



SMART PERFORMANCE MANAGEMENT SYSTEMS

A HR Reference Guide on Objectives & Key Results (OKRs) and benefits of Real-time Feedback, with global use cases.



TABLE OF CONTENTS

- 1 THE FUTURE OF THE HYBRID WORKPLACE
- 2 THE NEED FOR A SMART PERFORMANCE MANAGEMENT SYSTEM
- 3 USE CASES OF REAL-TIME FEEDBACK
- 4 OKR - THE NEW AGE SUCCESS MANTRA
- 5 USE CASE: UPSERVE & GOOGLE
- 6 KEY TAKEAWAYS OF A SMART PERFORMANCE MANAGEMENT SYSTEM

THE FUTURE OF THE HYBRID WORKFORCE

2020 accelerated the transformation of the HR function. The future working model of organizations is now virtual with a remote, distributed or hybrid workforce. Digital adoption in HR will continue to be a key HR transformation strategy in companies of all sizes. In the current landscape, HR has a unique opportunity to generate people-business solutions, drive results, and rebrand as a Strategic Business Partner.

As organisations and employees adjust their businesses to adapt to newer ways of working, they need a relook at how they view their performance management system & revamp it towards the one which produces real success.

Pre-COVID, we were already on the edge of the precipice. The research and surveys indicated unanimously that people look at performance reviews as performance management & employee performance reviews were not working. It required a desperate need for an update.:

- According to **Gallup**, only 14% of employees believed that the performance reviews they received actually helped them improve.
- According to **Gartner**, 81% of HR leaders were considering changes to performance reviews in 2019. (87% in 2020).
- **CEB's whitepaper** even boldly mentioned 'Nobody enjoys performance reviews.

An efficient Performance Management System aids an organization to align its human, material & capital resources with its strategic objectives; empowers them to track progress from organisational, team and employee perspectives; enables improved communication and collaboration with employees; and facilitates higher productivity and employee engagement.

THE NEED FOR A SMART PERFORMANCE MANAGEMENT SYSTEM

Above definition of performance management has not changed for years. But, people mistook performance reviews (which is actually a smaller part of performance management) as the holistic performance management. And, it has always been considered by most organisations as a once-a-year, form-filling exercise. With the changing perception, it has now become evident that successful organizations need a continuous, agile process that does not simply end with a performance appraisal but encourages real-time feedback sharing, and focuses on employee development.

A report says that “around 95% of managers are not satisfied with the present performance review system.”

There are TWO reasons why managers **dislike** the yearly review process:

1

Not being honest about the review

Without open feedback/feedforward culture practice, employees and managers are not adept in sharing or receiving genuine, constructive feedback. Hence, to ensure cordial relations with the team, the manager shares a positive or neutral review, that may not be of help to any of the parties. Plus, a lot of systems are designed more towards feedback rather than achievements and progress on achievements.

2

Force fitting on a bell curve

GE popularized the process of ranking employees on a bell curve in the 1980s. Since then, most companies have followed the system. However, this system puts the managers in a tight spot as only a handful of employees are allowed to be in the top-performing category and the bottom % are let go. Nobody wants to be the bottom % and this practice is dredged.

All these factors lead to the need for smart performance management that is capable of:

- **Setting expectations (objectives, goals, competencies on what is required to do the job)**
- **Tracking progress on meeting these expectations**
- **Periodic, honest conversations on how things are progressing**
- **Focusing on what can be improved**
- **Celebrating the journey**

KEY BENEFITS of a Smart Performance Management System

“ **Providing employees with real-time performance data is ranked among the top-three changes that would most improve workforce performance.** ”

-Accenture Strategy Research Report

Using smart performance management tools enables an organisation to...

- **Drive the sense of responsibility and achievements:** Introducing a clear definition of goals and OKRs (Objectives & Key Results), an outcome-focused business goals management brings more sense of accomplishment in the job. This methodology helps you manage and achieve both operational and ambitious business goals.
- **Shift performance review** from an annual event to a continuous performance conversation. This involves real-time check-ins, and 1-1s focusing on both employee performance and development as a whole.
- **Remote teams" require "remote tech-based continuous conversations":** Leveraging tech has many benefits, such as customised goals tracking, 360 feedback, and instant feedback on performance goals and OKRs, and peer recognition. It enables HR teams & Managers to take prompt action on performance data, and be agile in re-crafting goals and KPIs to meet current business needs.
- **Building trust through clear communication & transparency:** There needs to be continuous, transparent communication of the business needs, employee goals, and their performance-related inputs.
- **Celebrating the journey:** This really helps in increasing employee engagement, team bonding and morale.

