**SAP SuccessFactors**

SAP White Paper
Continuous Performance Management

# Getting People to Talk: Creating a Culture of Continuous Performance Management

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**Run Simple**

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The need to more effectively engage employees coupled with advances in social, mobile, and cloud technology have created an explosion of innovation in continuous performance management methods. The primary goal of continuous performance management is to **create effective ongoing conversations and feedback** between employees, managers, and coworkers to drive agile and continuous performance improvement and development. Putting continuous performance management into practice involves much more than creating a new process or deploying a new application.

# Introduction

Continuous performance management requires changing the behavioral habits of managers and employees to engage in conversations that otherwise might not happen. SAP SuccessFactors has a growing number of customers who are actively pursuing a continuous performance management model. They are learning through real-world experience what it takes to make continuous performance management successful. This paper shares insights gained from working with these customers on what it takes to make continuous performance management work.

## WHAT MAKES CONTINUOUS PERFORMANCE MANAGEMENT DIFFICULT?

The idea of continuous performance management is not new. For decades, companies have advised managers that performance management conversations should be ongoing throughout the year. However, managers were rarely held accountable or recognized for engaging in ongoing coaching discussions. As a result, many performance management systems developed into an annual exercise in completing forms and having uncomfortable conversations centered around vague recollections of past performance.

In contrast, a continuous approach to performance management embraces processes that encourage more frequent feedback conversations and proactive discussions about development. These processes downplay, and in some cases totally eliminate, the use of backward-focused performance evaluations and annual ratings peformed by managers. Instead, managers and employees benefit from technological advances and applications that facilitate more frequent coaching conversations. These tools can also collect data throughout the year to simplify and increase the accuracy of assessments that help guide total workforce management decisions related to compensation, staffing, and development.

The success of continuous performance management hinges on managers and employees actively engaging in effective ongoing dialogue about performance and development. Most managers and employees know they should have these sorts of ongoing feedback discussions, but many fail to do so. This is one of the primary challenges associated with continuous performance management. Feedback conversations do not come easily for many people. Establishing new patterns of behavior can be difficult, and often people lack the necessary skills or motivation. Implementing continuous performance management is much like changing health habits. It is one thing to recognize that a healthy diet and regular exercises are important, or even to join a gym and buy vegetables; it is another to actually live a healthy lifestyle. Like managing one's health, the main challenge with continuous performance management is often not a lack of knowledge or resources, but in changing daily habits so that the understanding of how performance should be managed aligns with how it is managed.

# Studying the Conditions that Make Continuous Performance Management Work

SAP SuccessFactors has more than 3500 customers using our performance management technology. Many of our customers have invested considerable energy to transition to more continuous performance management. Starting in 2017, we began a series of ongoing interviews with many of these customers, representing a mix of industries, geographies, and size, to identify what conditions are associated with a successful move to continuous performance management. A number of these customers are making extensive use of technology recently developed by SAP SuccessFactors specifically designed to stimulate more continuous performance conversations and feedback. Aptly named Continous Performance Management (CPM) and delivered as part of SAP SuccessFactors Performance and Goals, these capabilities enable and facilitate the move to continuous performance management processes. Throughout the paper we provide illustrative examples of how this technology is playing a role in enabling companies to implement continuous performance management. This paper is not about technology per se, but many of the continuous performance management methods discussed in this paper could not be deployed in a scalable and sustainable fashion without the use of modern, cloud-based technology solutions. This report provides real-world insights from customers who are on the path toward continuous performance management.

Customers vary considerably in their approach to continuous performance management based on their unique needs and organizational cultures. However, we discovered several common themes associated with companies that are successfully deploying continuous performance management programs. By coupling these patterns with findings drawn from empirical research studying employee feedback and performance, we have identified a list of conditions that influence the success of continuous performance management programs. Table 1 lists eight conditions that are associated with more effective continuous performance management processes. The effort needed to implement continuous performance management and the value it provides are both influenced by the degree to which these conditions exist in an organization. Note that these conditions represent an ideal. None of the customers we interviewed, including some with very effective continuous performance management processes would claim to have fully addressed all eight conditions. With that said, the more these conditions exist, the more value companies receive from continuous performance management processes and tools. Conversely, the more companies invest in continuous performance management, the more likely they are to create the conditions in Table 1. Most of these conditions are outcomes of using continuous performance management over time. Not meeting some of these conditions is not a reason to back away from pursuing continuous performance management. Rather, it's likely that the more a company fails to create these conditions, the more time and effort it will require to achieve the transformation necessary for realizing significant value.

