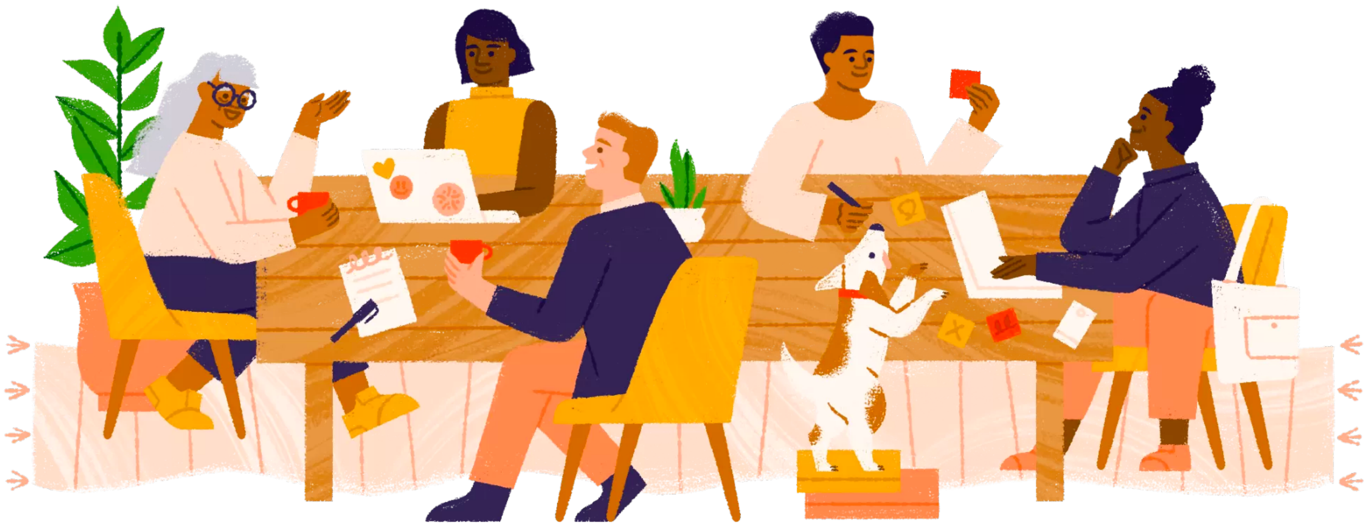
15Five's Performance Review Playbook

The Comprehensive Guide to Designing a Fair, Valuable, and Efficient Review Process

15five



Introduction

Over the years, performance reviews have experienced a steep and steady decline in popularity. And more recently, as the workplace has been totally reimagined, it only makes sense that there is an increasingly pressing need to reimagine how we think about and conduct performance reviews.

Performance reviews and performance management are crucial to fostering the growth and development of your people, while driving the business forward. But year after year, HR leaders are struggling to design and implement performance review processes that are fair, valuable, and efficient.

Doing so is now more important than ever. Why?

Reviews are critical for your organization and your people.

Reviews help your organization recognize and reward your people fairly and equitably, identify skill gaps and opportunities for improving performance, and invest in and retain the right people.

Reviews also help people receive the recognition and rewards they deserve, understand their opportunities for improvement and growth, and explore possible directions for their career.

Reviews are often overly and unnecessarily complicated.

Many organizations layer new processes and questions on top of existing processes rather than curating the experience to its most valuable elements. Every element of your review process - each question, activity, and conversation - should align directly with your organizational and employee needs. Otherwise, people will think the conversations are irrelevant “HR work” that doesn’t matter to them or the organization.

People managers play a critical role in the fairness and value for your review process, both for your organization and your employees.

Many organizations do not define and prioritize the responsibilities of people managers. Critical responsibilities for all people managers include identifying and rewarding high performance, coaching employees for increased performance and growth, and helping employees see possibilities for their future. Managers should be having meaningful conversations about performance, progress, and growth with each member of their team at least twice per month. Specific practices such as the Best-Self Kickoff increase the likelihood of a trusting, high-quality relationship between managers and the people on their teams. However, reviews act as a summative, formal process to ensure your organization and your employees have their needs met.

Unfair reviews can be costly.

A lack of fairness and perceived fairness introduces risk into your organization. These risks include avoidable, regrettable turnover, often of high-performing, hard-to-replace employees who want recognition, rewards, and growth opportunities aligned with their contributions. Your employer brand can be significantly damaged by a negative public review of your organization, highlighting practices that are perceived as unfair. Lastly, a frustrated employee may pursue legal recourse against your organization when inequity exists or is perceived to exist.

It's time for organizations to review their reviews.

15Five's Performance Review Playbook guides you through the process of designing fair, valuable, efficient reviews.

Here's what we'll cover:

1. **Your review goals**

   Why does your organization conduct reviews? What do you want to accomplish for your organization and for your employees?

2. **Principles for designing a fair, valuable, efficient review process**

   We've distilled conversations with strategic HR leaders, a recent survey of over 1,000 strategic HR leaders, and a thorough review of academic and industry research into 5 principles to keep in mind as you are designing your review process.

3. **Review design decisions and tradeoffs**

   Every organization has different goals and context to consider when designing reviews. We'll walk through decisions, options, and tradeoffs.

LET'S GET STARTED.

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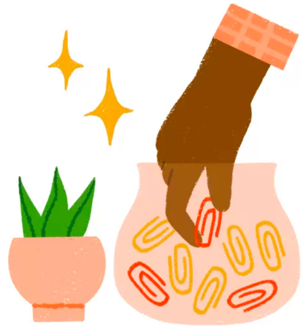
I. Understanding Your Review Goals



Reviews almost always serve multiple purposes. Here's a list of common goals for review processes that 15Five hears from our customers and prospects. **Which ones apply to your organization?**

- [ ] **INFORM COMPENSATION AND BONUS DECISIONS**
  - [ ] Bonus allocation
  - [ ] Merit increases
  - [ ] Calibrate compensation
  - [ ] Compensation adjustmentions
- [ ] **INFORM PROMOTION DECISIONS**
  - [ ] Promotion decisions
  - [ ] Succession planning
  - [ ] Calibrate performance
- [ ] **INCREASE RETENTION**
  - [ ] Identify high performers
  - [ ] Identify rockstars (high performance, modest growth) and superstars (high performance, high growth)
  - [ ] Identify flight risks
- [ ] **ACCELERATE TEAM MEMBER GROWTH**
  - [ ] Provide feedback on wins and opportunities
  - [ ] Create individual development plans
  - [ ] Identify low performers for additional action
  - [ ] Help people see their blind spots and hidden strengths
  - [ ] Show possible career paths
- [ ] **INCREASE PERFORMANCE AT TEAM, DEPARTMENT, AND ORGANIZATION LEVELS**
  - [ ] Understand team, department, and company performance
  - [ ] Identify themes to inform design of People/ HR programs
  - [ ] Identify skill gaps within teams, departments, and the organization

Most organizations select many – if not most or nearly all – of these goals for their reviews. Reviews can accomplish multiple purposes, including providing your organization with valuable information that informs downstream decisions.

