

# 7 Ways to Make Performance Management More Effective



## Key practices of top-performing organizations

In a research survey of 534 talent development professionals by ATD and Schoox, practices from top-performing organizations were compared with those of the other organizations to identify which performance management activities were significantly associated with effectiveness. What were those activities?

### What Is a Top-Performing Organization?

A top-performing organization is one whose respondents reported that their performance management process was effective to a **high** or **very high** extent in six key areas:

- ✓ Setting job responsibilities and competencies
- ✓ Developing goals
- ✓ Supporting and developing employees
- ✓ Evaluating performance
- ✓ Addressing performance outcomes
- ✓ Incentivizing performance



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#### Make Feedback Part of Daily Life

- Just 37% of respondents indicated that their organization had a feedback culture that supported candid and constructive feedback, a trait significantly associated with top-performing organizations.
- About one in five respondents said their organization's culture supported feedback with these traits to a small extent or not at all.

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#### Align Employees' Goals to Departmental or Organizational Goals

- Respondents from top-performing organizations were significantly more likely to report high or very high levels of alignment between employee goals and organizational goals.
- Although talent development had input in the goal-setting process at just 8% of organizations overall, top-performing organizations were significantly more likely to have talent development participate in setting employees' goals.

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#### Have Performance Conversations at Least Quarterly

- Managers and employees at top-performing organizations were significantly more likely to have performance conversations quarterly or more frequently.
- 62% said their organizations currently followed this practice, while another 23% reported that they held performance conversations annually or only in unusual circumstances.

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#### Incentivize Good Performance

- Less than a quarter of respondents said their organization's performance management process was effective in incentivizing performance.
- When respondents were asked how their organizations address performance, they ranked financial bonuses and other types of recognition and awards highest among top-performing organizations when an employee's performance exceeded expectations.
- Top-performing organizations were significantly more likely to identify high potentials in their performance management process and significantly more likely to identify future pathways in the organization for these employees.

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#### Use Coaching and Training to Help Employees Improve Performance

- Among methods for addressing performance that did not meet expectations, coaching and training were the only ones with statistically significant connections to being a top-performing organization.

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#### Train Employees in Performance Management

- Top-performing organizations were significantly more likely to offer performance management training than all other organizations.
- 61% of organizations trained employees in the performance management process. 28% did not offer employees performance management training.
- Common training topics for managers and supervisors: setting goals and expectations, giving feedback, and documenting performance.

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#### Gather Manager Input When Selecting a New Process

- Because managers at 94% of the organizations play such a key role in the performance management process, having their input on new processes is crucial.



Improving the effectiveness of your performance management process is important to the overall success of your organization. The benefits of the practices above are magnified when you turn performance management into a continuous experience—one that connects skills, goals, and performance with learning and development, so you can identify and address skills gaps, measure the impact of learning on your goals, and develop your future talent strategy, all in one platform.

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