

# COLLABORATIVE ENGAGEMENT

An Innovative Approach  
for boosting the Effectiveness  
of a Performance Management System





Envisioning  
a FUTURE that  
WORKS for all of us

#### About FWCI

The Future of Work Collaborative Engagement Institute (FWCI), is an independent, non-profit research think tank and training & advisory institute advancing futures thinking and helping our members build resilience and make the best of the challenges and opportunities in the shifting boundaries of the new era of workplace.

FWCI is helping organisations create high performing workplaces where employees feel valued and appreciated. We help improve employee wellbeing, engagement, motivation, recruitment, retention and productivity by putting employees in the centre, tracking their expectations and needs to be addressed, and share our findings with our community member companies.

FWCI's mission is to offer HR practitioners and business leaders the opportunity to develop a deeper understanding of the evolution of work and the workplace, and provide actionable insights, and a quality mechanism by which leaders, organisations, and communities aid decision making on critical management issues as to gain mastery over their actions.

Thinking  
**Ahead**  
the FUTURE of WORK NOW



## A shift from evaluation to development and performance improvement

As companies try to improve employee engagement and drive business results, they are realising that the performance management process is integral to success. According to a Deloitte survey, 75 percent of HR professionals stated performance evaluation as a priority for driving the organisation's goals.

As a result of this realization, companies are redefining the way they set goals and evaluate performance, (as evidenced by a Deloitte survey where 89 percent of respondents recently changed their performance management process or plan to change it within 18 months) by shifting their focus on coaching and feedback and employ new technologies to make performance management less cumbersome for managers and employees.

Aiming for maximum efficiency, this calls to monitoring your employees' work efficiency and the overall performance contribution to the progress on the company's goals and providing feedback to the employees.

### The main aim is to improve as well as promote employee effectiveness.

The process of performance management entails collaborative engagement. With the managers and employees working together, it proves to be beneficial for both, and improve the financial performance of the company. Collaborative engagement also promotes a two-way communication between the manager and the employee and honest feedback at regular intervals.

## Traditional performance management - the annual process of rating employees' performance and ranking them against their colleagues-is defunct.

According to Deloitte research paper by Lisa Barry, Stacia Garr, and Andy Liakopoulos: 'Performance management is broken: Replace "rank and yank" with coaching and development', contest that given that employee retention and workforce capability are significant indicators of business success, the performance management process should focus on continuous coaching and development, rather than competitive evaluation. A continual and collaborative approach to performance development should replace the widespread ranking - and ratings -based performance management, as it is damaging employee engagement, creating animosity, alienating high performers, wasting managers valuable time, and drive key people to look elsewhere for work.

*Only 8 percent of companies report that their performance management process drives high levels of value, while 58 percent said it is not an effective use of time.*

As a consequence, high performing organisations are replacing the annual evaluation cycle with ongoing feedback and coaching, in promoting continuous employee development.



The underlying reason is that in the new-era-of-workplace, more than 70 percent of all employees work in service or knowledge-related jobs rotating between projects and teams.

Their performance is driven by their skills, attitude, customer empathy-and by their ability to innovate and drive change by working through teams.

Explore the report findings: [Launch the interactive trends dashboard](#)

