, which is why industry leaders, such as Colgate-Palmolive, Intuit, Udemy, Asurion, Vertiv, and University of Phoenix, rely on Betterworks' solution to manage and enable performance. Betterworks is backed by Kleiner Perkins, Emergence Capital, and John Doerr.

A Deeper Dive into Continuous Performance Enablement

Continuous performance management is an idea that has emerged in recent years. A more apt encapsulation of this idea, continuous performance enablement, is a newer term. Continuous performance enablement means employees have the tools and resources to know how they're doing in real-time, how they can make a direct impact on the business with their work, and how their efforts will help them get to the next milestone in their careers. Continuous performance enablement puts employees' needs at the center and gives them the autonomy to create ambitious goals along with the confidence that they'll be supported in achieving them. Employees have access to growth and learning opportunities that can equip them for their future and for internal mobility at their company. They know that feedback and evaluations, along with the promotion and compensation decisions they often inform, are unbiased. This approach is what Betterworks calls "modern performance management."

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Continuous performance enablement aims to facilitate the sharing of feedback in its ideal state—not at a once-a-year meeting, but in the flow of a continual conversation that is meaningful to all participants and in the flow of work. Customers achieve this with Betterworks' best-

of-breed point-solution, which the provider advocates as "better together" with end-to-end software suites for human capital management, as a replacement for the standard-issue performance management module. Good for tracking employee performance and related compliance when, for example, the organization needs to fire an employee, these systems nevertheless lack the flexibility and dynamism to inspire, facilitate, and shepherd continual dialogue between managers and their people. Put differently, the functionality of Betterworks, which supports continuous performance enablement, is designed to replace a full-suite HCM platform's standard-issue performance module, which is almost always far less dynamic and mostly compliance-minded. As the new hub for performance enablement, Betterworks integrates with the rest of this end-to-end suite, which may remain otherwise intact. The switch maximizes performance, supports the employee experience, and empowers an organization's people.

The Traditional Performance Review, Relic from the Past

Any practice could become entrenched and irrelevant after 70 years, and that's about how long annual performance reviews have been the norm. What other business practice has remained unchanged

New Beginnings at University of Phoenix

In 2017, University of Phoenix was sold to a private equity firm and became a standalone university for the first time in several decades. According to Jeff Andes, who joined University of Phoenix in 2013 and is now vice president of talent management there, the employer's culture had drifted far from the organization's entrepreneurial origins in innovation, becoming very corporate. Recognizing the change in ownership as a broad opportunity to effect culture change, Andes seized on a directive from the then-incoming new president to do away with the traditional annual performance review. Visionary in his own right, Andes helped champion this and other fundamental changes to reshape the organizational culture.

Several key learnings came from 3Sixty Insights' interview with Andes. University of Phoenix sought a total cultural rethink and evolution from where they were. Employees perceived a lack of transparency with management. Strengthening the cultural value of "honesty" was, therefore, a focus. Emerging from the wake of a worldwide pandemic, additionally, the organization eventually shifted fully to work-from-home (WFH). Significant cultural changes to promote openness and transparency predated this move, however. New leadership changed the way workplaces functioned. Offices received windows, for example, and the employer eliminated its private elevator bank for the C-suite at headquarters.

As for performance management's role against this backdrop, Andes' team knew the relationship between managers and employees needed to change. Before selecting a software for this, they first went about designing what they now call Everyday Performance Development, an interactive, continual, progressive approach to replace the annual performance review. SAP SuccessFactors was the incumbent for performance management at University of Phoenix, and the employer ultimately replaced that solution with Betterworks.

for so long? One would be hard-pressed to produce any examples that are working well in the modern world. Like everything else, the workforce is changing at a rapid pace. There is no conclusive picture of the “future of work” yet, but one thing is certain: “Conventional performance management often fails because it’s backward-looking and typically focused on compliance,” Dennerline says. “By contrast, modern performance management helps companies attract and retain the best talent by enabling a culture of collaboration and organization-wide strategic alignment that actually improves employee sentiment.”

It is time to replace the conventional, traditional practices of performance management with something modern and progressive.