II. Principles for Designing a Fair, Valuable, and Efficient Review Process

ALONGSIDE YOUR GOALS FOR THE REVIEW, HERE ARE FIVE PRINCIPLES TO KEEP IN MIND AS YOU DESIGN YOUR REVIEW PROCESS.

1. Fairness first
2. Honor organizational and employee needs
3. Design with decisions and actions in mind
4. Empower your people managers and hold them accountable
5. Simplify - less is more

Fairness First

BEFORE YOUR REVIEW

Ensure role clarity and standardize your roles, performance agreements, and competencies. Ensure that people understand what's expected for their role and why it matters to the organization. Double-check that expectations are clear across managers for similar or identical roles. If your organization uses competencies, ensure that they are relevant to organizational and individual success, as well as clearly described and prioritized. Role clarity can also increase psychological safety, a fundamental need for your people.

Clarify and communicate the following to your organization:

- Your review process, including timelines, roles, and responsibilities
- Your compensation philosophy and decision-making process
- Your promotion philosophy and decision-making process
- How often compensation is benchmarked and reviewed
- When conversations about compensation will occur

Make what matters clear to everyone involved in the review process. Many organizations review what we often call the what and the how. The what often involves outcomes, results, contributions, goal achievement, and organizational impact. The how often involves demonstration of organizational values and behaviors that an organization wants to encourage - for example, proactively seeking feedback.

MINIMIZE BIAS WITH TECHNOLOGY, EDUCATION, AND PROCESSES.

Everyone is susceptible to a variety of biases, which is why intentional actions to minimize bias are a necessity.[1] Here are a few examples of bias and how to possibly minimize them:

Idiosyncratic rater bias - Oftentimes, assessments of performance including ratings reveal more about the rater than the actual performance of the person being rated. Minimize bias by asking specific and future-focused questions.

Recency bias - Focusing on recent events rather than a full view of performance. Minimize by gathering data and feedback from throughout the entire review period using practices, such as notes from check-ins and 1-on-1s. Use technology to provide the right data during reviews rather than relying on managers to remember performance.

Primacy bias - Focusing on your early or first impressions. Minimize by reviewing performance against objective standards, such as goals reflecting the quality, quantity, complexity, and impact of someone's work. Use technology to facilitate ongoing conversations about goals and progress. Hold managers accountable for the frequency and quality of these conversations.

Affinity bias - An unconscious tendency to get along with others who are like us. Minimize by reviewing your performance, compensation, and promotion through a DEIB lens. Also, use practices such as 15Five's Best-Self Kickoff to facilitate deeper conversations and connections between managers and their members. Celebrate individual differences throughout your organization.

Contextual performance / organizational citizenship behaviors - Focusing on "above and beyond" behaviors beyond their work goals can influence review results.[2] Minimize by formally defining how these behaviors should be considered during reviews, possibly through competencies or one of your values.

Power - As a person's power increases, they often rate themselves higher and others lower.[3] Minimize by defining expectations for each role and level within your organization. During calibrations, ensure that managers are incorporating people's roles and levels into their reviews.

Implicit person theory / personal growth mindset - When raters don't believe people can change, their ratings can become fixed to their earlier impressions.[4] Minimize by educating your people on personal growth mindset and how people can learn and grow throughout their entire lives. Also, be explicit on what should be incorporated into each review cycle — for example, how should historical performance be considered?

Effects of a manager's own review - The way a manager is evaluated has a large impact on others.[5] Minimize by conducting your reviews in parallel so a manager's review is not revealed until the reviews of their people are final or nearly final.

[1] Cognitive Biases Codex
[2] CEBMa Rapid Evidence Assessment on Performance Appraisals (2016)
[3] CEBMa Rapid Evidence Assessment on Performance Appraisals (2016)
[4] CEBMa Rapid Evidence Assessment on Performance Appraisals (2016)
[5] CEBMa Rapid Evidence Assessment on Performance Appraisals (2016)

Purpose of the review - The purpose of the review influences ratings; for example, people rate differently for compensation and growth.[6] Minimize by ensuring everyone knows the exact purpose of the review so the context is consistent. Also, consider having different reviews throughout the year with different purposes.

The biases listed above are only a few of many. Follow the guidance above and incorporate new research on bias into your performance management and review processes.

DURING YOUR REVIEW

Use evidence, not just manager opinion. Whenever possible, incorporate objective data about the quality, quantity, complexity, and impact of someone's work. Base as much feedback as you can on objective performance data. Refer back to wins and challenges from throughout the entire review period, not just what's happened in the past couple months (recency bias). Incorporate questions about team member strengths into reviews and have conversations about strengths-based development to support long-term engagement.

Triangulate and validate your review results with participation, technology, and processes. Incorporate self-reviews for fairness and peer reviews for triangulation and development. Use calibrations to understand whether any inter-manager inconsistencies exist.

Review your review data. Look at your review data to see trends across your organization, as well as within departments and teams, in relation to how your organization is performing. It's important to investigate potential inconsistencies. For example, are customers raving about your support team even though the performance of many individuals on the support team has been rated as low? Is your whole organization rated as "above expectations" even though your organization hasn't achieved its most important objectives? Have leaders and managers of underperforming departments received high ratings?

Ensure that people know who to go to with questions. Also, create and maintain an FAQ document related to reviews to ensure that your responses to questions are consistent and up-to-date.

[6] CEBMa Rapid Evidence Assessment on Performance Appraisals (2016)

AFTER YOUR REVIEW

Ask employees and stakeholders to provide feedback on your reviews. Provide an anonymous option for providing feedback as well. Thank people for their feedback and take action as appropriate.

Conduct a retrospective or after-action review to capture your learnings.