USE CASES OF REAL-TIME FEEDBACK & CONTINUOUS CHECK-INS

Example 1: Goldman-Sachs

The Investment Banking firm has adopted a real-time feedback framework, since their employees wanted to know about their performance instantly. This approach eliminates recency error and bolsters their annual performance reviews. The in-the-moment feedback generates vital data and reports on performance at any given time.

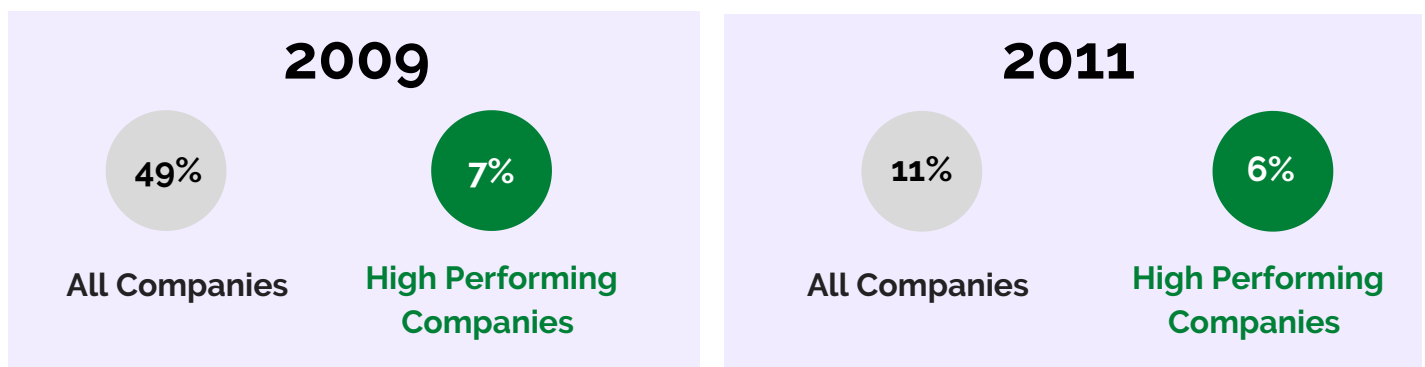


Example 2: General Electric (GE)

When GE, which first advocated the annual performance review system, moved away from the traditional approach and adopted continuous check-ins, many other companies followed suit. The continuous check-in method has been applauded and welcomed by the millennial workforce as they like to have continuous feedback to develop their skills. The data collected from continuous check-ins and 1-on-1 meetings ensure a fair and transparent appraisal process.



In addition to Goldman-Sachs & GE, other top-performing companies such as Adobe, Microsoft, Deloitte, and Accenture do not use stack ranking systems for their performance management, thereby helping them become a hotbed of innovation & creativity ([i4cp Research](#)).



Usage of Stack Ranking Systems (source: [i4cp research](#))

OKR - THE NEW AGE SUCCESS MANTRA

Objectives and Key Results (OKR) is a powerful goal-setting framework that has been the secret sauce behind many global leaders' successes. The epic success of organisations that adopted OKR gave it a cult status and lots of businesses shied away from trying and harnessing the power of OKR. OKR is the simplest and most rewarding system and is suitable for organizations of all shapes and sizes.

The real power of OKR is that it promotes alignment across the organization and empowers individual employees to shoot for the moon.

Benefits of OKRs

1. Promotes agile and transparent culture
2. Embraces continuous check-ins
3. Fosters collaboration
4. Assists employees to focus on what really matters
5. Alignment of organisational, team and employee goals becomes easy

Practical ideas to Adopting and Implementing OKR

More than setting up and implementing OKR, the challenge lies in making your employees embrace the OKR culture. When achieved, employee adoption makes OKR highly successful.

