

15Five Revolutionizes Traditional Performance Ratings Through Continuous Performance Snapshots

You Want Forced Rankings & Ratings, But The Data Is Clear: They Don't Work.

Forced rankings demotivate, so ditch them

Research shows forced rankings generate negative employee reactions, create a culture of unhealthy competition, and are perceived as unfair. In short, they reduce collaboration and motivation. How would you feel if your manager was required to promote their highest performers and yank their lowest performers?

Traditional ratings are also biased

Many companies that have ditched forced rankings are still relying on traditional employee performance ratings instead. Traditional performance ratings reduce employee performance to a single number on an annual basis.

When it comes to traditional performance ratings, research shows even the best of us are highly biased and inaccurately assess employee performance. Studies show that only 1/3 of employees who get the highest ratings are actually considered top contributors in their organization!

And it's common for companies to link these biased ratings to compensation decisions. While traditional performance

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.

ratings are an efficient way to determine compensation decisions, it's highly debatable whether they are effective and fair.

Biased ratings create biased compensation decisions

Biased and inaccurate annual performance ratings result in inaccurate compensation decisions, which are unfair and naturally demotivates employees. In sum, performance cannot objectively be reduced to a single number.

Compensation based on a single rating is a highly flawed system that many companies recognize but struggle to find an alternative solution for.

So instead of completely ditching ratings, which research shows has an adverse effect on engagement and performance, we transformed them.

Our solution is a performance snapshot called The Private Manager Assessment that's embedded in a continuous development conversation we call the Best-Self Review.



15Five's Answer

Fortunately, research shows performance reviews can have a positive impact on employee performance, productivity, satisfaction, and commitment. However, effective performance reviews are dependent on a number of factors:

For fairness, separate compensation from development conversations.

The research is clear - combining compensation and development conversations is demotivating and leads to perceived unfairness. Fairness reigns supreme for effective performance reviews.

Motivate through frequent development conversations.

Development conversations should occur at least semi-annually or quarterly to ensure continual employee growth and development. Our recommended questions in the Best-Self Review are inspired by research from the

field of positive psychology and are designed to increase intrinsic motivation, psychological safety, and the growth mindset.

Objectively assess performance over time.

Managers and employees need to objectively keep track of performance continually throughout the entire year.

This reduces recency bias, or remembering only recent performance. Research also shows performance results vary (even top performers have a low performing quarter at times), so it's important to assess performance frequently.



The data overwhelmingly supports conducting Private Manager Assessments (or continuous performance snapshots) over establishing employee ratings and rankings. Here's why...

- 1. Accurate Performance.** These five proven questions are designed to reduce bias and help managers more objectively assess performance and promotion readiness.
- 2. Objective Performance Measures.** By adding in objective measures such as behaviors and results, fairness climbs even higher (and so will employee retention!). For example, you can get an unbiased assessment of every manager by looking at their team's results or team retention and promotion rates.

Separate Compensation Decisions. In a separate, but timely pay conversation, managers can then look back at the Private Manager Assessments and objective performance measures, to guide their compensation decision. Using 15Five's approach, companies can more accurately assess performance over time, fairly pay employees, and also keep continual growth and development front and center.

Don't lose your best employees because they feel like replaceable cogs in the machine! Switch from the outdated system of rating and ranking employees to continuous performance snapshots.

Peer reviews progress
2 out of 2

Manager review progress
9 out of 535

Private manager assessment results ⓘ

[Name] is ready for a promotion today

[Name] is at risk for low performance

Given what I know of [Name]'s current performance, and if it were my money, I would award them the highest possible increase and bonus

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

Given what I know of [Name]'s performance, if [Name] got a job offer somewhere else, I would feel

What performance score would you give [Name]?

Please explain why you gave that performance score

What company value does [Name] most embody?



About 15Five

15Five is a continuous performance management solution that helps employees grow and develop, in just 15 minutes each week. Through a lightweight weekly check-in, 15Five delivers everything a manager needs to impact employee performance, including continuous feedback, objectives (OKR) tracking, recognition, 1-on-1s, and 360° reviews.

To learn more, visit www.15Five.com