



WORKING WITHOUT PERFORMANCE REVIEWS

By Amy Hirsh Robinson, Interchange Group (www.interchange-group.com)



In 2012, Adobe Systems announced that the company was abolishing performance reviews. Employee complaints about the existing appraisal process coupled with Adobe's need to retool its talent management practices to compete in the digital marketing space were reasons given for this bold move.

Edmunds.com also recently scrapped performance reviews to focus on goal setting and feedback rather than a "check the box" process for ratings' sake. The decision, according to Edmunds' SVP of HR, Karren Fink, was met with negligible employee reaction, validating Fink's theory that the reviews lacked enough value to justify the time spent on them.

Effective performance feedback is critical to employee engagement, especially for members of Generation X and the Millennial generation who place a high value on the frequency and quality of feedback received. However, sentiment is growing among human capital experts that formal reviews do little to provide the type of feedback that employees need. And let's face it, most managers loathe the process.

I am in favor of ditching the type of performance reviews that are used in over 95% of the companies I've observed. They are outdated tools for the New Economy, and in most cases the amount of organizational time, energy and money spent each year on the process far outweighs the purported benefits.

An Alternative Approach

But what's the alternative for providing employees with effective feedback, development and rewards? The answer is so simple, yet so difficult for employers to embrace and implement. Here's why.

Investing in training & support of middle management to provide effective feedback: In order to eliminate performance reviews, companies must replace them with a method of giving meaningful, real-time (and sometimes instant!) feedback to their employees. That responsibility lies squarely on the shoulders of direct supervisors, who are either unskilled in the task or lack the bandwidth to do it consistently. In fact, the ability to effectively communicate and provide productive and helpful feedback to employees, especially across generational divides, is one of the most underdeveloped competencies among middle managers that I witness in organizations.

Separating reviews from rewards: Another reason why companies, and specifically HR departments, hold on to their existing performance review process has to do with the conventional pairing of reviews with rewards. That is, salary increases, bonuses and promotions happen as a direct result of the annual performance evaluation. Employees need to be fairly compensated and companies are unsure of how to uncouple the rewards process from performance reviews.

Better Recognition, Rewards & Results

Both of these challenges can be successfully mitigated with the proper strategy, tactics and training. Through targeted development and accountability, we can perfect the ability of middle management to provide meaningful feedback to employees. By realigning compensation and advancement opportunities to team and company-wide metrics and goals, we can uncouple performance reviews from individual rewards.

Working without performance reviews is not a revolutionary concept, but it requires a cadre of middle managers able to hold individuals accountable and motivate teams effectively. And it needs a HR team willing to think boldly about recognition, rewards and engagement. Is your company ready to take the plunge?