**The value and effectiveness of a performance management system largely depends on:**

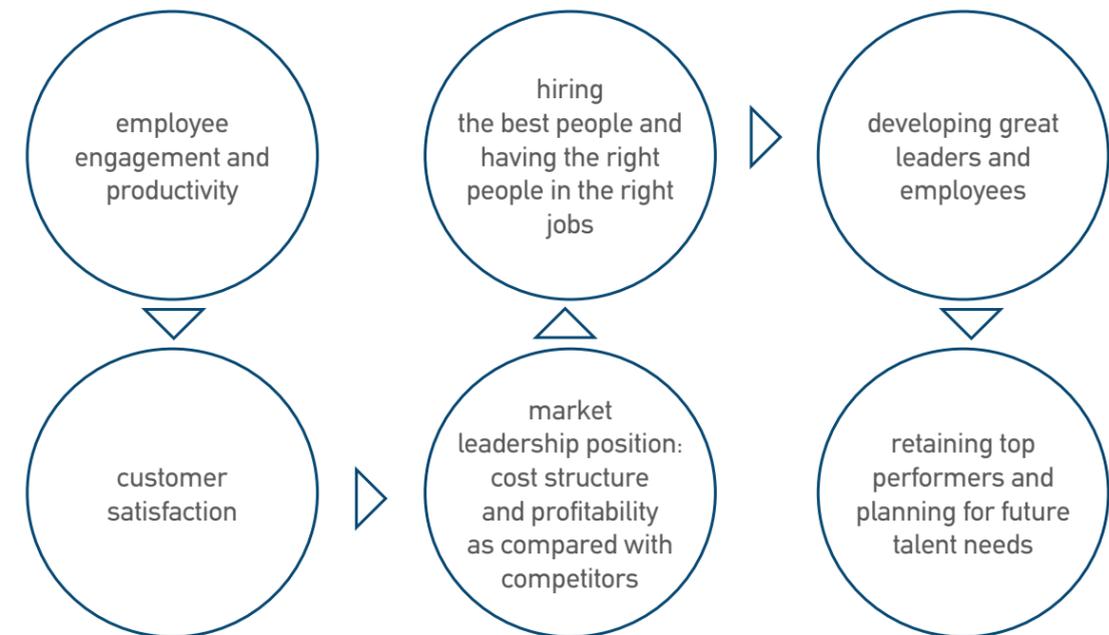
- *The involvements of senior leaders in the system.*
- *Consistent use of the system across all departments.*
- *The involvements of the employee in the process.*

**Performance reviews provide valuable data about employee's productivity and progress and are important for both the employees as well as the employers.**

During a performance review, a shared purpose mindset can orchestrate collaborative engagement and help synchronise the process of setting goals and evaluating progress, and regular face- to- face meetings for providing continuous coaching, mentoring and feedback to make sure that employees meet their career goals. The performance reviews should highlight areas for improvement and areas of high performance.

Also employees need to be reminded about various aspects of the employee relationship, including pay and (health, wellbeing and lifestyle) benefits to support their work-life balance. The aim is to refocus, and reflect their aim on achieving new targets, bonuses, pay and benefits changes, and professional growth opportunities.

Research reveals that organisations where employees review their personal goals quarterly - or even more often - were nearly four times more likely to score at the top of Bersin by Deloitte's Total Performance Index - determined by an organisation's score on the following variables:

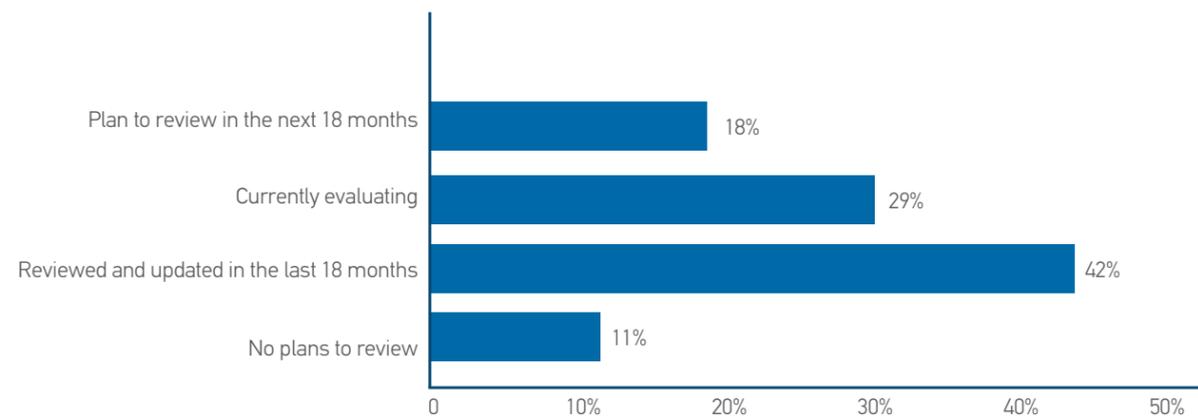


Employers understand that it is time to reassess their performance management systems.