It is time to replace the conventional, traditional practices of performance management with something modern and progressive. Organizations are no longer hierarchical in the way they used

to be seven decades ago, when the norm of annual reviews was established. These days, Dennerline points out, many employees work more frequently with external constituents than they do with their managers, so a single annual assessment by the manager really doesn’t fit the bill anymore and, besides, is incapable of capturing the essence of an employee’s performance. When feedback is not data-based and not continual or ongoing, it becomes a question of which manager can debate best rather than which employee is best positioned to grow, most ready for a promotion, and ready to contribute on a higher level.

Lifting People Performance out of Administrative Tedium

Annual performance reviews constitute a real challenge for HR teams, too. When people are reluctant to participate, it falls to HR to lay down the law, damaging the HR team members’ positions as employee allies. Acting as the enforcer is not only unpleasant for the HR team, but detrimental to their ability to complete their most critical job functions (very probably those that interested them in a career in HR in the first place). But, as any HR rep would likely say, the annual review influences so many other processes that they can’t just do away with it. The solution, nevertheless, is to embrace continuous performance enablement and deploy a solution supporting it, Betterworks, in place of an existing HRIS-based module designed for conventional performance management. Organizations that do so expand the concept of assessment by bringing employees into it organically via regular, meaningful conversations with their managers.

These sorts of meaningful conversations are critical to employee engagement, which has become a real challenge for many organizations during the Great Resignation. “Seventy percent of people in companies don’t understand how their work actually

An Emerging New Normal in People Performance

Progressive solutions that support and facilitate regular conversations between managers and employees, in the flow of work, have become critical to attracting, motivating, developing and retaining people. On its own, the traditional annual performance review works against these goals and has become something managers and their direct reports alike dread. As a standalone exercise devoid of context and supporting activity throughout the year, it is tedious and feels like an inquisition. The conventional, compliance- and tracking-minded solutions built around the annual performance review are rigid and outdated.

Because the process is considered so miserable, many employees would tell you they want less performance assessment, not more. Done right, however, modern performance management can support an outcome called continuous performance enablement and solves for the unpleasantness inherent in the old ways. Continuous performance enablement actually greases the path, improving employee sentiment and contributing to a culture of collaboration and organization-wide alignment.

helps a company achieve anything,” says Dennerline. “You get a big increase in engagement when you come to work every day and you actually know that your work is helping the company achieve what it’s trying to accomplish.” Endowing employees with the understanding of how their work ties into the company goals helps them feel valued, improving employee sentiment and retention (another pain point for many companies today).

Customer Experience

In an era where employee experience is critical, organizations can promote frequent and fruitful conversations between employees and managers by integrating a modern people performance solution with their HCM platform. So, the question becomes, how are organizations successfully making the case to select, implement, deploy and, most importantly, use such solutions to make continuous performance enablement a reality? Who are the main stakeholders whose buy-

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in helps to ensure the decision happens? How do they overcome internal objections to looking beyond the all-in-one HCM suite for a solution able to facilitate continuous performance enablement?

It can be challenging to sell leadership on a new solution for performance when a company is already invested in current solutions. The impetus from leadership to transform the organizational culture can play a big role in driving digital transformation in this area. Drawing on a discussion with Jeff Andes, vice president of talent management at University of Phoenix, a customer of Betterworks, the following sections explore the outcomes a deployment of the Betterworks’ solution can promote — e.g., the culture shifts they can help bring about or support, the impacts on employee experience, the outcome for competitiveness in the war for talent, and more ([3Sixty Insights 3SIAD228 - “University of Phoenix Makes its Vision to Deploy Everyday Performance Development a Reality with Betterworks,” August 2022](#)).

University of Phoenix

University of Phoenix, which employs more than 3,100 people, underwent a substantial transition when its publicly traded parent company was sold to a private equity firm in 2017. With new leadership, including a then-incoming new president of the organization, came the directive and opportunity to reevaluate the organization’s core values and employer culture. Honesty was identified as a key aspiration. Jeff Andes, vice president of talent management at University of Phoenix, clarifies that the University has always been honest with its customers, the students, but that transparency with employees used to be lacking. The new president also brought with him the welcome news that annual performance reviews would no longer be required.

The Limitations of Standard-Issue Performance Modules

It all goes together, and free is not free when an organization turns solely to its HRIS’ standard-issue, built-in module for assessing the performance of employees. There are limitations to these standard-issue modules’ capabilities, and employees’ performance instead suffers. So does the employer’s ability to influence that performance.