The remainder of this document discusses each of the conditions in Table 1 in more detail, and provides suggestions on how to create and strengthen them over time.

**Table 1.**
**Summary of conditions facilitating a successful move to continuous performance management**

| | |
|---|---|
| Buy-in and Motivation | Continuous performance management only works when leaders in the organization and process stakeholders have a strong commitment to its value. They must perceive the cultural and business benefits associated with continuous performance management as worthy of their time, energy and resources. |
| Feedback-rich Culture | Continuous performance management is easier in companies where people are already accustomed to regularly giving, seeking, and receiving feedback. |
| Goal-Oriented Culture | Continuous performance management is easier in companies where goals and roles are well-defined and communicated, and people are held accountable. People should have a clear sense of shared purpose and commitment toward organizational objectives. |
| Quality Relationships | Continuous performance management is more effective when there is a strong level of trust between managers and employees. People are more willing to give and receive feedback from those they know and believe are committed to their success. |
| Training on Giving and Receiving Feedback | Continuous performance management only works if managers and employees know how to give and receive feedback. Feedback must be delivered appropriately to maximize performance and engagement. Poorly delivered feedback can seriously hurt performance and commitment. |
| Transparency of Data and Talent Decisions | Continuous performance management works better when people understand how talent decisions are made. The better they understand how these decisions are made, the more comfortable they will be with openly talking about their performance. |
| Feedback Systems | Continuous performance management depends on regular feedback conversations. It is important to have a defined structure that triggers and encourages routine dialogue and feedback, and maintains a centralized and accessible record of these conversations. |
| Program Evaluation and Management | Continuous performance management depends on regular feedback conversations. It is important to have triggers that encourage routine dialogue and feedback, and maintain an accessible record of what is discussed. |

BUY-IN & MOTIVATION

Depending on what your performance management process looks like today, adopting continuous performance management may represent a significant change that influences a range of HR processes and business practices. If key stakeholders are not on board, a smooth take-off and transition to continuous performance management will be more difficult. While it may be unrealistic to expect every person to be supportive of the change, there are many things you can do to increase organizational buy-in including:

• Clearly define what you are going to change and what it will take. Have candid discussions about how continuous performance management will affect managers, employees, business leaders, and HR professionals. Table 2 includes a brief discussion of the value continuous performance management provides to different stakeholders and why their support is important. Define in clear behavioral terms what these people will be required to do in the future that they may not be doing now. Have open and honest discussions around why people may resist the change, and what is needed to enable and support the transition to a continuous performance management model.

## Table 2. Differentiated value of continuous performance management by job role

|  | What they want to know... | Why their support matters... |
| --- | --- | --- |
| Senior leaders | • How is continuous performance management linked to business performance?<br>• How does continuous performance management align with the competitive strategy of the business? | • Employees take cultural cues from their managers, who in turn take cues from their leaders.<br>• Support from senior leaders demonstrates how seriously the organization takes the change. |
| HR professionals | • How does continuous performance management positively impact other HR processes like compensation, staffing, and development?<br>• How does continuous performance management lead to improved performance review processes? | • It's important that HR professionals know how changes are going to affect the other processes they manage that may have links to performance management. They are also likely to bear the burden of change management efforts related to continuous performance management so they must understand how to communicate its value. |

- Create a vision that provides justification for continuous performance management. This may include highlighting how continuous performance management will address problems with previous performance management systems. But it should also emphasize how continuous performance management will add value for employees, managers, and leaders beyond past practices, and how it ties to broader organization values and business priorities. See Table 3 for a short list of metrics that speak to the value of continuous performance management in terms of increased employee engagement.