Before your next review, provide specific feedback to managers about what worked and what needs to be improved during this review cycle.

Honor organizational and employee needs.

Reviews can - and should - provide value to both organizations and employees.

What are your organization's needs? These should be reflected in the goals for the review that you noted before. Organizational needs often involve rewarding people equitably, retaining the right people, providing guidance on increased performance and accelerated career growth, and coaching up people who need help and support.

Speaking of organizational needs, reflect on your reviews and annual employee experience as they relate to other processes such as budgeting. For example, when and how often do you plan to review and update compensation? Have you allocated sufficient funds for out-of-cycle promotions and compensation adjustments for when one of your top people receives an offer for a 30% increase to leave?

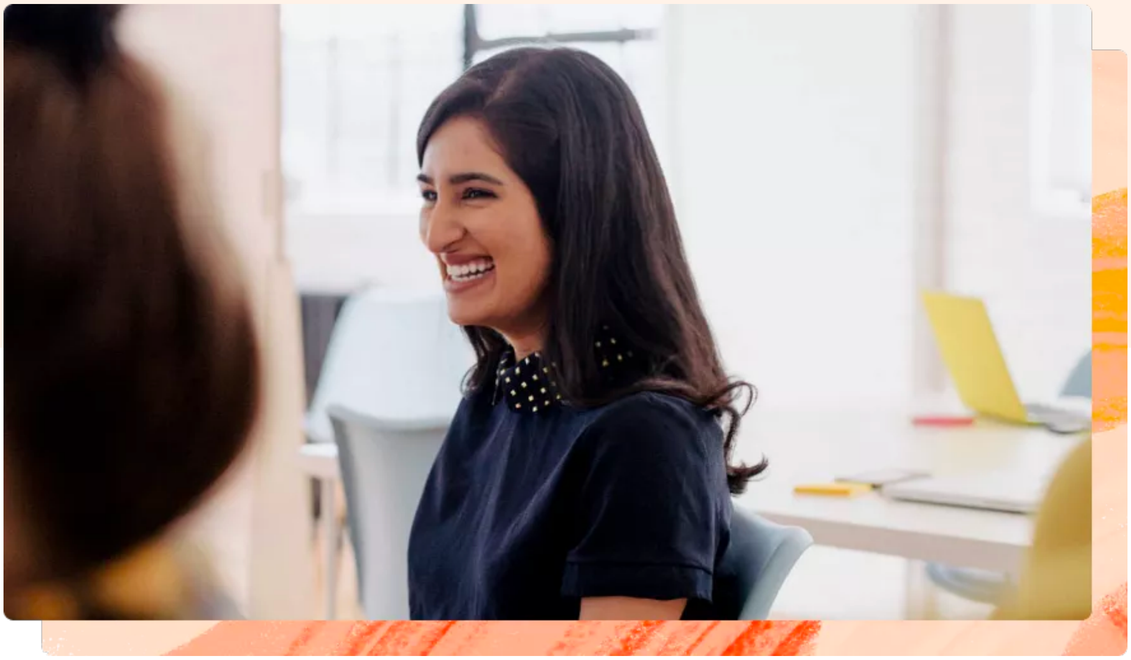
What are your employee's needs? Fair compensation and total rewards, career paths (plural on purpose), growth and learning opportunities, recognition, encouragement, and coaching are common employee needs.

We recommend creating a list of organizational and employee needs, then determining whether your reviews and other employee experiences support those needs.

Design with decisions and actions in mind.

Understand your downstream decisions and actions that are informed by reviews. Examples may include compensation adjustments, bonuses, promotions, performance improvement plans, and L&D investments.

Involve your downstream stakeholders. For example, do leaders and managers get what they need from reviews to decide on bonuses and give helpful feedback to their team? Do your compensation counterparts receive the data they need so people are rewarded and promoted equitably? Ask people what they need and ensure your reviews support their needs.



As emphasized below, less can be more. Remove everything that doesn't support your review goals and downstream processes. Don't keep doing things just because you've done them before.

Empower your people managers and hold them accountable.

Many organizations do not properly equip their managers with the right technology, education, and coaching to support equitable reviews. Ensure that your managers understand your review goals, why they are important for your organization and for your people, and all of the tools, training, and support they have access to. Your managers should communicate and support your compensation, total rewards, and promotion policies when interacting with their people. Your managers should also keep your job descriptions and performance agreements up-to-date as expectations for roles naturally increase over time. Give managers a specific go-to person on your HR team for questions and help with their reviews, such as an HR Business Partner.

Hold your managers accountable for equitable reviews by including the accountability in their performance agreement and gathering feedback from their people on the quality of their feedback and reviews.

To support this accountability, use practices like 15Five's Best-Self Kickoff and regular, meaningful 1-on-1s to develop deep, trusting relationships between managers and their team members. The Best-Self Kickoff is a two-way conversation between a manager and team member that can be helpful even for people who have had the same manager for years. It reveals team member and manager strengths, values, and needs, which are foundational for effective people management and reviews. The relationships between managers and their team members are too important to leave to chance.

Simplify — less is more.

Only include activities and questions in your review process that have a clear purpose, such as informing a downstream decision. This sounds obvious, but unfortunately many organizations add to processes such as reviews without ever removing anything. We strongly encourage you to review every question, email, conversation, and activity through the lens of "how does this help accomplish our goals for this review?"

THERE ARE A FEW REASONS TO SIMPLIFY:

Efficiency and focus: Keeps you and your people focused on what matters most.

Avoiding overwhelm: You and your people can only act on so much feedback and data at once.

Allows for more frequent reviews: Many organizations are stuck in one review per year because the process takes four months. If they attempted to add a second review without changing their process, more time would be spent in review cycles than outside of them. People want meaningful feedback more than once per year.

More information does not always lead to better decision-making: As popularized in Malcom Gladwell's Blink, extensive science suggests that more information increases our confidence in decisions without increasing the quality of those decisions.

An example of "less is more" thinking for individual contributors would be focusing reviews on feedback on their what (contributions) and how (organizational values), opportunities for improvement and growth, and possibilities for what's next (career paths).

III. Discussing Review Design Considerations and Tradeoffs

There is no one-size-fits-all approach to performance reviews. Each organization has different goals and context to consider when designing reviews, and what works for one organization may not be effective for another.