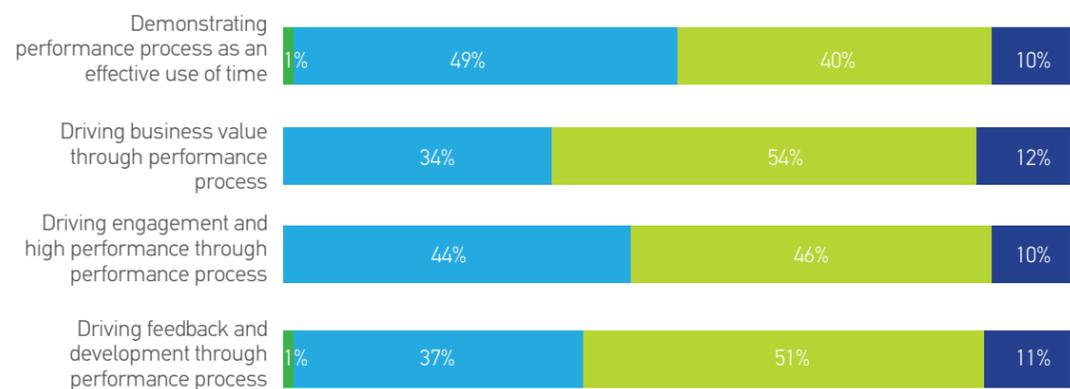
*Over 70 percent of the survey respondents stated that they are either "currently evaluating" or have recently "reviewed and updated" their performance management systems.*

**Business leaders acknowledge that their current performance systems are not working.**

*Just 10 percent of survey respondents believe that performance management is a good use of managers' time and just over half (56 percent) believe that it positively affects employee engagement and performance.*



Graphic Deloitte University Press | DUPress.com



Not applicable Weak Adequate Excellent

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Managers who provide regular feedback and opportunities to improve are far more likely to field high-performing teams than those who retain once-a-year rankings.

A Wall Street Journal article by Shira Ovide and Rachel Feintzeig, "[Microsoft abandons 'stack ranking' of employees](#): Software giant will end controversial practice of forcing managers to designate stars, underperformers," explains why Microsoft abandoned the ranking process that resulted in "capricious rankings, power struggles among managers, and unhealthy competition among colleagues."

Their view is that the performance management system should adequately reward high performers, while motivating mid-level employees to improve through coaching and development.

**Replacing annual performance evaluations with a collaborative engagement process of continuous coaching and improvement, requires a new role for managers, whereby they become mentors and coaches, rather than evaluators.**

A critical feature of the "*collaborative engagement coaching and mentoring*" model of performance management is separating feedback provided to employees from pay decisions.

**Neuroscience research** by David Rock, "[Managing with the brain in mind](#)," shows that *conversations about pay provoke a "fight or flight" reaction among employees, which obviously inhibits the coaching process.* According to a Forbes article "[The myth of the bell curve: Look for the hyper-performers](#)," companies are starting to base compensation decisions on the competitive value of an employee and talent market status.

Rather than linking ratings and salary decisions, should pay due diligence on the critical nature of an employee's skills, the cost of replacing them, their value to customers, and the state of the external labour market.

Companies like Juniper Networks, New York Life, Motorola, Kelly Services, and others have all reformed their performance management systems, eliminated ratings, and gained improvements in engagement and performance.