## Table 2 continued

| | What they want to know… | Why their support matters… |
|---|---|---|
| Managers | • Will continuous performance management make my job easier or harder?<br>• How will this change the current relationships I have with my direct reports?<br>• How will I be rewarded for making the effort required to implement continuous performance management? | • Managers are critical agents for change given their unique position between employees and senior leaders, and the unique knowledge they possess about organizational culture and employee attitudes.<br>• Continuous performance management only works if managers invest time in having ongoing conversations with employees. Continuous performance management affects managers more than any other group in the organization. |
| Employees | • Will continuous performance management make my job easier or harder?<br>• How will I be rewarded or recognized for making the effort?<br>• How will continuous performance management enhance my career opportunities? | • Continuous performance management asks employees to play a more proactive role in seeking development input than traditional performance management approaches.<br>• Employees must be open and willing to engage in ongoing performance oriented conversations for it to work. |

- Create "continuous performance management advocate" role(s) and use these as change agents to communicate and educate others on the vision. Survey employees to gauge attitudes around continuous performance management, and select those who score more on the positive side. The ideal change champions are business leaders and employees outside of HR who are widely respected in the company for their contributions and commitment to the company's success.

- Identify skeptics of continuous performance management and bring them into the decision process. People who initially resist an idea are often great advocates once they fully understand the value, know how it will work and feel their concerns have been listened to and acted upon. In addition, these people are often the most likely to identify potential mistakes before you make them.

**Table 3. Employee engagement and the value of continuous performance management**

| | |
|---|---|
| Compared to low engaged employees, highly engaged employees: | • Are 87% less likely to leave[ii]<br>• Generate 2.5 times the revenue[iii]<br>• Create 200% higher levels of customer satisfaction[iv] |
| Most organizations suffer from low employee engagement | • Historical research suggests that only 13% of all employees are "highly engaged" and 26% are "actively disengaged"[v] |
| Continuous performance management directly addresses core issues impacting engagement | • Nearly 60% of employees say that they would like feedback on a daily or weekly basis—72% of employees under age 30[vi]<br>• 98% of employees will fail to be engaged when managers give little to no feedback[vii] |

One of the benefits of moving to continuous performance management is the ability to increase employee engagement. The following statistics provide some sense of the value continuous performance management can provide by creating more engaged employees.

## FEEDBACK-RICH CULTURE

Continuous performance management is ultimately about enabling, creating, and supporting a "feedback-rich" culture. This is a culture where people are comfortable having candid discussions about the impact their actions are having on group performance and company success, and how they can be improved. Employees in feedback-rich cultures not only accept and act on feedback, but actively seek and expect it. Feedback-rich cultures do not emerge over night; they represent collective habits and attitudes that develop over time. They must be created and nurtured through leadership role modeling, access to tools and training that support the use of effective feedback, policies and norms that encourage feedback conversations, and environmental cues that trigger feedback-related thinking. The following guidance can help organizations create a feedback-rich culture.

- Leaders set the culture.[viii] People tend to manage their employees the same way they are managed by their own leaders. If you want your managers to give feedback to employees, make sure your leaders are giving regular feedback to their managers. A good place to start is to have more ongoing, constructive feedback and coaching during leadership meetings and in one-on-one discussions between senior leaders and their direct reports. One of our customers shared how they made sure the executive assistants of senior leaders understood the value of continuous performance management and incorporated feedback meetings into the leaders' calendars.
- Put up visual reminders that highlight the value of regular feedback and coaching. These can include tips on how to give feedback, values around the proper way to deliver and receive
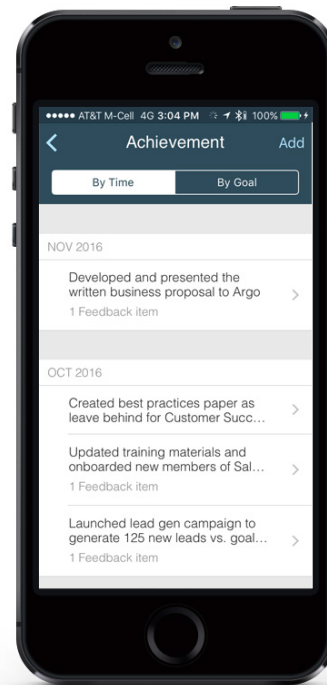