In this section, we will walk you through decisions, options, and tradeoffs you will encounter as you design your review process, and share best practices. As you read, think about the review goals you identified, and use those goals to inform the decisions you make.

Frequency

WHAT IS IT?

Frequency is how often you conduct reviews - for example, one, two, or four times per year.

WHY IS IT IMPORTANT?

Frequency is important to organizations because it ensures that conversions and decisions related performance, progress, and growth are happening frequently enough to support organizational goals. Frequency is important to individuals because reviews should provide valuable feedback on performance, growth, and possibilities for what's next.

KEY CONSIDERATIONS

Many organizations conduct reviews once per year. However, In today's faster-than-ever workplaces, once-a-year reviews may not be enough for organizational and individual needs. Organizations need contributions from their people and an understanding of who is performing above expectations and who isn't. Individuals want frequent feedback, not only to be reminded of their value and contributions, but also to support their career and growth aspirations.

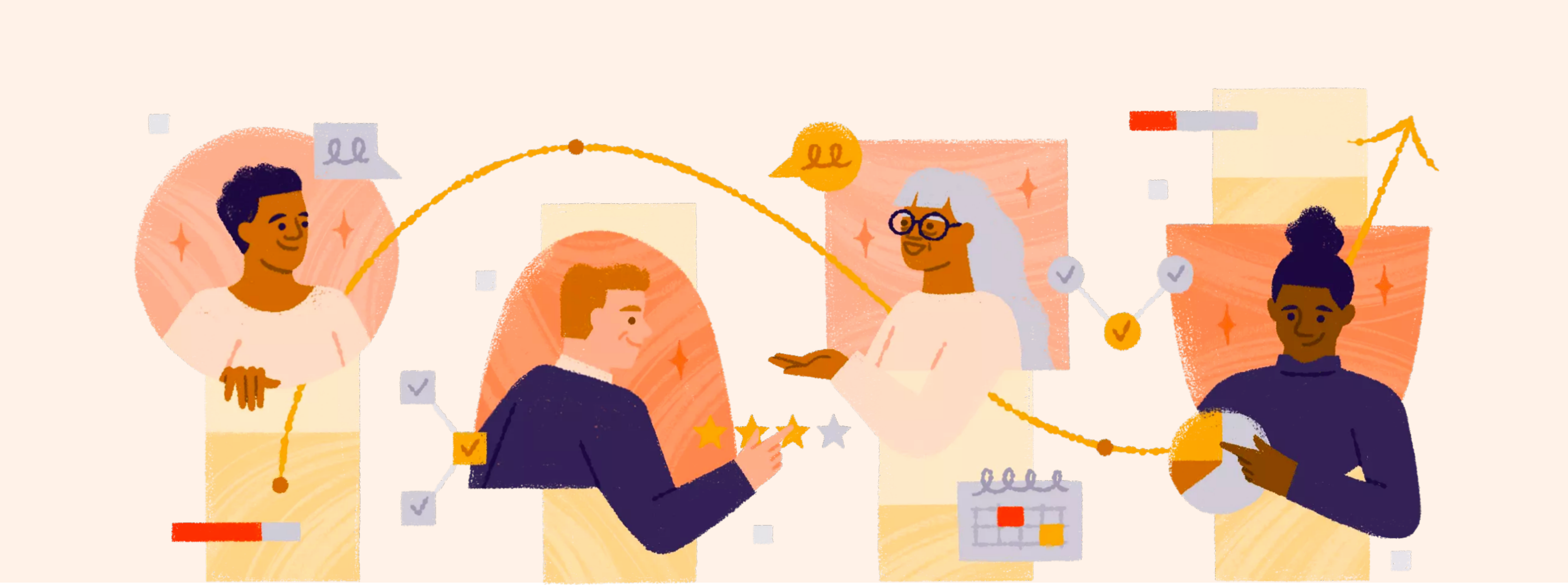
Other options include twice per year or four times per year, often aligned with quarterly business results and goal setting.

Consider different types of reviews throughout the year. For example, a longer review may focus on performance and growth as an input into your compensation and promotion decisions, accompanied by a shorter review every 3 or 6 months to ensure that conversations about growth and development are happening as frequently as people would like.

RECOMMENDATIONS

What are the goals for your review or reviews?

Consider aligning your review process with your financial year to understand organizational and individual performance, your budgeting process to ensure that reviews are an important input into your compensation decisions, and your goal-setting processes to incorporate clear expectations and objective data into your reviews.



Timeline

WHAT IS IT?

Your review timeline ensures that people have enough time to complete their reviews without stretching your review process out unnecessarily.

WHY IS IT IMPORTANT?

Your timeline holds various stakeholders accountable, emphasizing the importance of reviews for your organization and individuals within it.

KEY CONSIDERATIONS

We typically recommend two weeks for self and upward reviews, two weeks for manager reviews, two weeks for calibrations, and two weeks for manager debriefs, totaling eight weeks. Two week are recommended for each phase to accommodate vacations.

Share the status of review completion with your executives, leaders, and managers on a weekly basis throughout the process. Ideally, use a technology that allows for automatic reminders and reporting.

Encourage your people to not wait for the deadline by reminding them about the value of reviews for them.

If you add peer reviews, give people one week to nominate peers during self reviews and the two weeks afterwards for peers to complete the reviews.

RECOMMENDATIONS

Publish your review timeline at least 3 months in advance to give people an opportunity to plan ahead.

Avoid conducting reviews during the last month of a quarter, company holidays, or major marketing events such as your customer conference.

Schedule manager education sessions for the different phases and calibrations sessions are early as possible to identify conflicts.

Self Review

WHAT IS IT?

Self reviews allow individual contributors to answer questions about themselves.

WHY IS IT IMPORTANT?

Science suggests that self reviews increase perceived fairness and help employees feel their voice is heard.[7] Plus, self reviews allow individuals to remind managers of their contributors during the review period. Self reviews allow for the identification of potential blind spots (where the self review describes a strength that the manager doesn't agree with) and hidden strengths (where the manager describes a strength and the individual contributor doesn't).

KEY CONSIDERATIONS

Including self reviews or not

RECOMMENDATIONS

We recommend including self reviews, as they facilitate participation in the review process, giving individual contributors a voice.

That being said, your self review can be much shorter than your manager review (e.g., individual contributors do not complete the Private Manager Assessment).

Upward Review

WHAT IS IT?

An upward review involves an individual contributor reviewing their manager

WHY IS IT IMPORTANT?

