

Are performance appraisals pre-historic?

The annual performance appraisal has been institutionalised in most organisations and it is, to many, a familiar foe. It is a time set aside for line managers to talk to their staff about achievements, based on goals often set over a year ago, and to set new objectives for the coming year. Thankfully, there is usually also at least a passing nod given to individual development planning.

The performance appraisal is used in organisations as a way to manage performance, to distribute reward, and to identify future talent. When done badly, the process is perceived in negative terms by individuals concerned about being 'judged' and by line managers who consider it as 'yet another' administrative task.

The more enlightened leader recognises the value of the process for engaging with staff, setting expectations and for continuous improvement as well as a means to measure and recognise results. It's also worthy to note that performance appraisal has sophisticated over time and a well thought through process can be implemented with ease and integrated effectively with other HR strategies.

But, is the process really adding any value in today's organisation?

Some of the characteristics that identify a traditional organisation include top down leadership models, hierarchical organisational structures, lifetime careers, non-variable rewards and recognition, fixed location and working hours, and steady incremental growth and change. In every way, the modern organisation is challenging this paradigm and the sheer pace of change raises the question about the relevance of the performance appraisal.

Organisation structures are increasingly organic. Individuals are more likely to have multiple 'bosses' determined by a diverse portfolio of project-based work in multi-staged careers. These careers have the potential to be far more dynamic than the process that assesses them. Also, greater integration of technology enables people to work together remotely without the restraints of presenteeism. As a result, the focus on outcomes is elevated.

A lot can change within an annual review period: jobs, projects, systems, business priorities, and leadership teams. And, at this pace of change, whilst the reflective practice of reviewing what has happened during the previous 12 months may have a cathartic and renewing

quality, there is a strong chance that the process will already be out of date and irrelevant.

Importantly, a process built on the assumptions of a traditional workforce may integrate with a reward and recognition scheme that fails to deliver for a multi-generational workforce with diverse needs and wants. This misalignment will have a significant impact on engagement and could prove to be a critical factor in the organisation's ability to retain talent.

As organisations modernise, it seems the annual performance appraisal will be fossilised in history. The new organisation will need to engender a performance mindset that is aligned to the shared values of employees and the organisation and is core to the way of

working. Within our own client base, we have found that thought leadership is moving away from the formality of the performance appraisal and towards providing continuous feedback. An effective way to develop a performance mindset flexible enough to give and receive regular feedback and to self regulate in the moment, is to establish an "operational coaching" culture in the organisation.

This takes the performance appraisal out of the office and off the annual calendar and in to a 'live' environment where creative thinking is happening, decisions are being made and actions are being transformed into results. Companies report that by setting performance goals

quarterly, they generate 31% greater returns from their process than those who do it annually – imagine the results that could be generated if that process became the very essence of daily interactions.

We don't need to! At Notion business coaching, this is our single focus. We support organisations to develop a deeply embedded "enquiry-led approach" within a sustainable coaching culture. Our unique STAR® operational coaching model ensures that a coaching style can be applied spontaneously and in the moment with many benefits for today's modern organisation. We have frequently proven this by demonstrating an impressive commercial return on investment for our clients when we partner with them to build programmes that create real cultural change. In these transformed organisations, the performance appraisal begins to look cumbersome and antiquated and yes, perhaps pre-historic.

To find out how operational coaching can support your approach to performance management call us on +44 (0)1926 889 885 or visit our website www.businesscoaching.co.uk

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