**Figure 1.** Technology enabling the capture of achievements at the time they occur. Employees and managers can easily access a summary achievements and view them either by month or by goal. This type of visibility provides a sense of accomplishment and allows for more real-time recognition of employee contributions.

feedback, and commitment to maintaining a culture that's based on continuous improvement and peer support. Note that there is a risk to this technique if you take it too far too soon. Visual reminders that are out of step with the existing culture risk creating ridicule and cynicism rather than constructive change.
- Educate managers and employees to help them understand the value of continuous performance management for creating a well aligned, engaged, and high performing workforce. People probably know feedback is important, but they

may not realize how important it is or how much it is missing from the current work environment.

- Provide positive support for those who proactively embrace feedback (e.g., ask for feedback, provide ongoing feedback, etc.). Most companies say they value feedback and development but many companies do not recognize and reward it. Make sure managers are rewarded and promoted based, in part, on their skill coaching and developing those with whom they work. Address, and if necessary, remove leaders from senior positions if they display behaviors associated with destructive feedback or otherwise demeaning behavior toward others.
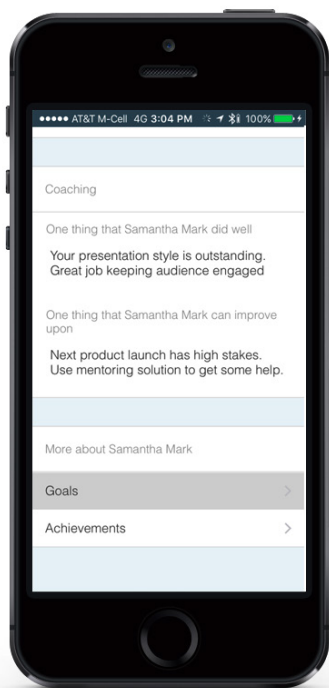


**Figure 2.** Technology enabling coaching interactions between an employee and their manager. This screen shows how ongoing feedback can be provided in a quick and simple manner.

## GOAL-ORIENTED CULTURE

The primary purpose of continuous performance management is to create more effective, ongoing coaching conversations and feedback between employees, managers, and coworkers to drive continuous performance improvement and development. These conversations mainly focus on activities and accomplishments associated with the pursuit of job relevant goals. What goals should the person be focusing on? What barriers are they encountering as they pursue these goals? How can they adapt their behaviors to more successfully achieve these goals? What learning and experiences can they gain from the work they are doing related to these goals?

It is difficult to implement continuous performance management if employees and managers do not have clarity around their goals and how those goals align with the goals of the company, their teams, and their colleagues.

Goals are not only important for having more structured ongoing performance oriented conversations, they are also critical for providing effective coaching and feedback. Feedback is not very effective when delivered by itself, as it tends to be interpreted as an evaluation of a person's performance rather than as a suggestion to help them be more successful. Feedback can be very effective when linked to a person's goals. To illustrate this point consider the following two examples:

- Feedback not in the context of goals: "Wait longer before you talk in customer meetings."
- Feedback associated with goals: "The goal of customer meetings is to learn from the customers' thoughts so we can deliver effective solutions. Wait longer before you talk in

customer meetings as that will give the customer more time to express their thoughts, and the more you understand their thoughts, the better we can tailor our solutions to meet their needs."