Since your managers are accountable for managing their team, gathering feedback from the people on their team is an important part of evaluating their performance and individual development. This helps the individual contributors in your organization feel seen, heard, and valued. It also provides managers straightforward feedback on ways to better support their people.

KEY CONSIDERATIONS

- Including upward reviews or not
- Questions within upward reviews[8]

RECOMMENDATIONS

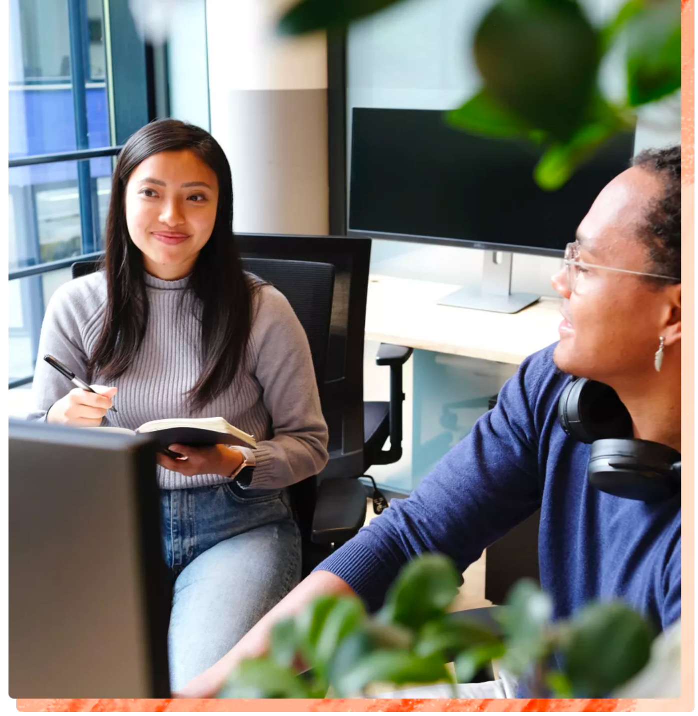
Upward reviews can help you evaluate the performance of people managers and make downstream decisions about whether they are ready for promotion to higher levels of management and leadership.

Are your managers prepared to receive feedback from their direct reports? Many people fear feedback. Some may even retaliate in illegal ways. Ensure your managers understand that receiving feedback with empathy is part of their role.

[7] APA PsycNet Direct
[8] Default question templates for Best-Self Review

Does upward feedback align with your organizational culture and geographic norms? In certain cultures, giving feedback to someone higher in the organizational hierarchy is uncomfortable or even considered improper.

Strongly consider providing anonymous, confidential ways for individual contributors to provide feedback about their managers. Even in fantastic organizations, it's dangerous to assume that every person feels safe sharing their opinion on every topic with every person at all times.



Peer Review

WHAT IS IT?

Peer reviews involve people providing reviews of their peers, although "peer" may not always mean someone at the same level within the organization. Another way to think about peer reviews is "stakeholder reviews."

WHY IS IT IMPORTANT?

People have different stakeholders throughout organizations beyond their manager. Gathering feedback from how well you co-elevate and deliver value to those stakeholders is useful for evaluating performance and identifying opportunities for growth.

KEY CONSIDERATIONS

- Whether to include peer reviews
- Number of peer reviews (Research suggests that 3-5 peer reviewers is effective.)

RECOMMENDATIONS

Allowing employees to nominate their own peers can increase perceived fairness, which increases the likelihood for a successful review.[10]

Ensure that people know who to request as peer reviews and how many people to ask. A simple recommendation might be one person who reports to the same manager as you and one person you interact with on a weekly basis.

Ensure your people understand how to deliver useful feedback that aims to assist their peers.

A common pitfall is asking peer reviews to complete the same exhaustive list of questions, competency ratings, and more as a self-review or manager review. Ensure the length of the review and content of the peer review matches the depth of the relationships.

[10] What you wish you knew about employees' responses to performance reviews

Questions

WHAT IS IT?

Questions are what you ask individual contributors and managers to respond to. Questions and their responses are the foundation of reviews.

WHY IS IT IMPORTANT?

Questions significantly influence the content and quality of your reviews. The right mix of quantitative data and qualitative data ensures that organizational and individual needs are met.

KEY CONSIDERATIONS

- We have separate sections on ratings and the Private Manager Assessment below, but we recommend using a mix of performance questions and developmental questions to facilitate robust conversations about performance and growth.[11]
- Questions about overall performance, promotion readiness, and perceived flight risks provide actionable data that can easily be analyzed and acted upon at organizational, departmental, and team levels.
- Qualitative questions about an individual's most impactful contributions and greatest opportunities for growth add richness to calibration conversations, manager debriefs, and downstream conversations about bonuses and promotions.
- Questions about career growth can help identify strengths, values, passions, and potential career paths. Focusing on and developing people's strengths can lead to long-term engagement.

RECOMMENDATIONS

Evaluate the value of each question using the following:

1. How does this question influence fairness?
2. How does this question inform our review goals?
3. What downstream decisions does this question inform?
4. Does this question give us the data we need for those downstream decisions?
5. How does the question help our individuals achieve their goals and grow?

Ratings

WHAT IS IT?

Ratings summarize people's performance into a single question or set of questions.

WHY IS IT IMPORTANT?

Ratings allow for valuable reporting and insights. However, people's performance shouldn't be reduced to a single rating or word, such as "competent".

KEY CONSIDERATIONS

Options include a single overall rating, as well as ratings on different facets of performance. Options also include balanced and imbalanced scales. Note that ratings are susceptible to bias, which can lead to biased downstream decisions such as compensation and promotions.

[11] Default question templates for Best-Self Review

RECOMMENDATIONS

Many organizations use a balanced, 5-point rating scale for overall performance. Unfortunately, many organizations receive results that reflect that nearly all people are a 4 or 5, which is wonderful if true and also not always helpful for analysis and downstream decision-making.