### ***Case Study: How Adobe eliminated performance appraisals'***

According to Stacia Sherman Garr, '*Reengineering for agility: How Adobe eliminated performance appraisals*', Adobe - a company of 11,000 employees - has resorted to a far simple and more effective performance management system.

Prior to reforming its system, managers at Adobe spent over 80,000 hours per year on traditional performance evaluations. In the new performance management system, either employees or managers may request "*check-ins*" - ongoing discussions between managers and employees to set expectations, offer feedback on performance, and recognise strong work - every three months. Before the scheduled meeting, a group of employees provides feedback on the employee's performance. The aim is to make coaching and developing, a continuous, collaborative process between managers and employees. To support this initiative the training focused not just on managers, but also on training employees to coach themselves and drive their own growth.

***In this way, by keeping high performers happy and offering constructive advice for lower performers to improve, the company gets far more motivating outcomes, in addition to a 30 percent reduction in turnover.***

Three years into the new performance management process, Adobe's HR leaders admit that people find it much easier to start a conversation regarding performance and employees receive better feedback than ever before, and turnover levels remain real low.



## Getting started

Below we set out a roadmap for putting into effect a continual and collaborative approach to performance management through a shift from evaluation to development and performance improvement:

### Performance management is now a tool for greater collaborative engagement

David Rock in NeuroLeadership Journal, "[SCARF: A brain-based model for collaborating with and influencing others](#)," has shown that giving numeric ratings undermines engagement and self-confidence.

According to Josh Bersin, "[Becoming irresistible: A new model for employee engagement](#)," a new focus on managing to strengths, not weaknesses, is emerging. Research shows that a person's best performance comes when they are given meaningful work that moves them into roles where they can succeed by leveraging their personal strengths and aspirations.

The qualities related to the managers' ability to manage their own role in the performance management process, is what drives a culture of high performers.

Feedback and team management are also integral to performance management redesign, as high-potential millennials want regular feedback and career progression advice, not year end reviews.

According to Nathan Sloan, Akio Tsuchida, and David Parent of Deloitte research, the new focus being more developmental, is on team-centric goal-setting with frequent updates and tools to enhance collaboration and performance. Intel, for example, uses a dynamic goal management

process known as OKR (Objectives and Key Results) that focuses on stretch goals for achievable results.

New tools - pulse-based monitoring of feedback and recognition to others online, and even gamifying the performance management process to make it more productive and enjoyable - allow employees to share their goals and aspirations.

### Employees perform better when they feel connected to a 'bigger picture'

Collaborative engagement and a sense of shared purpose are critical factors in the implementation of the performance management system. They enhance trust and instill transparency in fostering the belief that they are being evaluated fairly and objectively. Collaborative engagement and a sense of shared purpose also help your employees better understand how their work is affecting the organisation goals. This will not only inspire them to work more effectively, but also turn them in advocates of your employer brand.

### Alongside performance evaluation you need to introduce:

1. Experimental Flexibility by providing the space to own their own development and grow despite previous failures.
2. open and effective communication where information flows in all directions.
3. Job Satisfaction: To ensure employee engagement and boost work productivity, one must be satisfied with the job and strive to get better at it.

Keeping your employees motivated and enthusiastic, you must know your employees emotional make-up, the factors that motivate them.

This will lead to enhanced morale and performance. It will create an environment of teamwork within a collaborative engagement workplace culture.



Related resources: [www.berstein.com/library](http://www.berstein.com/library)

Stacia Sherman Garr, *How Juniper moved beyond performance scores to align performance management to organizational values: Part 4 of the Abolishing Performance Scores webinar series.*

Stacia Sherman Garr, *How New York Life focuses employees on performance, not just compensation: Part 3 of the Abolishing Performance Scores webinar series.*

John Pletz, *"The end of 'valued performers' at Motorola," Crain's Chicago Business.*

Stacia Sherman Garr, *Abandoning performance scores: Kelly Services shares soul-searching that guided its performance management evolution.*

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