Research shows that goal setting works better in the presence of regular feedback and coaching.[ix] Research has also shown that feedback works better when it's linked to goals.[x] Feedback and goals should go hand-in-hand
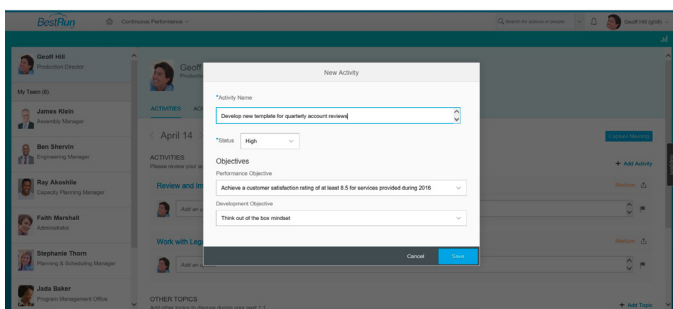


**Figure 3.** Technology connecting formal job goals with informal, ongoing actitivies. This screen shows features that enable employees and managers to link ongoing tasks and activities to more formal job goals.

## QUALITY RELATIONSHIPS

A continuous approach to performance management both relies on and helps foster better quality employee-manager relationships. This is because effective feedback depends on and helps create mutual respect and trust. Employees must trust that managers are their advocates, and that they possess the necessary skills and expertise to provide effective coaching. Trusting, quality relationships are built over time through positive interactions where people show support for one another.[xi] This is more than a

simple transaction where if I do something for my manager, my manager does something for me. It is about managers voluntarily taking action to support the career interests of their employees, and employees trusting the guidance and direction that they receive.

The more employees and managers can build trust the more effective continuous performance management will be. The following are activities that can help foster these relationships:

- Managers should express a belief in their employee's ability to accomplish their goals. Showing confidence in a person's competence and ability increases their willingness to accept and utilize feedback.[xii]
- Managers should reward and recognize positive efforts their employees make toward goal accomplishment. Employees who feel appreciated, even in the face of failure are more likely to continually apply effort. This doesn't require providing tangible rewards, such as gifts or spot bonuses. In fact, providing tangible rewards can undermine employee motivation if they are over-used.[xiii] It does require letting people know that their contributions and improvements have been noticed and are appreciated.
- Managers should make every effort to treat employees fairly when it comes to making decisions related to pay, promotions, job assignments, or other tangible career opportunities.[xiv] This starts with transparent communication about how these decisions are made.
- Employees and managers should seek to maintain a positive mood during their interactions. It is okay, and to some degree even healthy, to express honest frustration with the situations we encounter at work[xv], but it is not

okay to express frustration toward the individuals we work with, which can lead to lots of negative consequences.[xvi]

- Employees should make genuine efforts to reach the goals that they agree to, and be honest with managers about challenges they face along the way. Managers and employees should establish expectations about sharing bad news as well as good news.
- Employees should be aware of their manager's goals, and make efforts to support those goals. Managers should be as transparent as possible with employees about the broader goals of their team and the organization. This will enable employees to see the connection between their success and the success of their manager and company overall.
- Organizations should recognize that establishing high quality manager-employee relationships and trust often takes time. Effort should be made to minimize disruption to manager-employee relationships created by excessive organizational restructuring and job transfers.

## TRAINING ON HOW TO GIVE AND RECEIVE FEEDBACK

For continuous performance management to work, managers must be able to provide effective feedback and coaching.[xvii] However, it is very common for companies to place people in management roles for reasons other than their skills for managing people (e.g., promoting someone based on their technical expertise rather than managerial expertise). As a result, it is common to encounter managers who do not know how to provide quality feedback or how to effectively coach their employees. Many managers are reluctant to embrace continuous performance

management since it requires doing things they don't really know how to do. Delivering feedback, if done poorly, can significantly damage existing relationships between managers and their employees. Add to this challenge the fact that many employees struggle with how to receive and/or use feedback.[xviii]
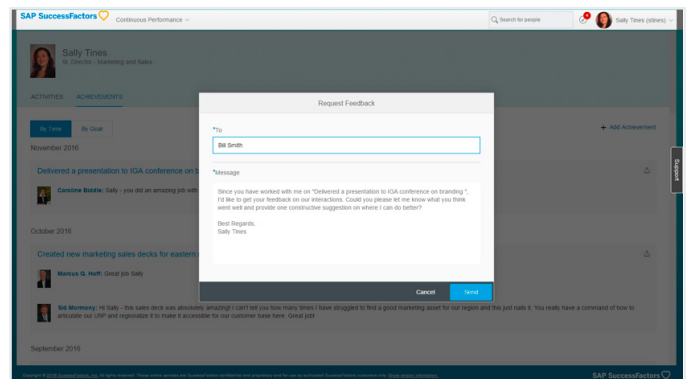


**Figure 4.** Technology used by employees to request feedback. This screen shows how an employee can request feedback from a manager or peer, empowering the employee to play an active role in their own development.