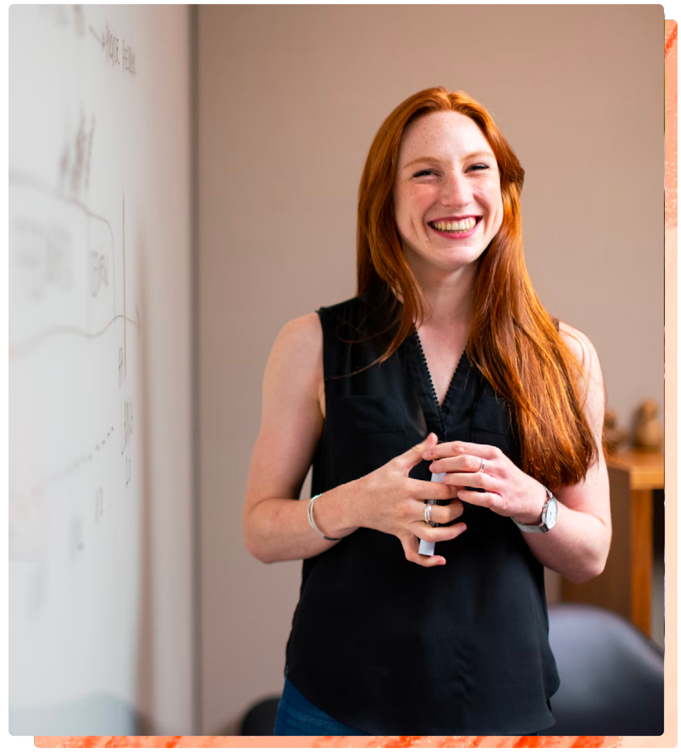
Consider an imbalanced scale to provide more accurate assessments and actionable data. Here's a version supported by Gallup's research: Exceptional, Outstanding, Above Expectations, At Expectations, and Below Expectations. Above Level, At Level, Below Level, and Needs Attention would be another example.

Sharing rating results with employees can increase transparency and reduce uncertainty. Uncertainty about performance can lead to frustration and other strong negative reactions.

Create ways to check whether ratings are being "gamed" - for example, people giving themselves higher ratings for a more favorable overall rating or a manager giving their people higher ratings so they look better for a promotion.

Do not use numbers as ratings without definitions. Ensure that your rating descriptions are clear and align with your organization's values and culture, your performance management philosophy, and your expectations for individual performance. If possible, gather feedback from leaders, managers, and individual contributors on the clarity of the ratings.

Do not use a single rating in isolation. Unpack what contributes to the overall rating in your organization; for example, the what (contributions) and the how (values) against expectations for this individual based on their role and goals. Use objective measures of results as often as possible.



Do not use forced distributions for ratings (e.g., we can only have one top performer on the team and someone needs to be our low performer). It is extremely unlikely that performance is distributed this way across your organization and teams, so forcing this distribution most likely perpetuates unfairness and game-playing.

Do not use forced rankings (i.e., this is the number one performer on the team, number two and so on), which demotivate and foster competition between employees rather than collaboration. Forced ranking processes can also ignore levels and roles (e.g., comparing a senior employee to an entry-level employee because they are on the same team).

Private Manager Assessment

WHAT IS IT?

The Private Manager Assessment is a set of questions intended to provide HR with the actionable data it needs to make decisions and unpack a traditional single performance rating into valuable parts. The Private Manager Assessment can replace or supplement ratings, aiming to reduce bias and increase fairness.

WHY IS IT IMPORTANT?

HR needs actionable data to inform downstream conversations, such as calibrations and succession planning, and decisions, such as merit increases, bonuses, and promotions. Also, minimizing bias and increasing fairness are foundational to equity.

KEY CONSIDERATIONS

The Private Manager Assessment in 15Five's solution is inspired by research from Deloitte and highlighted in the April 2015 Harvard Business Review article, Reinventing Performance Management, by Marcus Buckingham and Ashley Goodall. *Note that question four is adapted and question five is our own.

Q1: [Name] is ready for a promotion today (Y/N)

Q2: [Name] is at risk for low performance (Y/N)

Q3: Given what I know about [Name's] performance, and if it were my money, I would award this person the highest possible increase and bonus.

(strongly disagree - disagree - neutral - agree - strongly agree)

***Q4:** Given how well I know [Name] works with others, I would always want them on my team

(strongly disagree - disagree - neutral - agree - strongly agree)

***Q5:** Given what I know of [Name's] performance, if my team member got a job somewhere else, I would feel…

- **Distressed:** I would do everything I could do to keep [name]
- **Anxious:** [Name] would be really hard to replace, so I would try to convince them to stay
- **Neutral:** [Name] does a decent job and gets the work done.
- **Accepting:** I can find a better replacement
- **Relieved:** [Name] could do their best work elsewhere

RECOMMENDATIONS

We advocate strongly for the Private Manager Assessment because it's valuable for HR decision-making and helps managers differentiate the contributions of their employees. It also aims to reduce bias and promote more fair and objective assessments of performance.

The Private Manager Assessment results can be viewed through 15Five's Talent Matrix, which allows leadership and HR to identify high performers, opportunities to retain valuable employees, and possible adjustments to your succession plans.

It's worth ensuring that each question and response option aligns with your organization's culture, context, and review goals.

Objectives

WHAT IS IT?

Objectives should reflect the most important results and contributions an individual makes to an organization's objectives.

WHY IS IT IMPORTANT?

Objectivity influences fairness and perceived fairness; objectives can help managers review performance and contributions objectively.

Objectives focus effort and energy, and clearly show an individual contributor what is most important for them to work on.

Evaluating results and progress against objectives over time helps reduce recency bias.

KEY CONSIDERATIONS

Including Objectives within your reviews or not

RECOMMENDATIONS

Reviews should include as much objective data as reasonably possible. Including objectives provide a way to evaluate performance and contributions against agreed-upon standards.

A consistent foundation for goal-setting helps increase fairness. Does everyone in your organization understand your organization's goal-setting philosophy? For example, how ambitious someone should be in goal-setting? How aligned individual goals should be with organizational goals? How to create goals that yield objective data on performance? How do managers and their team members work together to co-create goals?

Ensure that people who are setting goals ambitiously aren't penalized when the goals aren't achieved while people who set less ambitious goals and complete all of them are rewarded for 100% goal completion.

Also, consider context and change that may have happened since the objectives were created. Priorities can shift rapidly and people shouldn't be penalized because they made important contributions that weren't part of objectives that are outdated.

Competencies

WHAT IS IT?