Employers are wise to replace conventional, compliance-minded applications for performance management with progressive point solutions designed to integrate seamlessly with the rest of their HRIS. With these, they gain a way to understand their employees’ performance on a continual basis via frequent manager–employee interaction and bidirectional feedback. It’s the key to unlocking greater employee satisfaction with their jobs, better retention, increased productivity and more.

Like many employees at many organizations, both the new president and Andes had never liked annual performance reviews. Already intending to move away from this process, University of Phoenix's HR team was ready and excited to consider the alternatives. At what was in many ways the perfect time for this exercise, they set about developing what they later named an Everyday Performance Development program—designed to best support employees and managers, not best fit the constraints of a system.

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"I think that was one of the key things that contributed to the success of the program," says Andes. "We did not go find a system and then build a program; we actually built a program, and then we went and found a system to support it." This is in keeping with the idea of continuous performance enablement, a process and approach that technology then supports, facilitates and accommodates.

Chief among the aims of the new program was that performance enablement should be both "ongoing and in the moment when it needed to happen." It was also critical that this new model foster conversations that would balance employee and manager needs, rather than following the traditional one-way street. The University landed on a loosely structured design consisting of quarterly check-ins that would be driven by both employees and managers.

"We wanted it to be fresh, so we wanted to have some core questions but rotate the questions every quarter." And, says Andes, "We wanted it to be short and quick, because you're doing it so often. For us, a continuous two-way conversation is also one in which employees and managers are thinking more deeply about their responses because they feel more invested and are following up on what they heard with positive action." They aimed for two or three questions per quarter and agreed that they did not want to "force documentation." Although notes were highly encouraged for the sake of transparency, documentation would only actually be required for one out of every four check-ins.

The move away from strict requirements was an intentional distancing from the "policing" which had previously cost Andes' team time, not to mention likely hampered the more nurturing functions in which HR would have preferred to be successful. In the search for a software solution, Andes says he looked for a platform that could support both the employee and the manager through these

Promoting the Attraction, Motivation, Development, and Retention of People

Continuous performance enablement presents a substantial opportunity for competitive organizations. It helps them offer top-notch employee experiences even as they retain the rest of their HRIS for the rest of their needs in HCM. Rich data captured in the ongoing dialogue between managers and their staff becomes the major tributary informing career pathing, promoting a collaborative culture, and inspiring employee sentiment.

That continuous performance enablement is important to talent attraction is self-evident. Even in the face of gathering economic headwinds, potential new hires today have their pick of new employers. They can and will compare prospective employers for the likely employee experience. Similarly, modern approaches to people performance are key to employee retention. Organizations can learn what each and every employee wants, to want to stay.

conversations, “and support a casualness. Let’s focus more on the talking and having dialogue back and forth, and less on this system process rigor. And that is where Betterworks rose to the top.”

Implementing Betterworks prepared University of Phoenix teams to weather the transition from in-person to remote work without sacrificing engagement. “Having a software like this to help remind the leaders and employees to have these conversations” is “really, really helpful in a virtual world where you can kind of get lost in the shuffle, especially with big teams.”

Betterworks also offered the strong benefit of an easy start. Andes says feedback had indicated the University of Phoenix HR team launched too many new systems, and employees were weary of adapting to changing platforms. That Betterworks was easy to learn—he likens it to the intuitive experience of navigating a well-designed website for the first time—was a real selling point.

Additionally, he was eager to make the change to a more agile, more focused provider. A contact who had worked with Betterworks told him her provider’s representative felt like an extension of her team. This was exactly the kind of customer-provider relationship he was looking for, and it has proven to be true. “I don’t think I would have that level of partnership with SAP SuccessFactors,” whose performance management module Betterworks ultimately replaced. “And I love that about Betterworks.”

Investment Rewarded

With Betterworks deployed, University of Phoenix has reaped the benefits of continuous performance enablement across the institution.

Encouraging Retention Through Times of Transition

Like many other companies in the age of COVID-19, University of Phoenix has moved on from the buildings it once occupied and has committed to a fully remote work environment. Andes says that employee empowerment is even more essential in this new world than it had been. They had already decided to carefully avoid the pitfalls of traditional performance evaluations, which could make employees feel judged or even attacked and unable to push back. Implementing Betterworks prepared University teams to weather the transition from in-person to remote work without sacrificing engagement. “Having a software like this to help remind the leaders and employees to have these conversations,” and it is “really, really helpful in a virtual world where you can kind of get lost in the shuffle, especially with big teams.”