The effectiveness of continuous performance management relies on managers and employees having regular feedback conversations. Their willingness to have these conversations depends largely on their competence giving and receiving feedback. Research has shown that employees want feedback if it helps them achieve their goals, helps them feel good about their efforts, and enhances their professional image.[xix] Similarly, managers are willing to give feedback if they are confident that it will help their teams, and subsequently, the managers

themselves to be more successful. Achieving this level of confidence toward delivering and requesting feedback usually requires some investment in training managers and empoyees on how to give and receive feedback. Table 4 outlines several learning objectives and exercises often included as part of feedback training programs.

## Table 4. Feedback Training Considerations

| Feedback Training: Learning Objectives | After completing feedback training, managers and employees should understand:<br>• The different ways feedback influences engagement and performance. Feedback can influence performance through supporting a) Goal accomplishment: using feedback to help accomplish goals and learn new skills, and b) Ego enhancement: using feedback to acknowledge and recognize one's efforts. Both of these are valid uses of feedback. It is important to understand when and how to deliver feedback so it effectively supports one or both of these purposes.<br>• How the delivery of feedback affects relationship quality, leadership trust, business performance, and organizational agility.<br>• How to use the tools, technology and methods deployed by the company to support continuous performance management. This should include how to integrate continuous performance management methods and tools into everyday work routines.<br>• How to give, seek, and receive feedback. This includes:<br>– Providing behavioral based feedback that focuses on actions employees can control.<br>– Allowing others to respond to feedback and discuss potential reasons for their behavior.<br>– Recognizing and rewarding others more than you are criticizing and correcting them in order to develop stronger manager-employee relationships. |
|---|---|
| Feedback Training: Learning Approach | The most effective feedback training programs:<br>• Allow for role modeling and practice of effective feedback conversations during the training. Feedback training should be an interactive exercise.<br>• Create periodic check-ins and opportunities to practice feedback conversations over an extended period of time. Feedback training should happen more than once.<br>• Incorporate technology and other tools used to support the feedback process. |

## TRANSPARENCY AROUND DATA AND TALENT DECISIONS

One of the advantages of continuous performance management technology is its ability to record and track performance data over time, allowing managers to gain a more complete picture of an employee's performance. This is important because individual performance can fluctuate considerably over time.[xx] Performance assessments that rely on data largely drawn from one month or quarter may not accurately reflect an employee's true contributions. In contrast, continuous performance management technology enables companies to aggregate data across multiple quarters or even years. Using continuous performance management technology to track data also provides employees with a transparent view of their own performance. Employees do not have to wait to see performance data after it has been used to make decisions that impact their careers. Instead, they can be proactive in addressing potential performance concerns well ahead of a mid-year or year-end formal performance review.

It is no surprise that employees want to understand how performance data will or will not be used. Having a level of transparency surrounding what data are collected, how they are collected, and how those data are used to make decisions helps drive a sense of fairness and increases acceptance of a more continuous performance management process. In addition, employees who are aware of factors that inform talent decisions made about them are better positioned to influence those factors to their advantage, leading to increases in motivation, engagement, and performance.[xxi] Conversely, in the absence of transparency around around data and talent management decisions, employees are less willing to openly engage in feedback discussions, more likely to question or resent decisions made that they perceive to have negative impact, less likely to feel motivated to perform at their best, and more likely to have conflicts with coworkers and supervisors.