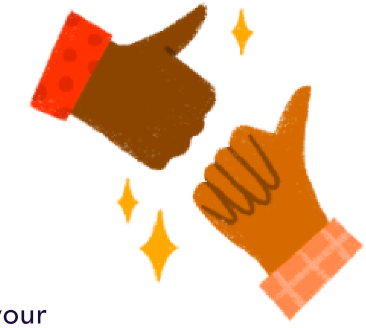
Competencies are behaviors that are relevant to individual performance and growth, as well as organizational performance and, sometimes, organizational culture.

WHY IS IT IMPORTANT?

Competencies can reinforce which behaviors are most important for your organization, such as values, or a particular role. When getting started with competencies, fewer is better. A smaller set of competencies keeps your people focused on the most important behaviors and is easier to keep up to date.

KEY CONSIDERATIONS

- Including organizational competencies
- Including role-based competencies



RECOMMENDATIONS

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Weighting

WHAT IS IT?

Weighting is calculating a score based on the relative importance of different elements within a review, such as goal completion, manager opinion, and competencies

WHY IS IT IMPORTANT?

Weighting can help organizations make consistent decisions during performance reviews and downstream from performance reviews. Weighting also demonstrates the relative importance of different facets of performance, such as the what (results and contributions) and the how (values and competencies).

KEY CONSIDERATIONS

- Including a score that requires different elements to be weighted for calculation
- Which weight to give each element

RECOMMENDATIONS

Using weights for different elements can standardize the overall score or ratings your people received compared to relying on manager discretion.

Emphasize objective data whenever possible by giving it significant weight in your calculations. Demonstrate the relative importance of your values and competencies in alignment with your organization's desired outcomes and people strategy. It might be worthwhile to ask your CEO and other leaders to share their opinions on the relative importance of these different elements.

A simple weighting recommendation could be 40% goal completion, 40% manager rating, and 20% organizational values as measured by competencies. Another organization with a greater focus on goals could decide on 60% goal completion, 20% manager rating, 10% role-specific competencies, and 10% values as measured by competencies.

Including self-review results in your weighting may increase perceived fairness. Ensure that self-reviews are also grounded in objectives and results as well.

Remember to double-check that goals and performance against those goals reflect the most important contributions for each role. Also, ensure that people at the same levels within your organization have similar expectations for results and contributions.

Calibrations

WHAT IS IT?

Calibrations are conversations involving management, leadership, and HR to increase the fairness of reviews and accomplish other goals for reviews.

WHY IS IT IMPORTANT?

Calibrations aim to ensure that people are evaluated fairly.

KEY CONSIDERATIONS

- The major decision is whether to calibrate or not.
- Other decisions include calibration timing, who is calibrated, and who is involved in the calibration.

RECOMMENDATIONS

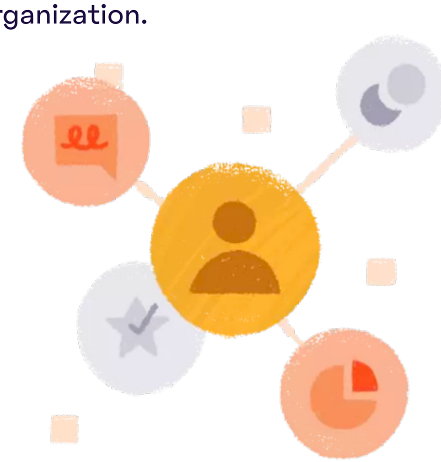
Calibrations can help ensure fairness within and across teams, increase visibility of individual performance for leadership and HR teams, and add valuable detached perspectives on individual performance.

Note that some research suggests that calibrations can unfairly increase the importance of manager influence and advocacy compared to team member results and contributions. Calibration conversations should be grounded in objective data and results. Calibrations should occur before managers share final review results with individual contributors, so learnings and adjustments from the calibration can be included in the review conversations.

Everyone in the organization should be calibrated. Bias, inconsistent expectations, and the benefits of detached perspectives exist at all levels within organizations, including the C-suite.

Calibrations should involve as many layers of leadership and as many peer managers as practically possible in your organization based on its size. If calibrations are conducted in a single session, organizations typically calibrate individual contributors, then ask team leads to leave, then calibrate team leads, then ask managers to leave, then calibrate managers, and so on.

HR's involvement in calibrations creates a valuable perspective alongside the managers involved. Double-check coherence (e.g., modest performance combined with a ready for promotion designation?) and accuracy (e.g., 50% of a department with a ready for promotion designation?). HR can also help ensure consistent standards for performance are upheld across the organization.



Manager Conversations

WHAT IS IT?

Manager conversations happen between managers and individual contributors following the completion of reviews and calibrations.

WHY IS IT IMPORTANT?

Your manager's conversation with an individual contributor provides an opportunity to recognize achievements, share opportunities for growth, discuss career paths, and answer questions about what's going well and what can be improved.

KEY CONSIDERATIONS

Manager debriefs are an essential element of your review process. Different options include having conversations about performance, growth, compensation, and promotions simultaneously or separately.

RECOMMENDATIONS

The real-time conversation that happens after the review may be the most important part of the process for each of your team members. We recommend having two separate conversations: one about performance and growth, the other about compensation, bonuses, and promotions (as applicable). Separating conversations about performance and compensation reflects that review results are only one input into your compensation decisions, alongside market conditions, organizational performance, your promotion policies, employment market conditions, attrition risk, and more. In addition, a separate conversation about performance and growth helps people avoid thinking about when the manager is going to talk about the raise during the whole conversation.

Importantly, conversations about performance should rarely include any significant surprises as managers should be providing feedback in an ongoing way using practices such as check-ins and 1-on-1s.

From an HR perspective, separating the conversations allows for your compensation decision-making processes to happen without extending your review cycle for another 4-6 weeks. This reduces the pressure on your HR team, as well as on your managers. Regarding compensation, we recommend engaging with a firm that specializes in compensation and uses accurate, up-to-date benchmarks.

Provide your managers with specific guidance on what to discuss and what not to discuss during your manager debriefs to align with your organization's philosophy. In addition, encourage your individual contributors to ask questions and engage in a dialogue about their performance and opportunities for growth.

Your managers should also follow up with their team members afterwards to see if there are additional questions or unmet needs.

Compensation

WHAT IS IT?

Reviews are often an input into compensation decisions, which include merit increases, bonuses, and promotions.

WHY IS IT IMPORTANT?

Even though “whys to work” like meaning and community are more important than ever, you can’t pay the bills with meaning. Compensation matters to your team members and to your employer brand as an equitable workplace. Unfair compensation decisions introduce significant risk into your organization.