Elevating HR

This change in systems has vastly reduced the administrative burden on the HR team. Previously, says Andes, “it felt like all year long, we



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Jeff Andes

Vice President of
Talent Management
University of Phoenix

were following up, being police, quarter after quarter.” Now, released from the necessity of acting as the enforcers, HR staff members are instead allies with front-line managers.

Though check-ins must be launched quarterly rather than only annually, the process is much easier—so much easier, in fact, that Andes says the primary lift is in crafting the questions, not in the mechanics of issuing the form. Because editing and sending the forms is so easy with Betterworks, his team has the time to collaborate on the questions themselves, optimizing the prompts to be effective and meaningful—surely a much better application of their HR expertise than navigating an onerous administrative process.

Cultivating Ground-Up Advancement

University of Phoenix has successfully executed a shift of astounding proportions in culture. Betterworks supports not only the development of its employees, but also the continued progress toward the ideal state of the organization itself: one that is transparent.

Andes observes that in his experience, “it starts with a cultural shift at the top.” University of Phoenix first had to explore “who do we want to be? What type of company, what type of leadership do we want to be? And then,” he adds, “you build programs and find systems and whatnot to support that shift. And that’s what we did.”

Fundamental Shortcomings of Conventional Approaches to People Performance

One of the fundamental failures of traditional performance management—the idea of judging and scoring employees—is that it is largely for compliance and for decision-making related to compensation. Managers, who inherently have no way to properly

evaluate their teams anyway, end up at odds with employees. Being scored demoralizes an organization’s people, and employees may game the system used to determine compensation. At most, scoring should be just one criterion of many determining compensation, and the primary goals of performance management should be to align employees’ goals with strategic objectives and enable meaningful work, transparency, accountability,

One of the fundamental failures of traditional performance management—the idea of judging and scoring employees—is that it is largely for compliance and for decision-making related to compensation. At most, scoring should be just one criterion of many determining compensation, and the primary goals of performance management should be to align employees’ goals with strategic objectives and enable meaningful work, transparency, accountability, and career development, which all help drive engagement and retention.



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Doug Dennerline

CEO
Betterworks

and career development. These outcomes drive engagement and retention, which should be the goal of any people performance process.

Typical Applications for Performance Management Found in HCM Suites Are Compliance-Driven, at Odds with the Employee Experience

Despite all these shortcomings, the annual performance review remains at many, many organizations. This is just a fact. Part of it is because they come with the typical HRIS. The primary function of these end-to-end systems is to drive compliance and support backend HR activities. Employees see these systems as where they go for their employee self-service (ESS)—e.g., payroll questions, benefits enrollment, information on their paid time off (PTO), etc. Because of their products, these HCM vendors' expertise and experience is largely in top-down, command-and-control activities and needs. Despite earnest efforts, their systems just aren't built to cultivate the kind of experiences that engage employees day in and day out. An HCM suite's UX struggles to accommodate everyday conversations, frequent feedback and check-ins, or agile goal setting and tracking. This is the root cause for the low adoption of the performance tools embedded within these HCM systems.

In stark contrast, Betterworks' approach and technology to support it provide a completely intuitive, seamless experience by enabling actions, such as giving feedback and updating goals, to be fully integrated into the way employees work. The solution seamlessly functions in the flow of work via integrations with Outlook, Gmail, Slack, and other systems where employees spend much of their day. Employees can give feedback directly from Outlook, when they are in-the-context of work. The system captures this and, in many other ways like this, makes continuous performance enablement a daily reality, with a light touch from the employee.

A New, Culture-Minded Normal at University of Phoenix

University of Phoenix was able to leverage Betterworks in service of goals most companies strive for: boosting employee engagement and retention. These went hand in hand with a positive cultural shift. Continuous performance enablement solved for the unpleasantness entrenched and inherent in annual performance reviews. University of Phoenix reports that participation is up, and HR can now act as an ally, rather than as an enforcer. With Betterworks, the organization has been able to create the underlying conditions and technological ecosystem to support regular, meaningful employee–manager conversations, improving employee sentiment and contributing to a culture of collaboration and organization-wide alignment. Employee surveys indicate that confidence in leadership is up, and that employees feel they are a valued part of the organization, contributing to the company's goals.

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