In order to provide transparency into talent management processes, clearly define and communicate how continuous performance management data will be used to guide workforce decisions around compensation, staffing, and development. Employees know that they will be evaluated in some manner by the organization. The more clarity they have around how these evaluations are conducted, the more open they will be to openly discussing issues impacting their performance, and the more motivated they will be to successfully perform their roles.
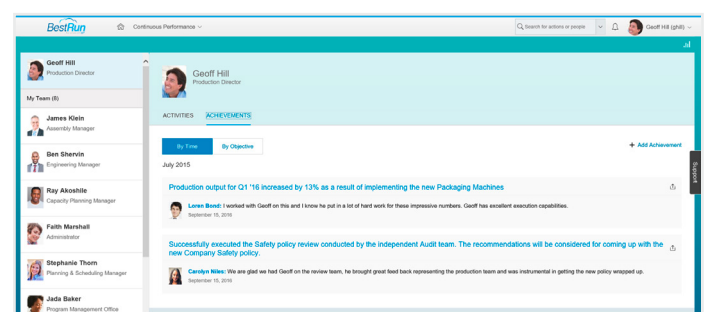


**Figure 5.** Technology used to track and report employee accomplishments. This screen illustrates features that provide employees and managers with a transparent view into employee achievements accomplished throughout the year.

## WELL-DEFINED FEEDBACK SYSTEMS

For continuous performance management to work, managers and employees must routinely engage in feedback and coaching conversations. These converations should not be long, time consuming affairs. They may often be less than 30 minutes in length. What is critical is that managers and employees remember to have the discussions, recall what they discussed in previous check-ins, and keep track of things they want to revisit in the future. This is where having a feedback system enabled by continuous performance management technology can help. The following are common elements found in these feedback systems.

• **Triggering events.** Managers who have several direct reports or who have heavy non-managerial task loads may struggle to remember to hold check-in meetings regulary, or in the moment when they're most needed. Having a triggering event like a mobile alert helps managers remember to meet with their employees on a regular basis. These triggering events can be time-based and occur at regular intervals (e.g., weekly or monthly), or they may be based on transactional events such as completion of a major tasks or following an action or event.

• **Data recording and access.** It is useful to provide technology that allows managers and employees to share agendas for meetings, track information discussed in previous sessions, and record information to review in future discussions. Some companies also use these systems to allow managers to use feedback data collected throughout the year to inform other talent management processes, and make more accurate decisions around compensation, staffing, and development.

• **Messaging.** Messaging tools that allow employees and managers to request meetings, share information, and call attention to activities and questions enables more effective ongoing feedback and dialogue between meetings. These tools are particularly valuable for teams that span large geographical areas.
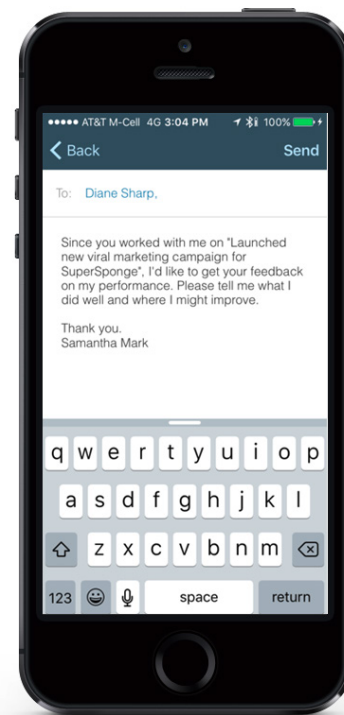


**Figure 6.** Technology used to request feedback from managers or peers. This screen shows how employees can request feedback from their peers, prompting an alert to their colleague.

## ONGOING PROGRAM EVALUATION AND MANAGEMENT

Continuous performance management represents a significant cultural change for most organizations, and as such should be viewed as something that is maintained and developed, not something that is "launched." Table 5 lists a number of things that companies should consider monitoring over time to guide the ongoing development and maturity of continuous performance management methods. Tracking these and reporting on them helps create an understanding of what is going well, what isn't working out, and where more work is needed.