KEY CONSIDERATIONS

Stating the obvious, compensation is complicated. Here are a few key considerations:

Benchmarking: How fair and competitive is your compensation?

Incentives: How well are you influencing and rewarding the right results and behaviors leading to those results?

Legal involvement: How well does your process comply with relevant laws and regulations? Does it introduce risk into your organization?

Transparency: How proud are you to share how compensation decisions are made in your organization?

Continuous improvement: How well are you using current benchmarking data, evidence-based practices, and feedback from your team members and peers at other organizations to improve your processes?

Manager accountability: Are you holding your managers accountable for the objectivity and quality of their compensation decisions?

Flexibility: How well does your compensation decision-making process handle unexpected market changes and individual exceptions?

Individual contributor impact: Do you ensure that individual contributors understand how compensation decisions are made at your organization and how these decisions relate to their performance?

RECOMMENDATIONS

Use high-quality 3rd party benchmarks to understand how your total compensation compares to similar companies, and continuously improve your compensation decision-making with up-to-date benchmarking data, evidence-based best practices, feedback from your team members, and ideas from your HR community. Be sure to review your compensation against benchmarks at least once or twice each year to make adjustments. Continuously evaluate the impact of different incentives you have implemented, such as variable pay and bonuses, and consider organization-based or team-based incentives related to organization and team performance. Also, establish a consistent decision-making process for out-of-cycle requests, such as when someone receives an offer from another organization.

Get managers more involved — hold them accountable for objective, informed advocacy for their people's needs related to compensation. Furthermore, separate performance conversations from compensation conversations, to emphasize that individual performance is just one input into compensation decisions.

Make your compensation decision-making process transparent, documenting the different factors that influence compensation decisions (e.g., economic factors, organizational performance, talent market dynamics). Involve your Legal team to ensure compliance and equitable practices. Finally, partner with an organization that specializes in compensation whose technology connects to your performance management technology.

Communication

WHAT IS IT?

Communication includes emails, education, FAQs, and information shared using your review technology.

WHY IS IT IMPORTANT?

Communication describes the goals of your review processes and what's expected from leaders, managers, and individual contributors throughout the process.

KEY CONSIDERATIONS

Clear, consistent communication is essential for an effective review process. The decisions regarding communication are who will send each message and when.

RECOMMENDATIONS

Communication is essential for a fair, effective, efficient review process. Ensure that your communication is tailored to different audiences and, importantly, describes what's in it for them.

At a minimum, your communications should describe the following:

- What's in it for them
- Who needs to complete the review and who doesn't (e.g., all full-time employees starting after a certain date)
- The different phases of your review process
- Deadlines and why they matter
- A link to an FAQ about reviews
- A link to your recorded trainings about reviews
- Who to contact with questions

Ask your leadership to reinforce the importance of reviews and deadlines during team meetings. Update your leaders and managers about review progress, including percentage of reviews completed, on a weekly basis.

Remind people who haven't completed reviews one day before each deadline to help your review process stay on time.

IV. Getting Started

You might be wondering how to get started. Of course, we're here to support you, so please reach out. In the meantime, here are a few recommendations from our conversation with customers about performance management and reviews.

- Gather your HR team members to discuss and document your review goals and downstream decisions that depend on reviews
- Have a retrospective about your existing review process, candidly discussing "what's going well?" and "what can be improved?"
- Gather feedback on your current review process from a representative sample of your team members and managers using surveys or interviews
- Start working on your "what's in it for them" messaging for your executive audience to create partnership and buy-in (e.g., retaining top talent, proactively identifying flight risks, promoting the right people)
- Start working through this playbook step-by-step and ask 15Five for support when you need it

WANT TO LEARN AND GROW ALONGSIDE A COMMUNITY OF STRATEGIC HR LEADERS?

Consider sharing your questions and ideas in the HR Superstars Community.

Read on to learn more about 15Five's performance management solution.

V. How 15Five Perform Can Help

15Five's easy-to-use platform was created to help HR leaders design a performance program from the ground up and take action. Our research-based platform can be customized to suit your organization's needs so you can drive performance aligned with your company's culture, market dynamics, and technology stack. Each of our features, such as performance reviews, 1-on-1, Check-in, Objectives, High Fives, and more, work together to help HR leaders conduct review cycles that are not only convenient and user-friendly for their people but also effective at driving change.

By managing performance on 15Five, HR leaders can create a holistic measure of performance and receive helpful insights to inform talent decisions, from people development and promotion to compensation. To create a fair assessment of performance that suites your company's needs, 15Five offers a variety of review types and questions: self reviews, manager reviews, upward reviews, competency reviews, objective reviews, and peer reviews, along with guidance from our available research-based question bank, further reducing uncertainty and manual work for HR leaders. Each of these elements enable a more fair and objective measurement of an employee's performance, and identify skill and perception gaps, while also enhancing transparency in the review process.

When you partner with 15Five to revamp your people and performance practices, you're able to:

1. Design a fair performance measurement process that suits your organization's needs and take a holistic approach to developing your people
2. Use our easy-to-use platform to manage performance from A to Z without getting buried in manual work such as tracking progress, managing spreadsheets, and sending follow-up reminders
3. Gain visibility into performance and engagement data (and offer strategic training opportunities to improve it), and
4. Leverage across our product suite to drive change, creating a highly engaged, high performing organization.

Learn More

Sources:

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Re-Engineering Performance Management by Gallup

Participation in the performance appraisal process and employee reactions: A meta-analytic review of field investigations.

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Default question templates for Best-Self Review® by 15Five

Can multi-source feedback change perceptions of goal accomplishment, self-evaluations, and performance-related outcomes?

by Manuel London and James W. Smither

What you wish you knew about employees' responses to performance reviews by Emilia Wietrak

15five

About 15Five

Founded in 2011, 15Five equips HR leaders to play a strategic role in their company's growth. HR leaders use 15Five to combine engagement, performance, and OKRs on one platform so they can make insightful decisions and take strategic action. Unlike other 'command and control' performance systems, 15Five uses the latest in people science to turn managers and employees into self-driven owners of performance and engagement. To further the impact of talent on company growth, 15Five also provides education, coaching, and community for HR leaders, managers, and employees. HR leaders at over 3,200 companies, including Credit Karma, Spotify, and Pendo, rely on 15Five's software and services to make their talent a growth driver.

To learn more, visit **www.15Five.com**