- **Introduce OKR to your leadership team:** Make them your OKR ambassador to create and promote OKR culture in your organization. After a few successful seasons, you can extend it to one or more teams.
- **Pilot test OKR to a few teams:** When OKR is deployed to employees at all levels in a team you may encounter new challenges. Make calibrations to resolve the issues, and provide necessary training to get team buy-in.
- **Roll out OKR to your Org:** Now your OKR framework is battle-tested and ready to roll out to your entire organization. OKR makes your entire organization aligned with your business objectives and teams can work together to achieve them.

HOW UPSERVE USED OKR TO HIT \$1BN SALES



In 2013, Angus Davis, the Founder & CEO of Upserve wanted a shot in the arm to keep moving forward as a team and introduced OKR.

At Upserve, OKRs have become much more than a goal-setting system. They serve as a layer of communication that holds the company together and elevates its game at the same time. Davis recounts that OKR helped the team to communicate with clarity and purpose. OKR became a built-in way for people to ask for resources or come to their colleagues' aid. Davis created example OKRs and guided people in defining their OKRs.

Following is the OKR of Paul in the Engineering Team

- **Objective:** Objective: Ship [X] features to increase engagement.
- **Alignment:**
 - **Company Objective:** Become a 'must-have' tool merchants love to use
 - **Company Key Results:** Ship [X] product to increase engagement and drive excitement in sales.
- **Key Results:**
 - Deliver alpha version to targeted devices for alpha testing feedback from 10 early customers by [date: mm/dd/yyyy].
 - Provide screenshots/screencast to support marketing launch of the app by [date: mm/dd/yyyy].
 - Release beta version by [date: mm/dd/yyyy].
 - Achieve engagement DAU / MAU metric of [X] with the beta audience.

Every weekly management meeting began with OKR check-ins. The team manager shared notable progress and achievement. Roadblocks were removed as they openly discussed the challenges and resources needed to overcome it. OKR with transparent goals and alignment made it easier to initiate and successfully drive new growth ideas in Upserve.

HOW GOOGLE USED OKRS TO IMPROVE PERFORMANCE?



John Doerr, one of the team members of Andy Grove and also a venture capitalist, took the amazing goal-setting strategy to Google.

OKRs have helped lead us to 10x growth, many times over. They've helped make our crazily bold mission of "organizing the world's information" perhaps even achievable. They've kept me and the rest of the company on time and on track when it mattered the most.

And I wanted to make sure people heard that.

- LARRY PAGE, GOOGLE

John Doerr, when visiting the company to explain the OKR concept in a very simple way to young Googlers, had only one objective. That is, to build a business plan for the company. His Key results were,

KR #1: I would finish my presentation on time.

KR #2: We'd create a sample set of quarterly Google OKRs.

KR #3: I'd gain management agreement for a three-month OKR trial.

This example can help you understand OKRs better. Objective is to know what you or your company wants to achieve in a year or in the long term. Key Results are deciding the steps to get there. You can have the same key results and objectives every year like Sundar Pichai until you achieve it, but it is absolutely necessary to measure your progress every quarter to check whether you are on the right track. If not, you will have to change your course and try to achieve the key results, which will lead you to your destination.

SUMMARY

A SMART PERFORMANCE MANAGEMENT SYSTEM CAN...



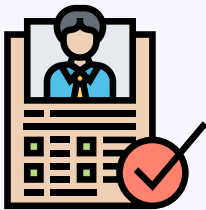
Increase productivity & performance of employees



Enhance employee experience



Promote transparent and open culture



Ensure fair appraisal process



Dramatically reduce the time and effort put into the annual review process

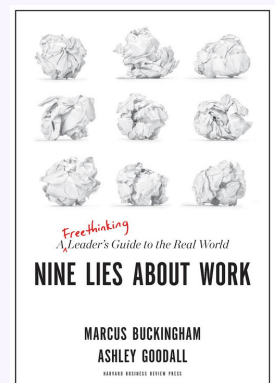


Increase quality of work



"Positive attention...is thirty times more powerful than negative attention in creating a high performance on a team."

Marcus Buckingham in Nine Lies About Work



More hrtech.sg Resources & Reports



Additional hrtech.sg resources



2021 Singapore HRTech Marketmap

hrtech.sg is a Singapore-based HRTech Market Development & Analyst firm, that helps Enterprises in identifying the right HRTech solutions to support the CHRO's transformation agenda. With over 100 service providers, our marketplace is the largest and curated HRTech marketplace in Singapore.

For more details: www.hrtech.sg

hrtech.sg
advisory | consulting | marketplace