The items listed in Table 5 can be measured in a variety of ways. Attitudes like satisfaction and trust can be measured with questionnaires or pulse surveys. Frequency and quality of coaching conversations can be measured with data from a coaching or continuous performance management application. Role information and skills/expertise can be collected from HRIS systems or via survey instruments. For performance data, you can rely both on data collected from manager reports, calibration session data, team performance, or objective measures of performance (e.g., individual sales revenue). When evaluating end user satisfaction and effectiveness of continuous performance management, also look at role information such as position, job or career tenure, number of direct reports, etc. This information provides insight into who gives and seeks what type of feedback and how often, which helps determine specific use cases and scenarios where more or less frequent feedback is necessary or helpful.  It isn't necessary to track every measure in Table 5, but it is generally a good idea to monitor some of these markers to ensure continuous performance management efforts are actively managed and supported over time.

## Table 5. Program Evaluation and Management Considerations

| Consider evaluating... | Reason... | Action... |
|---|---|---|
| End-user satisfaction and trust<br>• Employee satisfaction and trust with manager, the process, the tool, talent decisions, and the feedback itself.<br>• Manager satisfaction with employee relationships, the process, the tool, the degree to which feedback is used. | While satisfaction isn't the end-all metric of success, it is a good idea to measure whether end-users see the process and the feedback they receive as valuable. This will help indicate level of engagement and surface issues that may be limiting the value of continuous performance management. | If dissatisfied<br>• Provide feedback/coaching training<br>• Increase transparency of evaluation and decision making processes<br>• Ensure that managers and senior leaders are evaluated and managed by the same processes as their employees to increase a sense of fairness |
| Frequency and content of conversations<br>• Frequency of formal and informal feedback sessions<br>• Nature of feedback provided (critical vs. positive; evaluative vs. developmental; behavioral and specific vs. vague, etc.) | Tracking the frequency and content of coaching and feedback conversations allows a closer look at who needs or wants coaching, the reason(s) coaching conversations are or are not taking place, and their value. | If infrequent or low value<br>• Reinforce the value of continuous performance management (see Table 2)<br>• Provide training on weak areas e.g., use of tool, integration into work flow, how to provide, seek, accept, and challenge feedback.<br>• Seek to learn what successful managers and employees are doing differently and why. |
| Levels of knowledge and skills<br>• Behavior-based competencies, esp. coaching and communication-based competencies<br>• Technical skills<br>• Expertise and knowledge | Because continuous performance management is as much a developmental process as it is a performance management process, tracking overall workforce knowledge and skills may demonstrate whether feedback conversations are effective. | If stayed the same<br>• Consider whether feedback training is necessary as quality coaching should lead to better knowledge and skills development. |

**Table 5 continued**

| Consider evaluating... | Reason... | Action... |
| --- | --- | --- |
| Business and individual performance<br>• Employee performance and engagement<br>• Employee retention<br>• Business or financial performance | If continuous performance management is effective, you should see notable improvements in employee performance over time. It may also be useful to compare business performance metrics with trends in continuous performance management adoption. | If stayed the same or decreased<br>• Look at frequency of conversations (Are check-ins occurring? Are managers/employees well enabled?).<br>• Examine satisfaction metrics and coaching skills. Provide training and alter procedures where necessary.<br>• Remember that performance naturally fluctuates over time, so continue to track it. A sudden decrease is often expected in the face of organizational change but can rebound and increase if supported properly. |
| Accuracy of performance ratings | Given that continuous performance management creates more frequent employee-manager interaction, managers and HR leaders should gain a more complete and accurate picture of an employee's performance over time. | If declined<br>• Consider offering training to managers on how to evaluate employees.<br>• Consider using calibration sessions to protect against decision-making bias. |

# Conclusion

The growing move to continuous performance management represents one of the most significant transformations in human capital management to occur within the last 10 years. Continuous performance management provides substantive value over traditional annual performance management methods, yet the benefits of continuous performance management, while significant, cannot be realized without some level of effort. The good news is we largely know what it takes to successfully implement continuous performance management. Furthermore, many of things required to achieve continuous performance management are themselves enabled by implementing continuous performance management. This can create a virtuous cycle where over time as more effort is put into supporting continuous performance management, less effort is required to make continuous performance management successful.

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